

MARKET STUDY 2017 – CONSUMER AND VEHICLE FINANCING IN GERMANY

GfK Financial Market Research

conducted on behalf of the Bankenfachverband e.V.

(German Association of Credit Banks)

About the study



 METHOD	Survey, supporting study: GfK Financial Market Panel (written survey, in parts online)
 SURVEY PERIOD	02. July 2017 to 31. July 2017
 TARGET GROUP	A representative selection of people between the ages of 18 and 69, chosen according to age, profession, the size of city where they live, and federal state
 SAMPLE	n=1,824 interviews; results were weighted according to age, profession, income, child status and size of location.
 FREQUENCY OF THE STUDY	Once a year (autumn), published in October 2017
 SURVEYED AREA	Federal Republic of Germany

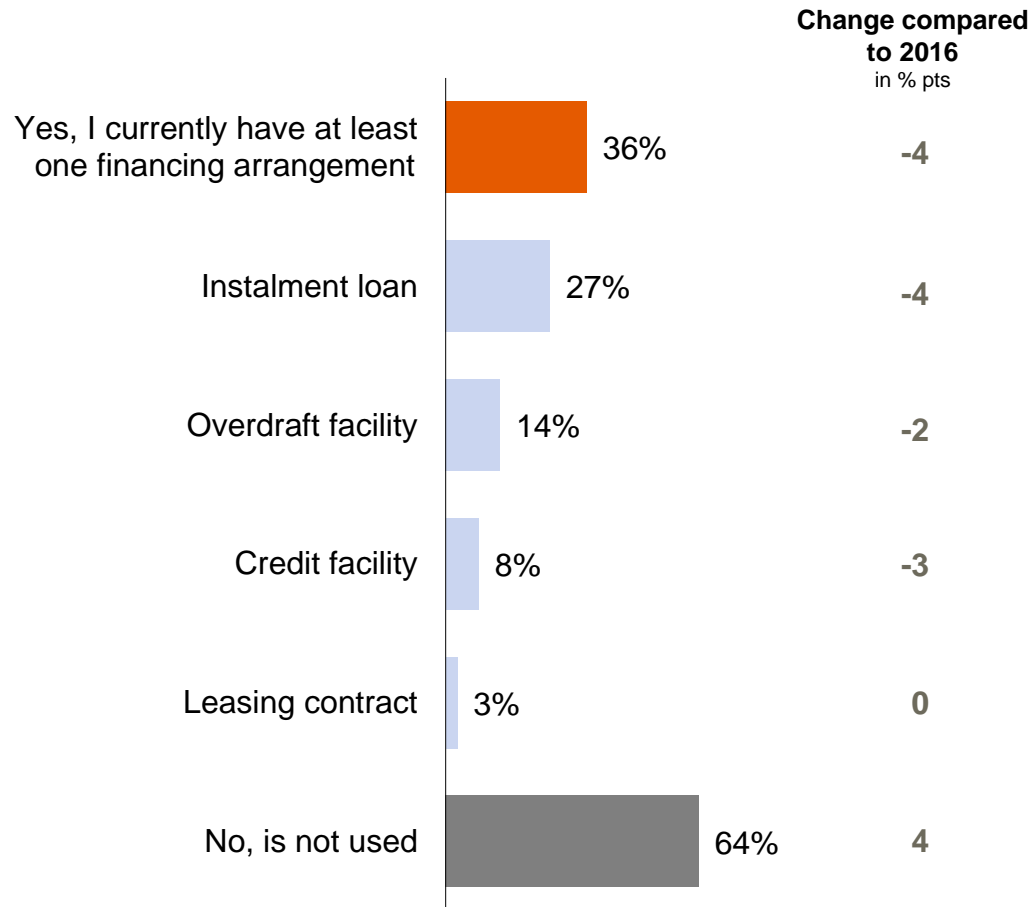


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Use of financing

All respondents



Every third respondent currently uses a financing arrangement.

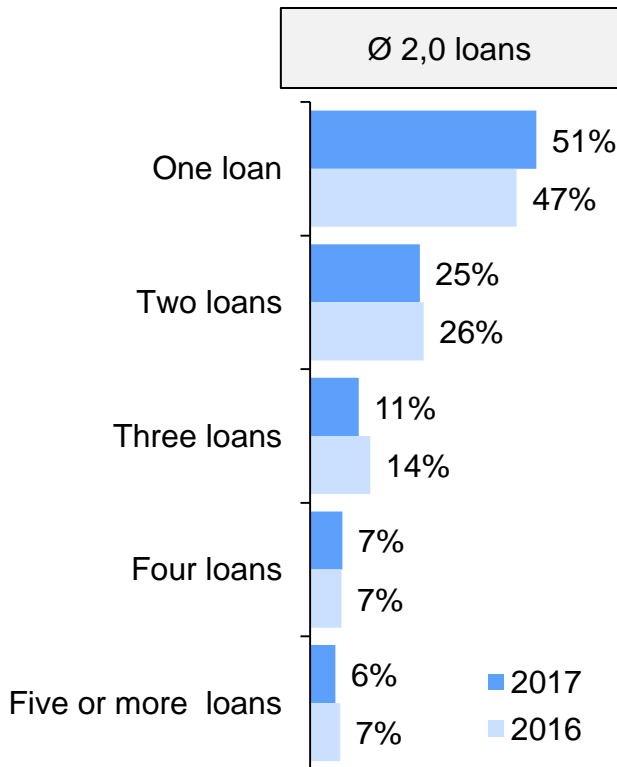
More than one in four respondents currently use an instalment loan.

Q2a: Are you currently using one of the following loans/forms of financing?
 Basis: all respondents n = 1,824 excl. no response; rounding-off differences possible

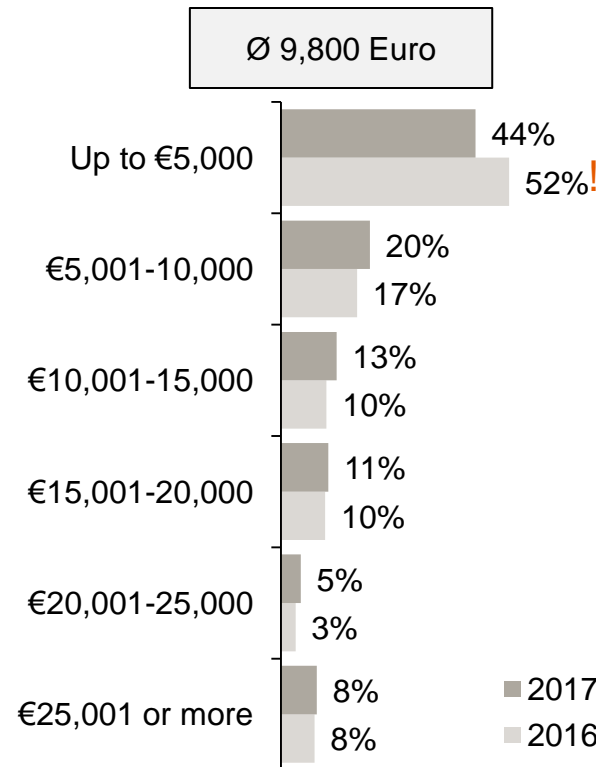
Loans – number and amounts outstanding

Users of financing products

Number
n = 651



Outstanding amount
n = 505



On average, each user of financing in Germany has taken out two financing agreements and still has an outstanding amount of €9,800 to repay.

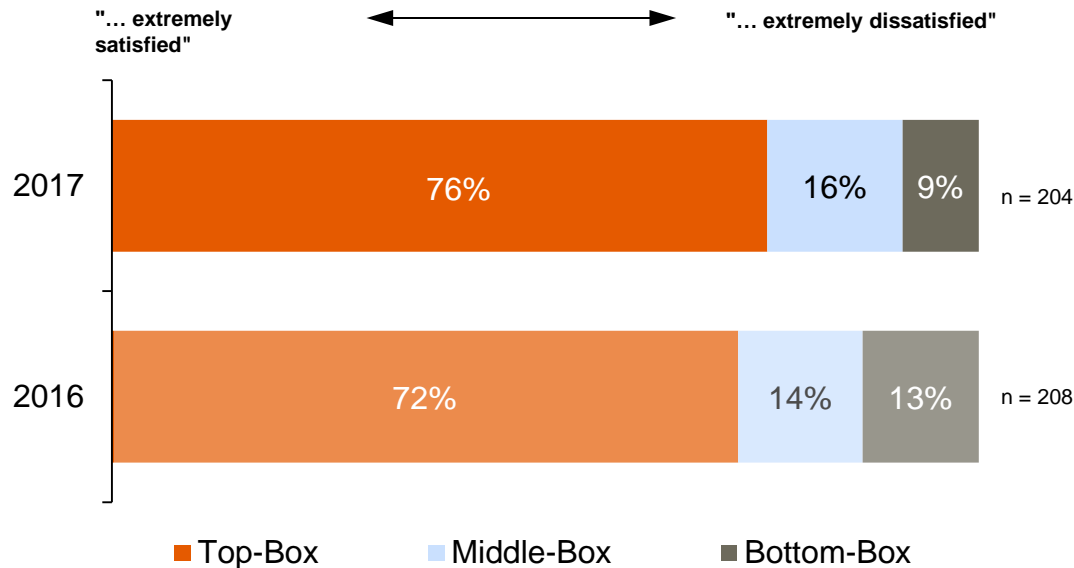
Compared to the previous year, the outstanding loan sum has declined by €1,000 (2016: €10,800).

Q2b: For the forms of loan/financing that you are currently using, how many different contracts have you concluded for each form of loan/financing? Basis: excl. no response
 Q2e: And what is the amount (excluding mortgage financing) that you still have to pay back for these loans? Basis: excl. no response

Satisfaction with financing

Users of financing products

Respondents' assessment



76% of all users of financing are either extremely satisfied or satisfied with their financing.

In the previous year, the figure was 72%, in 2015 73% and in 2014 72%.

