

bonkers.ie

The bonkers.ie bi-annual

**Market monitor and
switching report**

2023 H1 (v1)

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 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.

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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.

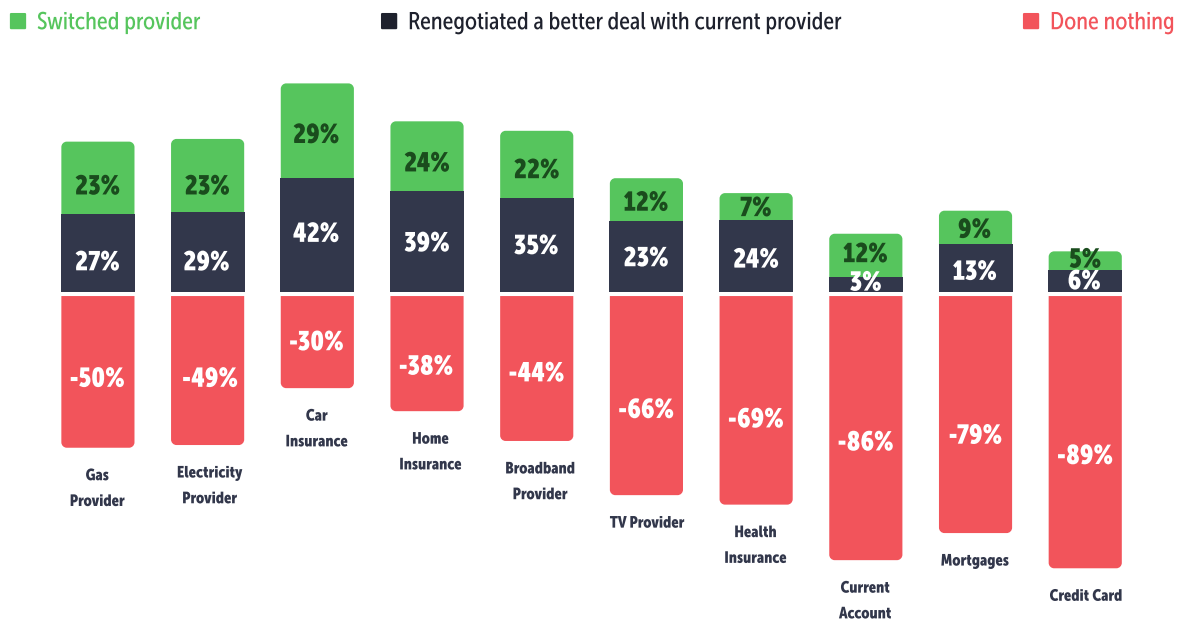
Executive summary

Every six months bonkers.ie surveys Irish consumers about their attitude towards switching provider for everyday household bills.

The following question was asked online to a nationally representative sample of over 1,000 adults in the Republic of Ireland in May 2023 in conjunction with RED C with the top-line results listed below.

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





Despite the falls, Irish wholesale electricity prices are still about three times what would be considered normal levels.



Energy

Falling wholesale prices

The first half of 2023 marked a tentative return to some normality on wholesale energy markets.

The price of electricity on the Irish wholesale market fell from almost €300 per MWh at the end of 2022 to just over €100 in May. Though it crept up again in June.

Meanwhile on the UK wholesale gas market, from where Ireland imports around 75% of our gas, prices fell from over 200 pence per therm at the end of last year to under 100 pence, falling close to 50 pence at one stage at the start of June. However gas prices have also crept up again in recent weeks.

Despite the falls, Irish wholesale electricity prices are still about three times what would be considered normal levels, while gas prices are still over double the level they were in 2020 before Covid and then the war in Ukraine wreaked havoc with global supply chains and energy prices.

Residential price drops

Three suppliers (Pinery, WaterPower and Community Power) announced a decrease in their electricity prices in H1 2023. However all three suppliers had among the highest electricity prices in the market to begin with.

Pinery decreased its standard unit rate by 9% at the end of March. WaterPower cut its electricity prices by over 50% in May. And CommunityPower announced a decrease in its prices of over 40%, which will come into effect on 1st July.

WaterPower and Community Power now have the cheapest standard unit rates in the market, with prices around 7-8% below those with Electric Ireland.

No suppliers announced a change to their gas prices.

In June Irish electricity prices were the highest in the EU at 82% above average, according to a report by the Austrian and Hungarian energy

regulators and VaasaETT, an energy consultancy. The same report showed gas prices here were the third highest in the EU at 46% above average.

Launch of fixed deals

At the start of the year, Flogas launched the country's first fixed energy deal in several years.

Fixed-price energy deals are a common feature in many markets but the last fixed deal on offer in Ireland was from Budget Energy and Iberdrola back in 2020, who have now both exited the market.

Lack of competition/upcoming bill shock

Competition for new customers remained subdued with only small discounts on offer for people who switched.

There is also a warning for over 130,000 energy customers that they are in for a huge shock over the coming weeks as they come to the end of their discounted deals and are faced with a market where there is less choice and less value.

