

bonkers.ie

The bonkers.ie bi-annual

Market monitor and switching report

2022 H2 (v1)

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Designed by: William Moran

Pricing analysis: Daragh Cassidy and Theo Wooster

About bonkers.ie

bonkers.ie is Ireland's largest comparison and switching service.

We help consumers to switch and save across a range of household bills including car and home insurance, energy, broadband, mortgages and banking.

The company was founded in 2010 and is Irish owned and operated.

bonkers.ie is accredited by the Commission for Regulation of Utilities (CRU) for our energy price comparison service and is regulated by the Central Bank of Ireland for our insurance and mortgage business.

bonkers.ie is also a recipient of the 'Guaranteed Irish' hallmark, which is given to companies that create quality jobs, contribute to local communities, and are committed to being in Ireland.

About the bonkers.ie Market Monitor and Switching Report

This is the first in a series of bi-annual reports on switching activity and switching sentiment in the Irish market as well as market analysis on pricing. It will be published around the end of January and July of each year.

Research on switching activity and sentiment has been conducted in conjunction with Red C among a nationally representative sample of over 1,000 adults in the Republic of Ireland.

Contact Us

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Our leadership team



David Kerr

Founder & Group CEO

David founded bonkers.ie in 2010 to provide a comprehensive product comparison and switching service to the Irish consumer, who had been lacking the ability to efficiently research the personal finance market.

David holds a BSc. in Mathematics and Computer Science from University College Dublin and an MSc. in Electronic Engineering from Chalmers Technical University in Gothenburg, Sweden. In July 2020, David was named as a Global Top 50 Fintech CEO by The Financial Technology Report.

David is a Fellow of the Institute of Directors, and a Chartered Director.



Enda Brazel

Managing Director of Bonkers Financial Services

Enda looks after the part of our business which is regulated by the Central Bank of Ireland - our insurance and mortgage broker service. Enda is an experienced Executive Director with a strong background in the insurance, reinsurance, fintech and aviation industries.

Enda joined bonkers.ie from RSA Insurance Ireland, where he was Chief Underwriting Officer and Chairman of 123.ie, and before that he held executive roles with IPB Insurance. Prior to insurance, Enda's first career was in the airline industry with Aer Lingus, where he was Head of Business Planning.

From Dublin, Enda graduated from Dublin City University with a degree in Business Studies, and is also a Certified Insurance Director and Member of the Institute of Directors.



Daragh Cassidy

Head of Communications

Daragh joined bonkers.ie in 2018 as our Head of Communications. He writes for our website and has appeared on numerous TV and radio current affairs shows talking about how consumers can save money.

Before joining bonkers.ie Daragh worked in the life insurance and banking sector.

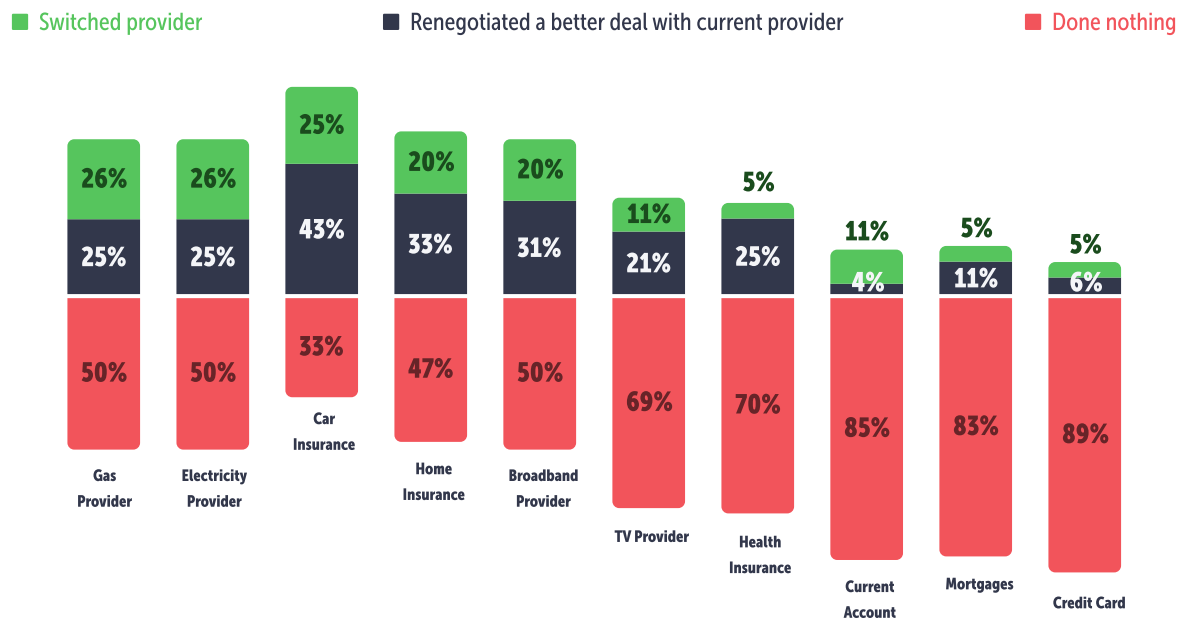
Daragh has a degree in Business and Politics from Trinity College and an MSc in Digital Marketing from UCD.

Executive summary

Have you done any of the following over the past 12 months

1. Switched provider for the following products
2. Renegotiated a better deal with your current provider for the following products

Question asked online to a nationally representative sample of over 1,000 adults in the Republic of Ireland in November 2022 in conjunction with RED C.





Mobile

Get all mobile calls, texts and 200GB of data for just €12.99**** a month.



Energy

Switch energy provider and save over €400* a year on your bills



Insurance

Save big on your home and car insurance - get a discounted quote in just minutes on bonkers.ie



Broadband

Get 500Mbps unlimited fibre broadband from just €35 a month



Current account

Change current account and save up to €100*** a year in fees



Mortgages

Switch your mortgage and save over €200** month

**average savings based on someone who uses 4,200 kWh of electricity and 11,000 kWh of gas a year. You could save more depending on the rate you're currently paying and your consumption.*

***based on someone currently paying a rate of 4.5%, with €250,000 and 20 years remaining on their mortgage, who switches to Haven's variable rate of 2.95%.*

****moving from AIB's standard account to PTSB's Explore account on the basis you make at least 50 card payments (online or in-store) a month.*

*****48's SIM-only deal*

Correct as of April 2023



In the second wave some suppliers announced an increase in their unit rates of close to 50%.