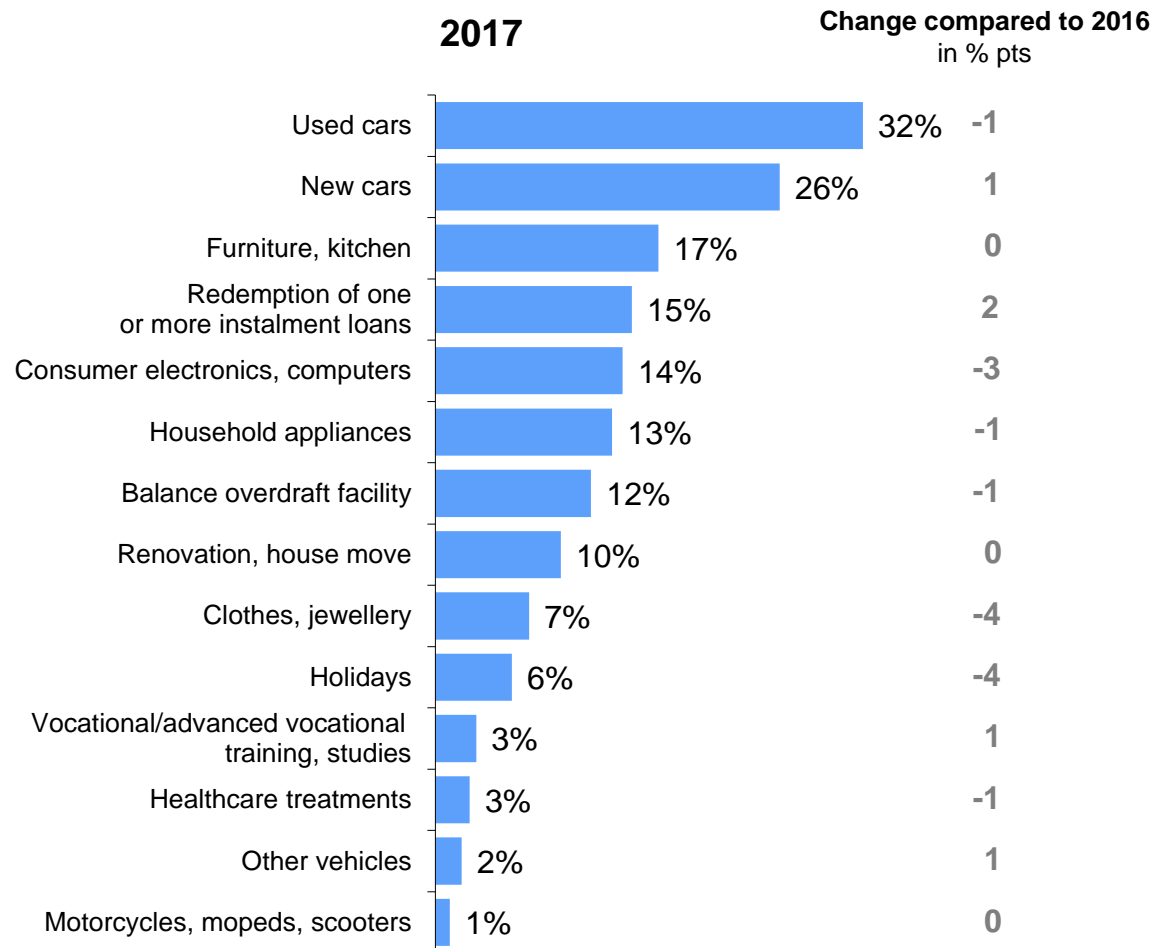


Top box (4+5) = satisfied/extremely satisfied
Middle box (3) = neither satisfied, nor unsatisfied
Bottom box (1+2) = extremely unsatisfied/ unsatisfied

Q1e: How satisfied are you overall with the loan/loans you have taken out?
 Basis: excl. no response

Intended purpose – all financing arrangements

Instalment loan users – multiple answers possible



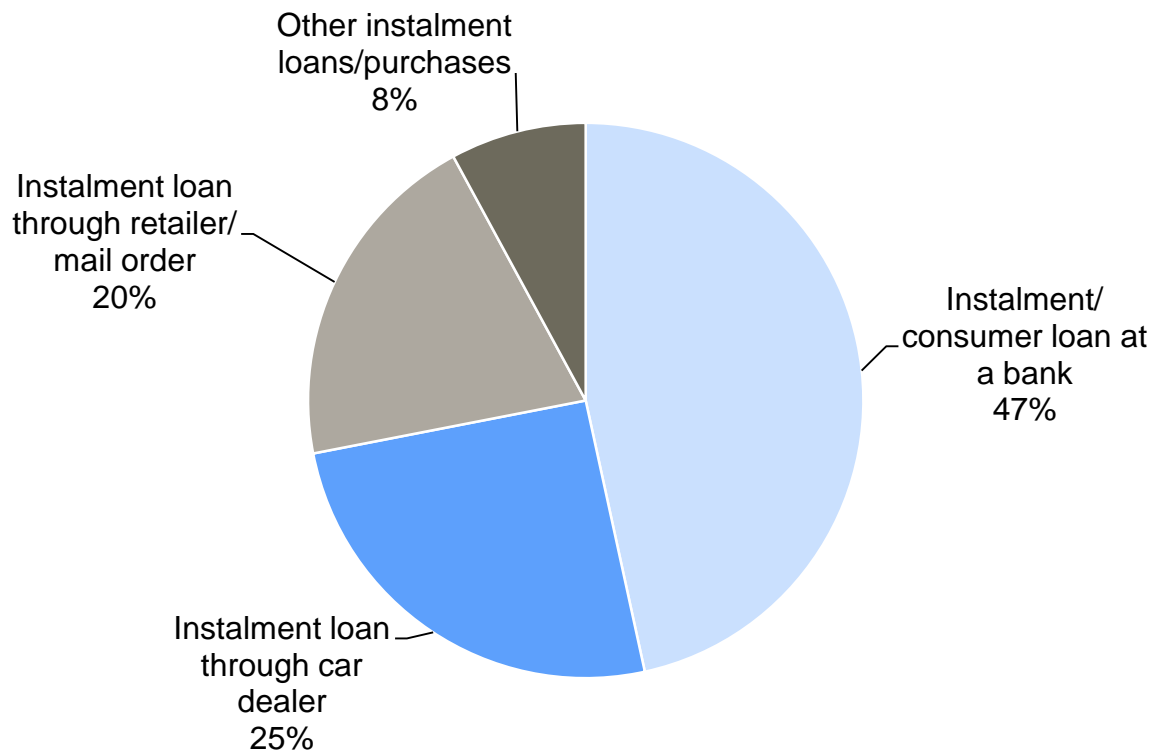
The main reason for financing is the purchase of a car. 32% of instalment loan borrowers use their instalment loan for a used car, 26% for a new car.

Q2a: Are you currently using one of the following loans/forms of financing? Q2c: And what did you use your current loan for?

Basis: instalment loan users n = 445 excl. no response

Allocation of instalment loan forms

Instalment loan users



About half of all instalment loans are taken out at a bank.

A quarter of all instalment loans are concluded through a car dealer.

One-fifth of all instalment loans come from the retailer / mail-order business.

Q6d: Irrespective of where you applied for this instalment loan, where did you ultimately complete the contract?
 Basis: instalment loan users, base: all instalment loans =100%, n=556, excl. no response



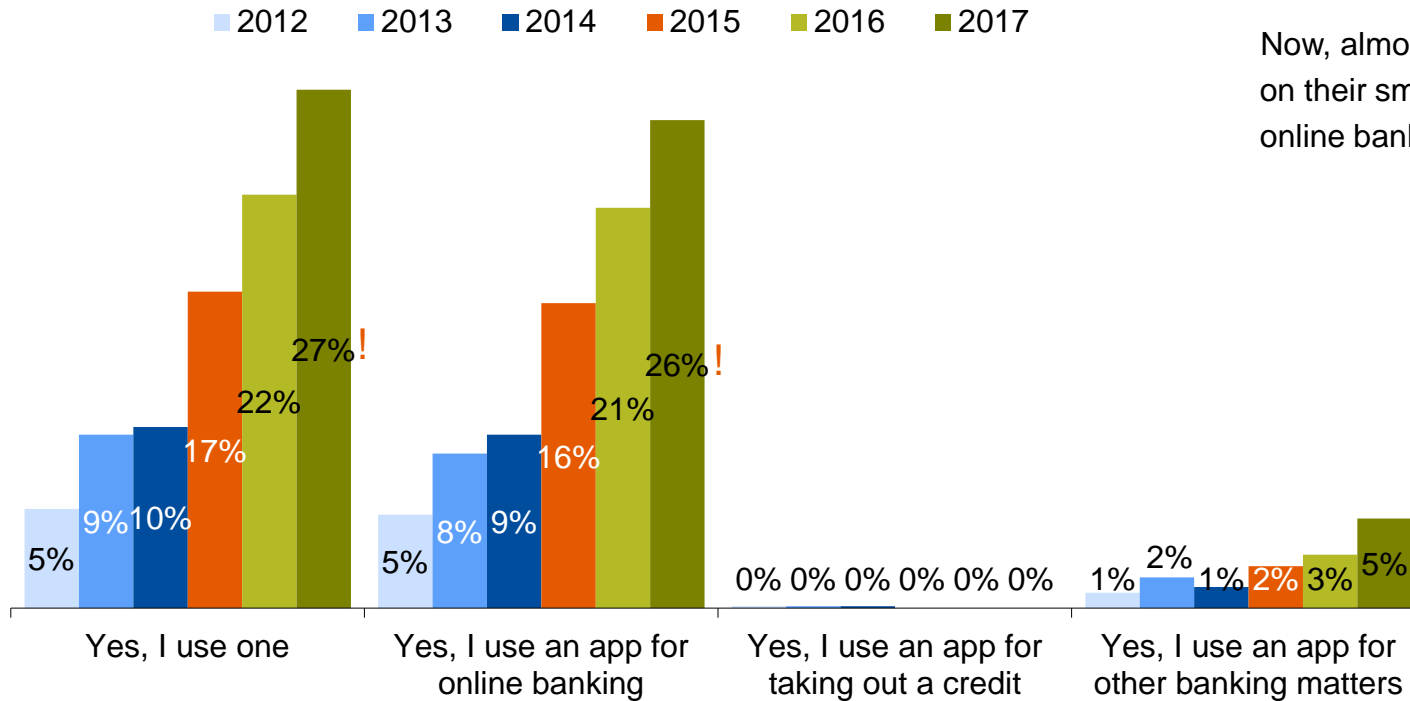
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Use of apps for banking transactions

All respondents

Use apps for banking transactions



The use of apps for online banking has increased sharply since 2012.

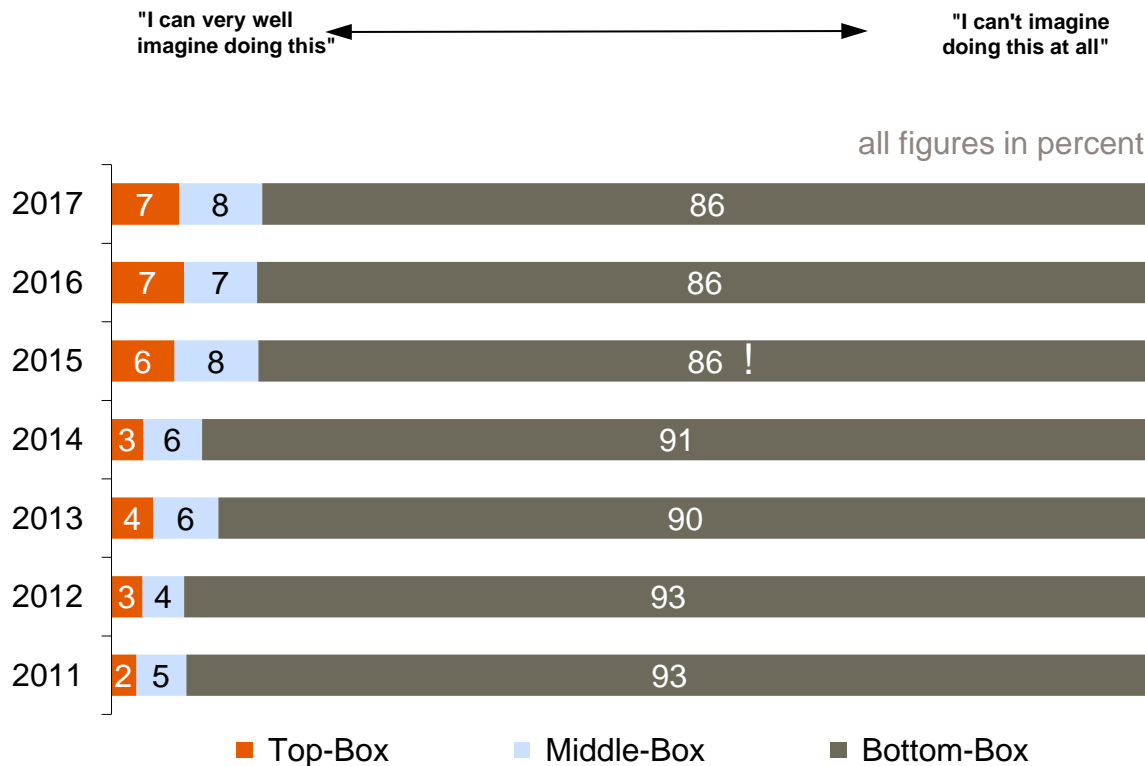
Now, almost 1 in 4 people use apps on their smartphone or tablet for online banking.

