



ING DIRECT SUCCESS STORY

ING DIRECT TAPS FIDELITY TO STREAMLINE OPERATIONS, REDUCE TECHNOLOGY EXPENSES, AND SIMPLIFY THE CUSTOMER EXPERIENCE AROUND THE WORLD.

No FINE PRINT

Few would argue that banking has simply gotten too complicated. Consumers face too many product choices with little differentiation, complicated and ever-expanding fee structures, as well as escalating minimum balance requirements. ING DIRECT USA is one of the fastest growing financial institutions in the United States. In contrast to the “be everything to everyone philosophy,” ING DIRECT is 100 percent focused on helping Americans save and borrow money by offering consumers great deals on a set of simple banking products.

ING DIRECT is the direct bank subsidiary of ING Group, one of the world’s largest financial service organizations. ING Group, which operates in 65 countries and has more than \$600 billion in assets, has had a substantial presence in the United States for more than 100 years. Already operating in Canada, Australia, France, Spain and, most recently Italy, ING DIRECT opened its virtual doors in the United States in September of 2000.

It offers four core products - a high-interest savings account, one and five-year CDs, a low interest home equity loan, and home mortgages. All accounts offer the same interest rate for everyone, have no fees or minimums, and are FDIC-insured.

The bank’s unique approach has proven attractive to U.S. consumers. During ING DIRECT’s first 12 months of operation in the U.S., Americans collectively opened more than 250,000 accounts. Customers appreciate the range of options through which they can reach ING DIRECT. Contact channels include the phone (all calls are answered by a live person within 20 seconds), the Internet, U.S. mail, and ING DIRECT cafés. And, most of all customers like the value ING DIRECT offers.

ING DIRECT’s ability to achieve significant economies of scale and operational efficiencies allows the bank to offer some of the highest percentage yields in the financial services marketplace. The bank has no traditional physical branches; therefore, its operating costs are much lower than traditional banks. ING DIRECT passes these savings on to customers in the form of higher interest rates on

savings products and lower rates on loan products. The bank’s focus is high volume, low margin, and cost containment.

MISSION: REDUCE OPERATING AND TECHNOLOGY COSTS AND CREATE A DYNAMIC, CUSTOMER-DRIVEN INFRASTRUCTURE

ING DIRECT USA rolled out an efficient and innovative technology infrastructure to support its mission. Around the world, ING DIRECT harnesses the power of Fidelity’s Sanchez Profile®, software that provides realtime, integrated banking and brokerage transaction and account processing.

ING DIRECT uses Profile to reduce operating and technology costs. Traditionally, a bank’s deposits and loans are supported by separate systems. In each of those systems, functions such as interest calculations are set up and maintained separately. With Profile, there is no duplication of functions and no data redundancy. Profile centrally stores all information in a single database and a component-based product creation engine allows financial institutions to quickly create and manage both deposit and loan products under the same processing umbrella.

“Traditional banking technology organized information around products and not customers, so banks had to maintain multiple information warehouses, which is an expensive proposition,” said Arkadi Kuhlmann, president and CEO, ING DIRECT USA. “We have designed our infrastructure around the customer, utilizing a centralized database that supports all of our distribution channels.”

"Profile enables banks to dynamically adapt to the changing demands of the financial marketplace," said Grace Chen, Fidelity's vice president of Profile product management. "The solution draws from an inventory that includes an extendable data dictionary of more than 1,500 tables and 20,000 fields - specifically designed for the financial services industry. Our customers choose parameters for new products from a defined list of fields, greatly reducing product development and maintenance costs and maximizing investment in a single system. This approach enables an institution to leverage existing customer information as the institution rolls out new products."

A CULTURE OF INNOVATION: ING DIRECT

ING DIRECT recently rolled out Project Touchless - an information technology initiative that enables customers to open and fund savings accounts online without requiring any manual intervention from ING DIRECT staff. The application integrates, in real time, functions from the Profile integrated core banking and brokerage application, the Edge CRM application, and the ING DIRECT Website. When customers open accounts directly from the ING DIRECT Website, the Project Touchless application verifies all information, eliminating the potential for operator data entry errors and significantly reducing operations overhead. Project Touchless allows ING DIRECT to process a limitless number of applications at a huge savings. ING DIRECT estimates that the Touchless application could ultimately save the company more than \$7.3 million annually.

"Touchless supports our mission to automate manual processes and operations in the most efficient manner possible. Specifically, we are able to speed the account opening process," said Kuhlmann. "Customers can open an account online in as little as five minutes, and they can have their funds transferred from their current low-yielding savings account into ING DIRECT's high-yield Orange Savings Account in as little as three days. Touchless also allows ING DIRECT to handle significant volume and an unlimited number of simultaneous new account openings, as we are not limited by traditional operational requirements - such as a teller to open each account, one at a time."

ING DIRECT's underlying Profile infrastructure enables the institution to deliver a simple and efficient customer experience whether the customer is on the phone or on the Internet.

STEADY & STRONG GROWTH

One year after opening its doors in the U.S., ING DIRECT has more than 250,000 accounts, more than \$2.2 billion in total deposits, and more than \$3 billion in total assets. The company is demonstrating strong growth, while sidestepping the significant cost of customer acquisition that plagues the financial services industry. Approximately 40 percent of ING DIRECT's new customers discover its benefits and open accounts online. It is difficult to keep a good thing a secret. Some 35 percent of new customer acquisition is driven purely by word-of-mouth referrals - perhaps the clearest objectification of the bank's competitive advantage - high value, and superior customer experience. ING DIRECT's greatest success is its ability to provide superior value to the customer. Bankrate.com recognized ING DIRECT with its Top Tier Award for the first three quarters of 2001, citing the bank's ability to consistently offer annual percentage yield (APYs) that were among the highest reported in 100 Highest Yields[®] for the respective quarters. The Online Banking Report also just conveyed its "Best of the Web 2001" award on ING DIRECT for its "fresh approach to Net-only banking." The report praised ING DIRECT for "Best of the Web" rates, easy-to-read statements that highlight interest earned, great branding and positioning, a simple yet informative online newsletter, and an innovative refer-a-friend program.

The company's approach appears to align with the findings of a 2001 Jupiter Media Metrix report. The study, which surveyed consumers as well as leaders of major financial institutions, indicates that many financial institutions are focusing large percentages of their resources on expansive and often unnecessary products and services and not enough on the primary needs of their customers. Consumers surveyed indicated that their top concerns relate to basic trust, service and convenience issues. For example, 52 percent of survey participants indicated that access to customer service representatives was an important criterion for selecting a financial services provider.

"ING DIRECT identified a tremendous need to take Americans back to basics in terms of savings," said Kuhlmann. "While saving is the foundation for individual financial security, many individuals struggle with this concept in our consumption-based society. ING DIRECT's mission is to make it easy to save by offering the same great values to all Americans."



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