

CONSUMER CREDIT INDEX KKI I/2017

Forecast for Private Borrowing in Germany 2017

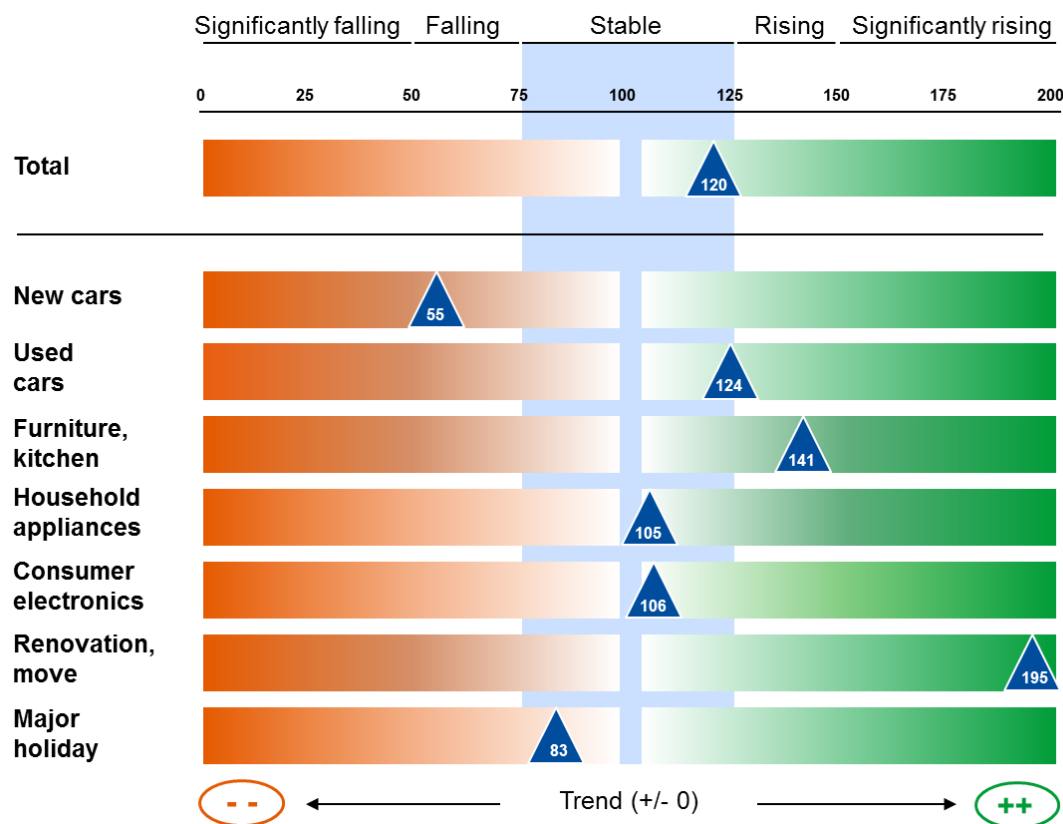
GfK Financial Market Research
on behalf of Bankenfachverband e.V.

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Summary



Consumer Credit Index I/2017

The consumer credit index for 2017 is showing signs of stability at 120 points with a slight upward trend.

Purchase planning and a willingness to finance these purchases will remain stable over the next 12 months.

The index for renovations/ moves is sharply increasing, and the index for furniture/ kitchen is increasing. The index for new cars is falling at 55 points.

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Objectives



Since 2008, in conjunction with GfK Financial Market Research, the Bankenfachverband e.V. has carried out a regular study on consumption financing and automotive financing.

The objective of this study is to ascertain the levels of awareness of various forms of financing, consumer attitudes and actual consumer behaviour in relation to the use of consumer credits over time.

In order to amplify these objectives, a Consumer Credit Index (KKI) based on current financing behaviour was established from early 2011. This index is suitable for assessing the future financing behaviour of consumers for different forms of consumer credit.

The present forecast for 2017 is based on household estimates at the beginning of the year.

Study design

Sample



Survey method

Written survey, supporting study: GfK Financial Market Panel

Target group

Representative sample of German households, up to 75 years old

Surveyed area

Federal Republic of Germany

Sample

n = 1,743 interviews; results were weighted according to age, profession, income, child status and size of location.

Survey period

15 January 2017 to 15 February 2017



1. Actual purchases in the past 12 months

- Type of purchase (new cars, used cars, furniture, etc.)
- Spontaneity of purchase (planned, unplanned)
- Credit financing of purchase
- Form of credit used for purchase
- Amount of loans used

2. Planned purchases in the next 12 months

- Type of planned purchase (new cars, used cars, furniture, etc.)
- Credit financing of planned purchase
- Form of credit expected to be used for purchase
- Expected amount of loans



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Consumer Credit Index

Methodology



The Consumer Credit Index is based on the results of several studies:

1. KKI – forecast for private borrowing in Germany II/2016
2. KKI – forecast for private borrowing in Germany I/2017 (current survey)
 - ➔ Hence, the Consumer Credit Index is based not only on current actual and planned values, but also on past actual and planned values.



Specifically, the following parameters from the two surveys were taken into consideration for the subsequent calculation:

1. Purchases made and planned in advance in the past 12 months
2. Credit financing used for purchases made and planned in advance in the last 12 months
3. Planned purchases in the next 12 months
4. Credit financing planned in the next 12 months



The advantage of this approach is that assessments from the past which refer to the current period of time can be included in the analysis. This makes the KKI a more meaningful index.

Consumer Credit Index

Methodology



The Consumer Credit Index is based on households' planned activities in the individual areas of financing.

For the purposes of analysis, the following assumptions were made:

1. The amounts financed per purchase remain constant in the categories considered, and will remain so in the coming period (12 months).
2. The proportions of planned purchases reflect the proportions of actual new purchases.
3. The purchases made in the last 12 months are a good indicator of future trends.
4. Assessments from the past are still valid now.

Consumer Credit Index

Methodology



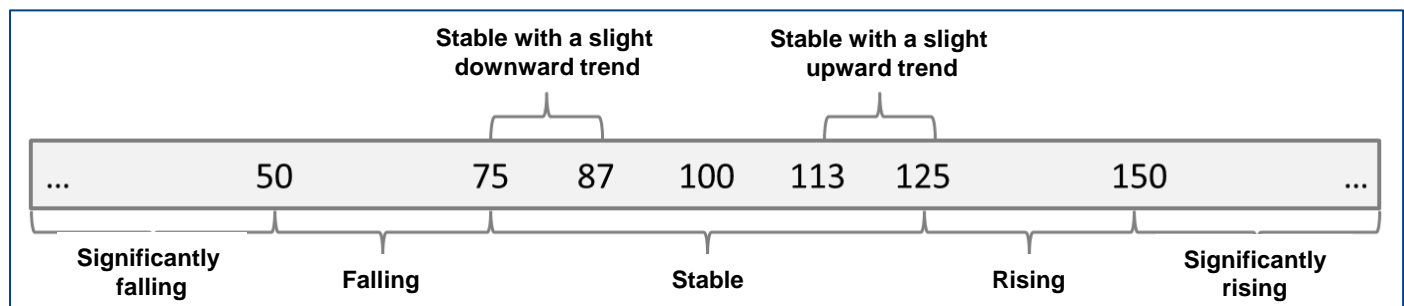
The Consumer Credit Index takes into consideration all the forms of purchase covered by the survey and consists of two fractional values:

- Purchase planning
- Financing planning

Both the individual fractional values and the Consumer Credit Index itself were weighted on the basis of the individual categories and calculated according to the volume of credit and the purchase made.

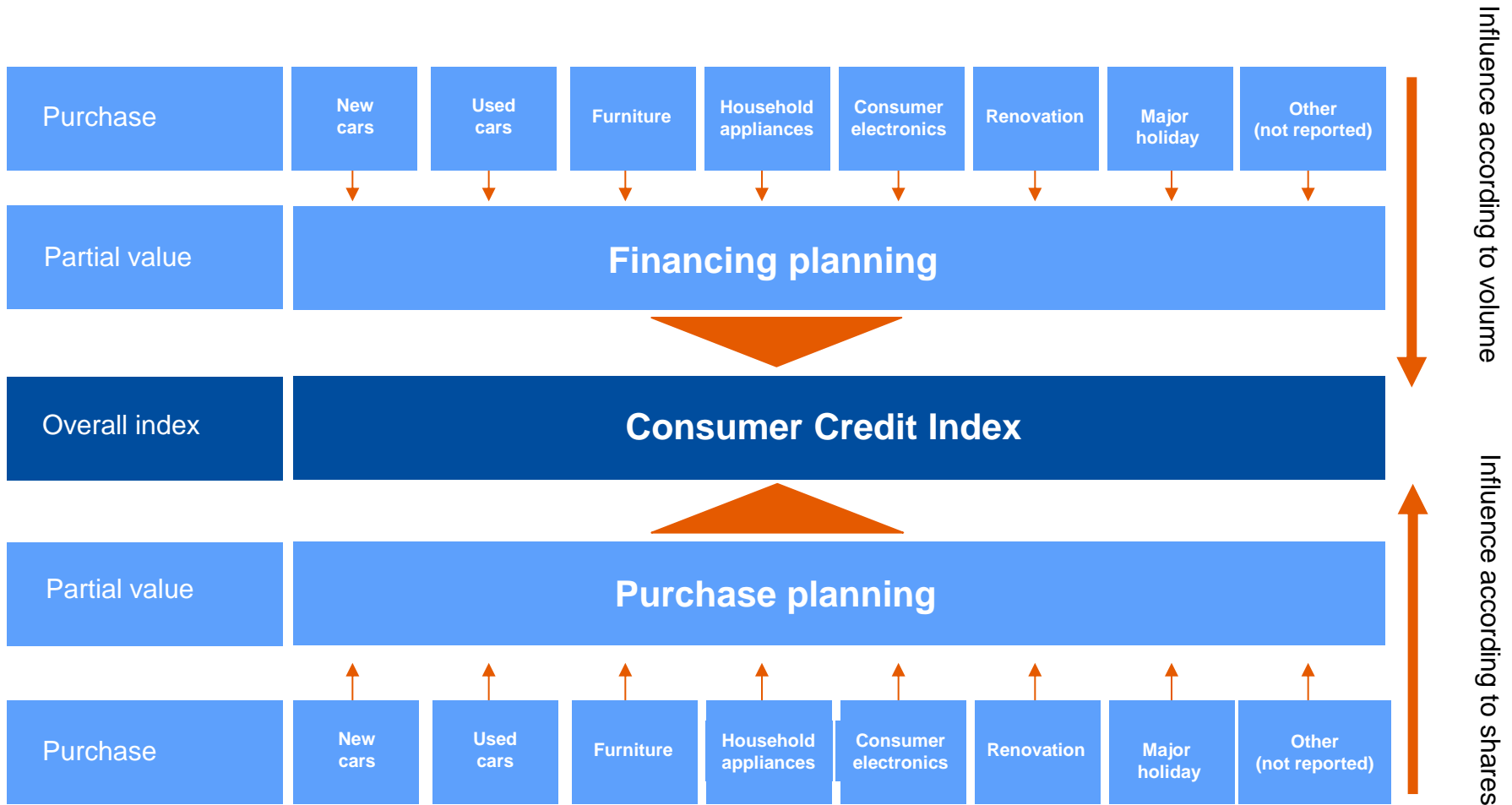
The index value shows the average changes (in %) that are to be expected in the individual segments.