Q9b: Do you use an app for banking (e.g. for online banking or taking out a credit) on your smartphone / tablet?
 Basis 2017: n=1,824 excl. no response,

Taking out a loan with your mobile phone/smartphone

All respondents

Take out a loan by mobile phone/smartphone



Since 2011, more and more respondents have said that they can imagine themselves paying instalments via their mobile phone or smartphone.

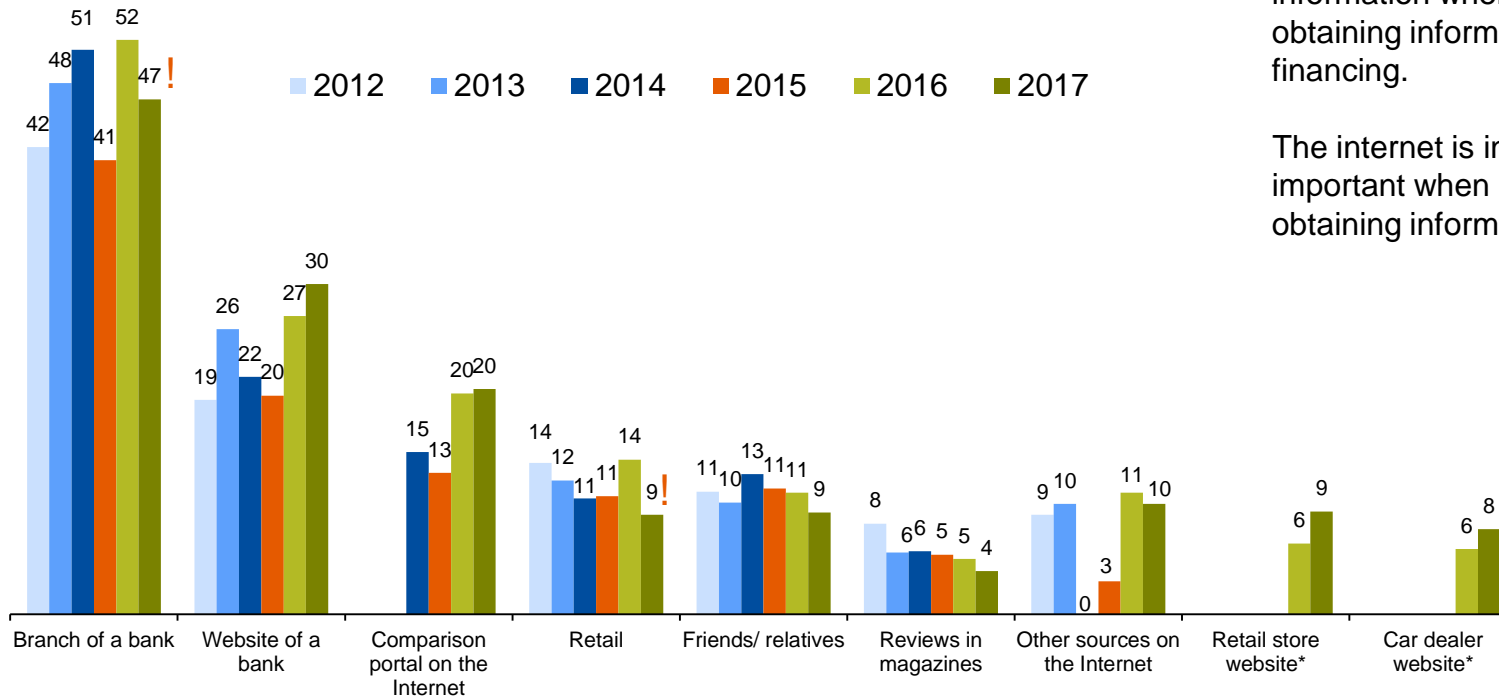
Q9a: In some shops/retail stores it is already possible to pay in instalments using a mobile phone/smartphone. To what extent would the following options be conceivable to you? Basis 2017: n=1,671 excl. no response and "not known",

Use of financing - sources of information

Users of financing products

Sources of information used

all figures in percent



The local bank branch is still the most important source of information when it comes to obtaining information about financing.

The internet is increasingly important when it comes to obtaining information.

Q4: Did you use the following sources of information before signing your current loan agreements?
Basis 2017: n=499 excl. no response, *new statement in 2016

Instalment loans – channel

Instalment loan users



27% of all instalment loans are taken out online.

The previous year this figure was 25%.

Instalment loans – channel

online/ in person

2014: 21%/79%

2015: 21%/79%

2016: 25%/75%

Q6c: Irrespective of where you applied for this instalment loan, where did you ultimately conclude the contract?
Basis: instalment loan recipients n = 520 excluding no response = 100%

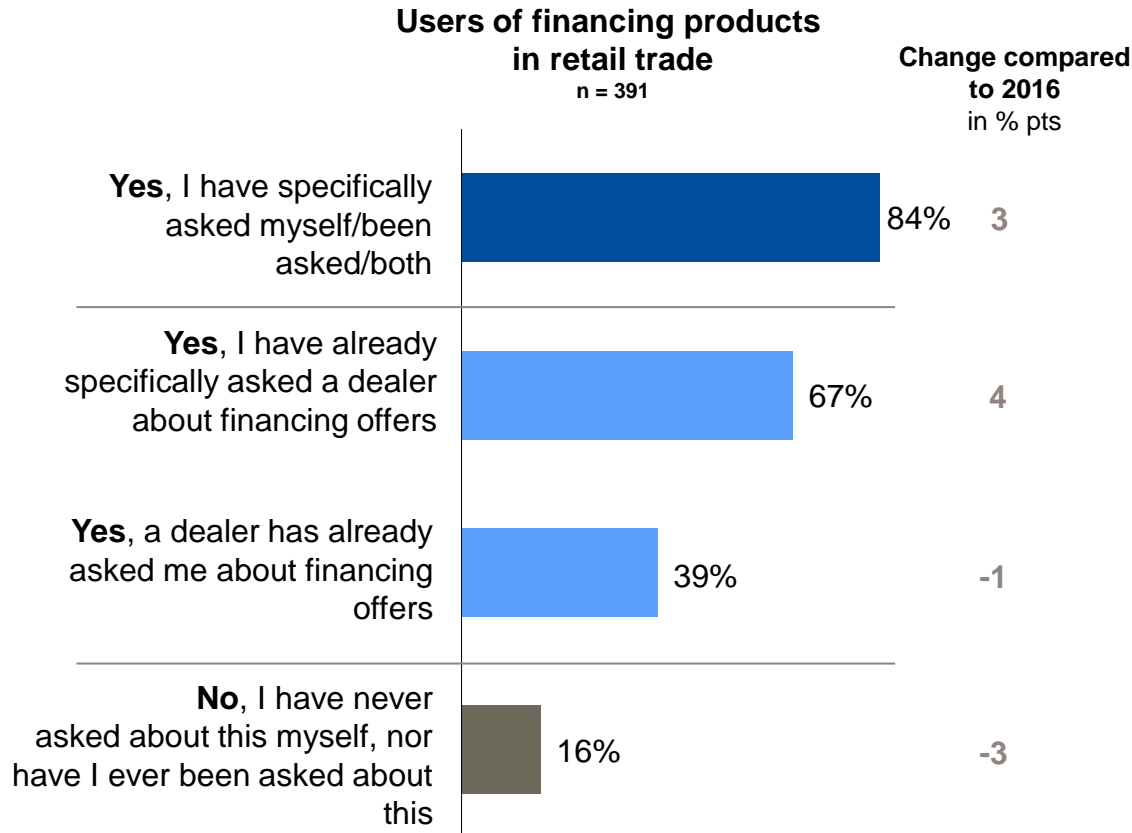


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Financing in retail trade

Raising the question of financing offers



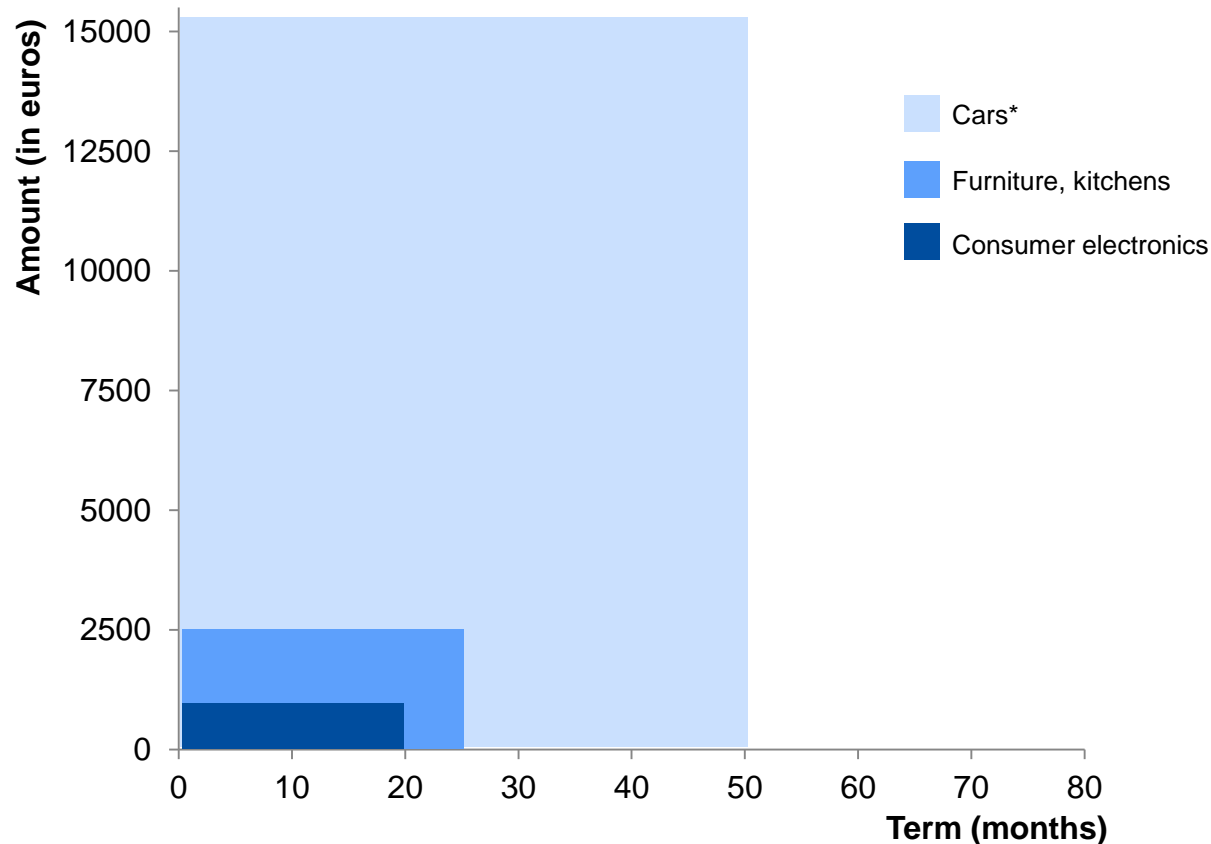
67% of all users of financing products in retail have already specifically requested financing offers at a retailer.