Energy

Price hikes

All suppliers announced major price increases in 2022 which left gas and electricity prices in Ireland at record highs. However, given the huge increase in wholesale energy costs over the same period, suppliers shielded their customers from the full effects of rising prices through a combination of hedging and the forgoing of profits.

There was an initial wave of price increases from all the main suppliers in July and August followed by a second wave in September and October. In the second wave some suppliers announced an increase in their unit rates of close to 50%.

Supplier exits

In September Panda Power became the latest supplier to exit the Irish energy market, following the exits of Bright Energy, Iberdrola and Glowpower in the first half of the year.

Upon news of the exit, Panda's customers were given around two weeks to move to a new supplier of their own choosing without penalty. After this period had elapsed the CRU's Supplier of Last Resort (SOLR) process was initiated. This meant all Panda's remaining electricity customers were automatically moved to Electric Ireland on standard rates and all gas customers were moved to Bord Gais Energy on standard rates. Customers could then not switch again for around three months. However the short notice period between the announcement of Panda's exit and the SOLR process kicking in caused issues and many Panda customers ended up not being able to switch to a supplier of their own choosing.

Customer service woes

Customer service was an issue for many energy customers throughout 2022 as suppliers struggled to deal with an increase in the number of queries and complaints in relation to rising prices, the exit of suppliers, and questions around the payment of the Government's energy credit.

Between July and September, the CRU said there was a 74% increase in the number of customer queries it dealt with compared to the same quarter in 2021 and a 133% increase in the number of complaints.

Dwindling discounts

The discounts on offer for switchers decreased in the second half of the year. Whereas discounts of up to 42% were available near the start of 2022, the best discount at the end of the year was 10%. However given the record high prices, this still equated to a saving of several hundred euro per year.



Electricity

- At the end of H1 2022 the cheapest average annual electricity bill was €1,674 with Electric Ireland.
- At the end of H2 2022, the cheapest average annual electricity bill was €2,177 with Electric Ireland.



Gas

- At the end of H1 2022 the cheapest average annual gas bill was €1,066 with Electric Ireland.
- At the end of H2 2022, the cheapest annual gas bill was €1,821 with SSE Airtricity.

Electricity - as at 31st December 2022

Supplier	Average annual bill*
Flogas	€2,983
Bord Gáis Energy	€2,459
Energia	€2,423
SSE Airtricity	€2,323
Prepaypower	€2,245
Electric Ireland	€2,177
Average	€2,435

Gas - as at 31st December 2022

Supplier	Average annual bill*
Flogas	€2,682
Bord Gáis Energy	€1,925
Energia	€1,920
Electric Ireland	€1,893
Prepaypower	€1,842
SSE Airtricity	€1,821
Average	€2,014

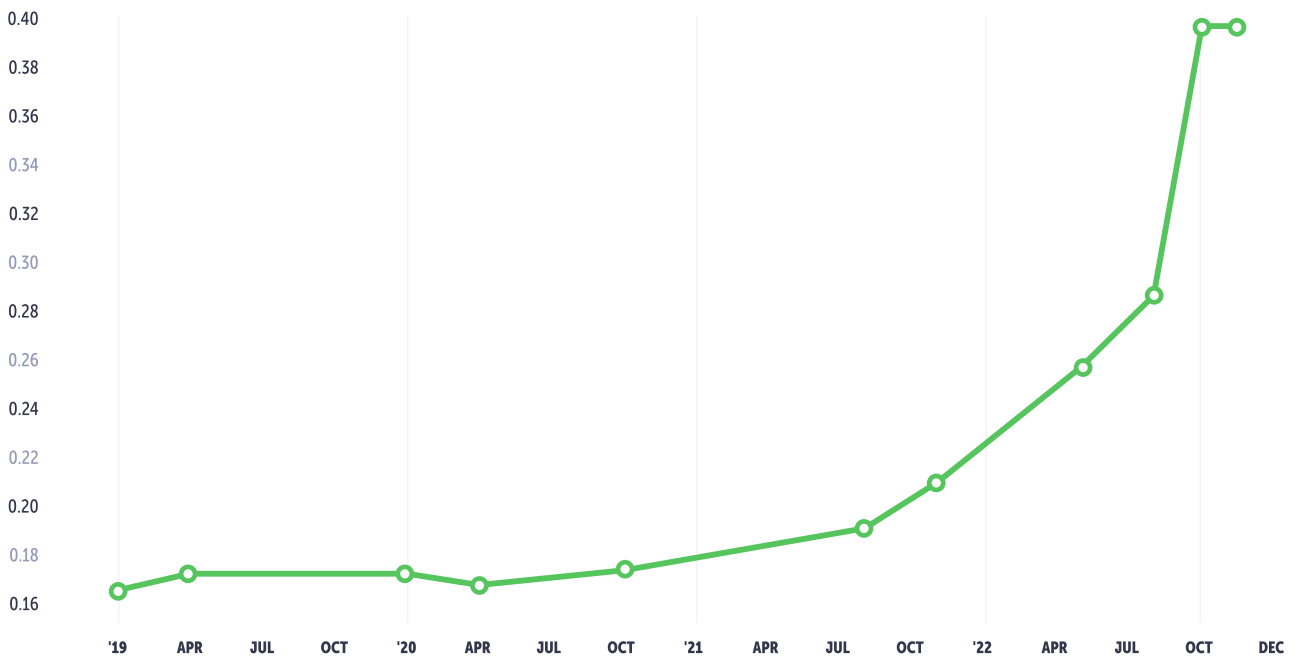
**Figures are estimates and based on a supplier's standard 24-hour urban rate and a household using an average amount of gas and electricity as defined by the CRU. Figures also include VAT, standing charge and any Government levies. Those with smart meters, night saver meters, or who are on an introductory tariff may be paying different rates.*

History of electricity prices

In the chart below you can see the trajectory of electricity prices at the country's main electricity supplier Electric Ireland from 2019 until the end of 2022. The price quoted is for Electric Ireland's standard unit rate and excludes VAT.

Those with smart meters, night saver meters or who are on a discounted tariff may be paying different rates. However they would have been faced with similar percentage increases or decreases.