Over 105,000 electricity customers and almost 29,000 gas customers switched energy supplier between June and September of last year, according to the CRU. Most of these customers would have signed up to discounted deal lasting one year, meaning all these customers will be coming to the end of their discounted period over the coming weeks.

Many of these customers will have been on discounts of up to 40%, which were widely available to new customers until September of last year. But since then, discounts for new customers have been slashed to 10% or even less.

These customers are potentially in for a huge bill shock over the coming months as they face moving onto tariffs with much higher rates, regardless of whether they switch.

Offshore wind auction

In May Ireland announced the results of the country's first offshore wind auction. This is the first step towards expanding Ireland's offshore wind capacity, which will help us diversify our renewable energy sources and assist us with meeting our ever-pressing climate targets.

The average price, at just over €86 per MWh, came in much lower than anticipated. However this is still a relatively high price compared to other energy sources.

In 2020, before the energy crisis kicked off, the average price of electricity on the Irish

wholesale market was around €40 per MWh. This left our retail prices around the third highest in all of Europe (not just the EU).

The wholesale price today, although having dropped in recent months, is still near record levels and is averaging around €135 per MWh over the first half of the year, which is largely why consumers' electricity bills haven't come down.

So while the auction price is well below the current price of electricity today, it is also well above the levels we saw before the war broke out.

The Government needs to liaise with the wider energy industry and all stakeholders to see how we can bring down the cost of renewable energy in Ireland, which seems to cost more here than in other European countries.



Electricity

- At the end of H2 2022, the cheapest average annual electricity bill was €2,177 with Electric Ireland.
- At the end of H1 2023, the cheapest average annual electricity bill was €1,865 with WaterPower.



Gas

- At the end of H2 2022, the cheapest annual gas bill was €1,821 with SSE Airtricity.
- At the end of H1 2023, the cheapest annual gas bill was €1,821 with SSE Airtricity.

Electricity - as at 30th June 2023

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 30th June 2023

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

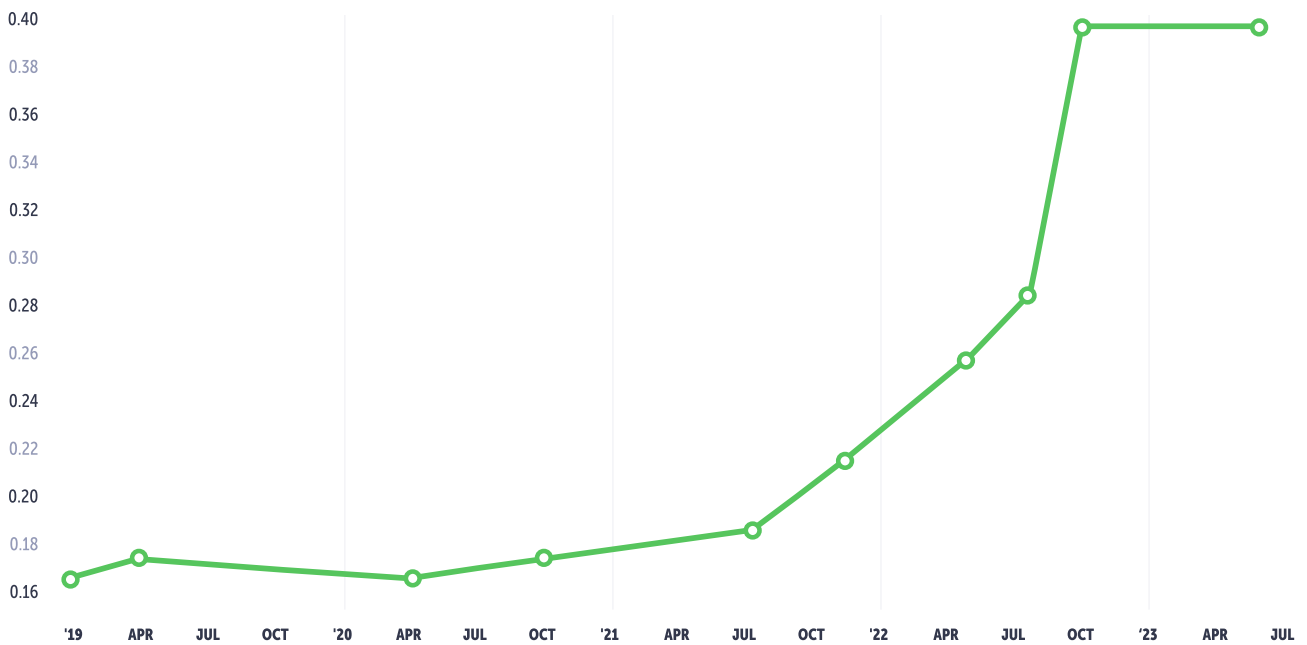
**Figures are estimates and based on a supplier's standard 24-hour urban rate and a household using an average amount of gas and electricity as defined by the CRU. Figures also include VAT, standing charge and any Government levies. Those with smart meters, night saver meters, or who are on an introductory 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 June 2023. 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 €