Four out of ten loan users were contacted directly by the dealer.

Q15: When making the following purchases, have you ever specifically asked a dealer about financing offers, or has a dealer ever asked you about such offers? Net amount; basis: excl. no response

Financing in retail trade – amounts and terms

Users of financing products in retail trade



Average funding amounts and terms:

New cars:

18,200 Euro/48 months
(2016: 17,700 Euro/49 months)

Used cars:

12,000 Euro/51 months
(2016: 10,800 Euro/49 months)

Figures in detail:

	Term (in months)	Amount (in Euro)
Cars* (2016)	50 (49)	15,500 (14,600)
Furniture, kitchen (2016)	25 (26)	2,500 (2,400)
Consumer electronics (2016)	20 (20)	720 (670)

*Average for new and used cars

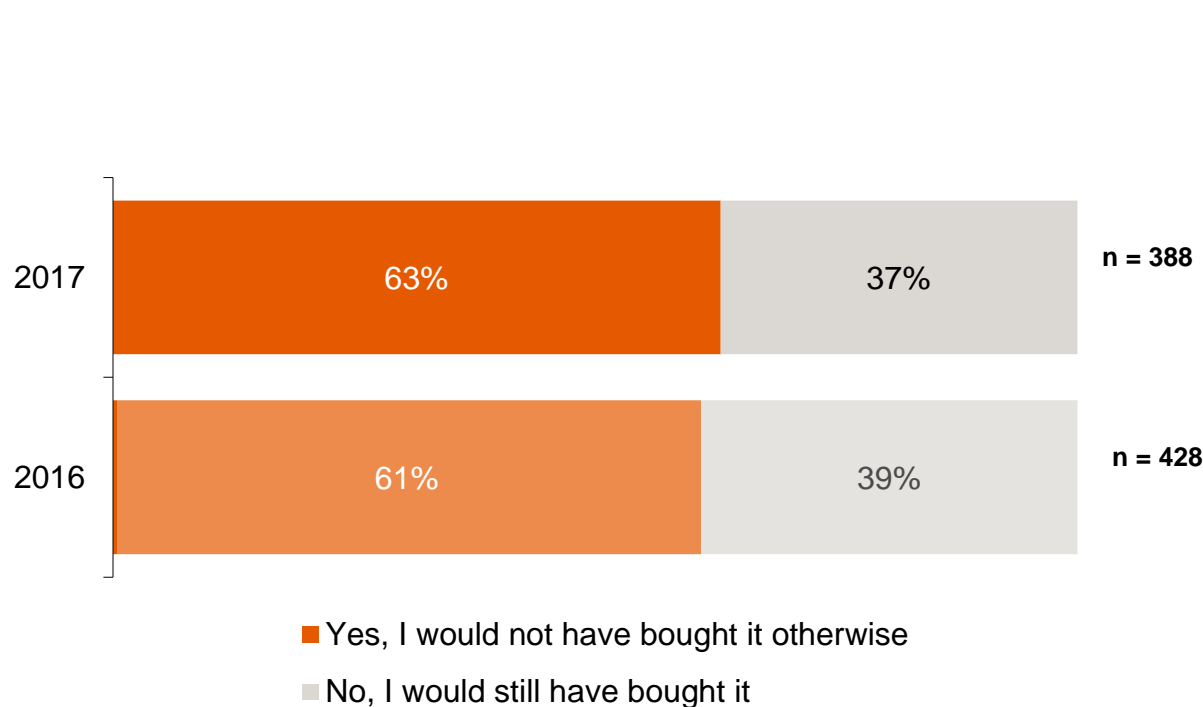
Q16.a. Do you currently have loans for one or more purchases made by mail order/at retail outlets or car dealers? Please state whether you have financed the following purchases.
Q16.c. If you have, what amount was financed in each case? Q16.d. And how many months does the loan period comprise? Basis: n = 428 excl. no response; "other" not shown



Financing in retail trade – influence on purchase decision

Users of financing products in retail trade

Influence on purchase decision



Without financing options in retail outlets, 63% of financed purchases would not have been made.

Q16e: Did the option of financing influence your purchase decision, i.e. your decision to buy the product or not?
Basis: excl. no response

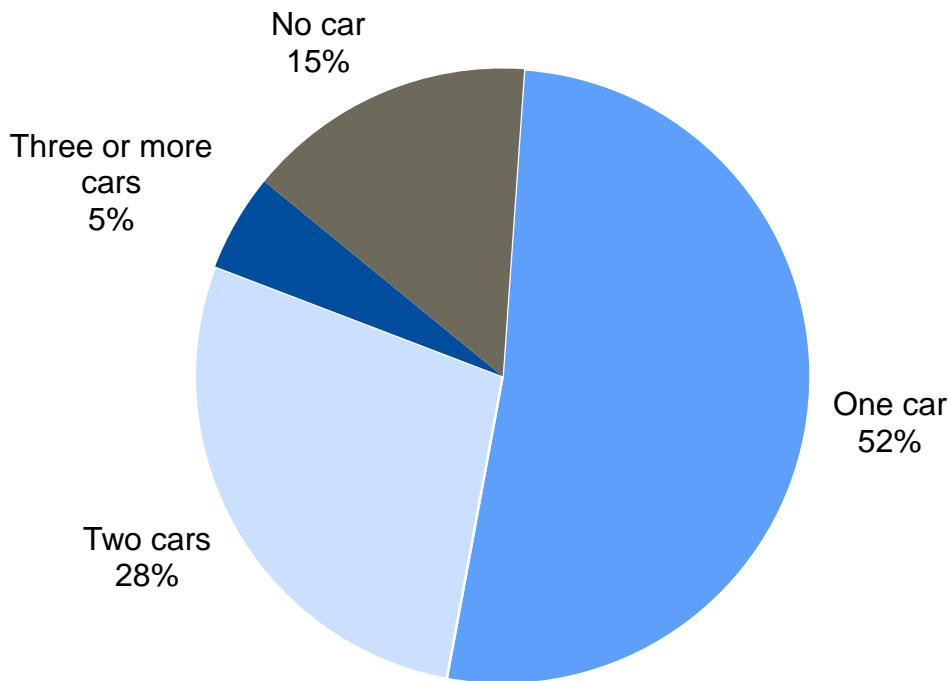


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Car ownership

All respondents



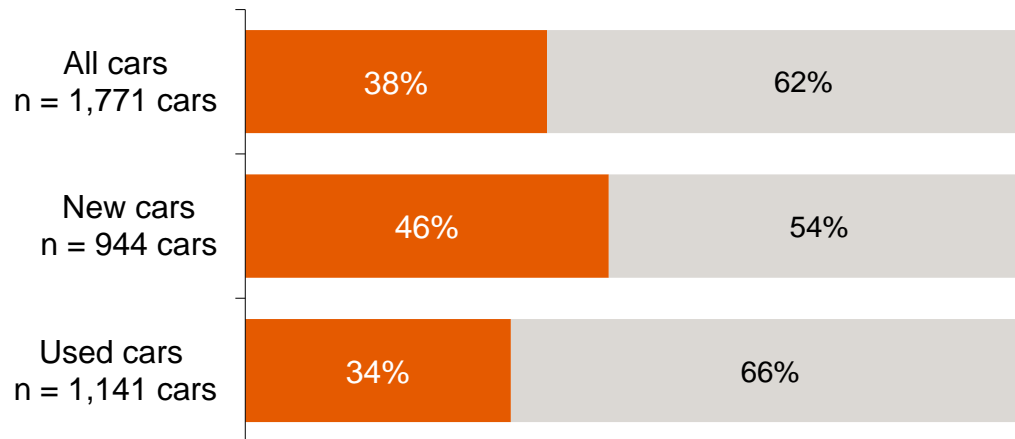
85% of all households have at least one car in their household.

On average, a German household owns 1.2 cars – this rate has remained stable over time.



Share of financed cars (incl. leasing and personal contract purchase)

Car owners



- Car owners with credit financing, leasing or personal contract purchase
- Car owners without financing

38% of all cars are financed.

Compared to last year, more new cars are currently financed (+4% points).

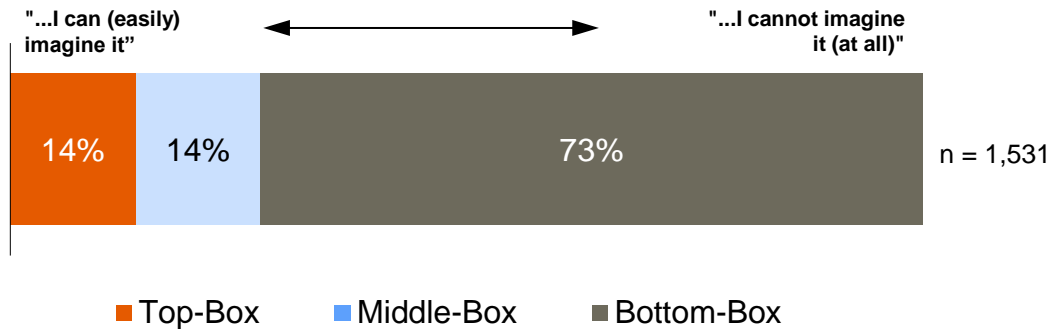
Share of financed cars:

All cars/new/used
2012: 33%/43%/24%
2013: 33%/39%/26%
2014: 27%/35%/21%
2015: 33%/38%/28%
2016: 36%/42%/34%

Q26: Was this car paid for in full in cash when it was purchased, or was it partly financed, fully financed or leased?
Basis: excl. no response

Financing online

Car owners



14% of car owners can imagine obtaining finance for their car online.

