

## Speech by Jan Hommen, CEO of ING Group, at the farewell symposium 'Sustainability of the Netherlands plc' - 23 September 2013

Welcome everybody,

I'm delighted to see you all here today. But to be honest, it feels a bit strange that we're all here to mark my departure from ING.

Because I haven't gone yet!

I'll be here until 1 October.

And anybody who has been closely following ING, knows that there's still a lot to be done!

Well, all good things come to an end ...

And that's also true of my time at this fantastic company.

Next week, I'll be passing the baton to Ralph Hamers.

I'm delighted that he is succeeding me, because

- he's ING through and through and has dedicated his entire working life to ING,
- and he has a wealth of knowledge and experience with a strong global perspective.

But more importantly perhaps, because he, like me, is a great advocate of a customer-centric culture with a robust social anchor.

He was also extremely successful as CEO of our Bank in Belgium.

So in every respect, he's the right man in the right place.

### **Milestones during four years at ING**

I'm delighted that I'm leaving ING in relatively good shape.

Particularly when you consider where we were in January 2009, when I swapped my job as Supervisory Board Chairman of ING for CEO. At the time, we were probably in the most difficult phase of our existence.

Fortunately, ING is in much better shape now.

And I can only make that observation thanks to the incredibly hard work and dedication of all colleagues and employees, who have fought so hard over the past few years to steer us into calmer waters.

Together, we've put the "Back to basics" motto into practice in all respects.

Our business that was so badly affected by the financial crisis in 2008 doesn't look anything like today's ING.

We are a lot smaller, a lot more focussed and more resilient to shocks.

Business operations and strategy are focussed more than ever on our customers.

The nominal amount of the EUR 10 billion in State aid granted in 2008 has since been repaid to the State and the balance will follow soon.

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The market conditions have also clearly improved and there are signs of economic recovery in many of our markets.

### **Why the theme Sustainability of the Netherlands plc?**

At the same time, it is clear that we still face countless challenges.

This is particularly true of our domestic market in the Netherlands, where economic recovery is stubborn.

Many of our customers are still battling against a strong headwind.

Unemployment is rising rapidly: an additional 150,000 people were registered as unemployed in the last quarter.

I have always believed that as the largest financial institution in this country, ING has a special responsibility to help find solutions for this type of pressing social problem.

That's why I've chosen today's theme.

And yet, anyone taking a close look at the Netherlands plc will certainly see a number of positive aspects, because although things are still looking bleak on several fronts, this country has a lot to be proud of.

We're still one of the richest countries in the world,

- with a highly skilled workforce
- a good education system,
- excellent infrastructure,
- good healthcare,
- a strong global presence,
- and a relatively stable social and political climate.

And although there is a lot to be done about our pension system, it is also one of the most robust in the world.

Nevertheless, it's abundantly clear that we cannot rest on our laurels.

The global economic balance of power is shifting and the position of the Netherlands in Europe is under pressure.

### **Challenges for the financial sector itself**

We're still feeling the economic and social impact of the financial crisis. This is unquestionably related to the impact of the State aid measures granted to our financial sector. A sector that is relatively large in the Netherlands.

In 2008 and 2009, it became clear that this involves specific risks and we need to properly address those risks.

We've made huge progress in this area in particular in recent years.

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This is particularly true – and it's something that I believe we should be proud of – for ING.

But the government and regulators have also made a significant contribution to the restoration of financial stability.

Not least by acting appropriately during the financial crisis.

I am happy with the excellent cooperation in what was a difficult phase for ING, too.

And so I think it's important to remember the decisive intervention of the then Minister of Finance and then President of DNB, the Dutch central bank.

Because anybody who maintained on reflection that we should have been acted differently and better during this crazy period, well, it's easy to talk with the wisdom of hindsight.

For me, the Dutch State and DNB, the Dutch central bank, acted decisively and firmly, which prevented even greater damage.

And the government and regulators certainly haven't been sitting idly by since then.

Numerous measures have been taken that are contributing to a substantially stronger and healthier financial system.

More steps are still needed – but that's being worked on, too.

- In particular, adorning the European Banking Union with an effective crisis mechanism.
- In addition, the introduction of bail-in capital is also in the pipeline and this involves capital lenders bearing more risk.  
This means that the likelihood of the taxpayer having to bail out any banks running into difficulties is drastically reduced.

Nevertheless, we also need to recognise that there will be always be risks in the financial system.

For decades now, the increased integration of financial markets has resulted in increased prosperity, but it has also resulted in financial institutions being far more closely interlinked than was previously the case.

Added to this, it's our job now to transform risks in the economy.

A world without risk is most probably also a world without growth: the last thing we need.

After all, we desperately need growth so that we can invest in our competitiveness, more employment, good healthcare, better education and a sustainable economy.

This is why I believe the public discussion in this country about the size of the financial sector or the size of individual institutions such as ING is too one-sided

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### Challenges faced by the public sector from the perspective of the Netherlands plc

I believe it's essential to organise the sector so that banks and insurance companies can support the Netherlands plc as effectively and efficiently as possible.