Price per kWh €

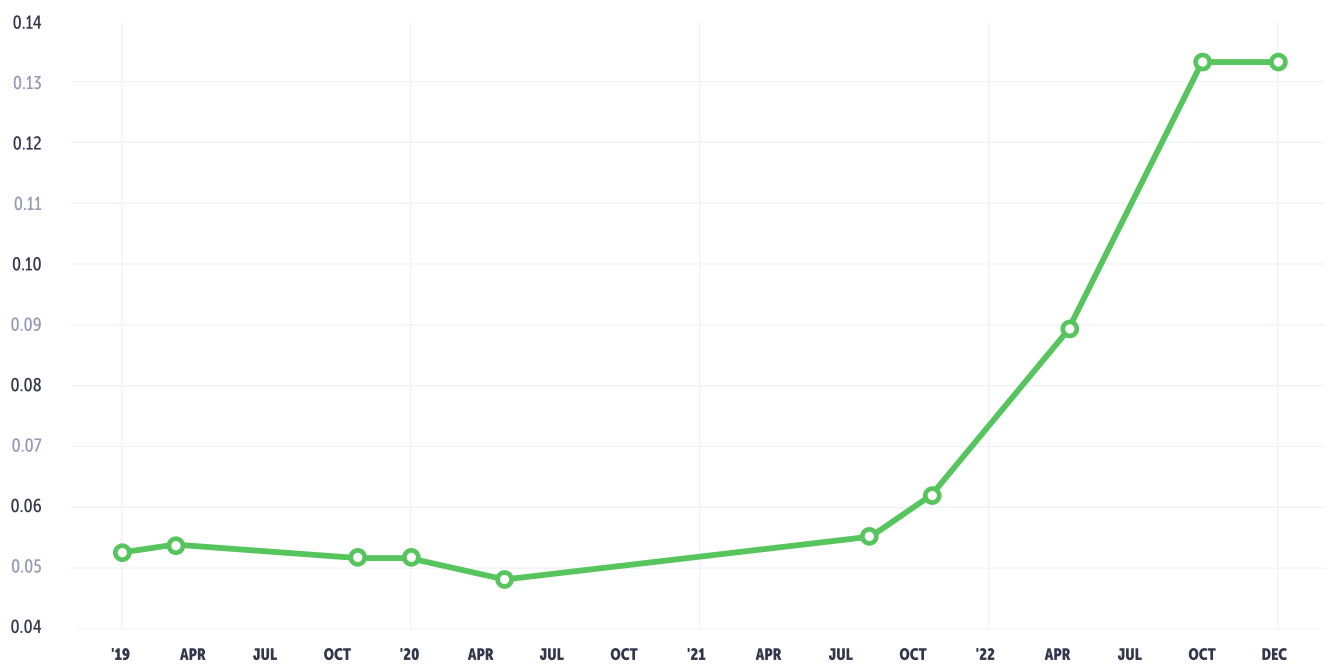


**Refers to standard 24-hour unit price. Those with smart meters, night saver metres, or who are on an introductory tariff may be paying different rates.*

History of gas prices

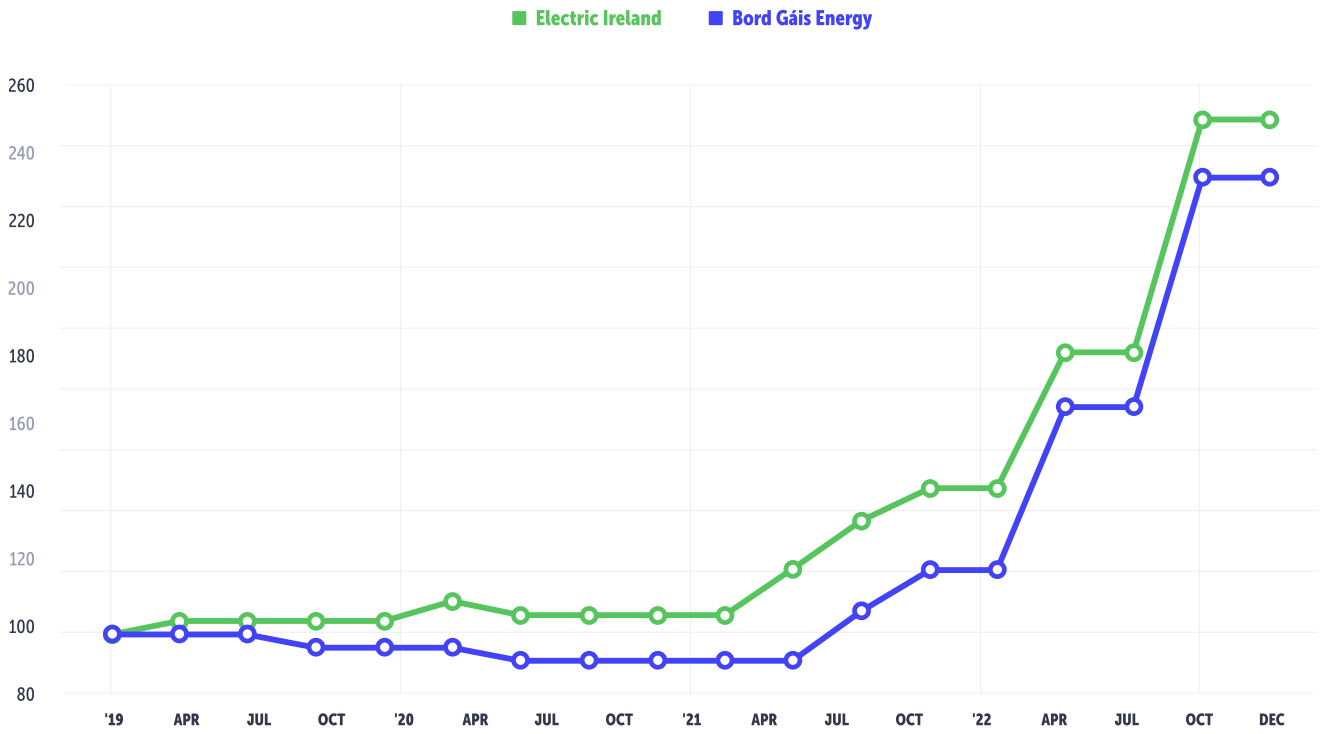
In the chart below you can see the trajectory of gas prices at the country's main gas supplier Bord Gáis Energy from 2019 until the end of 2022. The price quoted is for Bord Gáis Energy's standard unit rate and excludes VAT.

Price per kWh €



bonkers.ie Energy Price Index

The chart below shows the new bonkers.ie Energy Price Index. The base year (i.e. 100) is 2019. It is based on the estimated annual bill for electricity with Electric Ireland and the estimated annual bill for gas with Bord Gáis Energy. The electricity index is currently 247 and the gas index is 230.