Interpretation of the index value:



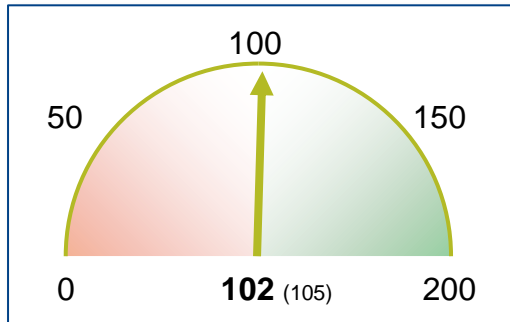
Consumer Credit Index

Schematic structure



Purchase planning

Basis of calculation



Purchase planning is a statistic that represents households' expected future purchases.

A current value of **102** points means that a stable trend is to be expected for household purchases in the next 12 months.

For calculation purposes, the following parameters of the current and previous investigations were incorporated in the calculation for planned purchases at a ratio of 2:1:

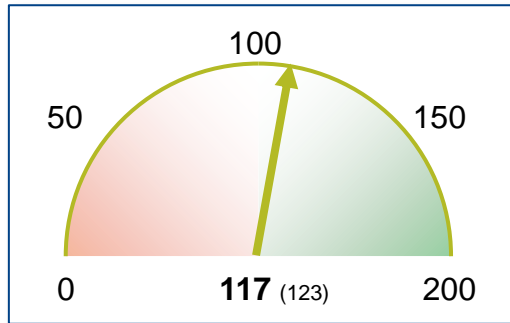
- Purchase was planned and was made in the last 12 months = baseline value
- Purchase is planned in the next 12 months = trend

Purchase planning = (trend of KKI II/2016 + trend of KKI I/2017 x 2) / 3 / baseline value
[weighted according to current proportions]

(in brackets: purchase planning KKI I/ 2016)

Financing planning

Basis of calculation



Financing planning is a statistic that represents willingness to take out loans in the future.

A current value of **117** points means that a stable, slightly upward trend is to be expected in the next 12 months.

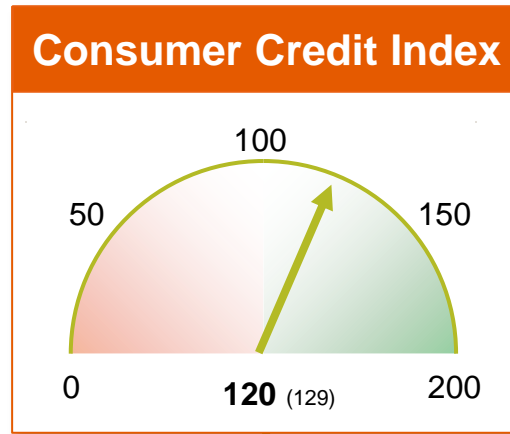
For calculation purposes, the following parameters of the current and previous investigations were incorporated in the calculation for each planned purchase at a ratio of 2:1:

- Proportion of current financing for all purchases in 2017 = baseline value
- Proportion of planned financing for all planned purchases in 2017 = trend

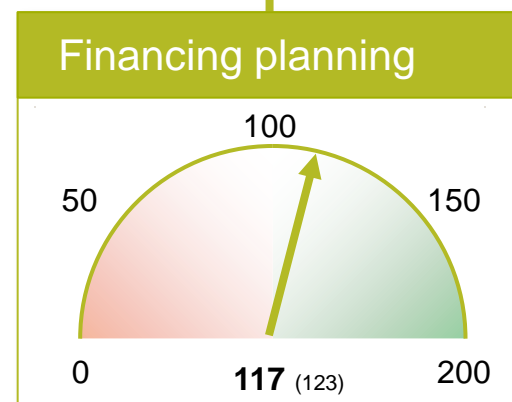
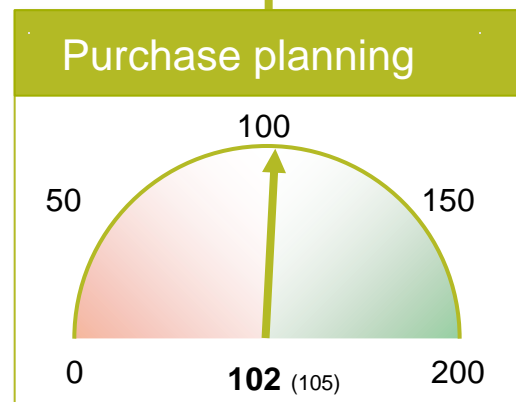
Financing planning = (trend of KKI II/2016 + trend of KKI I/2017 x 2) / 3 / baseline value
[weighted according to current volume of credit]

(in brackets: financing planning KKI I/2016)

Consumer Credit Index Parameters



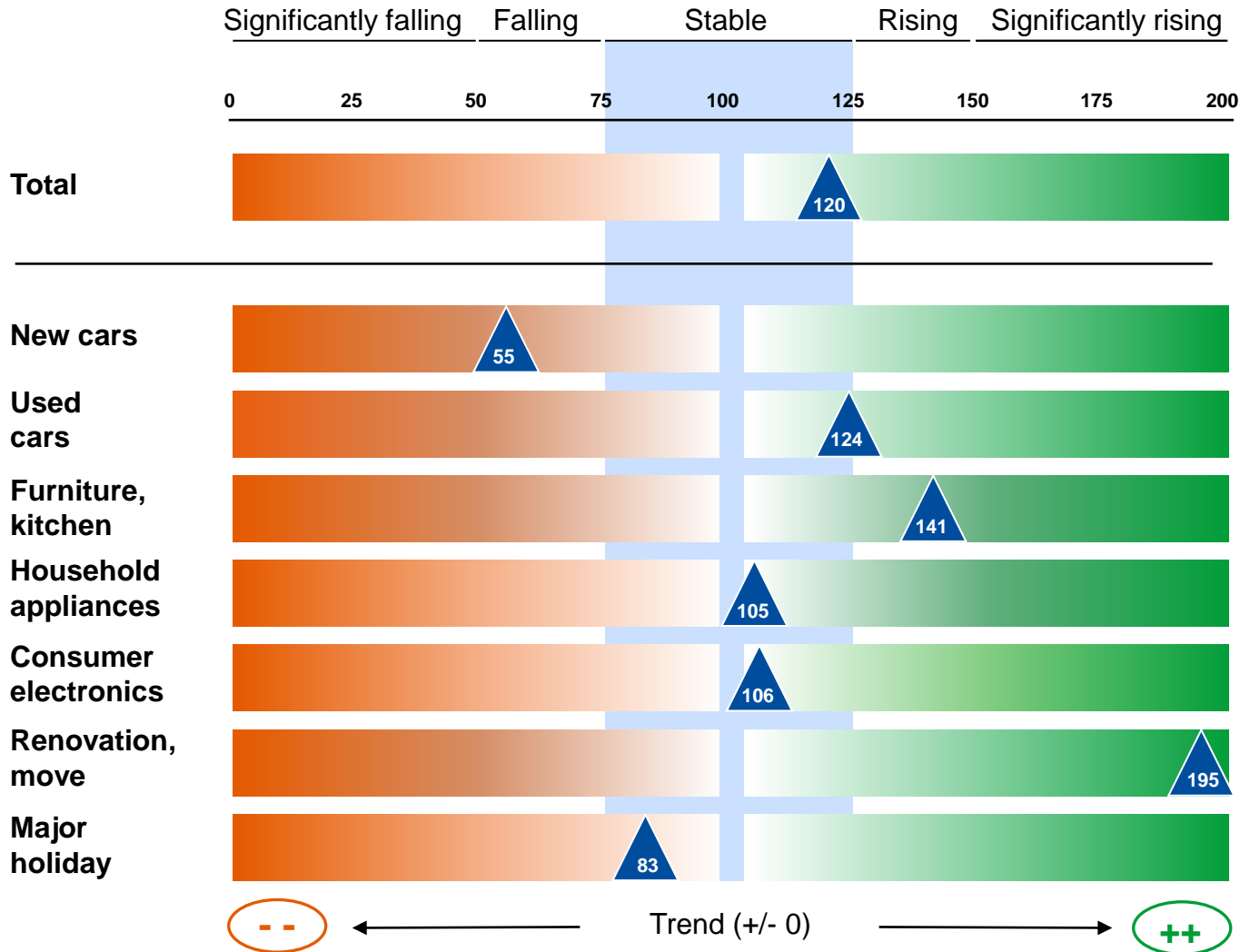
The Consumer Credit Index currently amounts to **120** points.