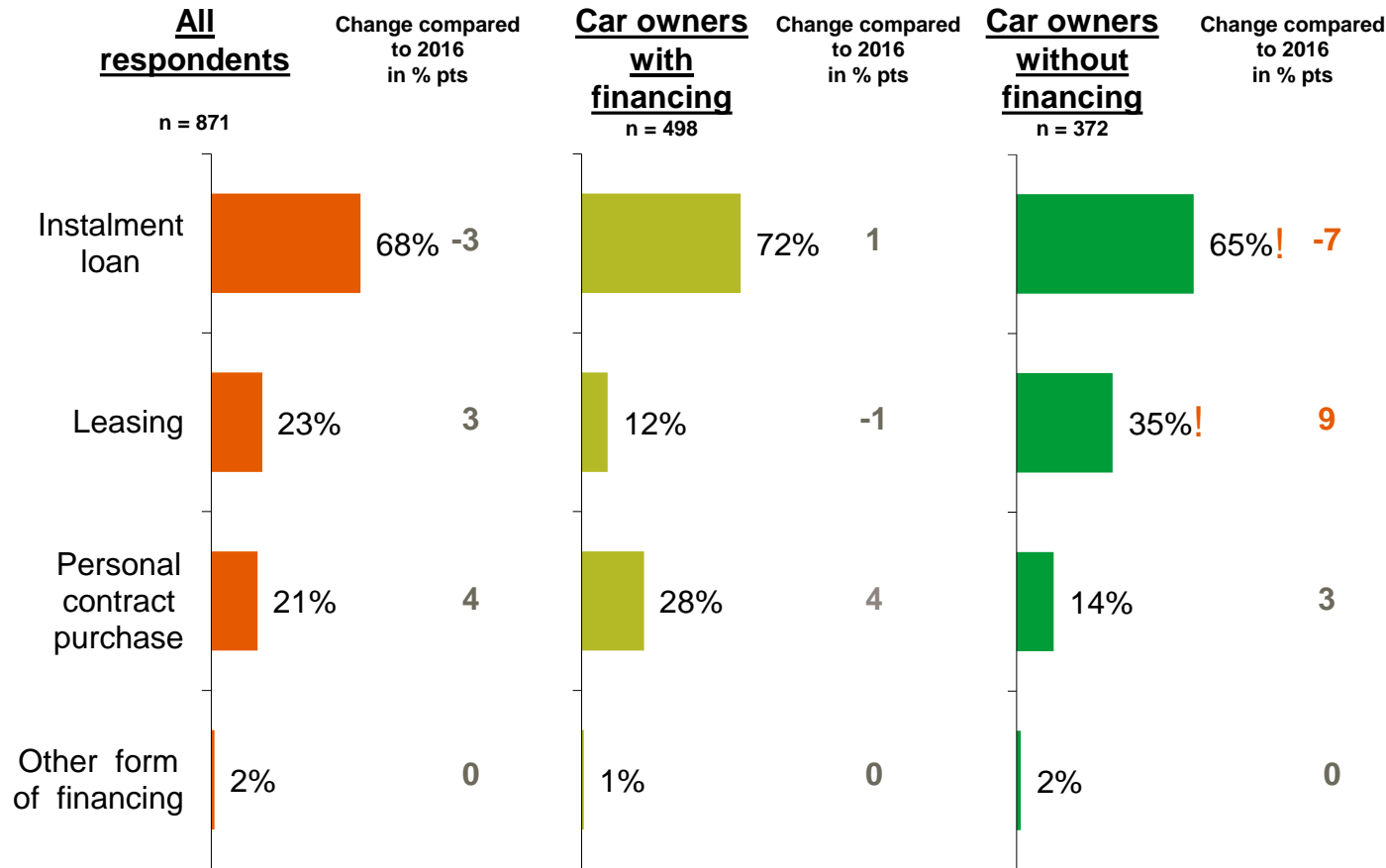


Top box (4+5) I can easily imagine it / I can imagine it
Middle box (3) = I do not imagine it / I can't imagine it yet
Bottom box (1+2) I cannot imagine it / I cannot imagine it at all

Q32: If you were to consider obtaining finance for a car: to what extent can you generally imagine yourself getting this finance via the internet?
 Basis: n= 526 excl. no response

Preferred forms of financing for new cars

Selected sub-groups: excl. persons declining credit



When buying a new car in the future, 68% of all respondents would prefer using an instalment loan.

Car owners without financing still tend generally to opt for instalment loans, although leasing is increasingly important.

Q31a: Please imagine that you are planning to buy a new car. Which form of financing would you prefer in this case?
Basis: excl. no response – multiple answers possible



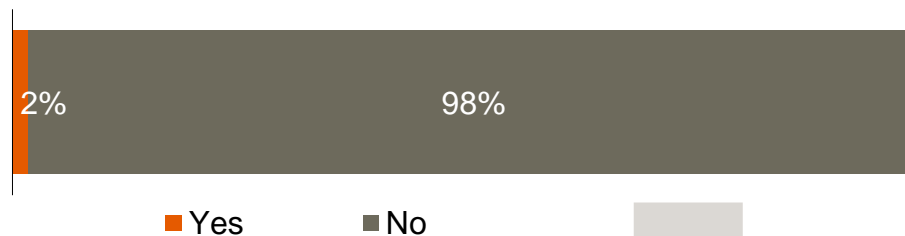
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Use of electric vehicles

All respondents

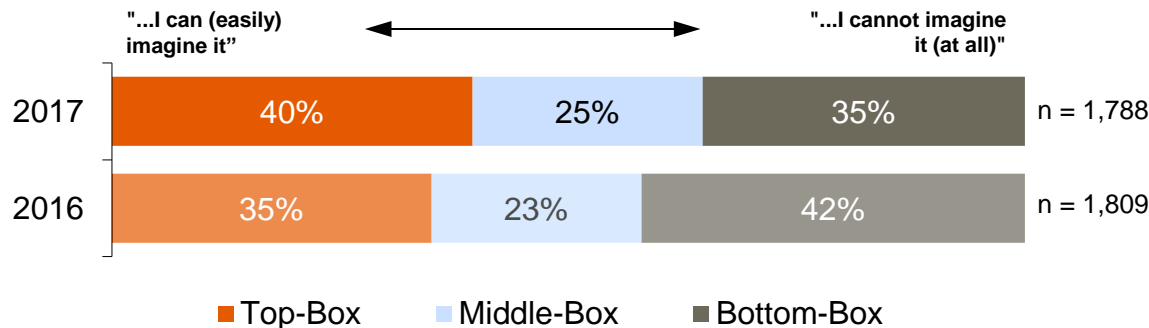
Current use



The current use of electric vehicles is 2% (2016: 1%).

In the future, four out of ten respondents can imagine using electric vehicles (2016: 35%).

Willingness to use in future



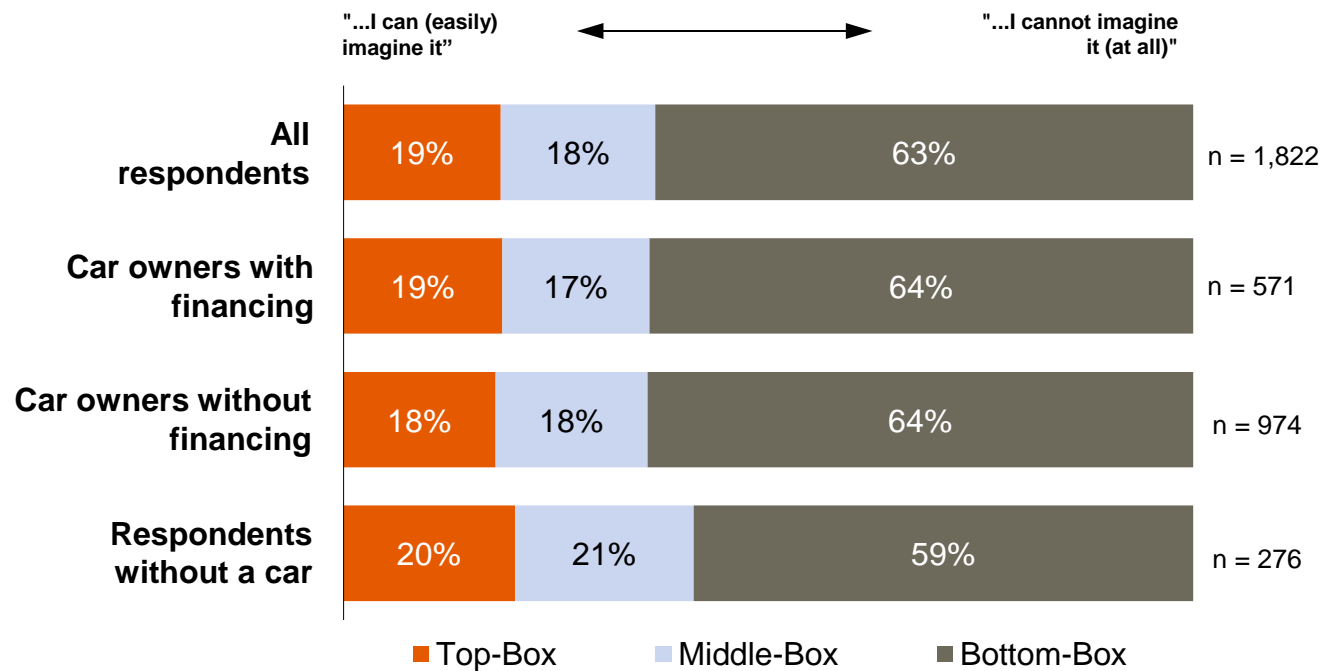
Top box (4+5) I can easily imagine it / I can imagine it
Middle box (3) = I do not imagine it / I can't imagine it yet
Bottom box (1+2) I cannot imagine it / I cannot imagine it at all

Q36a: Do you use an electrical vehicle ? Base: n=1,821, excl. no response

Q36b: To what extent can you imagine using an electrical vehicle in future? Base: n=1,788, excl. no response

Autonomous driving

Selected sub-groups



19% of the respondents can imagine using an autonomous driving car in future. This is an increase of 5% -points.

i "Autonomous driving " = the system drives the car entirely from start to finish; everyone in the car is a passenger in this case.



Top box (4+5) I can easily imagine it / I can imagine it

Middle box (3) = I do not imagine it / I can't imagine it yet

Bottom box (1+2) I cannot imagine it / I cannot imagine it at all

Q37: To what extent can you imagine using a driverless car ("self-driving car") in future?
Base: n=1,822, excl. no response



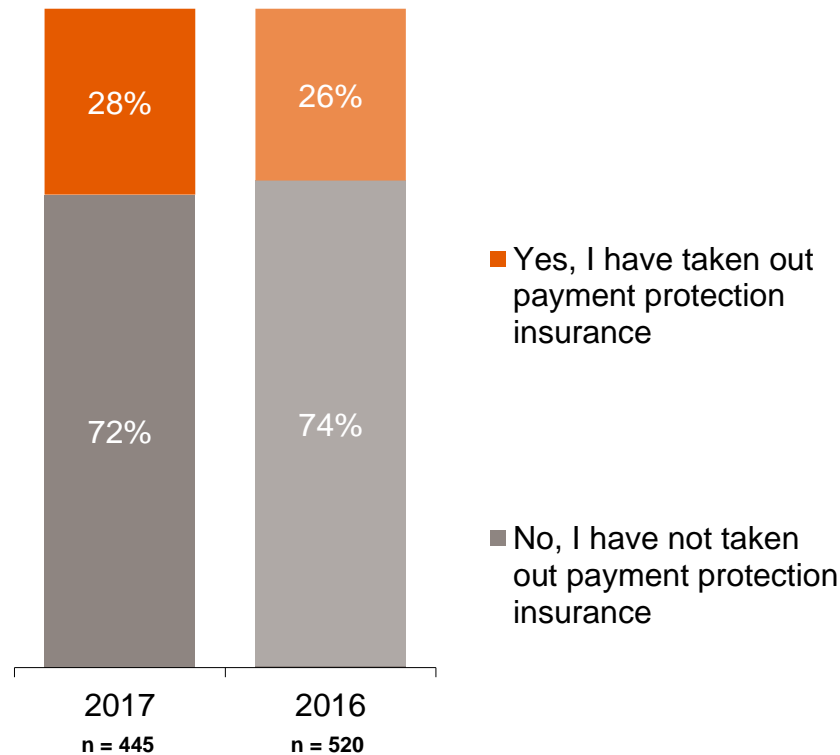
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Payment protection insurance (PPI) taken out