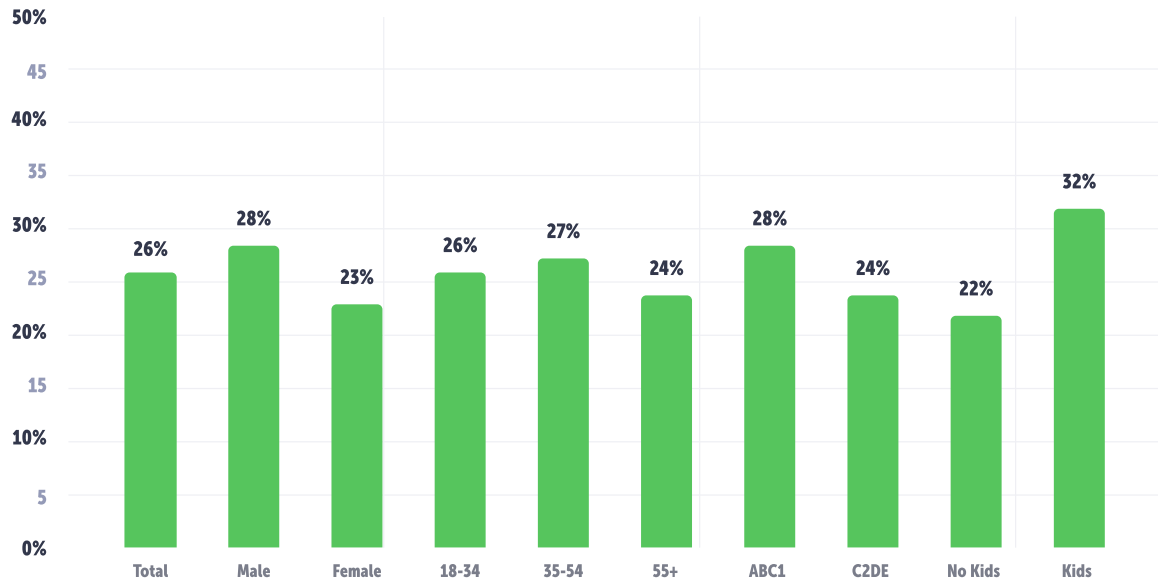
Switching activity - energy

- In November 2022 bonkers.ie partnered with RED C to interview 1,000 adults in the Republic of Ireland on their switching activity. We asked whether people had switched supplier or negotiated a better deal across a range of household bills and whether they intend to switch over the next 12 months.
- In relation to energy, 26% of gas customers and 26% of electricity customers say they switched supplier over the past year.
- A further 25% of gas customers and 25% of electricity customers negotiated a better deal with their existing supplier.
- This meant around 50% of gas and electricity customers took no action and are likely to be overpaying for their energy.
- Those over 55 are less likely to switch electricity supplier (24%) and gas supplier (22%) versus younger age groups. While higher income households are slightly more likely to switch electricity supplier (28%) and gas supplier (29%). This is a pattern we see repeated across most bills.

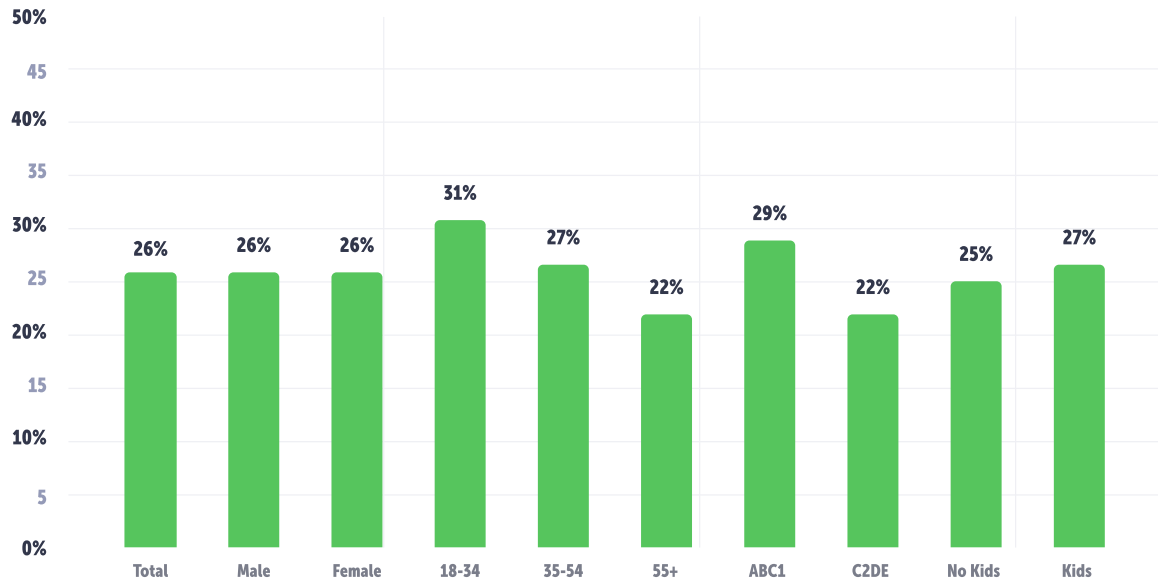
2023

Looking forward, 35% of gas customers and 34% of electricity customers say they intend to switch within the next year.

Have you switched electricity supplier over the past 12 months?



Have you switched gas supplier over the past 12 months?





ECB raised its main lending rate from 0% at the start of July to 2.50% in December.

Mortgages

All lenders announced an increase in their rates in H2 following four successive hikes from the ECB, which raised its main lending rate from 0% at the start of July to 2.50% in December.

However the main lenders in particular were slow to pass on the full effects of the ECB hikes which in November meant Ireland had the third lowest mortgage rates in the entire Eurozone according to the Central Bank.

For example, although the ECB hiked rates by 2.5 percentage points, AIB raised its fixed rates by only one percentage point, Permanent TSB by an average of 0.45 percentage points and Bank of Ireland by just 0.25 percentage points.

All the main lenders kept their variable rates unchanged during the period. This meant for the first time in several years the best variable rate was lower than the best fixed rate with some lenders such as AIB for example.

