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A History of ING Group

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Introduction

In the intricate tapestry of global finance, some threads run deeper and span wider than others, weaving through centuries of economic evolution and societal change. The story of ING Group is precisely one such thread—a compelling narrative that begins in the bustling mercantile centers of the Netherlands and extends to the farthest reaches of the modern world. This book, "A History of ING Group: The Story of a Global Company," embarks on a journey to explore the remarkable trajectory of an institution that has not only witnessed history but has actively shaped it, growing from its disparate origins into one of the world's preeminent financial powerhouses.

From the foundational Dutch banking and insurance practices that emerged in a burgeoning maritime nation to the complex, interconnected global enterprise it is today, ING's history is a testament to adaptability, strategic vision, and an enduring entrepreneurial spirit. It is a story not merely of balance sheets and mergers, but of the people, ideas, and pivotal moments that forged a truly global entity. We will delve into the foundational institutions that predate the modern ING, tracing their individual developments through periods of war and reconstruction, and witness the strategic consolidations that ultimately led to the momentous formation of ING Group in 1991.

This book aims to illuminate the multifaceted aspects of ING's growth, from its early forays into international markets in Europe and North America to its strategic navigation of the diverse and often challenging landscapes of Asia. We will explore the deliberate diversification of its business model, moving beyond traditional insurance into asset management and pioneering digital banking solutions that have redefined customer experiences globally. The narrative will uncover the leadership philosophies that have guided ING through periods of profound change, including economic crises and stringent regulatory overhauls, showcasing its resilience and capacity for reinvention.

Beyond the corporate strategy, "A History of ING Group" will also examine the profound impact ING has had on the broader financial world and the communities it serves. We will investigate its commitment to responsible banking, sustainability, and social impact, recognizing the evolving role of financial institutions in a conscientious world. The book will detail the continuous pursuit of innovation, particularly in retail and wholesale banking, and the critical importance of risk management in safeguarding a global enterprise. Ultimately, this is a story about building a recognizable global brand, fostering a unique corporate culture, and investing in the human capital that drives success.

As we journey through the chapters, readers will gain a comprehensive understanding

of how ING Group has not only responded to global economic shifts but has often anticipated and influenced them. From its pivotal role in the digital banking revolution to its continuous adaptation to new financial rules, ING's story offers invaluable insights into the dynamics of global commerce and the enduring power of a well-articulated vision. This book provides an in-depth look at the evolution of a financial giant, offering a nuanced perspective on its past achievements, present standing, and future aspirations in an ever-changing world.

Ultimately, "A History of ING Group" is an invitation to explore the legacy of a company that embodies the very essence of global finance. It is a story of ambition, transformation, and enduring influence, offering a rich narrative for anyone interested in the forces that have shaped the modern financial landscape and the institutions that continue to drive its evolution. Join us as we uncover the compelling journey of ING Group, a true global player with a story as intricate and expansive as the worldwide economy it helps to navigate.

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CHAPTER ONE: The Roots of ING: Early Dutch Banking and Insurance

The story of ING Group, like many enduring financial institutions, is deeply intertwined with the economic currents and societal needs of its homeland. To understand ING, one must first appreciate the fertile ground from which it sprang: the Netherlands, a nation that, for centuries, has been a crucible of commerce, innovation, and global trade. The very nature of the Dutch landscape, with its relentless battle against the sea and its strategic position at the crossroads of European trade routes, fostered a pragmatic, industrious, and globally-minded populace. These characteristics, in turn, fueled the early development of sophisticated banking and insurance practices that would eventually form the bedrock of ING's predecessors.

The 17th century, often referred to as the Dutch Golden Age, stands as a pivotal period in the nation's financial history. During this era, the Dutch Republic ascended to become a leading commercial and maritime power in Europe, driven by a booming economy and a spirit of entrepreneurial ambition. This economic prowess necessitated, and in turn stimulated, the creation of advanced financial instruments and institutions. Amsterdam, in particular, emerged as a global hub for trade and finance, a bustling metropolis where innovative financial practices flourished.

One of the most significant developments was the establishment of the Amsterdam Stock Exchange in 1602. This institution, considered the world's first "modern" securities market, initially facilitated the trading of shares in the newly formed Dutch East India Company (VOC). The VOC itself was a groundbreaking entity, being the first company to go public and introducing the concept of joint-stock ownership, bonds, and derivatives to a wider segment of society. This democratization of investment was a radical concept for its time, allowing more individuals to participate in and benefit from economic growth. The success of the VOC and the stock exchange demonstrated the Dutch knack for financial ingenuity and their willingness to embrace new models for capital accumulation.

