

AK TEST (MYSTERY SHOPPING SURVEY) ON CONSUMER CREDIT ADVICE: 18 BANKS IN VIENNA

SUMMARY

A full version exists in German.
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GERECHTIGKEIT MUSS SEIN

Summary

The Vienna Chamber of Labour (AK Wien) conducted a practical test to find out whether the legally prescribed product information sheets (referred to below as “European Standard Consumer Credit Information”) were in fact used or handed out to consumers at meetings with customer advisors on consumer loans. The mystery shopper method was applied.

To this end, an AK test shopper composed a credit request (consumer loan to purchase a car). The meetings with customer advisors are also intended to filter out how the advice process unfolds, which terms and conditions the banks name, and how the subject of credit insurance (residual debt insurance, life insurance and term life insurance) is treated.

The survey design

AK Wien visited **various banks in Vienna in July/August 2021** to meet with customer advisors about financing for a car. The car being financed was a VW Golf (new), which the AK test shopper was offered for EUR 25,000 (offer from a VW dealer in Vienna dated 19 July 2021). The car offer also contained a credit calculation from Porsche Bank, which served as the basis for comparing further loan offers.

In an initial round, the AK test shopper made appointments for on-site meetings with customer advisors at the banks. The credit request involved a **EUR 13,500 loan (with a term of 5 years)**. In other words, the loan would finance about half of the car purchase price.

The AK test shopper visited branches of a total of 15 banks; in addition, credit calculations were obtained from three banks that were acting as direct banks (ING, easybank) and/or as a bank that conspicuously advertised on the Internet (Teambank – Der faire Credit).

The **18** banks visited by the AK test shopper (branches and online) in Vienna were as follows (in alphabetical order):

- Anadi Bank
- Bank99
- BAWAG P.S.K.
- BKS Bank
- Denizbank
- Dornbirner Sparkasse
- Easybank (quotation calculation done on the internet)
- Erste Bank
- Hypo NOE
- ING-Bank (quotation calculation done on the internet)
- Oberbank
- Raiffeisenlandesbank NÖ Wien
- Santander Bank
- Teambank (quotation calculation done on the internet)
- UniCredit Bank Austria
- Vakifbank
- Volksbank Wien
- WSK Bank

In total, the AK test shopper received quotation calculations for a consumer loan **from 13 banks (10 branch banks, 3 Internet offers)**. Of the 5 banks that did not draw up a quotation calculation

- Two banks said, “they were unable to compete with the interest rates of other banks” and that is why no quotation calculations would be issued
- One bank explained that it extended no private loans
- One bank calling itself a financial partner of Santander Bank explained it could not issue a credit calculation because the test shopper had already obtained a quotation based on a calculation example from a branch of Santander Bank
- One bank failed to draw up a quotation calculation on time.

Following an **initial contact** in the branches of the named banks, personal meetings with customer advisors were set up. In the initial meeting, no conditions had generally been named, just that the test shopper was to bring the **documents** required for **the credit meeting with the customer advisor** (whereby the required documents differed from bank to bank):

- Personal ID (e.g., driver’s license) and/or passport
- Residence registration form (Meldezettel)
- E-Card
- ATM card (from the customer’s regular bank)
- Pay slips from the previous 3 to 6 months
- Account statements from the previous 3 to 6 months
- Household budget: a statement of monthly expenses and income (salaries, bonuses, allowances, etc.)

Below are the results from the **second meetings or the actual consultations on credit**, where the loan applicant’s personal details were discussed along with outstanding liabilities, monthly income (based on pay slips) and expenses (household budget). After recording the data on their PC, the customer advisors in most cases handed out a printed-out offer containing the credit offer data, which had usually already been calculated; in a few cases, the test shopper received the calculated offer by e-mail. Sometimes, the customer advisor first used his or her computer screen to explain the conditions (interest rate, fees, etc.) – prior to printing or handing them out. In several cases, the test shopper had to request a written printout.

In a small number of cases, further contacts ensued by email or by phone, leading to improvements or additions to the offer conditions printed out at the meeting (e.g., quotations on opening a salary account).

Main results: Handing out the “Standard European Information for Credit Extended under the Austrian Consumer Credit Act”

How often did the customer advisors hand out the legally prescribed product information sheets listing the loan conditions (“Standard European Information for Credit Extended under the Austrian Consumer Credit Act”)¹?

¹ Note: The surveyed banks were largely anonymized because the meetings were conducted (mainly) at a branch bank or by a loan officer at a bank and allowed only very conditional conclusions to be drawn about the overall quality of a bank’s advice and information. By contrast, information items about fees for the loan account were not anonymized because they can be traced as a bank’s fixed fee rates (e.g. in price lists); the (automated) Internet offers from a bank or from direct banks can also be traced as processes and verified by downloading loan applications (with the conditions included).

- The “Standard European Information for Credit Extended under the Austrian Consumer Credit Act” was handed out to the test shopper **at just two of the ten meetings about the loan at branch banks** (20%). In other words, **at eight of the ten meetings at branch banks, the test shopper received only or exclusively the bank’s own sheets of conditions**, which bore different titles: “Non-binding finance calculation”, “Your personal finance model”, “Personal finance proposal” and the like.
- Regarding the two **banks that handed out the “Standard European Information”**: At one branch bank, the test shopper was handed the “Standard Information” – with no further commentary – together with the “Non-binding finance calculation”. However, when the customer advisor explained the conditions, she referred only to the “Finance calculation”. In another case, the “Standard European Information” was handed out along with a filled-out loan application. This meeting was the only time among all the meetings that the standard information was at least mentioned and commented upon: “The standard information is there to allow a precontractual comparison of credit offers.”
- With all **three direct banks or on-line credit offers**, not only were the bank’s own offer sheets included but also the “Standard European Information on Credit”; with Teambank, the last page of the offer had a link to “precontractual information”, which had the “Standard European Information” and the information on credit insurance affixed to it. **But for all websites of the direct banks and the on-line calculations of conditions that the test shopper visited, the banks’ own condition sheets dominated** and were not displayed until after initial entries of personal information, income, etc. had been made. The “Standard European Information” was a mere trapping among the wealth of written materials.
- In other words, **five of the thirteen offer sheets** (10 branch banks, 3 on-line/direct bank offers) contained the “Standard European Information on Credit Extended under the Austrian Consumer Credit Act”) (in **about 39% of the quotations**). **The bottom line: The banks contacted by AK largely ignored the “Standard European Information”, because only about 38% (five out of 13 offers) contained the legally prescribed “Standard European Information on Credit Extended under the Austrian Consumer Credit Act”**. So, it was impossible or nearly impossible to fulfil the legally intended purpose, namely, to make precontractual comparisons of different offers.
- There were several **special features** of the various meetings. One customer advisor stated that he was not handing out any written materials because the bank did not want to be able to be compared with other banks. He did not hand out an “instalment calculation” containing a printout of just the loan amount, interest rate and instalment amount until the test shopper insisted on it. It was interesting that this loan officer had the “Standard European Information” lying in front of him but was clearly not willing to make it available.

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