However there were some significant hikes from the non-bank lenders, with ICS mortgages hiking some of its variable rates by up to 2.25 percentage points to 4.70%. It also rowed back on its lending limits, allowing first-time buyers to borrow only 2.5 times their income. This effectively closed the lender to new business.

Best variable rate for first-time buyers

- At the end of H1 2022 the lowest variable rate for first-time buyers with a standard 10% deposit was 3.15% with AIB or Haven
- At the end of H2 2022, the lowest variable rate for first-time buyers with a standard 10% deposit was still 3.15% with AIB or Haven

Best fixed rate for first-time buyers

- At the end of H1 2022 the lowest fixed rate for first-time buyers with a standard 10% deposit was a four-year fixed rate of 1.90% with Bank of Ireland*
- At the end of H2 2022, the lowest fixed rate for first-time buyers with a standard 10% deposit was a four-year fixed rate of 2.15% with Bank of Ireland*

**This rate is only available to those who buy a home with a BER of B or better and who are borrowing at least €250,000.*

Overall best variable rate

- At the end of H1 2022 the lowest variable rate in the entire market was 2.75% with AIB or Haven
- At the end of H2 2022, the lowest variable rate in the entire market was still 2.75% with AIB or Haven

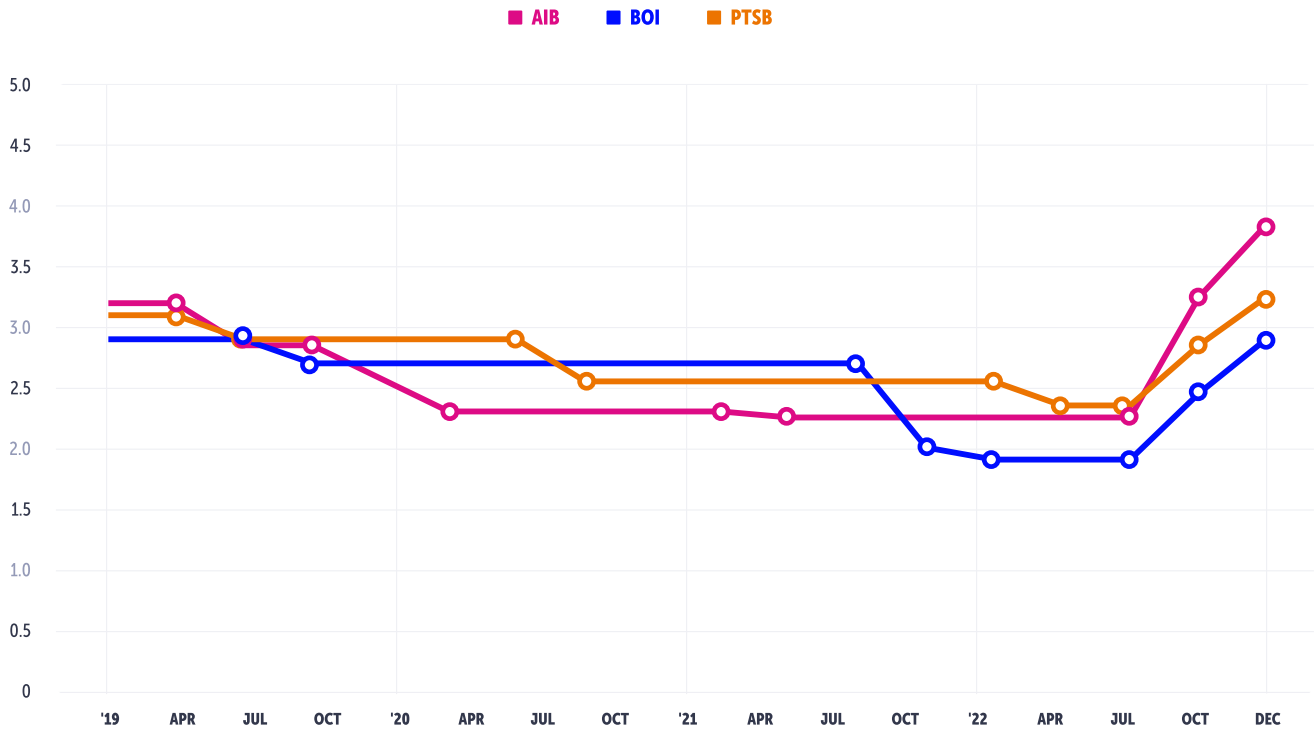
Overall best fixed rate

- At the end of H1 2022 the lowest fixed rate in the entire market was 1.90% with Bank of Ireland
- At the end of H2 2022 the lowest fixed rate in the entire market was 2.15% with Bank of Ireland

History of fixed rates

In the chart below you can see the trajectory of the best fixed rate (of any duration) at the country's three main lenders from 2019 until the end of 2022.

The rate is based on someone borrowing €270,000 and who has a 10% deposit.