i If both fractional values are positive or negative, this results in a greater change in the Consumer Credit Index.
in brackets: KKI I/2016

Consumer Credit Index

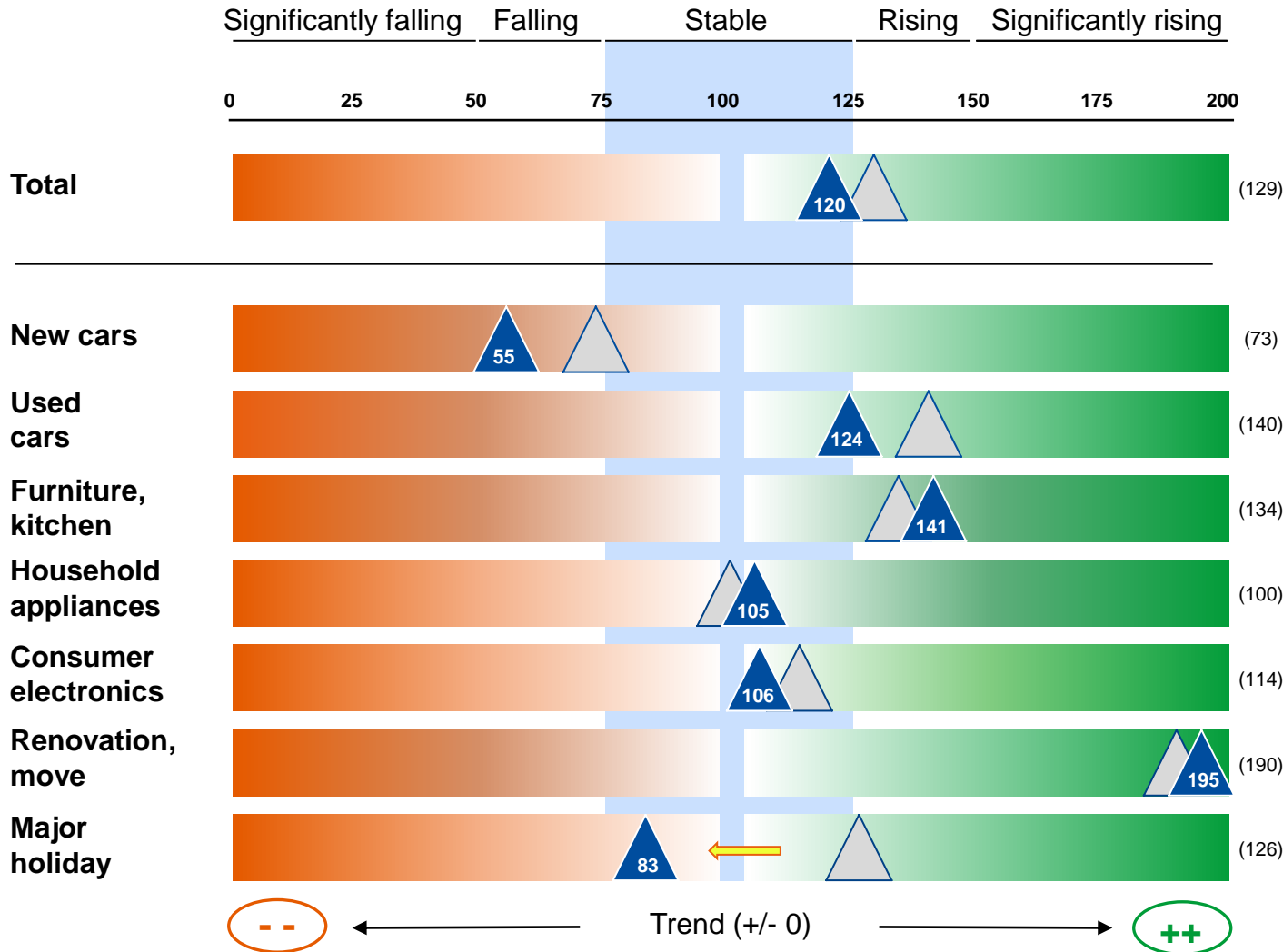
In detail



The consumer credit index for 2017 is showing signs of stability at 120 points with a slight upward trend. Over the next 12 months, purchase planning and a willingness to finance these purchases will remain at least at the level of the previous 12 months. The index for renovations/moves is sharply increasing, and the index for furniture/kitchens is increasing. The index for new cars is falling at 55 points

Consumer Credit Index

Compared with KKI I/2016

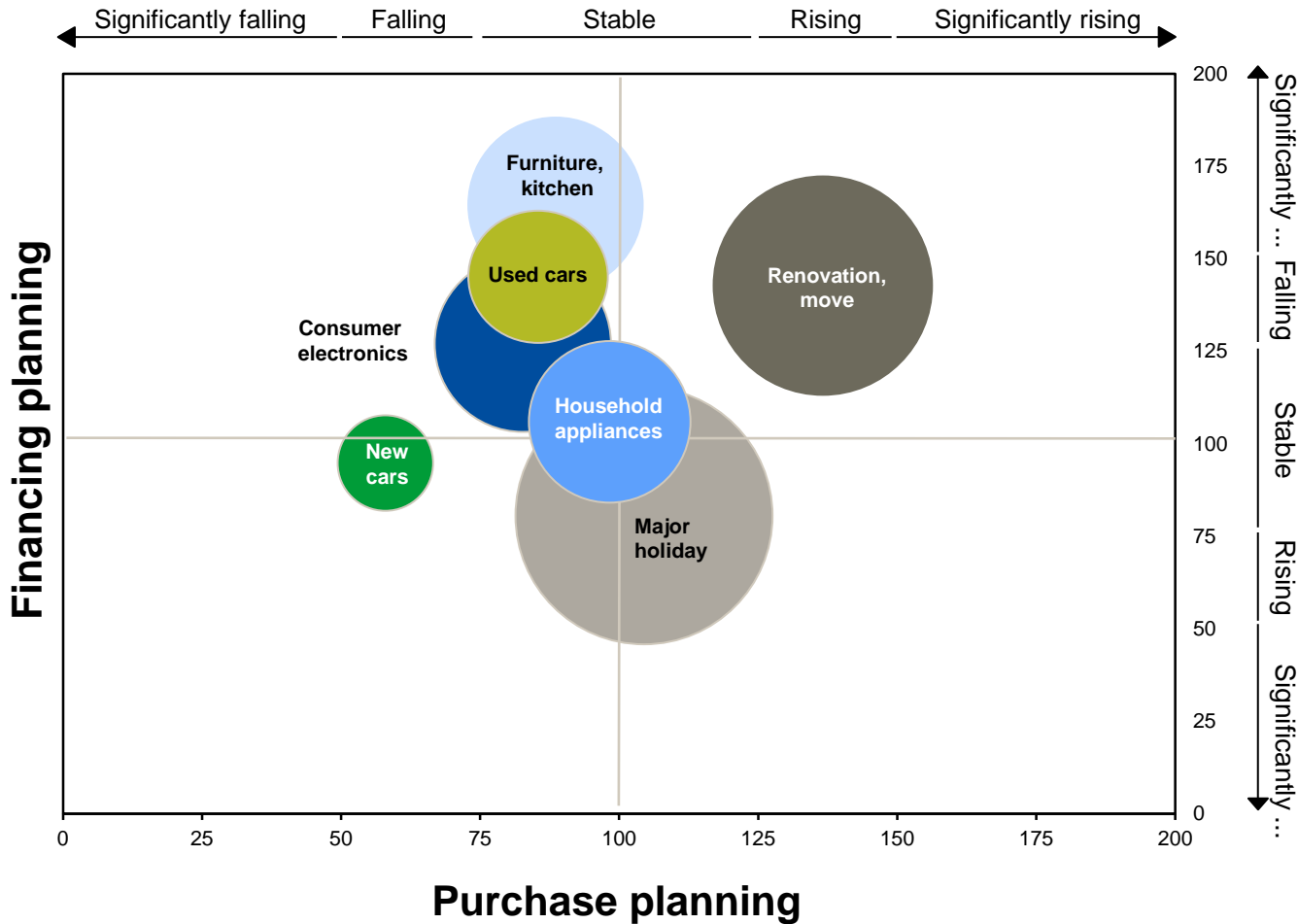


The consumer credit index for 2017 is showing signs of stability at 120 points with a slight upward trend.

Compared to the forecast for 2016, the index for new cars is falling. The index for major holidays reported a huge drop.

▲ KKI I/2017
 ▲ KKI I/2016
 (in brackets: KKI I/2016)

Consumer Credit Index Overview



Renovations/moving are planned with an upward trend.

