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AXA compensates its customers

The Hungarian Competition Authority (GHV) has terminated its investigation into an alleged consumer fraud by AXA Voluntary and Mandatory Pension Funds. The financial service provider made a commitment to compensate its customers, to launch a campaign to inform them and to modify its own information practices.

The GVH found that the information about the Pension Funds on the group's website concerning characteristics of their products that are important for consumers and concerning costs and yields was possibly misleading. As a consequence of the investigation of the competition authority, the provider has made the following commitments.

- 1. Compensation to customers concerned:** AXA undertakes to give proper information to individual members, having entered one of AXA Voluntary and Pension Funds between 3rd September and 30th October 2007, about the competition supervision proceeding conducted against it and the main features of the operation of the Funds and it also leaves the door open for those leaving a Fund free of charge. It will supply this information to the clientele concerned in writing or in person within 30 days. Clients concerned are allowed to terminate their contract without being charged any costs within 60 days of receipt of the information in writing or in person.
- 2. Aiming to improve consumer information and awareness:** AXA makes a commitment to appropriately inform customers about the characteristics of products of the Voluntary and Mandatory Pension Funds.
 - a) Through mass media means it organizes information campaigns about pension and self-care for career-starters within the period of August and September.
 - b) The information package Start Pakk prepared for career-starters will be completed by a two-page brochure with information about the Hungarian pension fund system, its development, its characteristics and its regulation system.
 - c) Based on its mobile phone call-centre, AXA will launch an information campaign in June and July 2008 for members of the Funds about the Hungarian pension fund system, its development, its characteristics and its regulation system.
 - d) AXA will inform consumers about the results of Retirement Scope 2007. The communication has three steps; in view of the consumers concerned the

information will be forwarded as an announcement to the widest possible range of media.

- e) It will work out an action plan resulting in the emergence of the pension-issue as a talking point in the second half of 2008 in the Hungarian press and public life. This is to promote self-care and to familiarise everyday consumers with the means and conditions of the creation of financial security in retirement.

3. Future transformation of the information structure: AXA undertakes that in its advertising activities, both in using names and providing information, it will make a clear distinction in a plain language between pension fund types, i.e. voluntary and mandatory (private) and it will also indicate separately which type of fund is concerned. It will not use adjectives referring to market-leadership.

Right after the initiation of the investigation, AXA modified the objected statements concerning extremely low costs on its website and withdrew the objected leaflets. Furthermore, it undertook to modify its information and ads in the future. The GVH established that due to the termination of the alleged infringement, protection of the public interest can be assured. The clientele that may have been unfairly influenced will be informed about the possibility to terminate their contracts without any charges, as specified in the commitments, the campaign organised for raising consumer consciousness reveals the features of and the relationship between the voluntary and mandatory pension fund systems. As far as the form of the realisation of the campaign is concerned, the undertaking under investigation also assured to present each particular field in a "fund-neutral" manner and in a plain everyday language, taking into account the financial literacy of the potential clientele. Regarding the circumstance that the commitment raises consumer consciousness, the GVH established that the presentation of the retirement fund system and self-care for a large variety of people represents such an added value that it rises above the public interest attached to the sanctioning of the behaviour examined in the proceeding in question. The GVH also took into consideration that the commitment of the undertaking under investigation, given its content and the costs of its realisation, proves that the undertaking has become committed to lawful behaviour.

Based on all the information mentioned above the GVH concluded that the commitment made harmonises the business methods of the undertaking under investigation with the provisions of the Competition Act, thus the GVH terminated the proceeding against AXA without establishing an infringement.