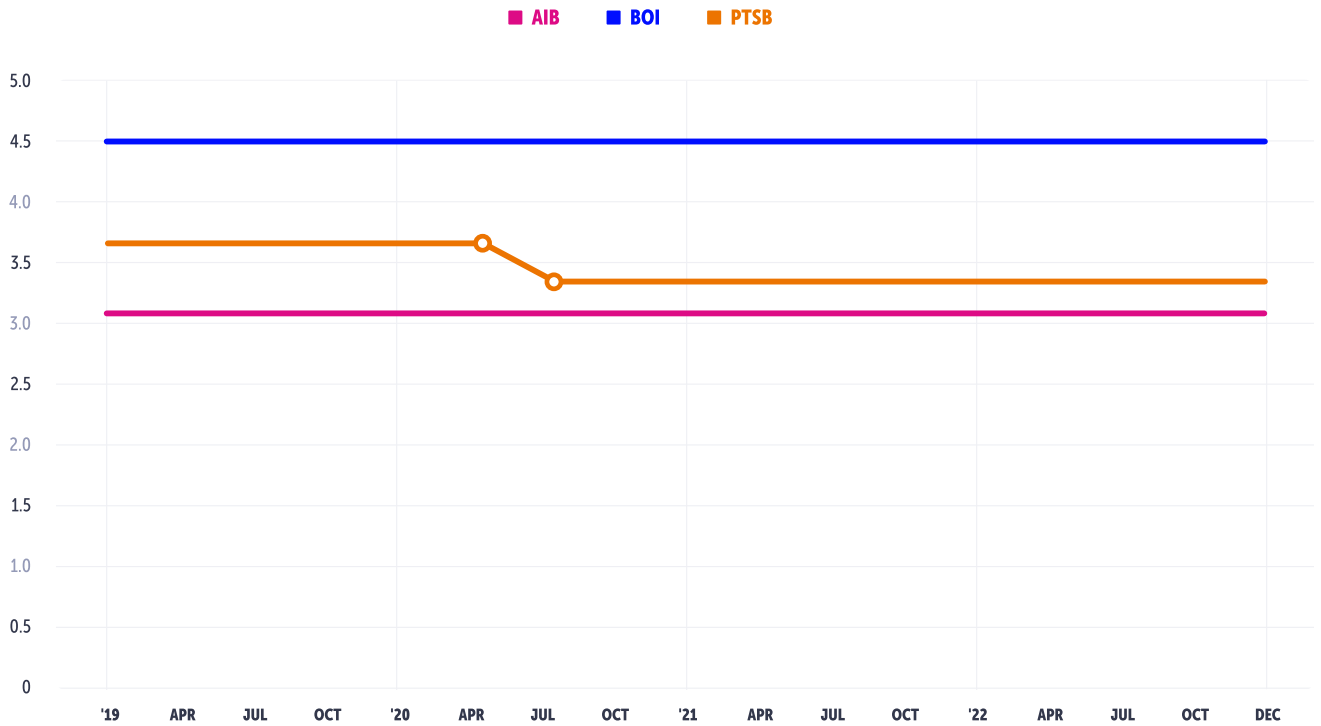


**based on the best fixed rate (of any duration) for someone borrowing €270,000 with a 10% deposit.*

History of variable rates

In the chart below you can see the trajectory of variable rates at the country's three main lenders from 2019 until the end of 2022.

The rate is based on someone borrowing €270,000 and who has a 10% deposit.



**based on someone borrowing €270,000 with a 10% deposit.*

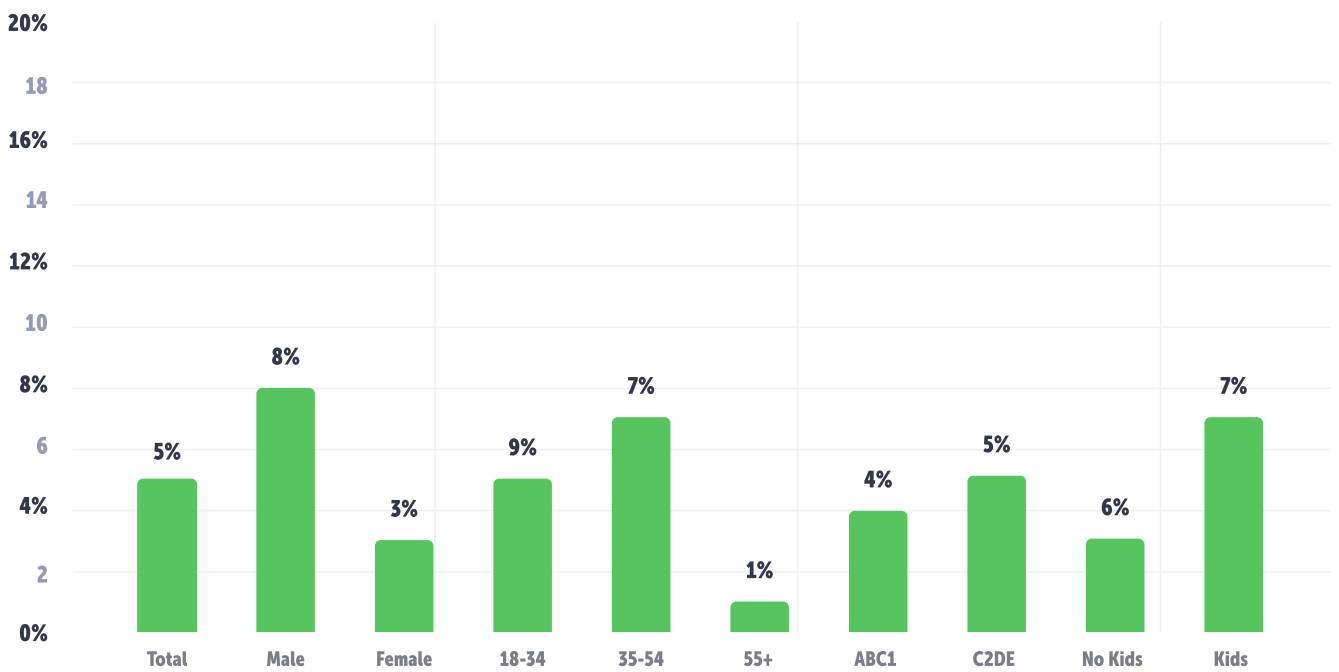
Switching activity - mortgage

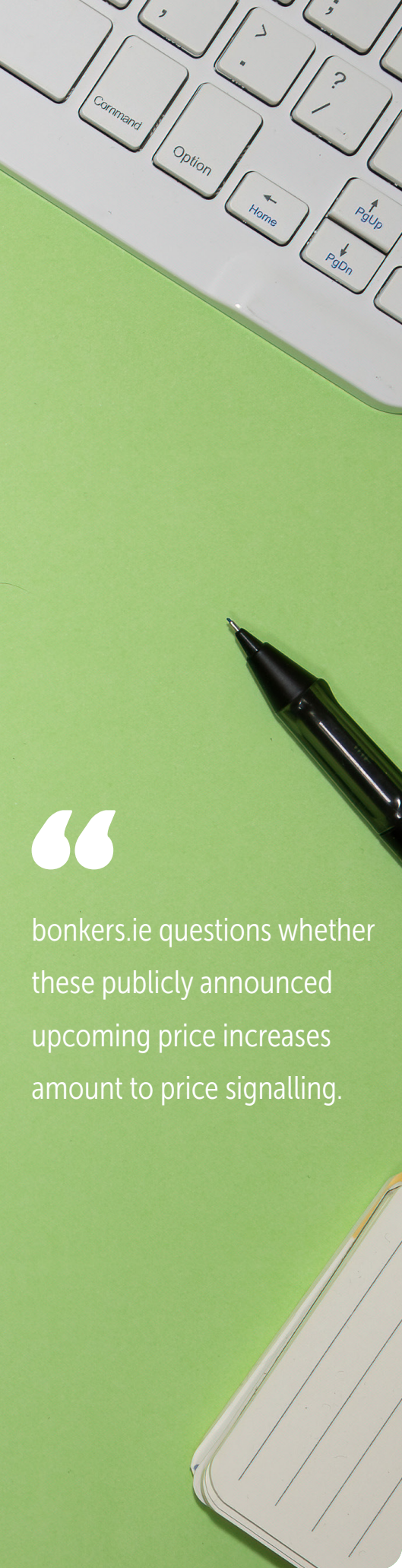
- In November 2022 bonkers.ie partnered with RED C to interview 1,000 adults in the Republic of Ireland on their switching activity. We asked whether people had switched mortgage or negotiated a better deal with their current lender over the past year and whether they intend to switch lender over the next 12 months.
- Overall 5% of mortgage customers say they switched lender over the past year. This figure will likely have been impacted by the ongoing exits of Ulster Bank and KBC from the Irish market.
- Men (8%) are more likely to switch mortgage than women (3%).
- A further 11% of mortgage holders negotiated a better deal with their existing lender.
- This meant 84% took no action. However switching mortgage isn't an option that is open to everyone (for example those on fixed rates and those in arrears may not be able to switch) so switching figures would be higher if based solely on those to whom switching was a viable option.
- Those over 55 are less likely to switch their mortgage with only 1% in this age bracket doing so compared to 7% in the 35 to 44 age group. However people in this age group are likely to be much further into their mortgage term and may not feel there is much benefit in switching. Indeed, most lenders will not accept a switch application with fewer than five years remaining.
- There is no major difference in switching activity between the main socio economic and demographic groups.