Instalment loan users



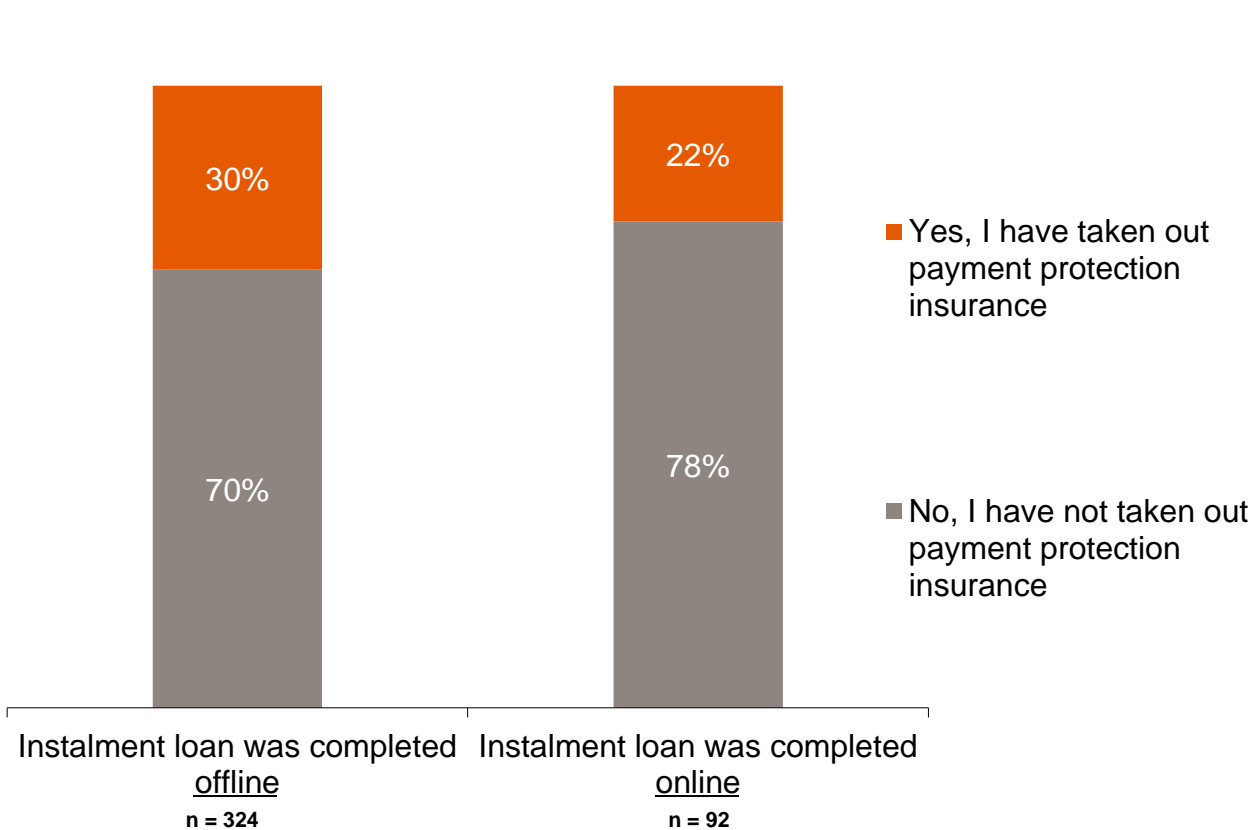
28% of all instalment loan users have taken out payment protection insurance.

Q10: Have you taken out payment protection insurance for your most recent instalment loan?
Basis: excl. no response



Payment protection insurance (PPI) taken out by location where instalment loan was concluded

Instalment loan users

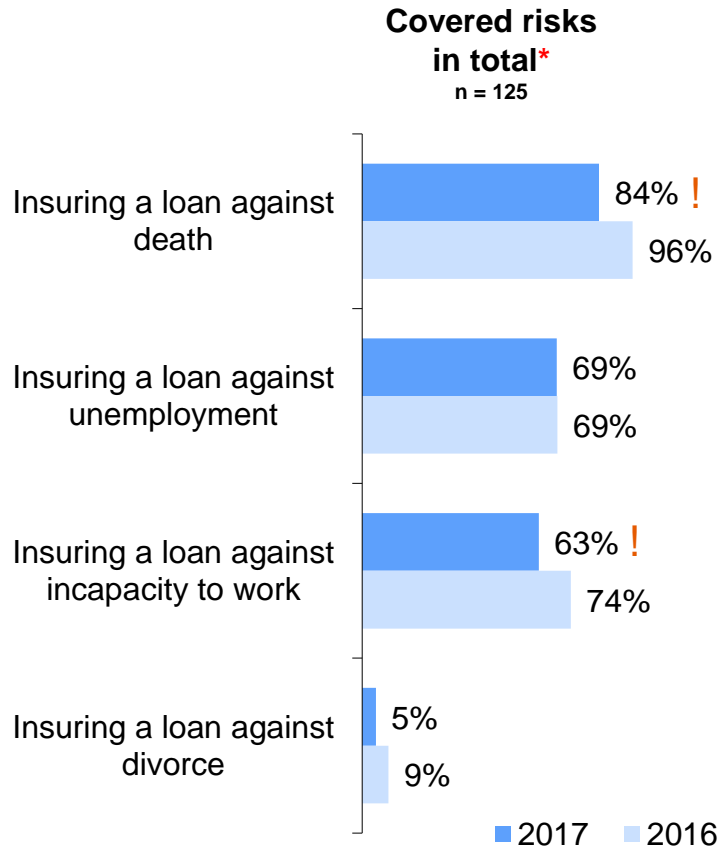


A fifth of instalment loan users, that have completed their instalment loan online, has taken out payment protection insurance.

Q10: Did you take out payment protection insurance for your most recent instalment loan? Q6c: Irrespective of where you applied for this instalment loan, where did you ultimately complete the contract? Base: excl. no response, multiple responses were excluded

PPI taken out according to risk

Instalment loan users with payment protection insurance



Insuring a loan against death is the most frequently covered risk.

Q12: What risks does your payment protection insurance cover? *Question changed in 2016, only "experts" are reported
Basis: excl. no response; multiple answers possible, some tendency statements

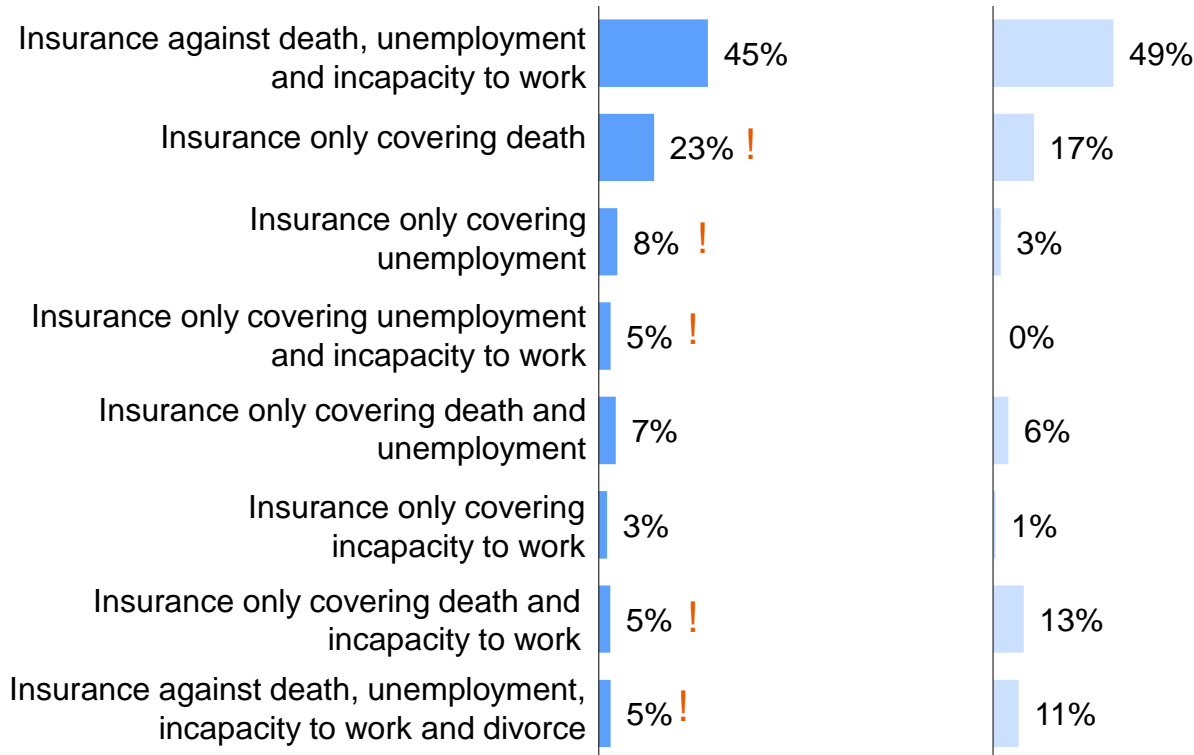


PPI taken out according to risk

Instalment loan users with payment protection insurance

**Covered risks
2017 in detail**
n = 125

**Covered risks
2016 in detail***
n = 95



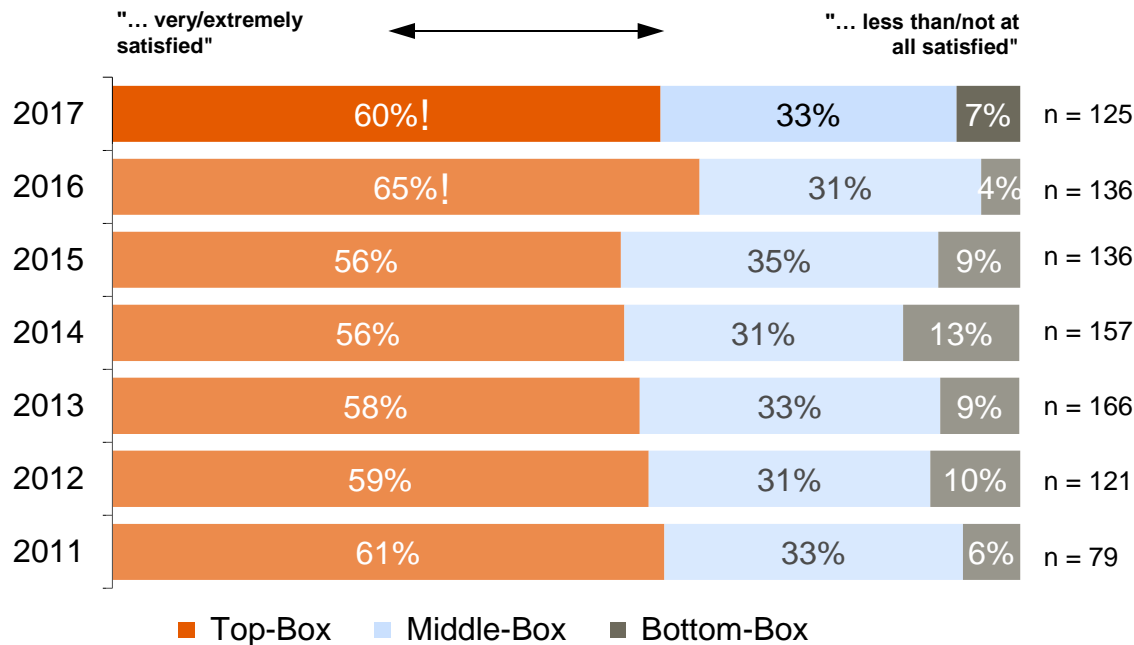
Most payment protection insurance policies contain a combination of the risks of "death, unemployment and incapacity to work".

Q12: What risks does your payment protection insurance cover? *Question changed in 2016, only "experts" are reported
Basis: excl. no response; multiple answers possible, presentation set to 100%, some tendency statements

Satisfaction with payment protection insurance

Instalment loan users with payment protection insurance

The majority of instalment loan users with payment protection insurance is (extremely) satisfied with their insurance.