Of course, this starts with a good picture of exactly what our country needs in the medium term.

Although, anyone taking a close look at the Dutch economy will see a very affluent country that traditionally sets great store by thrift.

By contrast, we also have to conclude that companies, households and the government have racked up a lot of debt in recent years.

At the same time, we are faced with major social challenges which make solving huge finance issues a necessity. For example, the investment needed in our infrastructure, the energy supply, the healthcare system and the improvement of the education system.

Businesses also need funding of course, particularly risk capital.

The Netherlands plc therefore needs a financial sector with institutions that

- a) have a strong capital and funding base and that
- b) can supplement the savings deficit at the Dutch banks by borrowing on the global markets to sustain credit, but which
- c) can monitor complex funding and investment processes in sectors such as healthcare and infrastructure, or which
- d) have the technology, knowledge and expertise in-house to maintain a secure and efficient payment system, for example.

Did you know that research by the European Commission showed not that long ago that the Dutch payment system offers the best price-quality ratio in Europe?

To raise enough capital and funding for this kind of service and this kind of investment, it is vital that these institutions have a sufficiently varied profile so that they are not dependent on the economy of a particular country or region, a currency or type of business model.

And then of course there's our very globally-driven business community.

This business community demands banks with a global network and sufficient scale to deliver specialist services efficiently and with relatively favourable conditions.

We need to make sure that we don't swap a financial sector which was too big to fail for a sector that is too small to succeed, so that we are no longer able to fund the Netherlands plc.

Not least because the sector is undergoing major changes, such as the emergence of mobile services, as well as the scaling up to a European Banking Union, or the costs associated with the new forms of supervision and regulation that are mounting up.

So, I'm happy that the report recently published by the Wijffels Committee and the government's constructive response to it offers great leverage to build on a safe, efficient and efficient banking sector.

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What I'm also delighted about is the constructive attitude of the pension funds and fellow insurance companies in drafting responses to society's pressing financing issues, such as the housing market or the SME sector.

This common approach is in the interests of the Netherlands and is therefore a huge step forwards.

Because it's extremely important that all parties in the financial sector and beyond do their bit to ensure that the Netherlands emerges from the crisis stronger.

### **Working together to build trust**

Ladies and gentlemen, that brings me to my last point: working together.

And most of all working together to restore confidence in the economy – and in the financial sector in particular.

Because I have to say that's part and parcel of saying goodbye.

I've often been asked about how I've experienced the banking and insurance world as a relative outsider.

I'd like to take the opportunity to answer that question today.

Being CEO of ING is an incredibly demanding role, more demanding than I had expected. Fortunately, I've always felt supported in my role by the thousands of passionate, hard-working colleagues, who just like the management, are dedicated to the recovery and real reform of ING.

I've also noticed that people certainly aren't unwilling to push through changes in this sector.

In fact the opposite is true: I've been impressed with the willingness of people to learn from their mistakes.

However, globally, and sometimes in the Netherlands, too, things continue to happen that lead the public to have a different opinion of our sector.

I am genuinely worried about this trend, because I believe it is fully justified that issues are identified and tackled.

But: we must make sure that we're not creating a caricature of a sector that simply consists of fat-cat bankers and proliferating insurance companies. Because these attitudes will not ensure that we have a customer-centric sector, instead, we'll create a climate dominated by protocol or the false security of sanctions.

During my career in the "ordinary" business community, I've learned that you can't force a company to be customer-centric and to have a social conscience with supervision and rules alone.

The same was true for Alcoa and for Philips. And the same is true for ING.

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Because the best financial service providers are not the people who help you to achieve your plans or ambitions, but the people who engage in joined-up thinking and who sometimes actually put you off an idea. They will always advise the customer from the perspective that what you want to achieve and how you want to achieve it is also a realistic option.

So, it's therefore important that financial institutions carry on challenging their people to be critical, to think outside the box and so bring out the best in themselves.

It's not just the framework, but also the scope to work systematically and consistently on a culture in which their social orientation is inevitable.

A culture based on their relationship with the customer, because that ultimately produces the best result.

It's something we'll primarily have to do ourselves,  
but we'll definitely need the support of the outside world.  
Because: we are the financial system.

Finally, I'd like to express my gratitude to a number of people in particular.

First of all, of course, my fellow board members, without whose major efforts ING would definitely not be in the shape it is in now.

I'd also like to give a special word of thanks to our supervisory directors because their contribution in recent years has been simply magnificent.

Supervising an institution as complex as ING, has sometimes verged on the improbable.

I'd also like to say a huge thank-you to the people who have made this afternoon so interesting. First of all, today's chair, Hella Hueck, who has kept us in line so superbly.

I'm especially grateful for the presence and contribution today of Wiebe Draijer, Bernard Wientjes, Herna Verhagen, Klaas Knot, Elmer Sterken and Dick Sluimers.

Even though it was because exactly the same motivation resonated in all your contributions as has guided me in my work at ING:

Let's make sure that the financial sector can once again operate as the catalyst for the Netherlands plc!

Thank you for listening!