2023

Looking forward 9% of mortgage holders say they intend to switch over the coming year.

Have you switched your mortgage over the past 12 months?





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bonkers.ie questions whether these publicly announced upcoming price increases amount to price signalling.

Broadband

Virgin Media and Siro partnership

One of the biggest developments in H2 was the announcement of a partnership between Virgin Media and SIRO. SIRO is a joint venture between the ESB and Vodafone which was set up in 2015. Its aim is to roll out a high-speed, pure-fibre broadband network around Ireland, with a particular focus on regional towns and cities not yet served by pure-fibre broadband.

SIRO currently offers speeds of up to 2Gbps but has plans to increase this to 10Gbps over the coming years.

SIRO is a wholesale provider which means it doesn't sell to consumers directly. Instead retailers use its network to sell on their own services to households.

Virgin Media has its own high-speed network, which offers speeds of up to 1Gbps and which is available to around 1 million households in mainly urban areas. However, the news will see its broadband and TV services available to almost half a million more homes throughout the country.

SIRO has plans to grow its network over the coming years to cover more than 150 towns and cities, reaching around 770,000 premises and 2.1 million people. This means Virgin's services will also be available to even more households over the coming years too.

Annual price hikes

In H2 Eir joined its fellow competitors Vodafone and Three in implementing an 'annual price adjustment'. Eir's annual price increase will come into effect in April of each year and will be based on the rate of inflation as set out by the Consumer Price Index (CPI) in January of each year, plus an additional 3%.

bonkers.ie questions whether these publicly announced upcoming price increases amount to price signalling.

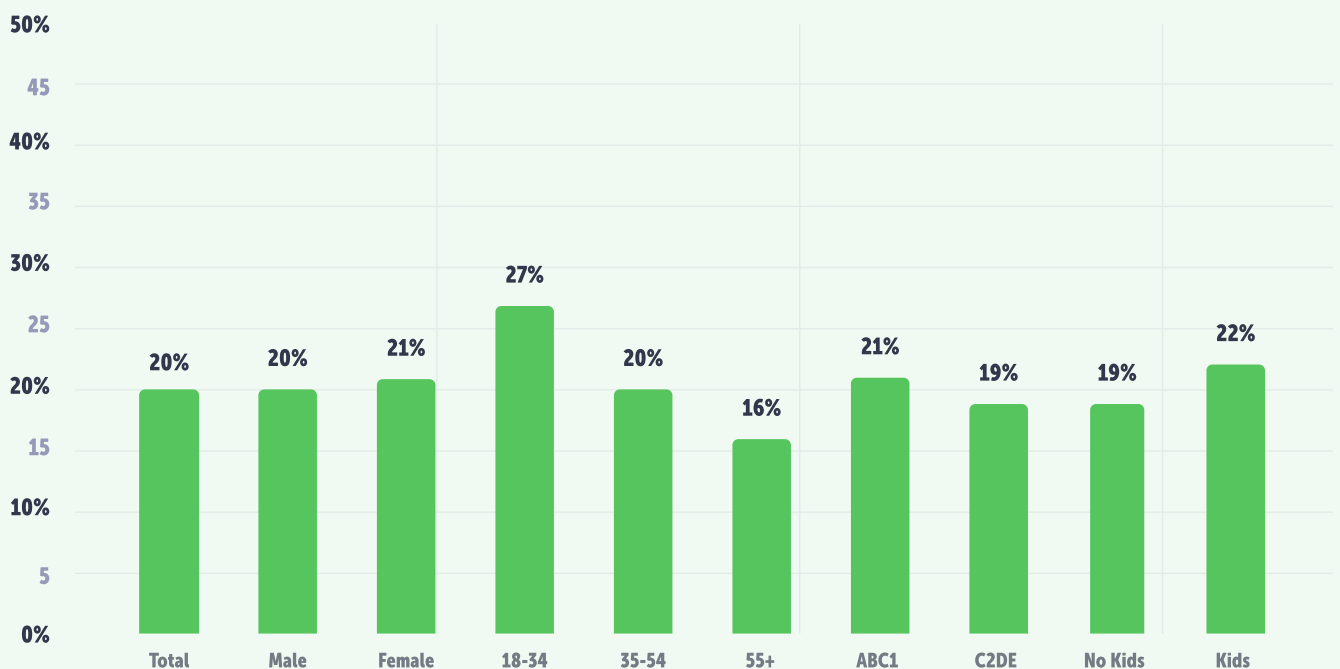
Switching activity - broadband

- According to our research with RED C, 20% of broadband customers switched provider over the past year. On top of this, a further 31% negotiated a better deal with their existing provider (only car and home insurance customers are more likely to haggle with their existing providers).
- Continuing a trend we see across most bills, those over 55 are slightly less likely to switch broadband provider (16%). While higher income households are slightly more likely to switch (21%).
- Households with children are also slightly more likely to switch (22%) compared to households without children (19%).

2023

Looking forward, 28% of customers say they intend to switch broadband provider over the next year.