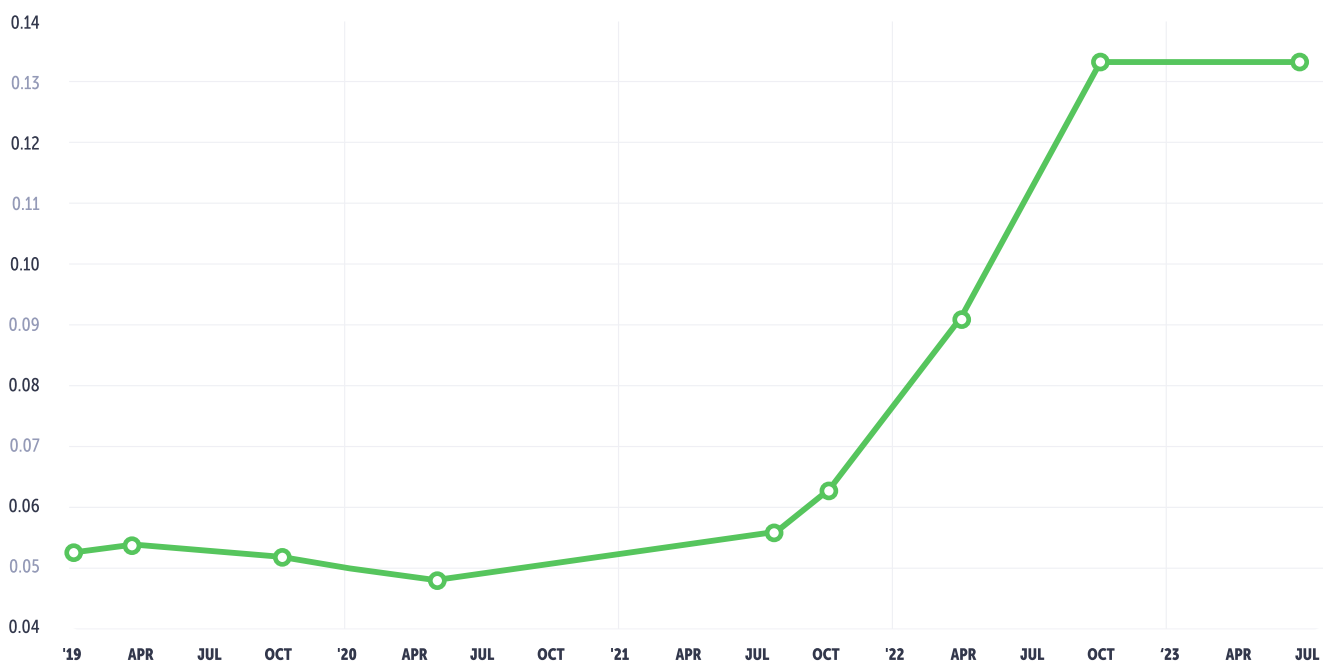


**Refers to standard 24-hour unit price. Those with smart meters, night saver meters, or who are on an introductory tariff may be paying different rates.*

History of gas prices

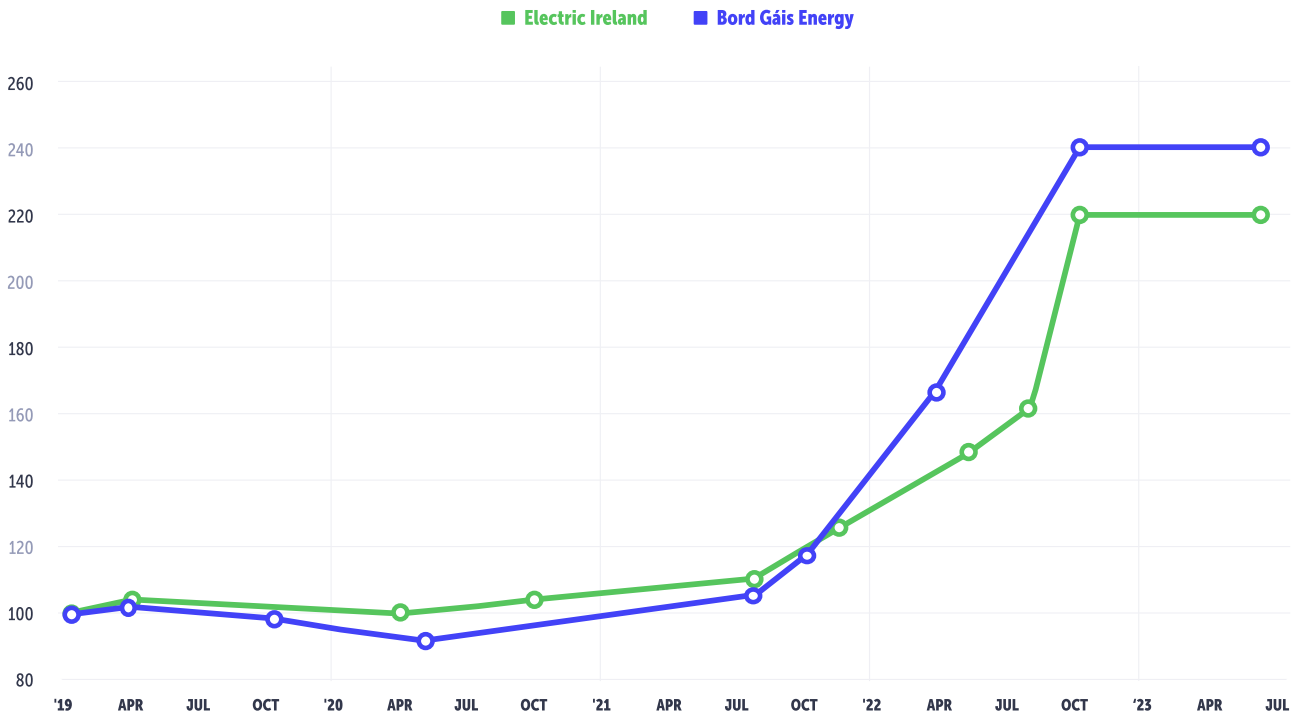
In the chart below you can see the trajectory of gas prices at the country's main gas supplier Bord Gáis Energy from 2019 until the end of June 2023. The price quoted is for Bord Gáis Energy's standard unit rate and excludes VAT.

