



DIN SPEC 77222 Financial services

CASE STUDY

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Transparency for the consumer – market expansion for the financial sector

Everyone wants to manage their finances effectively, and preferably increase them. This is where an individual financial analysis and counselling comes handy. However, regular surveys have shown that consumers are often dissatisfied with financial services. The new DIN Specification, DIN SPEC 77222 “Standardized financial analysis for private households” will help improve the situation for all involved.

“Thanks to standardization, holistic financial advice is being made so easy and efficient that it will be available to all income brackets.”

Dr Klaus Möller, DEFINO

For years, test reports have been critical of financial services for private households in Germany. Depending on the provider, differing consulting concepts that often lack transparency have the effect of making the customer more confused than before.

Up until now, there have been no general benchmarks for the content, goals and process of consumer-friendly financial analysis. This makes it nearly impossible for customers to compare services, while at the same time limiting market opportunities for the financial consulting sector. Because commonly used methods are often very time-consuming, only those customers who have a large amount of money benefit from extensive consultation services. This not only has a direct impact on the type of services offered, but also means that a number of potential customers seeking suitable methods of dealing with smaller budgets are overlooked. Thus, a large portion of the market remains untapped.

Recognizing this, DEFINO Gesellschaft für Finanznorm mbH decided to initiate the development of a DIN Specification covering the financial analysis of private households. The result, DIN SPEC 77222, is an excellent example of the benefits standards and specifications bring.

DIN SPEC 77222: Ready in just one year

The original idea behind DIN SPEC 77222 “Standardized financial analysis for private households” was part of a project for developing technical rules on financial analysis methods. Once their main concept was developed, DEFINO approached DIN with their wish to involve a wide range of experts in drawing up these rules. DIN recommended the development of a DIN SPEC for several reasons: First, DEFINO was looking for a fast, uncomplicated process for drawing up their document. Second, it has been shown that DIN SPECs can quickly pave the way for market access for ideas that have not yet been widely disseminated.

It took DIN only eight months to review the DEFINO system. Three well-known professors were involved in this, as were two consumer representatives and several experienced professionals from the finance sector.

In a series of six workshops, DEFINO’s system was then examined in detail and optimized where necessary. The project was officially completed on 14 March 2014 when Beuth Verlag published DIN SPEC 77222. Financial experts and consumers alike now have access to a standardized method of financial analysis. The initiators of the

DIN SPEC – DIN Specifications



- Easier market access
- Short development times
- Promotes innovation transfer
- Work with selected partners
- Widely accepted
- Prestige for authors
- Can be turned into national, European or international standards

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project have given the entire development process and its result unqualified praise. Klaus Möller, DEFINO's Managing Director, sees the participation of consumer representatives as being an especially positive aspect: According to Möller, the objective and constructive discussions with consumers and financial experts helped DEFINO further optimize their services. "Without the two customer representatives, the working group would have been half its worth", says Möller. Claus Rieger, also of DEFINO's management, adds: "One special aspect was that all decisions were made in consensus. That may not be necessary for a DIN SPEC, but it shows just how constructive the working environment was. There were intense discussions on the document's content, and the analysis system we now have is clearly improved."

Transparent and open markets through standardization

DIN SPEC 77222 focuses on the standardization and optimization of processes, always taking the individual customer's situation into account. Recommendations for action are prioritized and customers are given understandable target figures founded on a sound scientific basis and taking into account relevant legislation and reference values required by consumer representatives. DIN SPEC 77222 has been well received throughout the financial services sector. Large German banks and insurance companies are looking at how they can implement DIN SPEC 77222. Freelance brokers, insurance companies and banks all profit from the DIN "brand", for it enjoys the trust and high regard of end users and other consumers.

And in return, DEFINO is helping the "DIN SPEC" standardization deliverable become established on the market.

DIN SPEC: A product with a future

"As leader of the workshop I felt DIN's support was excellent", says Dr Klaus Möller. Now that DIN SPEC 77222 has been introduced, the next step is to take it further: to develop it as a full consensus DIN Standard. The response of the industry has been enormous. Experts from the sector are showing great interest in using DIN SPEC 77222 as the basis for a full standard. In fact, DEFINO has already submitted a proposal to this effect to the responsible committee, DIN Standards Committee Services.

"The DIN SPEC was an excellent instrument for getting introduced to standardization, and for quickly documenting and disseminating our knowledge. The huge amount of attention it is getting from the sector clearly proves this", says Claus Rieger. The greater level of democratic legitimacy in the development of a DIN Standard (for example, the public enquiry procedure in which members of the public comment on draft documents) makes this the next logical step. Of course, this process will be much more complicated than that for the DIN SPEC, especially because all industry players will be involved and other rules of procedure must be followed. A DIN Standard on financial analysis for private households will enjoy even greater acceptance.