

# CONSUMER AND VEHICLE FINANCING IN GERMANY

## Market Study 2020

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Ipsos GmbH  
conducted on behalf of the Bankenfachverband e. V.  
(German Association of Credit Banks)

GAME CHANGERS



## About the study

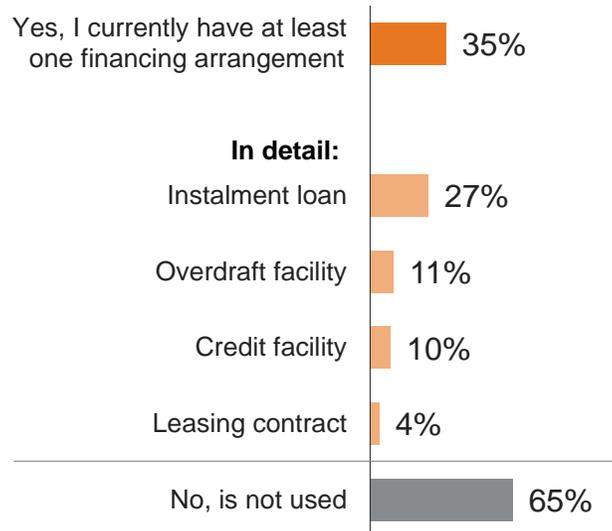
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|  <b>METHOD</b>                 | Survey, supporting study: GfK Financial Market Panel (written survey, in parts online)   |
|  <b>SURVEY PERIOD</b>          | 01 July 2020 to 27 July 2020   |
|  <b>TARGET GROUP</b>           | A representative selection of people between the age of 18 and 69, chosen according to age, profession, the size of city they live in, and federal state |
|  <b>SAMPLE</b>                 | n=1,974 interviews; results were weighted according to age, profession, income, family status and size of location                                       |
|  <b>FREQUENCY OF THE STUDY</b> | Once a year (autumn), published in November 2020   |
|  <b>SURVEYED AREA</b>        | Federal Republic of Germany  |

**Notice:** The results are based on information provided by consumers in July 2020 and refer to all financing used at that time, regardless of when the contract was concluded. In particular, consumer attitudes and financing intentions should be considered in the light of the specific situation of the COVID-19 pandemic.

# Key findings of the study

## Consumer and Vehicle Financing 2020

### Use of financing



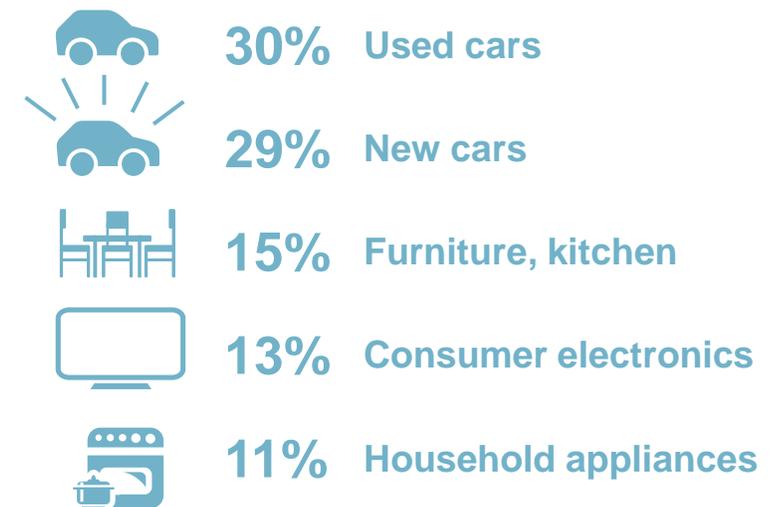
Every third consumer currently uses at least one form of financing.

### Number and outstanding amount



Households that use financing have an average of 2.1 contracts. The total outstanding amount is € 11,300. On average, € 310 are repaid per month.

