

Speculation of ING Direct Australia sale resurfaces

by Melanie Timbrell, FST Media

ING Direct has declined to comment to FST Media on speculation surrounding the sale of ING's Australian online banking unit.

Industry rumour of the sale resurfaced this week with [Bloomberg quoting interest from lenders including Asian heavyweight Standard Chartered PLC](#).

While the big four in Australia may be tempted to bid, competition could be an issue.

"With the cost of funds rising, banks would be interested in grabbing any online bank like ING Direct," says Milind Sathye, Head of Banking and Finance at the University of Canberra. "The competition situation is grim in Australia with the Big Four having a sway on the banking market. I would like to see one of the smaller banks eye ING Direct as it provides regional banks a national market through the online banking platform."

Analysts are naming the likely value at AU\$3 to 4 billion.

"It could have commanded more value but the pressure on ING HQ to sell would mean bidders would like to strike a lower price," says Sathye.

The Bloomberg article follows a similar report in the *Australian Financial Review* which speculated on an ING Direct sale in February following the Group's announcement of its divestment of global Real Estate Investment Management (REIM) businesses for an after-tax gain of 500 million euros (AU\$684 million).

The company quoted that move as motivated by a desire to reduce exposure while simplifying the company and refining focus. The withdrawal from Australia, where at the time there was around 4.8 billion euros (AU\$6.6 billion) under management, was to be phased in gradually with steady monetisation of equity stakes as they reduced.

The New York Times however, [claimed in March](#) that the sale of businesses, including ING Direct USA, related to repayment terms of its 10 billion euro bailout package from the Dutch government in 2008. ING Group Amsterdam-based spokesman Raymond Vermeulen was quoted as saying the US division of ING Direct would be sold before 2013.

ING Direct is Australia's fifth largest retail bank with approximately 1.4 million customers. The bank holds AU\$22 billion in deposits and AU\$36 billion in mortgages.

ING Direct Australia announced after tax net profit of \$275.9 million for 2010 in March this year, a five per cent increase on 2009 results.