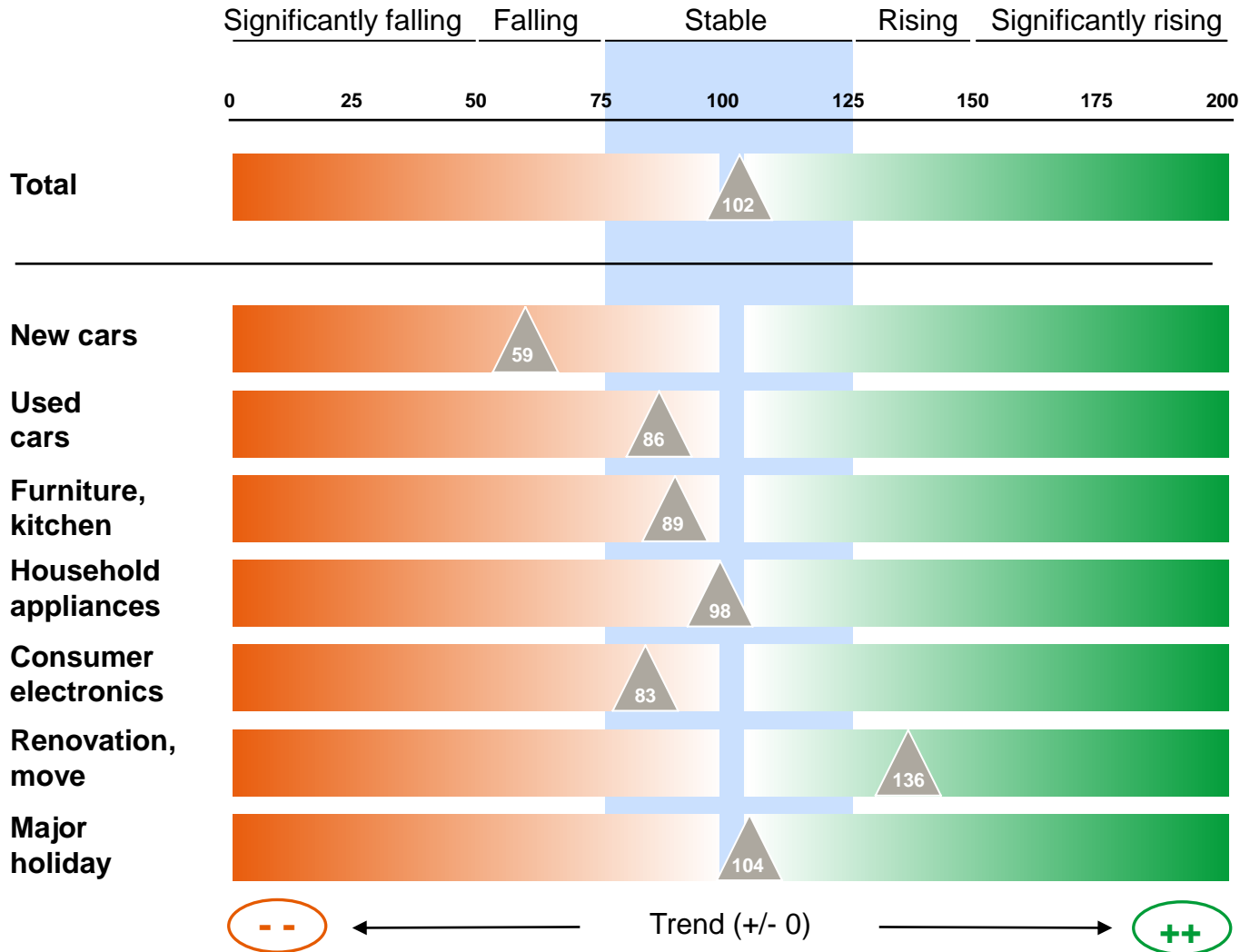
An increasing tendency to opt for financing is evident in the areas of furniture/kitchens, renovations/moves and used cars.



The size of each circle reflects the size of the respective market segment.

Purchase planning

In detail

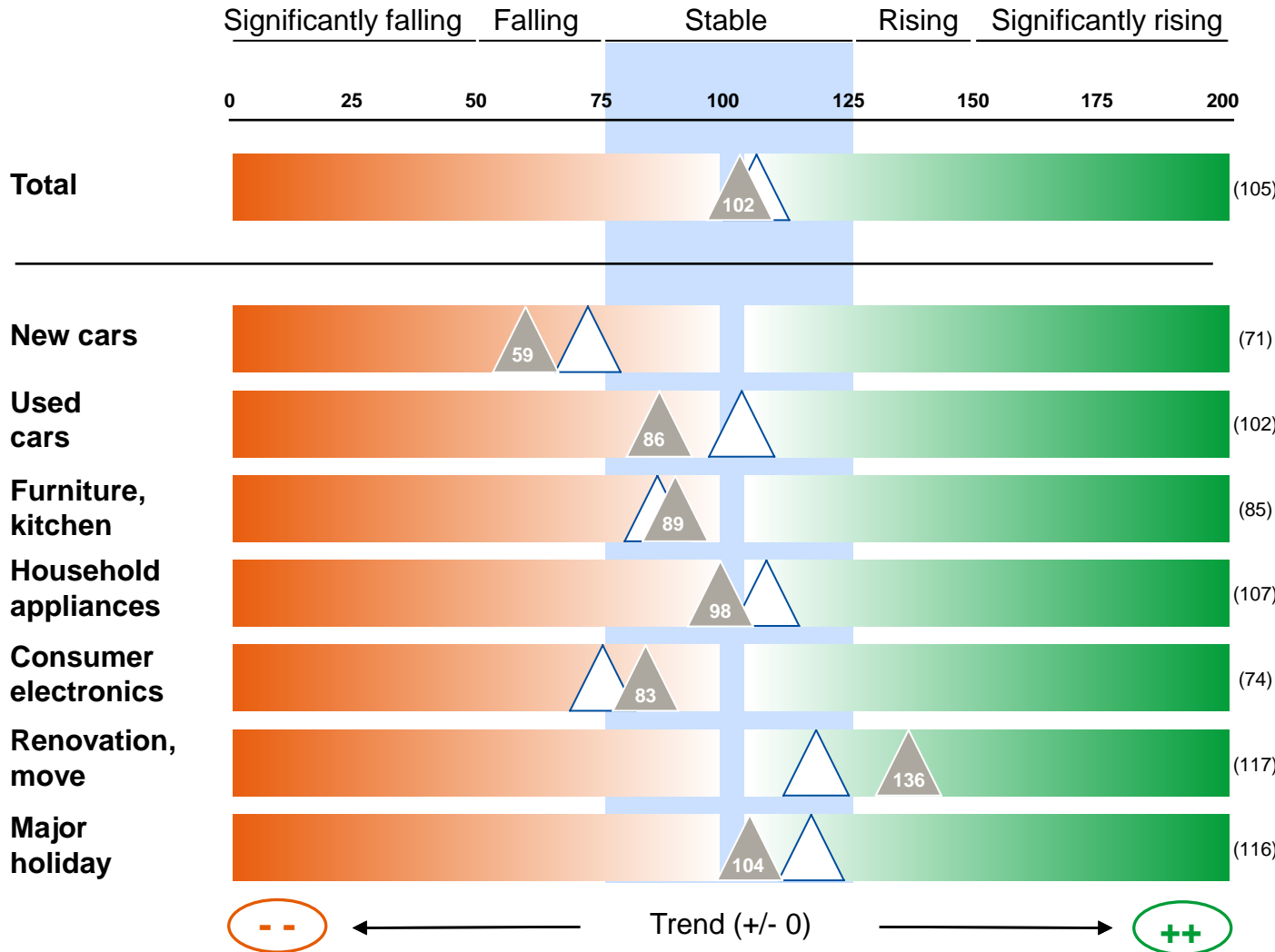


Purchase planning is stable across many product groups.

In the case of new cars, purchase planning for the next 12 months is currently falling, but increasing for renovations/ moves.