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

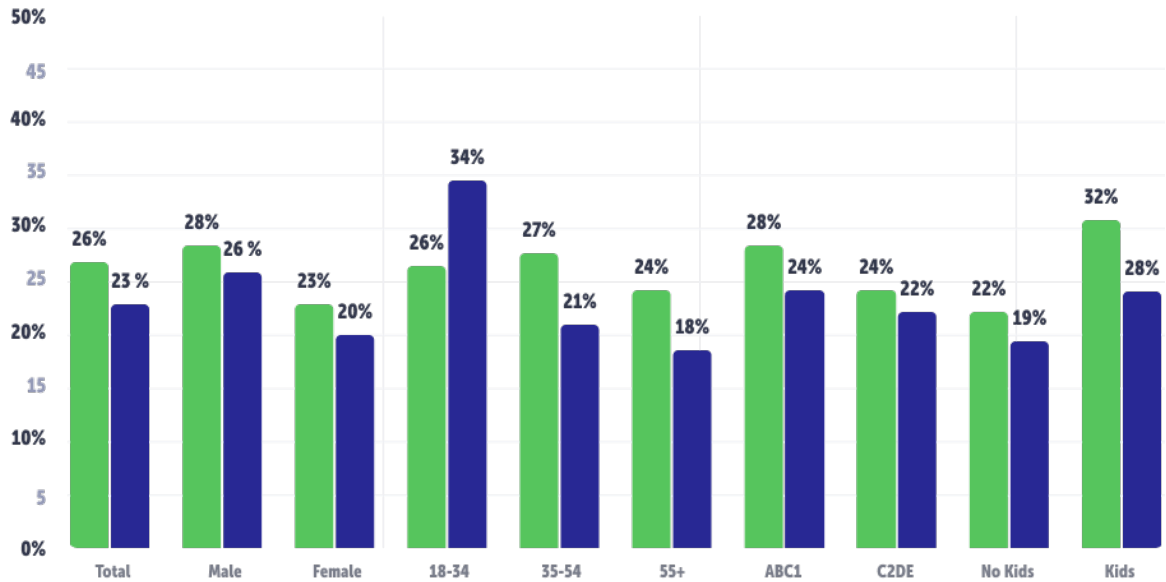
- In May 2023 bonkers.ie partnered with RED C to interview 1,000 adults in the Republic of Ireland on their switching activity. We asked whether people had switched supplier or negotiated a better deal across a range of household bills and whether they intend to switch over the next 12 months.
- In relation to energy, 23% of gas customers and 23% of electricity customers say they switched supplier over the past year, down slightly compared to our last report.
- A further 27% of gas customers and 29% 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 gas supplier (16%) and electricity supplier (18%) versus younger age groups.
- Higher income households are slightly more likely to switch electricity supplier (24%).
- Households with children are far more likely to switch energy supplier. This is a pattern we see repeated across most bills.

2023

Looking forward, 35% of gas customers and 36% of electricity customers say they intend to switch within the next year, a similar level as recorded in our last report.