Close on the heels of the stock exchange, the Bank of Amsterdam (Amsterdamsche Wisselbank) was founded in 1609. Its primary purpose was to stabilize the chaotic monetary conditions prevalent in Amsterdam at the time, where a multitude of foreign and often debased coins circulated. The Wisselbank accepted deposits of various coins and offered standardized, good-quality currency in return, effectively acting as an exchange service and protecting foreign creditors. This initiative proved remarkably successful, providing a stable coinage system for approximately 150 years and establishing the Dutch guilder as a de facto reserve currency in Europe. Unlike later

central banks such as the Bank of England, the Wisselbank initially focused on maintaining coinage standards and facilitating transfers between accounts, rather than acting as a significant lending institution to the public. However, its robust clearing and settlement system quickly gained prominence in international payments, making it one of the most influential commercial banks of its era.

While the Bank of Amsterdam addressed the stability of currency, the burgeoning maritime trade and global expeditions of the Dutch East India Company and later the West India Company also spurred the development of another crucial financial service: insurance. The inherent risks associated with long-distance voyages, often fraught with perils from storms to piracy, made the need for risk mitigation paramount. Early forms of marine insurance emerged to protect merchants and investors from potentially ruinous losses. These early insurance contracts were often bespoke agreements between individuals, a far cry from the standardized policies of today.

The roots of insurance in the Netherlands can be traced even further back, with the informal mutual aid systems of medieval guilds. Guildsmen would contribute to "guild collecting-boxes" or "health money-boxes" to provide financial support for members facing medical expenses or in times of hardship. These early forms of collective risk-sharing laid the groundwork for more formalized insurance schemes that began to take shape in the 16th century. By the late 18th century, the first "real" health insurance funds, offered by commercial insurance companies, started to appear, targeting lower-income households. This allowed a broader segment of society to access some form of protection, moving beyond reliance on church charities or municipal poor laws.

Beyond these large public institutions, a network of private banking houses also began to emerge and thrive, particularly during the 17th and 18th centuries. These merchant banks, often evolving from merchant houses, shifted their capital from financing their own trade to providing acceptance credit and, later, underwriting and floating foreign government bonds. These institutions played a crucial role in mediating international investment, as the Dutch, with their accumulating wealth, increasingly looked to invest abroad. Some of these early private banks, such as Vlaer & Kol (1691), Mees & Hope (1720, 1726), and F. Van Lanschot (1737), would endure for centuries, demonstrating the resilience and adaptability of the Dutch financial sector.

The 18th century saw the Dutch continue their dominance as Europe's main money lenders, further solidifying their position as a financial powerhouse. However, the end of the century brought significant challenges. The Fourth Anglo-Dutch War (1780-1784) severely impacted Dutch commerce, and the subsequent advent of Napoleon in the Netherlands led to a period of economic depression and near cessation of trade. During this tumultuous time, the venerable Bank of Amsterdam, which had by then relaxed its strict full-reserve policy and lent substantial sums to the Municipality of Amsterdam and the Dutch East India Company, found itself in financial

distress and eventually declared insolvent in 1790.

The 19th century ushered in a new era for Dutch banking. In 1814, King William I founded De Nederlandsche Bank (DNB) with the explicit aim of reviving the struggling economy. DNB was tasked with issuing guilder banknotes and offering loans to businesses. While initial success was slow, as private bankers feared competition and the public was wary of paper money, DNB gradually gained traction. By 1863, with the passage of the Bank Act, DNB achieved national status, opening branch offices across the country and fostering economic growth by providing credit and other financial services. This period also saw the rise of more private banks, which increasingly turned to DNB for funding, laying the informal groundwork for DNB's eventual role as a supervisory authority.

The evolution of insurance also continued throughout the 19th century. The demand for health insurance, in particular, grew as the medical profession advanced and workers sought protection against the costs of illness and loss of income. Labor unions, guilds, employers, and municipalities began establishing voluntary sickness funds (*ziekenfondsen*) to provide this coverage, primarily for low-income individuals. This burgeoning landscape of local and specialized financial providers reflected a society increasingly aware of the need for both capital management and risk protection.

It's important to note that many of these early institutions, whether banking or insurance, operated independently, often with regional focuses and specialized services. They were the seeds from which larger, more diversified financial entities would eventually grow. The constant interplay between economic necessity, entrepreneurial spirit, and governmental regulation shaped this dynamic financial landscape. The Dutch, through their long history of trade and financial innovation, had cultivated a rich environment for the development of the complex financial services that would one day coalesce into global powerhouses like ING. The foundations were laid not by a single visionary, but by generations of merchants, bankers, and insurers, each adapting to the evolving demands of a nation deeply embedded in global commerce. This scattered yet robust financial ecosystem would eventually begin to consolidate, a process that would define the path to the modern ING Group.

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