Purchase planning

Compared with KKI I/2016

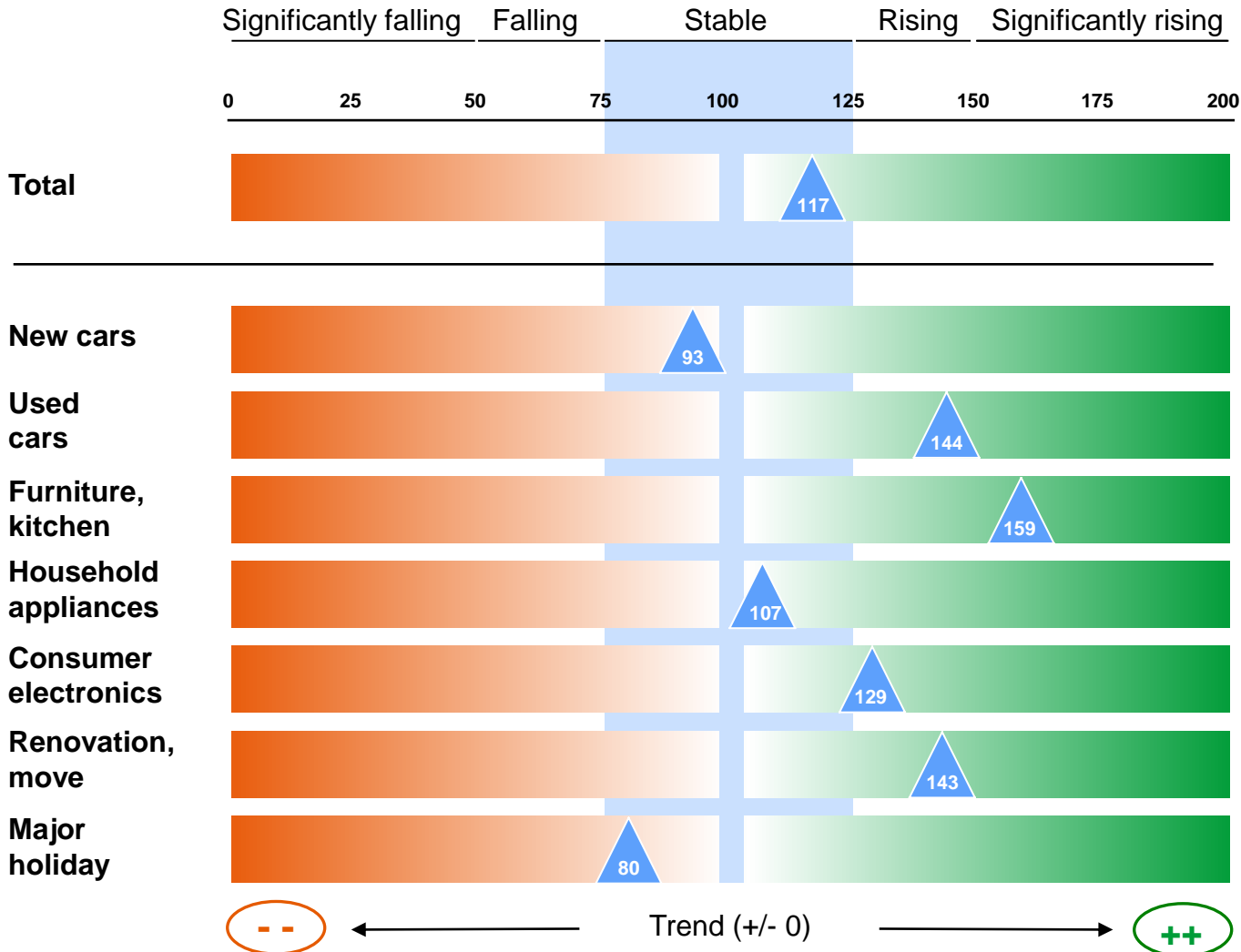


Compared to the forecast for 2016, purchase planning for the next 12 months is stable in many areas.

Planned purchases of new cars have fallen again in comparison, but renovations/ moves are increasing.

Financing planning

In detail

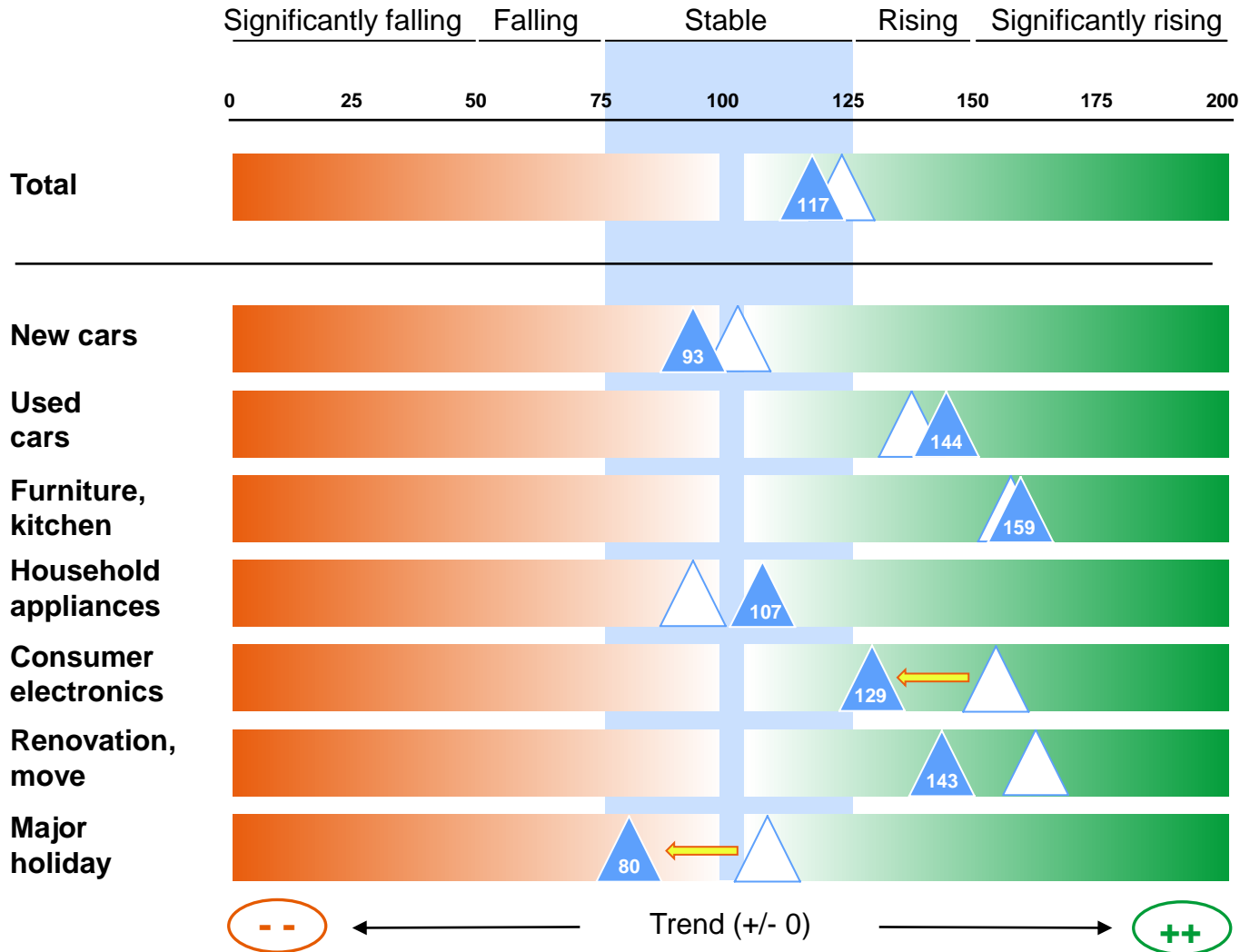


The willingness to take out loans for purchases is generally stable.

In the case of furniture/kitchens, used cars, renovations/ moves and consumer electronics, the willingness to take out finance is increasing.

Financing planning

Compared with KKI I/2016



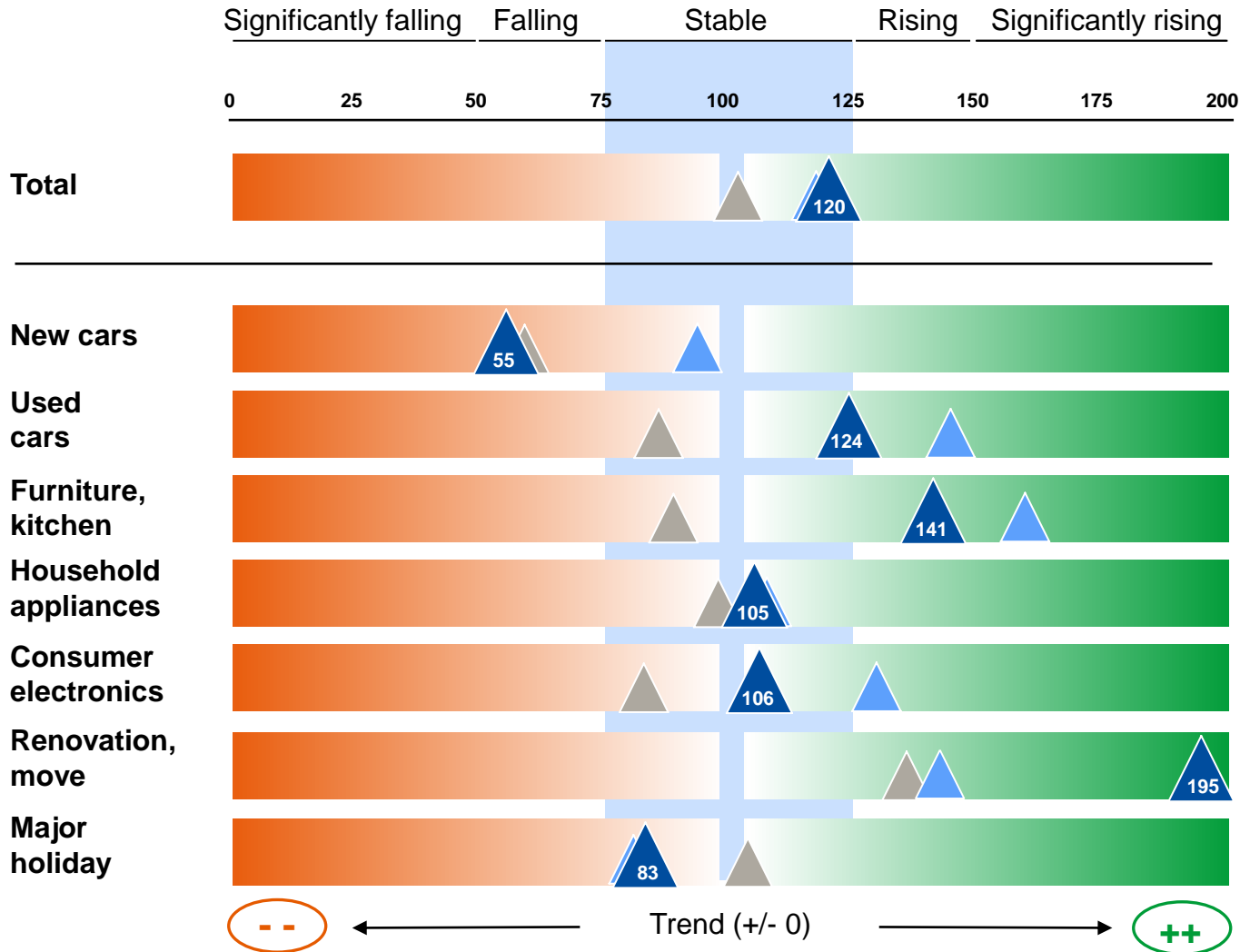
The willingness to finance purchases using a loan shows a slight upward trend in comparison to the previous year's forecast.