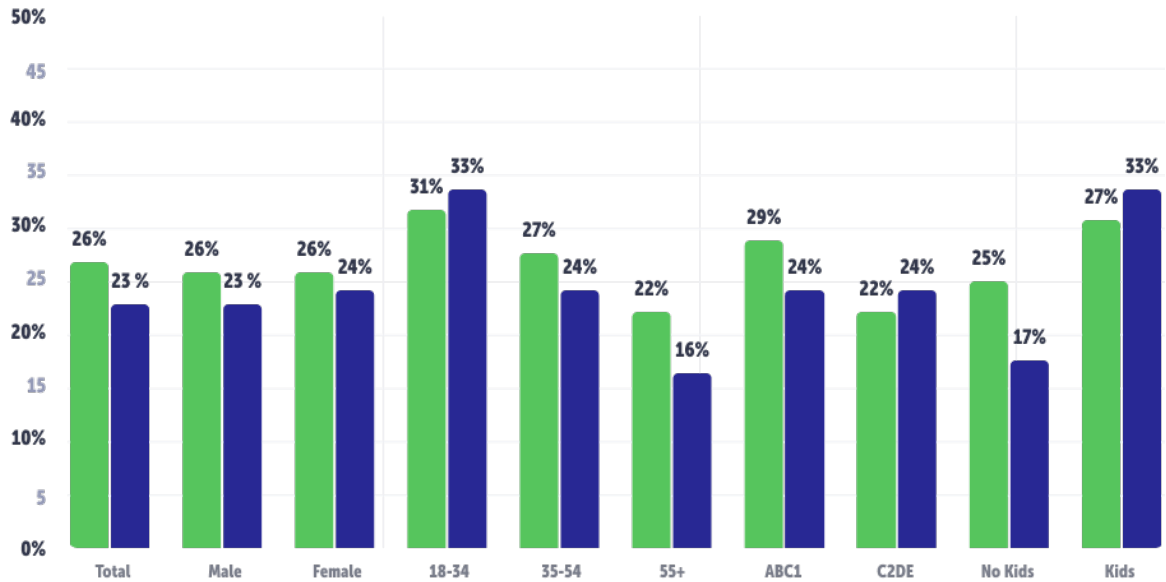
Have you switched electricity supplier over the past 12 months?

■ Previous report ■ Latest



Have you switched gas supplier over the past 12 months?

■ Previous report ■ Latest





For the first time since the ECB started hiking rates last July, some of the main lenders hiked their variable rates.

Mortgages

All lenders announced further increases in their mortgage rates in H1 2023 following another four successive rate hikes from the ECB, which took its main lending rate from 2.50% at the end of 2022 to 4.00% by the end of H1 2023.

However the main lenders were slow to pass on the full effects of the ECB hikes which meant that in May, the latest date for which figures are available, Ireland had the sixth lowest mortgage rates in the entire Eurozone according to the Central Bank.

For the first time since the ECB started hiking rates last July, the main lenders hiked their variable rates. AIB hiked its variable rates by 0.35 percentage points in March and announced another hike of 0.65 percentage points at the end June (which will take effect in August). And Permanent TSB announced a hike of between 0.05 and 0.40 percentage points in June (which will take effect at the end of July).

However there continued to be significant hikes to both fixed and variable rates from the non-bank lenders, with ICS Mortgages and Finance Ireland hiking many of their rates to well over 6% by the end of June, with more hikes scheduled to come into effect in July and August.



Best variable rate for first-time buyers

- At the end of H2 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 H1 2023, the lowest variable rate for first-time buyers with a standard 10% deposit was 3.50% with AIB or Haven

Best fixed rate for first-time buyers

- 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*
- At the end of H1 2023, the lowest fixed rate for first-time buyers with a standard 10% deposit was a four-year fixed rate of 3.40% 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 H2 2022, the lowest variable rate in the entire market was 2.75% with AIB or Haven
- At the end of H1 2023, the lowest variable rate in the entire market was 3.10% with AIB or Haven

Overall best fixed rate

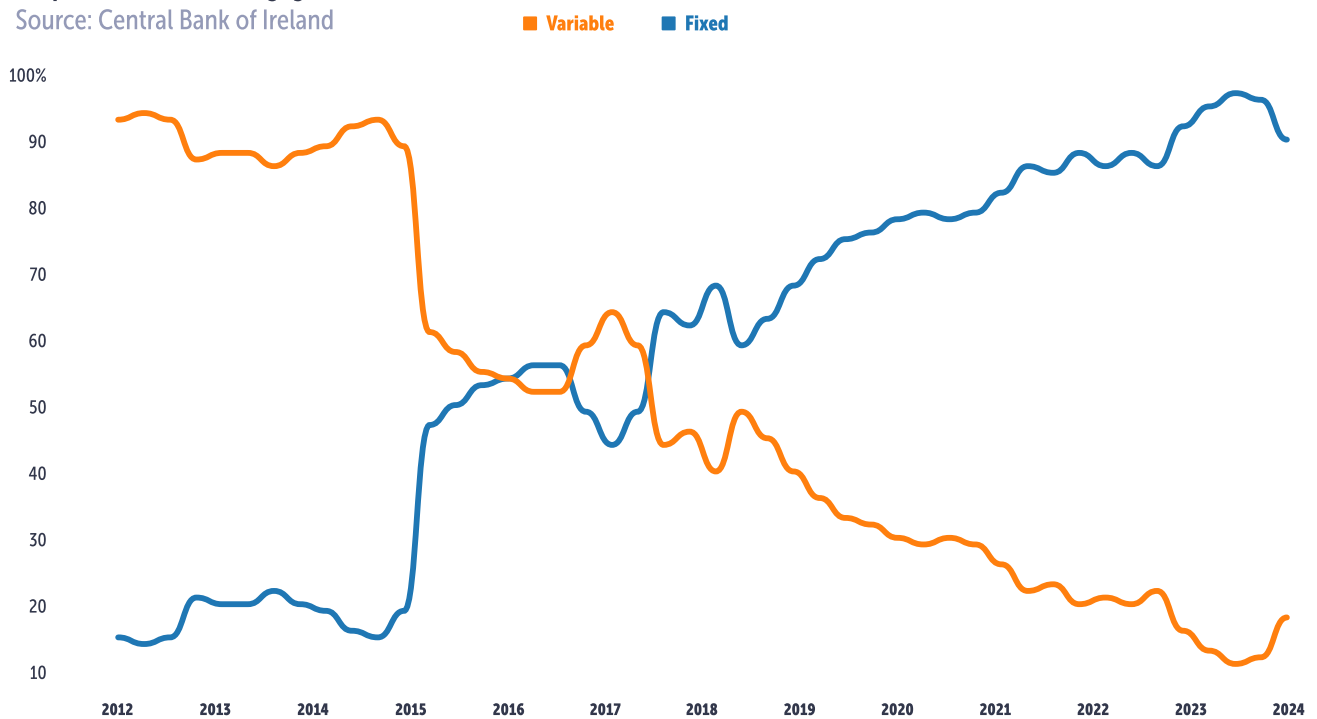
- At the end of H2 2022 the lowest fixed rate in the entire market was 2.15% with Bank of Ireland
- At the end of H2 2022 the lowest fixed rate in the entire market was 3.40% with Bank of Ireland