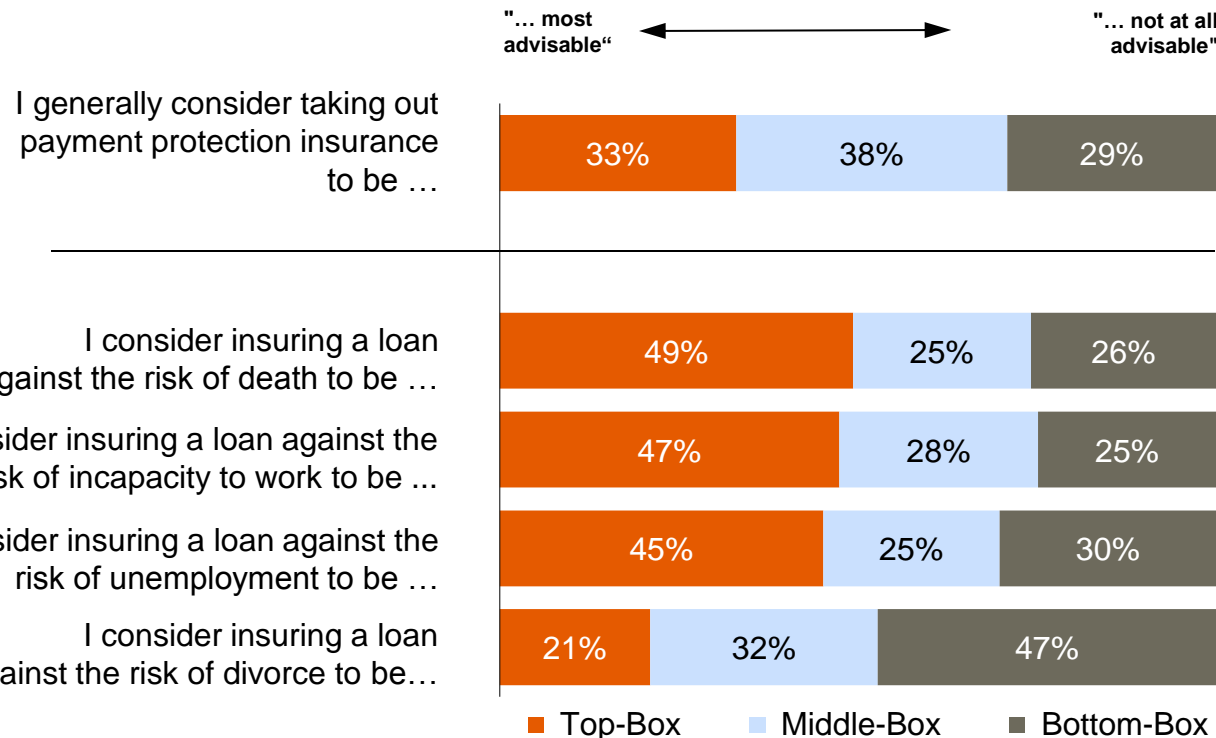


Q13: How satisfied are you overall with your payment protection insurance?
Basis: excl. no response

Taking out payment protection insurance

Users of financing products

Statements



33% of users of financing products generally consider payment protection insurance to be advisable.

Q14a: How advisable do you think it is to take out payment protection insurance in general, and how advisable do you consider it is to cover the following specific risks with payment protection insurance? Basis: n = 647 excl. no response



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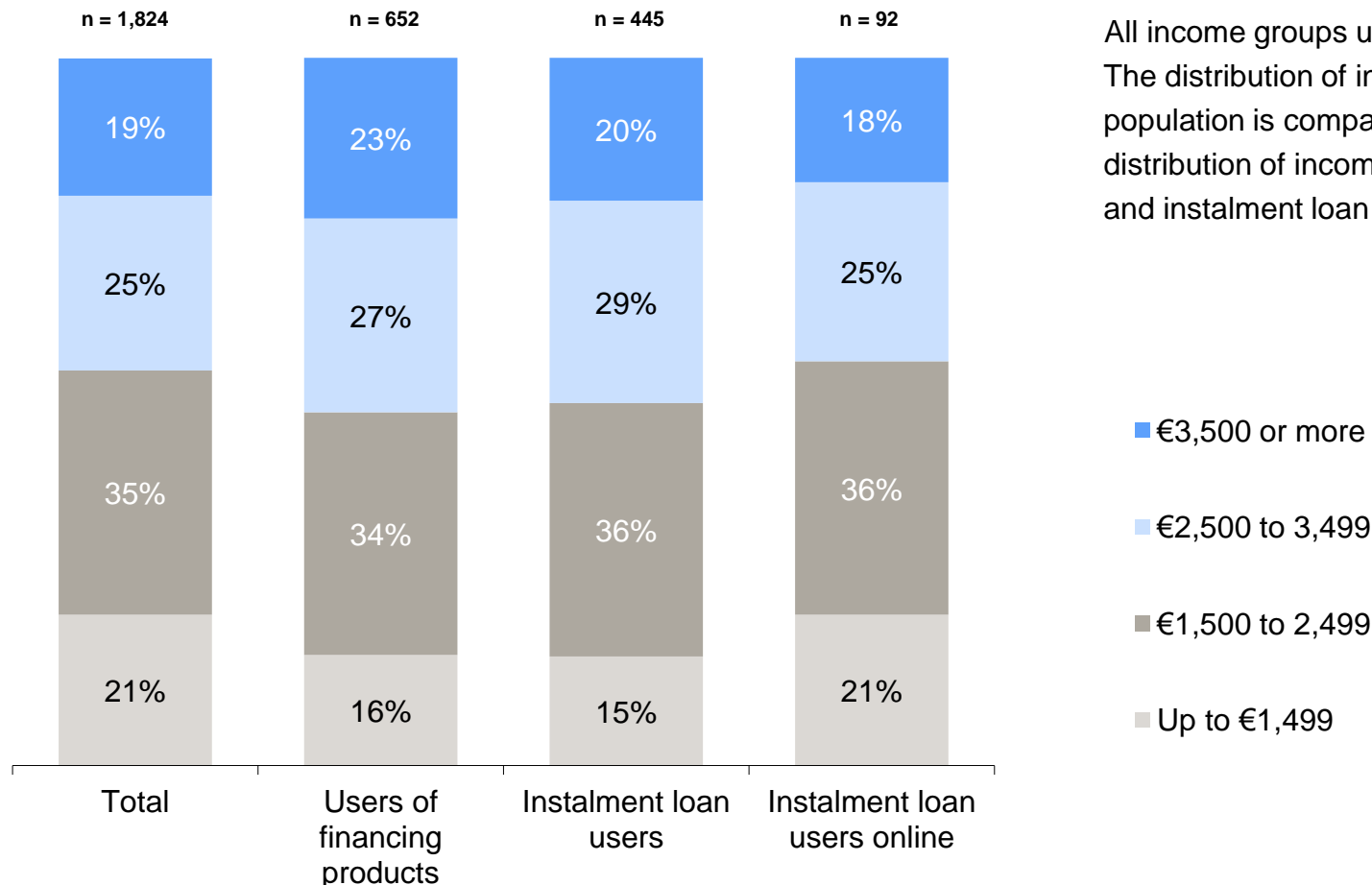
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Statistics - net household income

All respondents, users of financing products, instalment loan users, online

Net household income



All income groups use financing. The distribution of income of the population is comparable to the distribution of income of financing and instalment loan users.

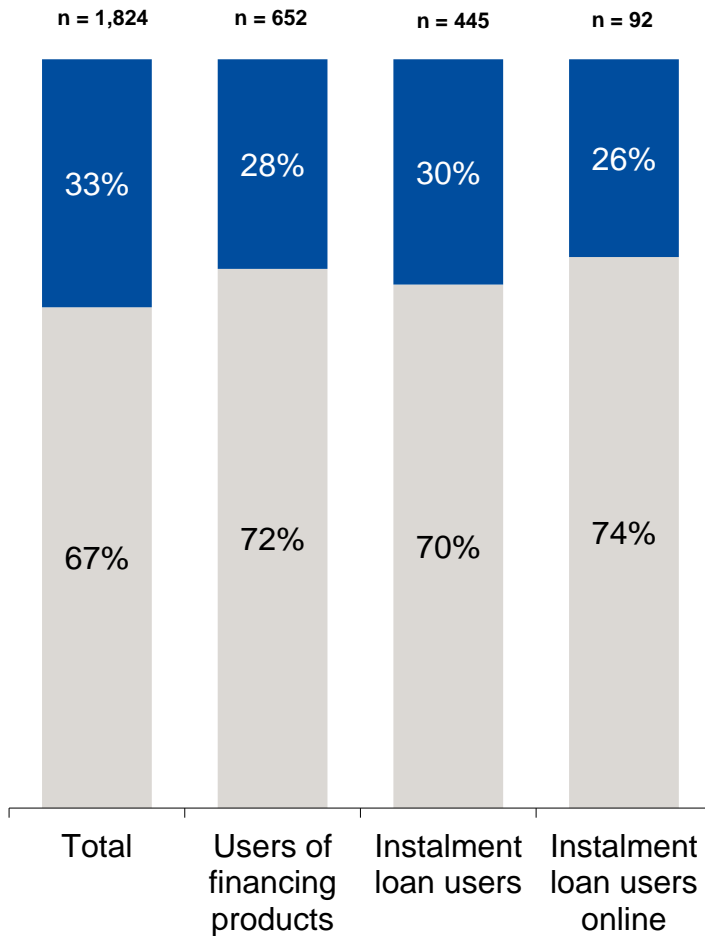
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Basis: all respondents n = 1,824 excl. no response