The willingness to finance major holidays and also consumer electronics is decreasing.

▲ KKI I/2017
△ KKI I/2016

Consumer Credit Index, purchase planning and financing planning

In detail



Purchase and financing planning are generally stable.

The consumer credit index for 2017 is showing stable development at 120 points with a slight upward trend.

Key:

- Consumer Credit Index
- Purchase planning
- Financing planning

i If both fractional values are positive or negative, this results in a greater change in the Consumer Credit Index.



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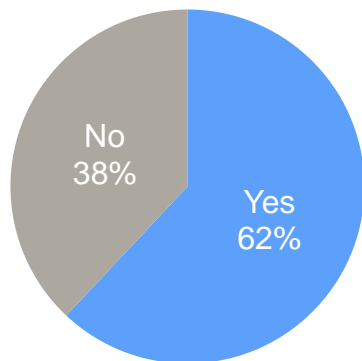
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Purchases in the last 12 months

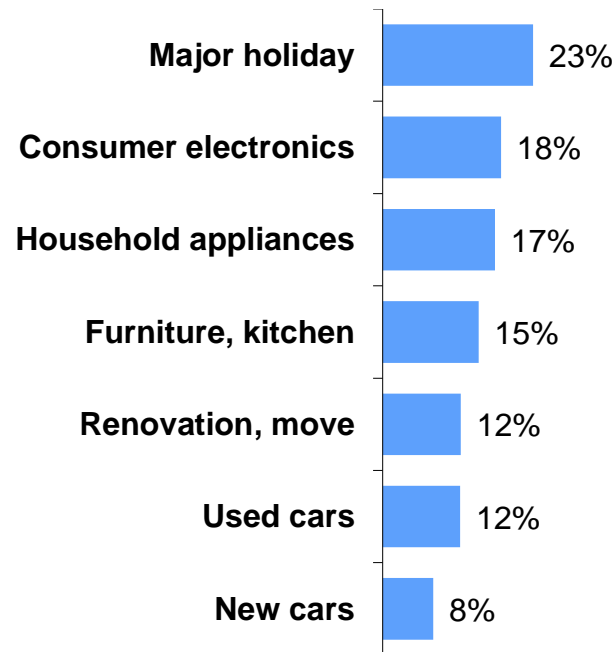
Overall and according to individual purchases



Purchase in the last 12 months
n = 1,743



Type of purchase in the last 12 months
n = 1,743



62% of all respondents have made major purchases in the last 12 months.

These purchases were primarily in the areas of major holidays and consumer electronics.



Selected example: 18% of all people surveyed have purchased consumer electronics in the last year.

Q1a: Which of the following major purchases/forms of expenditure have you made/paid for in your household in the last 12 months?

Basis: 1,743 people surveyed; other purchases not shown

Purchases in the last 12 months

Annual comparison

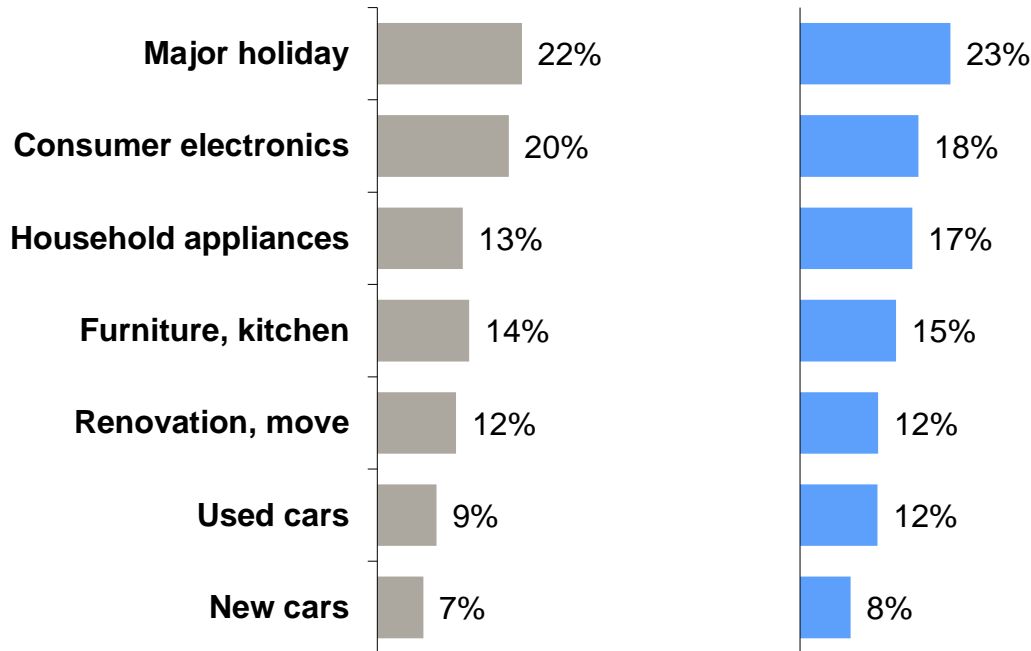


Type of purchase in the last
12 months (KKI I/2016)

n = 1,904

Type of purchase in the last
12 months (KKI I/2017)

n = 1,743



The number of purchases is relatively stable compared to last year.



Selected example: 18% of all people surveyed have purchased consumer electronics in the last year. This value has fallen by 2 percentage points compared with KKI I/2016 (but only changes of 5% or higher are regarded as significant).

Q1a: Which of the following major purchases/forms of expenditure have you made/paid for in your household in the last 12 months?

Basis: 1,743 people surveyed; other purchases not shown (KKI I/2016: 1,904 people surveyed)

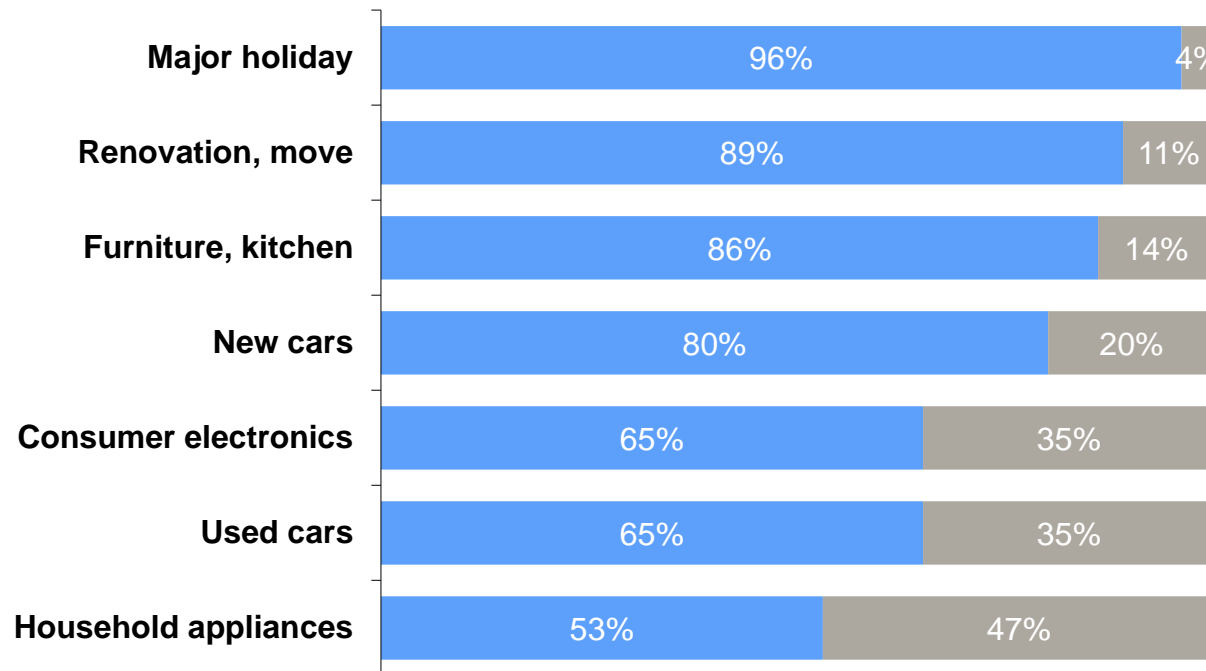
Purchases in the last 12 months

Proportion of planned purchases



Subgroup: purchased the relevant product

■ Planned purchase ■ Unplanned purchase



Renovations, major holidays and the purchase of furniture/kitchens and new cars are more likely to be planned than spontaneous.

Nearly half of large household appliances are purchased spontaneously.

In this case, the number of planned and spontaneous purchases is almost equal.



Selected example: 96% of all major holidays are planned in advance, while 47% of all household appliances are purchased spontaneously.

Q1a: Which major purchases/forms of expenditure have you made/paid for in your household in the last 12 months?