Fixed versus variable rates

In the chart below you can see the percentage split of homeowners choosing either a fixed or a variable rate since 2012.

Proportion of New Mortgages

Source: Central Bank of Ireland



Switching activity - mortgage

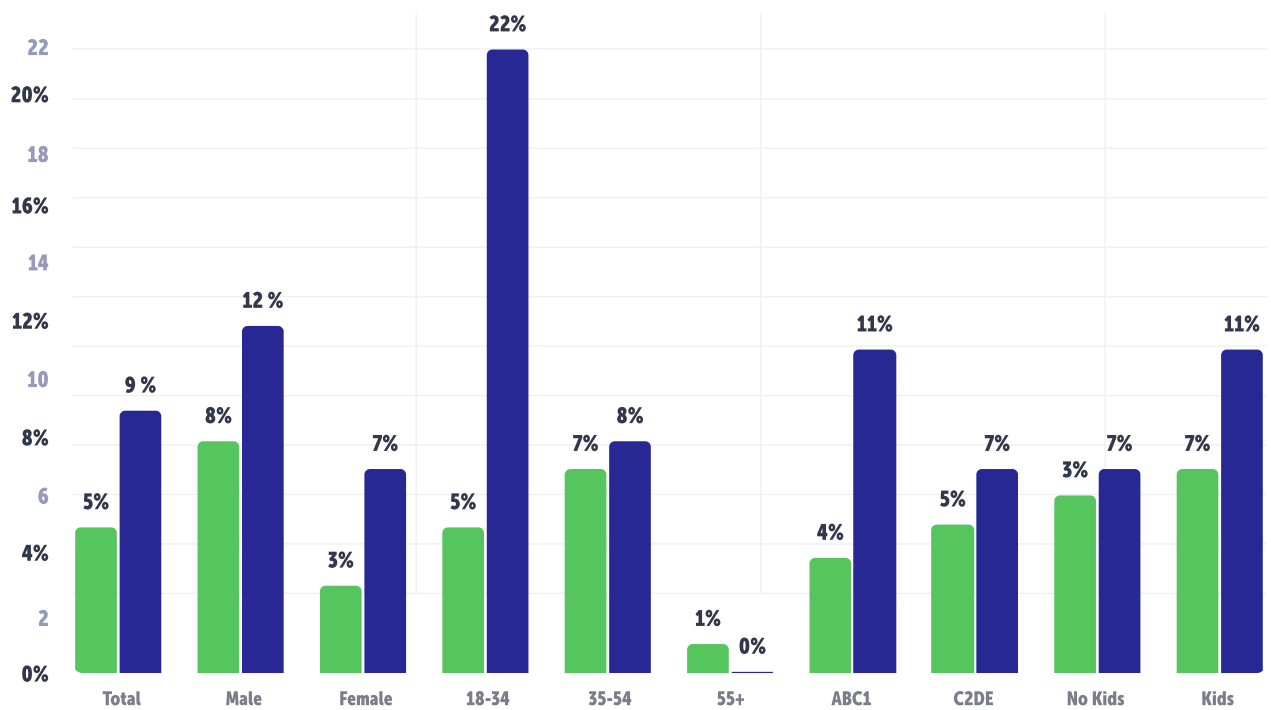
- In May 2023 bonkers.ie partnered with RED C to interview 1,000 adults in the Republic of Ireland on their switching activity. We asked whether people had switched mortgage or negotiated a better deal with their current lender over the past year and whether they intend to switch lender over the next 12 months.
- 9% 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 (12%) are more likely to switch mortgage than women (7%).
- A further 13% of mortgage holders negotiated a better deal with their existing lender.
- This meant 78% 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 far less likely to switch their mortgage with no respondents in this age bracket doing so compared to 22% 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.
- Higher income households are slightly more likely to switch mortgage provider (11%) versus lower income groups (7%).