Have you switched broadband provider over the past 12 months?



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Insurance companies were able to use detailed analytics and algorithms to target those customers it knows are more likely to pay the higher prices.

Car Insurance

Amid the record levels of inflation that were seen in 2022, there was some good news for consumers as reforms aimed at tackling excessive personal injury payouts helped bring down the cost of car insurance.

In December, car insurance premiums were down by over 10% according to the CSO.

In July after a year-long lead-in period, a ban on the controversial practice of price walking in the car insurance sector came into effect.

Price walking is a pricing strategy whereby loyal customers who stay with the same insurer for many years gradually end up getting charged higher and higher prices at each renewal. In other words their loyalty is penalised and they end up paying a so-called 'loyalty premium'.

Insurance companies were able to use detailed analytics and algorithms to target those customers it knows are more likely to pay the higher prices.

Although first-year introductory discounts are still allowed, car insurers are now no longer able to charge an existing customer who's renewing their policy for a second, third or subsequent time any more than an existing customer who's renewing for the first time (all other things being equal). The main aim is to try protect consumers, particularly older consumers, from being charged extra for not regularly switching. However there are potentially winners and losers

For example, many motorists who hadn't tried to negotiate better deals in previous years saw their premiums fall, while those who had negotiated better deals saw theirs rise as everyone must now be charged the same.



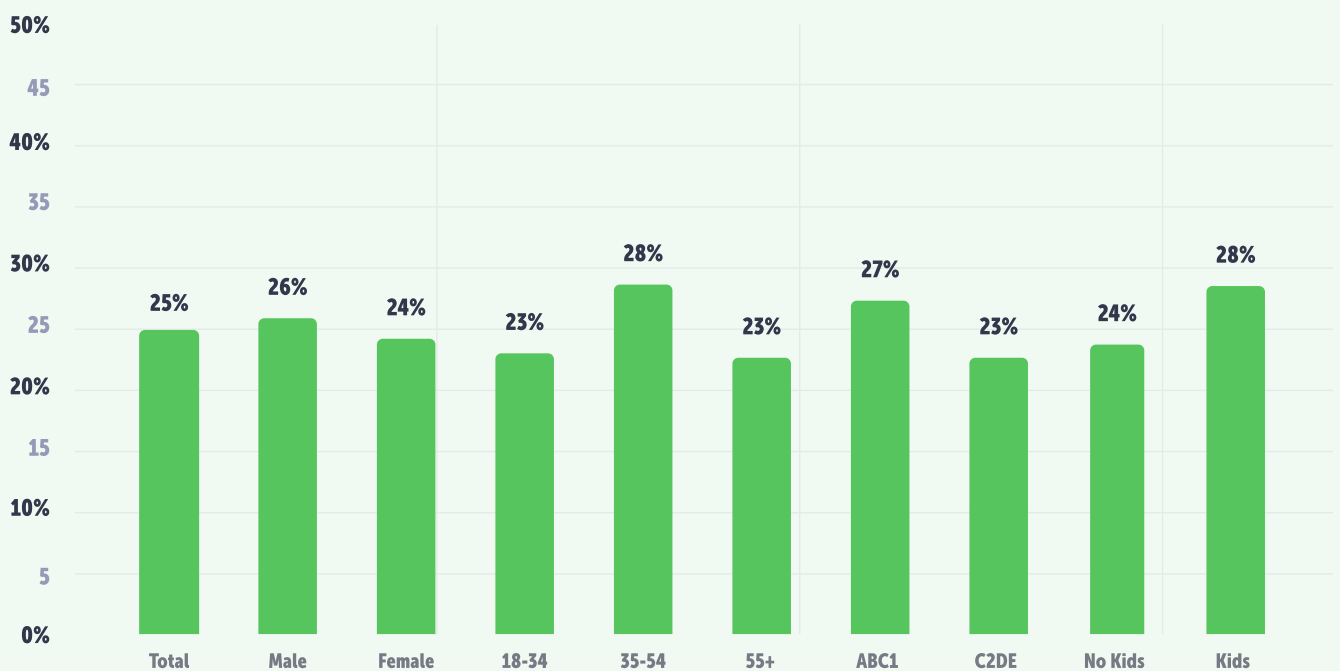
Switching activity - car insurance

- According to our research 25% of motorists switched insurer over the past year. This figure tallies with research released by the Central Bank of Ireland in December. However a further 43% negotiated a better deal with their existing insurer, which is far higher than any other household bill that we surveyed.
- Motorists in the 35-54 age category are most likely to switch (28%) with those over 55 being less likely to switch (23%).
- Men (26%) are slightly more likely to switch than women (24%).
- There is also a difference in switching levels between motorists with kids (28%) versus those with no kids (24%).

2023

Looking forward, 33% of motorists say they intend to switch insurer over the next year.

Have you switched car insurance over the past 12 months?





Rising construction costs in 2022 also led to concerns around under insurance in the home insurance sector.



Home Insurance

Rising premiums

Record inflation and in particular an increase in construction costs led to increases in home insurance premiums. In December, home insurance costs were up by over 12% according to the CSO.

As with car insurance, in July a ban on price walking in the home insurance sector came into effect.

Although first-year introductory discounts are still allowed, home insurers are now no longer able to charge an existing customer who's renewing their policy for a second, third or subsequent time any more than an existing customer who's renewing for the first time (all other things being equal).

This means many policyholders who hadn't tried to negotiate better deals in previous years saw their premiums fall, while those who had negotiated better deals saw theirs rise as everyone must now be charged the same.

Under insurance

Rising construction costs in 2022 also led to concerns around under insurance in the home insurance sector. A review by the Central Bank released in September found around one in six homeowners are under-insuring their properties and putting themselves at risk of a reduced payout in the event of a claim.

Under-insurance occurs when the amount a property is insured for is less than the amount it would cost to rebuild or replace the property i.e. the rebuild cost. When this happens, in the event of a claim, an insurer can reduce the sum it pays out in proportion to how much the policyholder is under-insured.

Switching activity - home insurance

- According to our research 20% of home insurance customers switched insurer over the past year. A further 33% negotiated a better deal with their existing insurer.
- Switching levels are broadly similar across the main age groups and sexes but higher income households are slightly more likely to switch (22%).
- However there is a big difference in switching levels between households with kids (40%) versus those with no kids (18%).

2023

Looking forward, 27% of householders say they intend to switch insurer within the next year.

Have you switched home insurance over the past 12 months?