Q1b: For all purchases made/forms of expenditure, please state whether or not these were planned. Basis: 1,743 people surveyed; other purchases not shown

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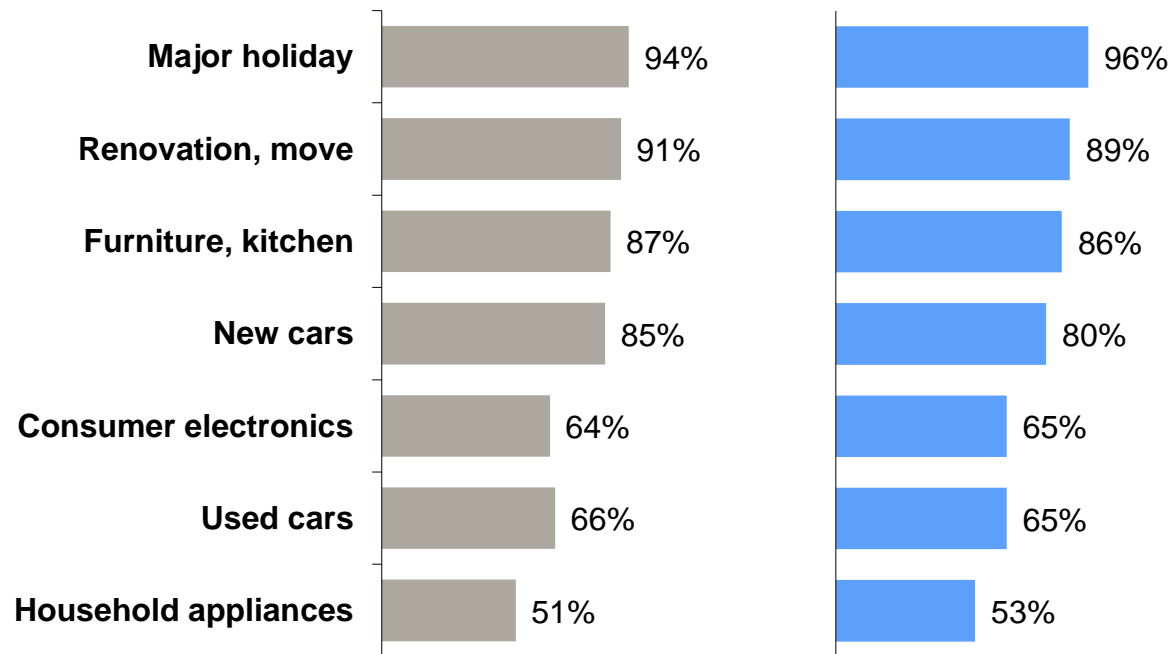
Purchases in the last 12 months

Proportion of planned purchases over time



Proportion of planned purchases (KKI I/2016)
n = 1,904

Proportion of planned purchases (KKI I/2017)
n = 1,743



The proportion of purchases planned out of the total number of purchases made is generally still at a high level.



Selected example: 80% of all new car purchases are planned in advance. This proportion represents a fall of 5 percentage points compared with the previous year.

Q1a: Which major purchases/forms of expenditure have you made/paid for in your household in the last 12 months?

Q1b: For all purchases made/forms of expenditure, please state whether or not these were planned.

Basis: 1,743 people surveyed; other purchases not shown (KKI I/2016: 1,904 people surveyed)

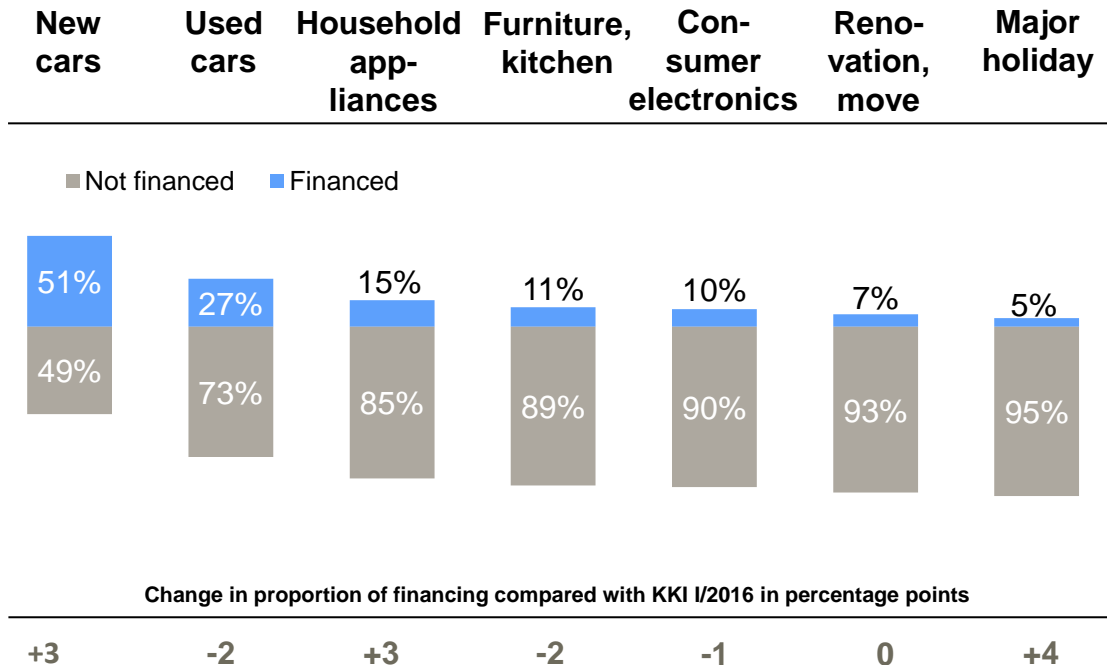
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Purchases in the last 12 months

Financing



Purchase made in the last 12 months



More than half (51%) of all new cars purchased in the last 12 months are currently financed or partially financed.

The financing of new cars increased slightly in comparison with the previous year.



Selected example: 51% of all new car buyers financed their vehicle.

Q1a: Which major purchases/forms of expenditure have you made/paid for in your household in the last 12 months?

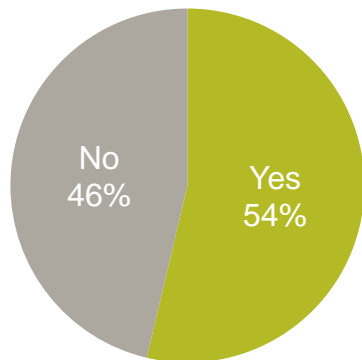
Q1c: Did you take out any of the loans listed below for this purpose? Basis: 1,743 people surveyed; other purchases not shown (KKI I/2016: n = 1,904 people surveyed)

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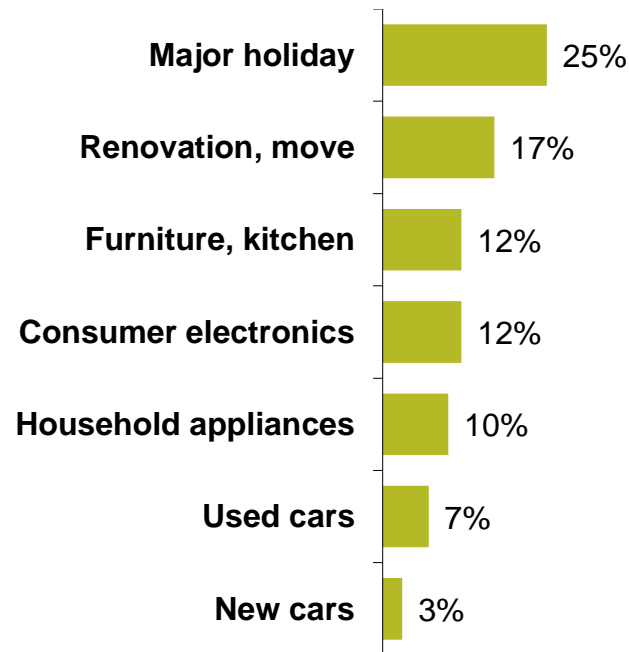


Planned purchases in the next 12 months

**Planned purchases
in the next 12 months**
n = 1,743



**Type of planned purchases
in the next 12 months**
n = 1,743



54% of respondents are currently planning to make major purchases/spend large amounts of money in the next 12 months, with the focus on major holiday trips.



Selected example: 17% of all people surveyed are planning to carry out renovations or to move in the next 12 months.

Q2a: Are you planning one or more of the following purchases/forms of expenditure in the next 12 months?

Basis: 1,743 people surveyed; other purchases not shown

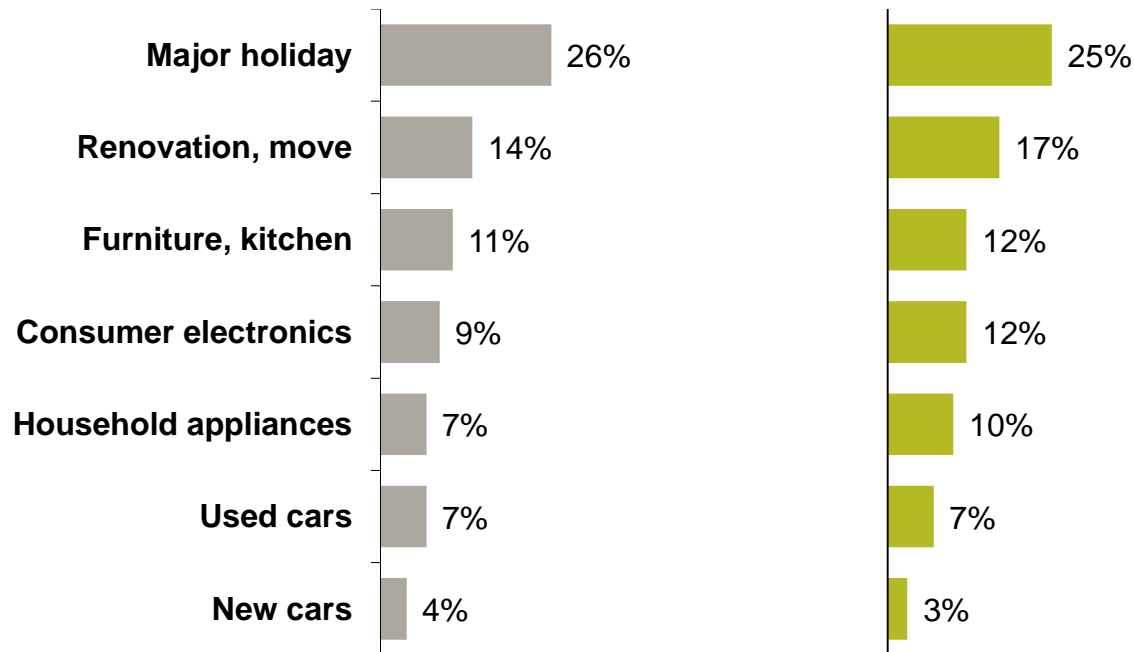
Planned purchases in the next 12 months

Annual comparison



**Type of planned purchases
in the next 12 months
(KKI I/2016)**
n = 1,904

**Type of planned purchases
in the next 12 months
(KKI I/2017)**
n = 1,743



The propensity to buy remains at a high level in many areas compared to the previous year.