2023

Looking forward, 12% 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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Communications costs in Ireland are the third highest in the EU, at 56% above average.

Broadband

Annual price hikes

In April the first round of annual price hikes came into effect for many consumers.

Last year several suppliers announced that they would implement an 'annual price adjustment' every April. This would be the rate of inflation as set out by the Consumer Price Index (CPI) in January of each year, plus an additional 3%.

This meant in April Three and Vodafone announced price hikes of over 11% for many of their customers. Eir announced a hike of 8% - this too was supposed to be over 11% but given record inflation the company spared customers from the full brunt of its proposed price hike.

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

Virgin Media and Sky have not introduced annual price hikes for now. However both companies also increased the cost of many of their plans in H1.

High costs

In June figures from Eurostat revealed that communications costs in Ireland are the third highest in the EU, at 56% above average, behind only Belgium and Greece.

Fibre rollout

The availability of pure fibre broadband continued to increase as SIRO and the National Broadband Plan (NBP) expanded their networks.

In early June, SIRO announced that its network has now passed over 500,000 premises in 130 towns and cities nationwide. And at the start of the year, the Government announced that the NBP had passed over 100,000 premises and was now available in parts of every county in the country.

SIRO also officially launched its new partnership with Virgin Media, which means Virgin's broadband and TV services, which until now were only available in the main towns and cities, will be available to around two thirds of the population.

bonkers.ie is the only website that will show a customer all the broadband networks that are available in their area. They just need to input their address or eircode and the relevant fibre, part-fibre, and wireless services available at their location under the NBI, SIRO, Virgin Media, Eir and Imagine networks will be displayed.

Switching activity - broadband

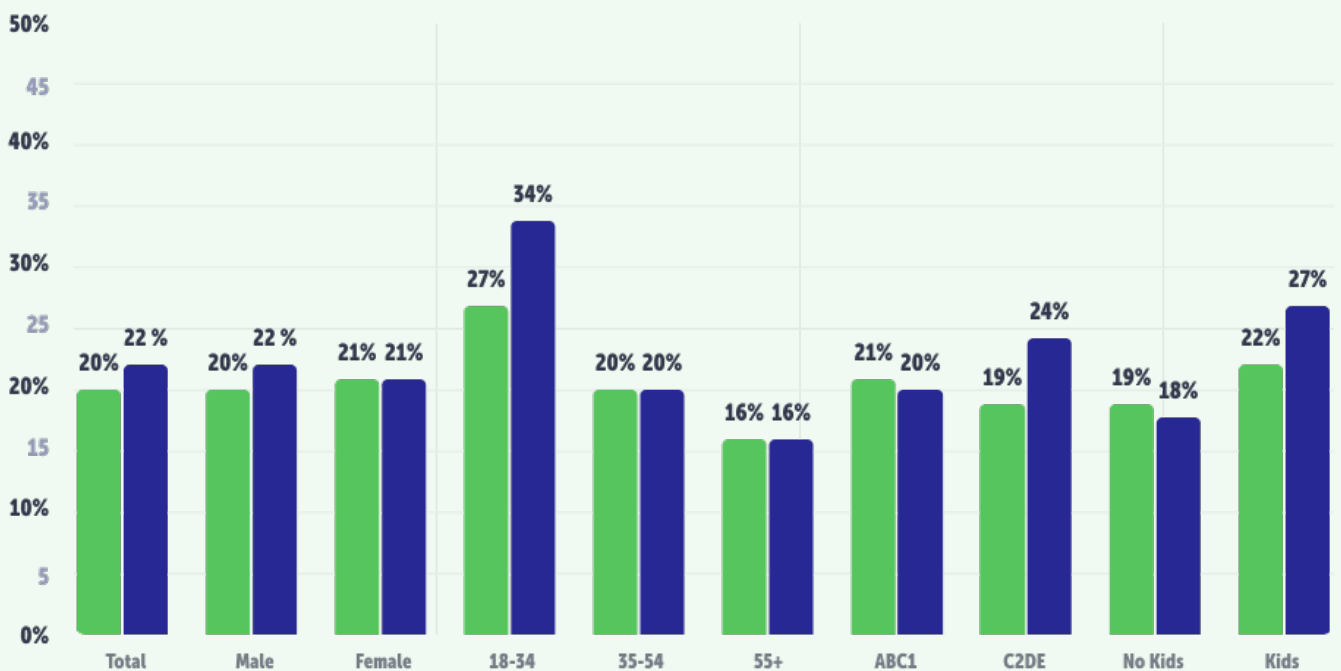
- According to our research with RED C, 22% of broadband customers switched provider over the past year, a slight increase on our last report.
- A further 35% negotiated a better deal with their existing provider (only car and home insurance customers are more likely to haggle with their existing providers).
- Continuing a trend we see across most bills, those over 55 are slightly less likely to switch broadband provider (16%). While households with children are more likely to switch (27%) compared to those with none (18%).

2023

Looking forward, 30% 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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In May, car insurance premiums were down by 2.4% versus the previous year, according to the CSO.