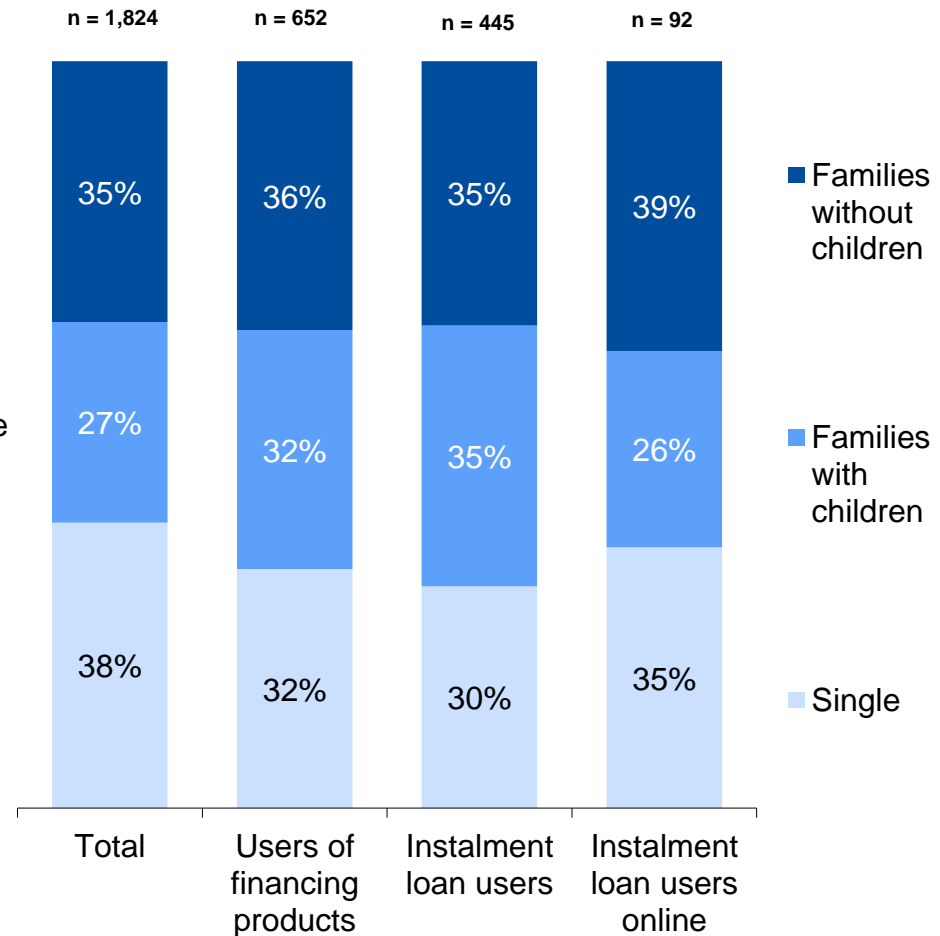
Statistics – gender and marital status

All respondents, users of financing products, instalment loan users

Gender of head of household



Life cycle type

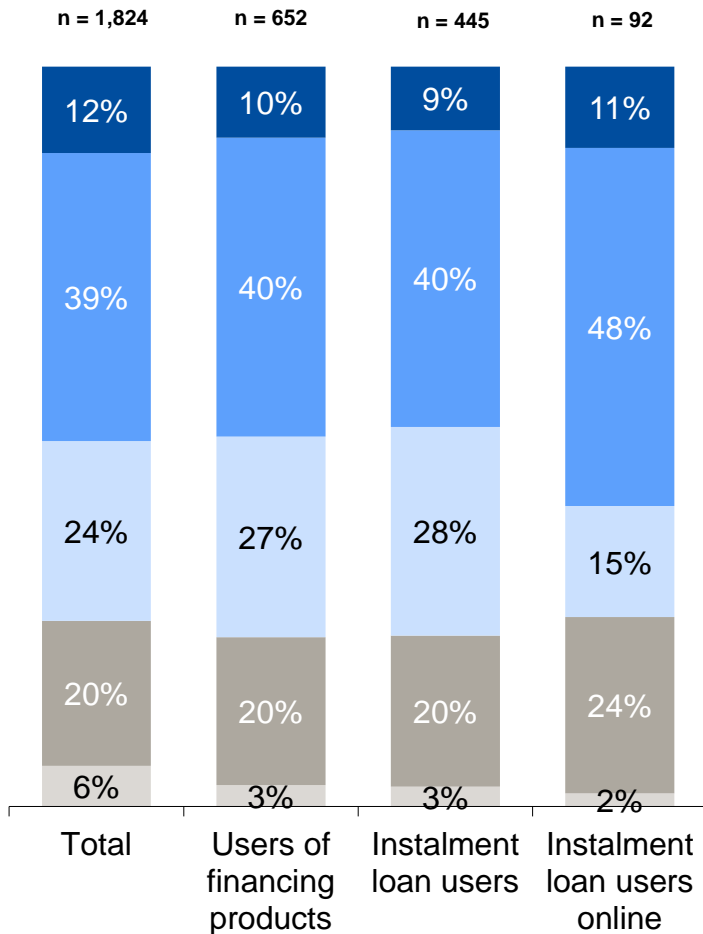




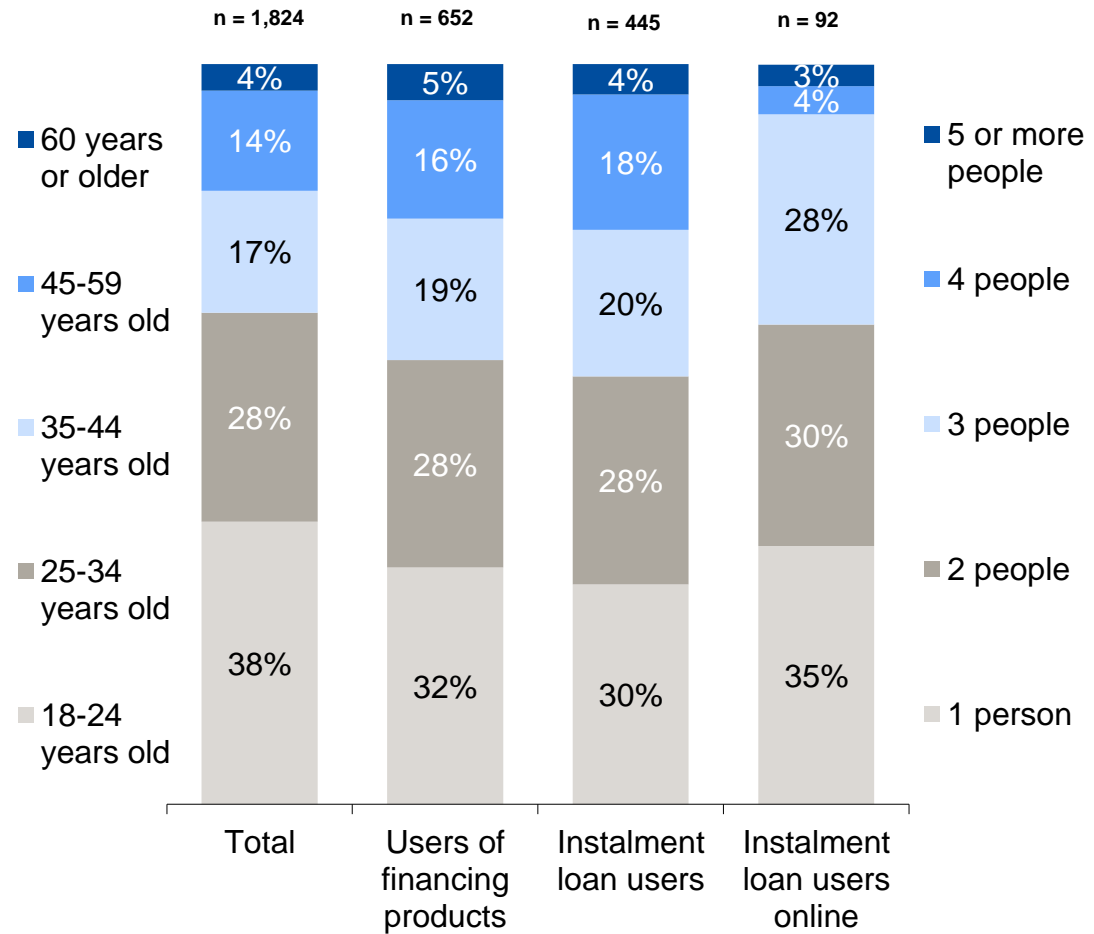
Statistics – age, size of household

All respondents, users of financing products, instalment loan users

Age



Size of household



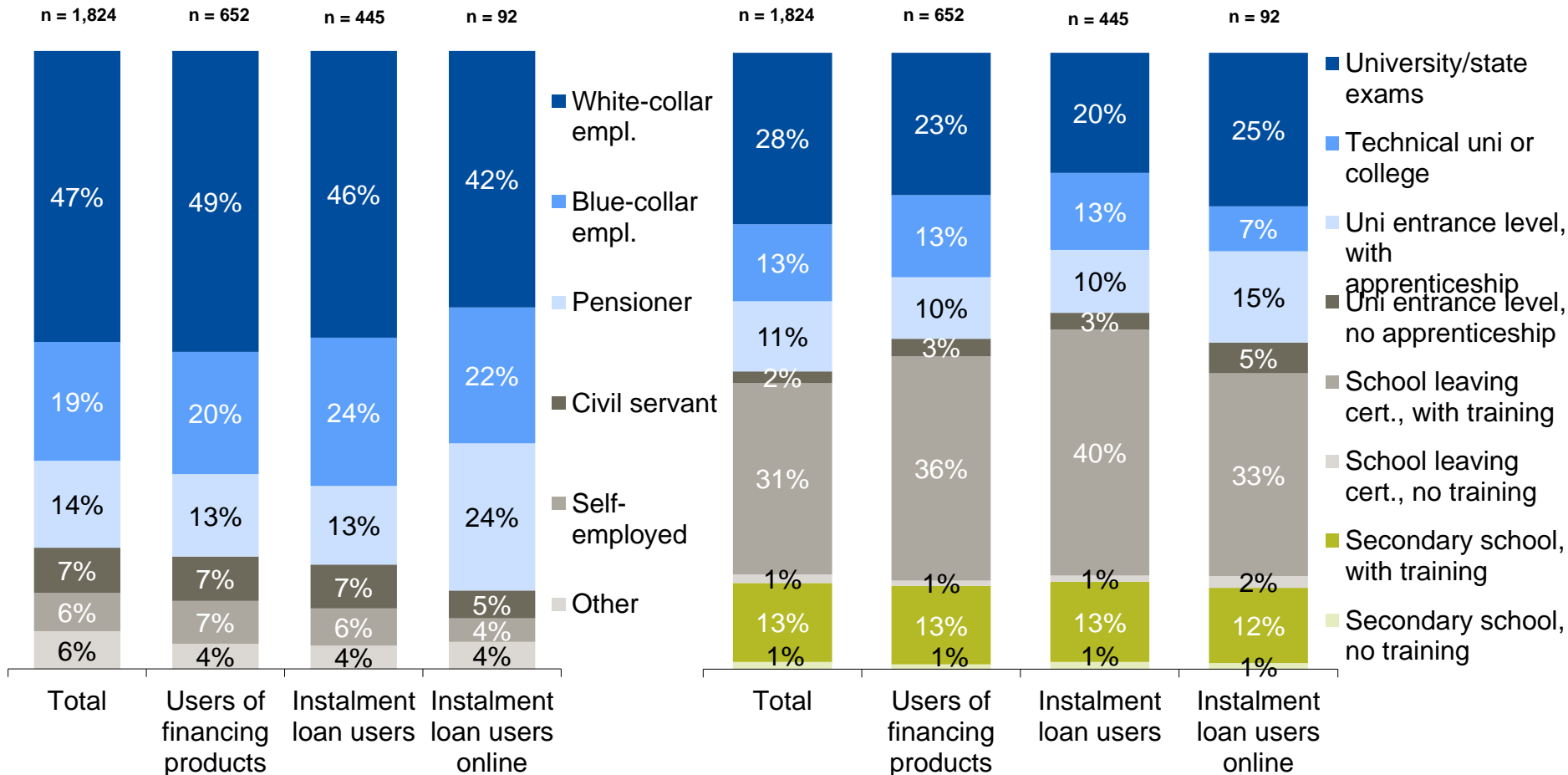


Statistics – occupation and educational attainment

All respondents, users of financing products, instalment loan users

Occupation

Educational attainment





Background of the study



The members of the Bankenfachverband (German Association of Credit Banks) finance private consumer and commercial investments, the larger share being comprised of car financing.

The purpose of this study is to provide information regarding the awareness of various forms of finance, consumer attitudes as well as actual consumer behaviour in relation to the use of consumer credits for 2017.

One particular focus of this will be private car financing.

Other aspects surveyed included attitudes to loans, awareness and intentions to use as well as detailed results about payment protection insurance, financing in retail trade, online loan agreements and the use of electrical vehicles and autonomous driving.



Case numbers

users of financing products

n=652

all respondents who use at least one form of financing

non- users of financing products

n=1,172

all respondents who do not use any form of financing

car owners

n=1,546

all respondents who own at least one car

car owners (with financing)

n=572

all respondents who are car owners and who have financed at least one of their cars

car owners (without financing)

n=974

all respondents who are car owners but who did not use financing

Contacts



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