25% of all households are planning to take a major holiday in the next 12 months, while 17% are planning renovations or intend to move house.



Selected example: 17% of all people surveyed are planning to carry out renovations or to move in the next 12 months (KKI I/2016: 14%).

Q2a: Are you planning one or more of the following purchases/forms of expenditure in the next 12 months?

Basis: 1,743 people surveyed; other purchases not shown (KKI I/2016: 1,904 people surveyed)

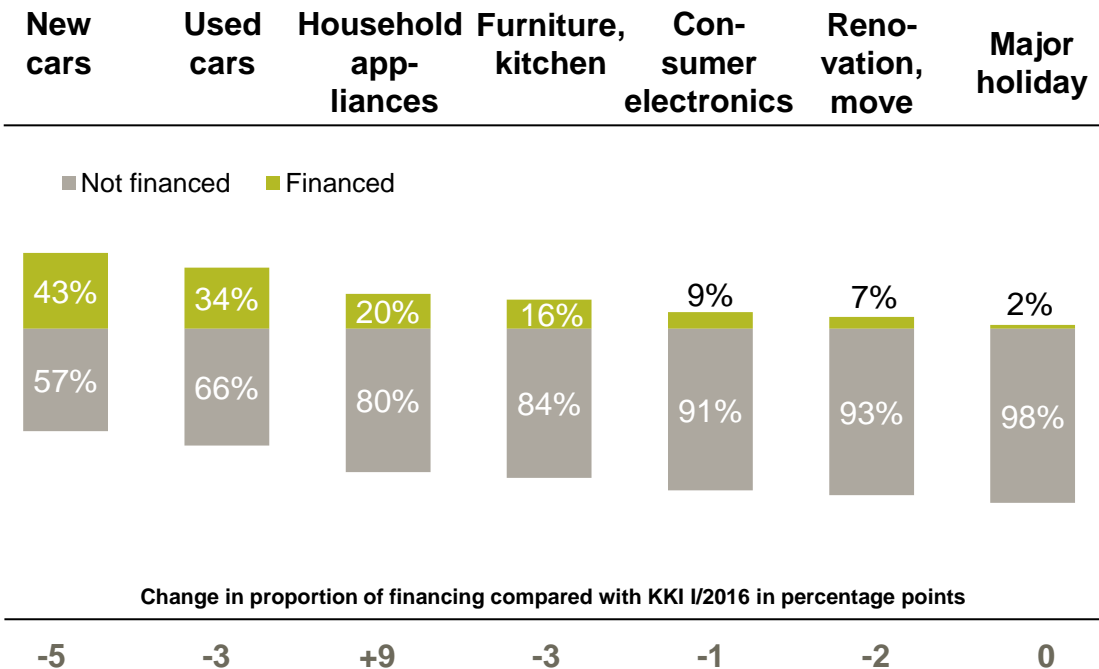
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Planned purchases in the next 12 months

Financing



Credit financing conceivable – planners of the purchase in question



43% of those who want to buy a new car within the next 12 months would purchase it on finance.

Compared to the previous year, the willingness to purchase a new car on finance has declined slightly.



Selected example: 43% of all people surveyed who intend to buy a new car consider it possible that they might take out a loan for this purpose.

Q2a: Are you planning one or more of the following purchases/forms of expenditure in the next 12 months?
 Q2b: Is it conceivable in principle that you might take out a loan for this purpose?

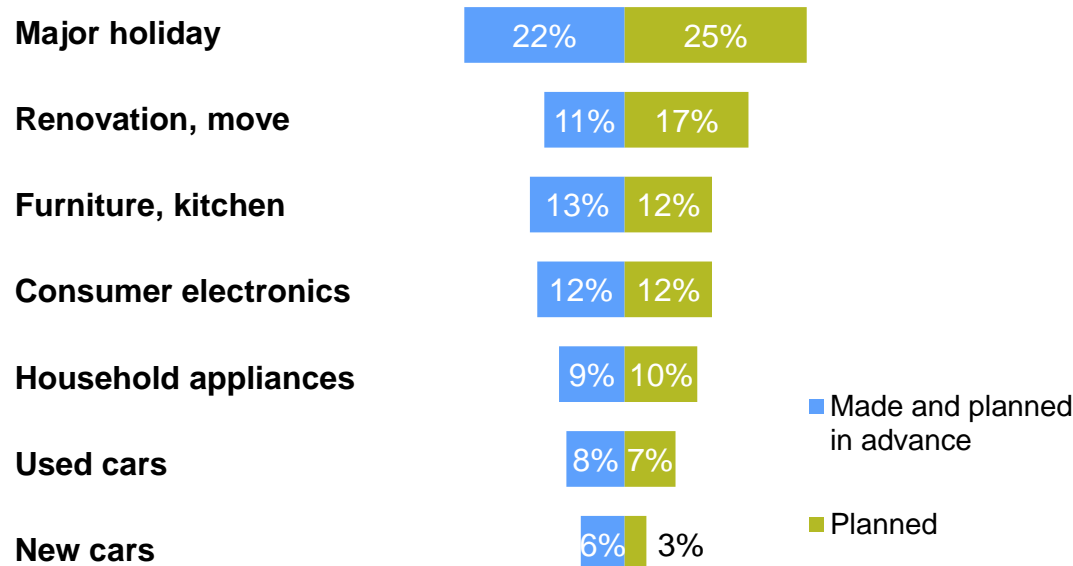
Basis: 1,743 people surveyed; other purchases not shown (KKI/2016: 1,904 people surveyed)

Planned purchases in the past and in the next 12 months



Type of planned purchase in the last 12 months
n = 1,077 people surveyed

Type of planned purchase in the next 12 months
n = 1,743 people surveyed



22% have been on a major holiday trip planned in advance over the past 12 months.

25% of respondents are planning larger future holiday trips.

Q1a: Which major purchases/forms of expenditure have you made/paid for in your household in the last 12 months?

Q1b: Subgroup: planned the purchase

Q2a: Are you planning one or more of the following purchases/forms of expenditure in the next 12 months?

Basis: 1,743 people surveyed, 934 of whom with planned purchases; other purchases not shown

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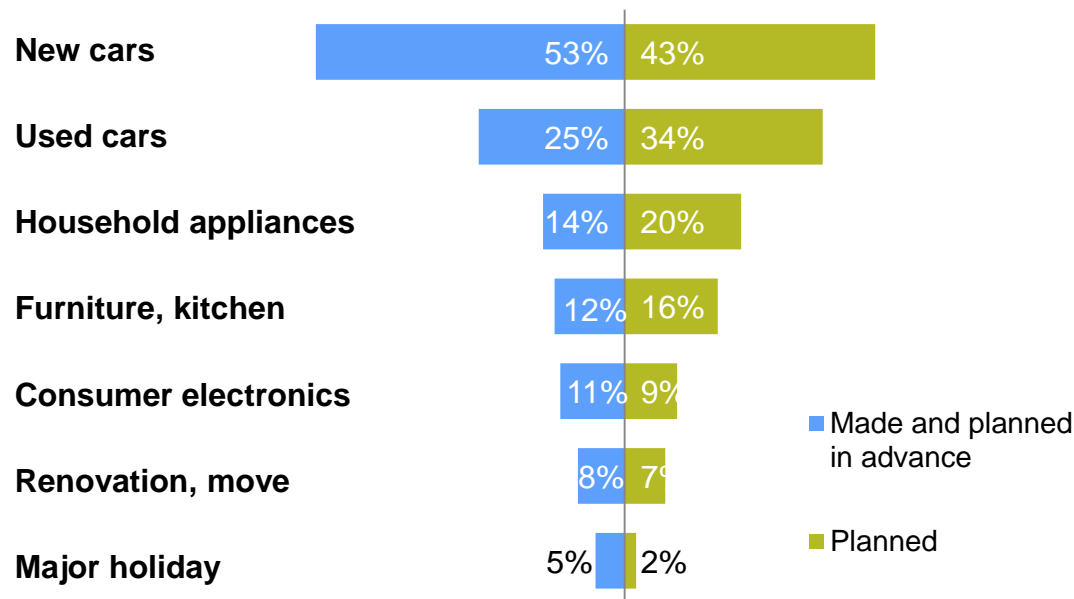
Effected and conceivable financing

Subgroup: planned purchase in the past and in the next 12 months



Credit finance providers in the last 12 months
Subgroup: planners*

Expected credit finance providers in the next 12 months



43% of all new car purchases and 34% of all used car purchases are to be financed in the next 12 months.

More than half (53%) of all new car purchases planned in the last 12 months were financed.



Selected example: 20% of all planned household appliance purchases are to be financed.

Q1c: Did you take out any of the loans listed below for this purpose? *Planners subgroup: the purchase was planned.

Q2b: Is it conceivable in principle that you might take out a loan for this purpose?

Basis: 934 people surveyed with planned purchases; other purchases not shown

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