Car Insurance

Car insurance premiums continued to ease as reforms aimed at tackling excessive personal injury payouts helped bring down the cost of car insurance.

In June, car insurance premiums were down by 2.4% versus the previous year, according to the CSO.

And in April, the Central Bank released its latest report into the car insurance sector which showed that motor insurance premiums fell by 5% in the first half of 2022 compared to 2021. This left the average premium at €578.

However, between Q4 2017 (when car insurance premiums, at €710, were at their highest) and H1 2022, the average premium has fallen by around 19%.

In May Revolut announced that it planned to enter the car insurance market, with premiums up to 30% cheaper than the next best provider. bonkers.ie welcomes the increased competition and choice for motorists.



Switching activity - car insurance

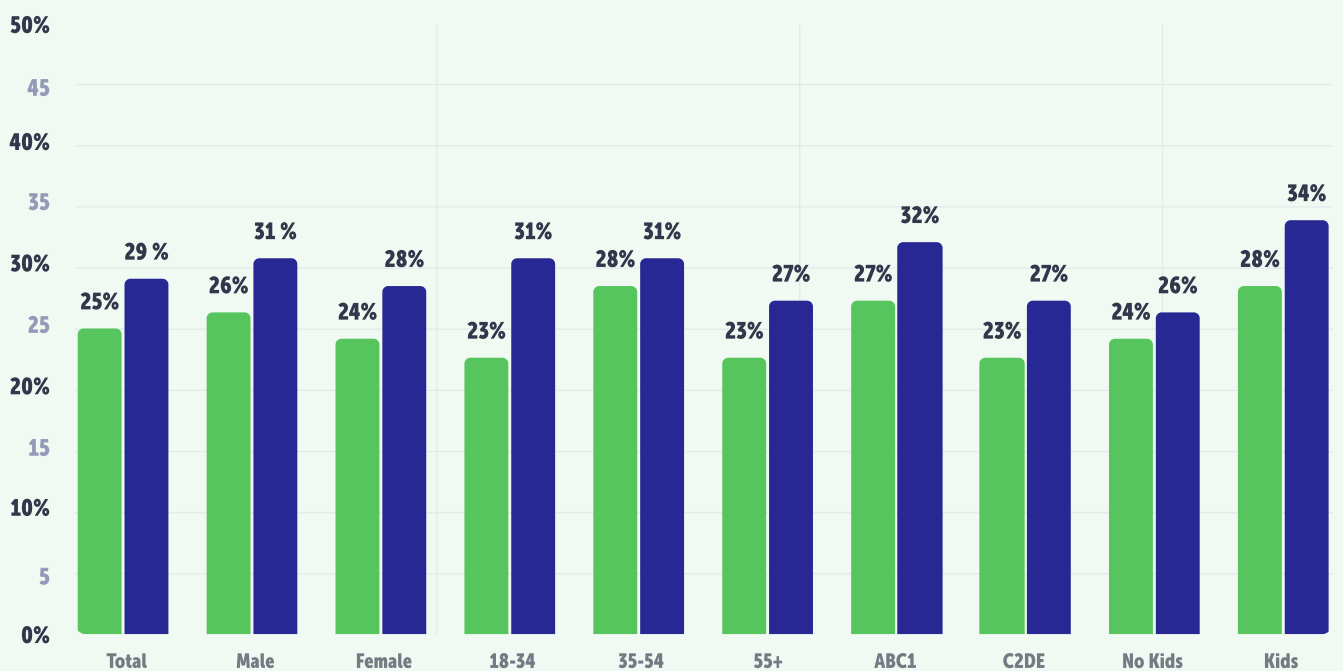
- 29% of motorists switched insurer over the past year.
- A further 42% negotiated a better deal with their existing insurer, which is higher than any other household bill that we surveyed.
- Motorists in the 18-34 and 35-54 age category are slightly more likely to switch (31%) versus those in the 55+ age category (27%).
- Men (31%) are slightly more likely to switch than women (28%).
- There is also a difference in switching levels between motorists with children (34%) versus those with no kids (26%).

2023

Looking forward, 36% of motorists say they intend to switch insurer over the next year.

Have you switched car insurance over the past 12 months?

■ Previous report ■ Latest





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.

Home Insurance

Rising premiums

High inflation, and in particular an increase in construction costs, led to big increases in home insurance premiums for many households. In June, home insurance premiums were up by almost 22% compared to the previous year, according to the CSO.

Rising costs led to continued concerns around under insurance in the home insurance sector. A review by the Central Bank released last 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

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

- 24% of home insurance customers switched insurer over the past year.
- A further 39% negotiated a better deal with their existing insurer.
- Higher income households are slightly more likely to switch insurer (26%) versus lower income groups (24%).
- Men (27%) are more likely to switch than women (21%).
- Bucking the trend, home insurance is the one product where older customers are more likely to switch, though the difference is small.
- However there is a big difference in switching levels between households with kids (29%) versus those with no kids (21%).

2023

Looking forward, 30% of householders say they intend to switch insurer within the next year.

Have you switched home insurance over the past 12 months?

■ Previous report ■ Latest