### Intended purpose\*



The main reason for financing is the purchase of a car.

\*\*Top 5 purchases, Basis: Instalment loan users, multiple answers possible

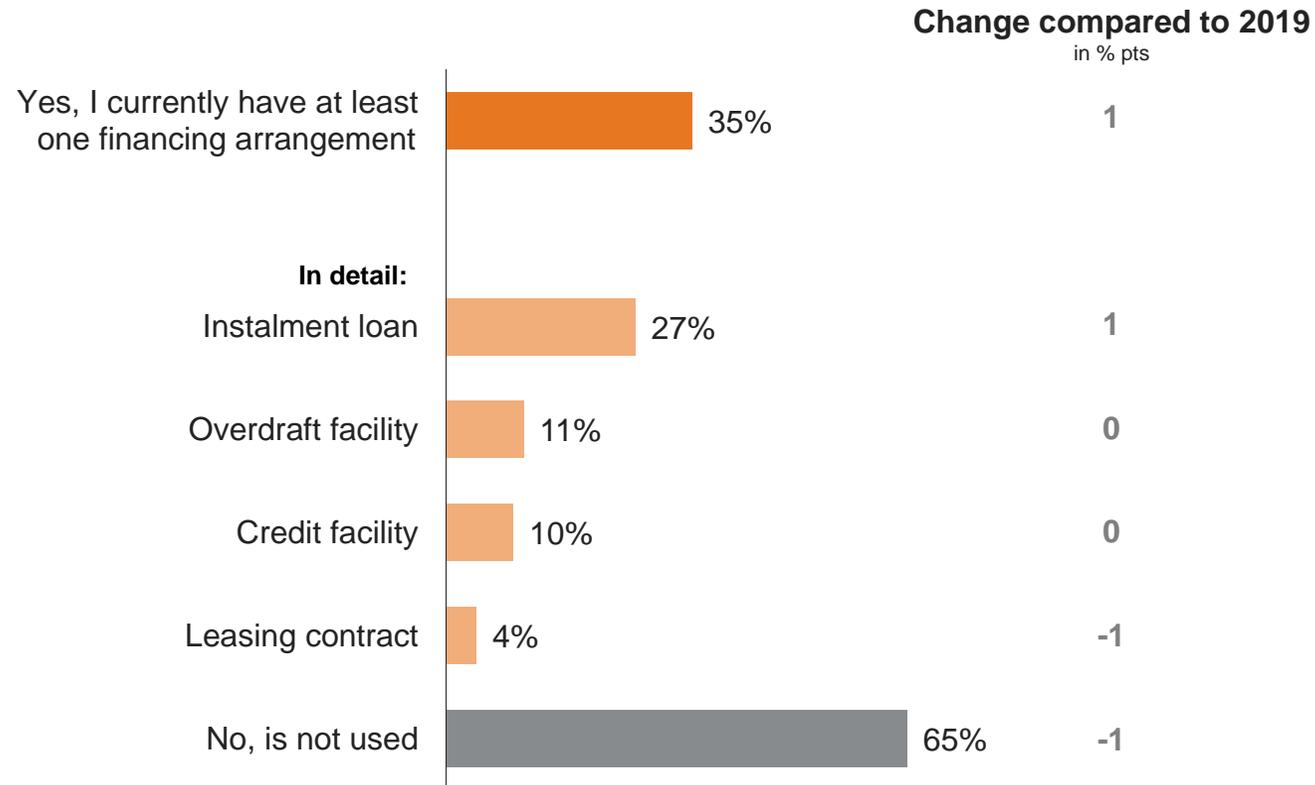
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# Instalment loans are the most commonly used form of financing.

## Use of financing



Q2a: Are you currently using one of the following loans/forms of financing?

Basis: All respondents n = 1,974; rounding-off differences possible; multiple answers possible



About half of all users of financing products have only one financing contract.

## Number and amounts outstanding of loans



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?

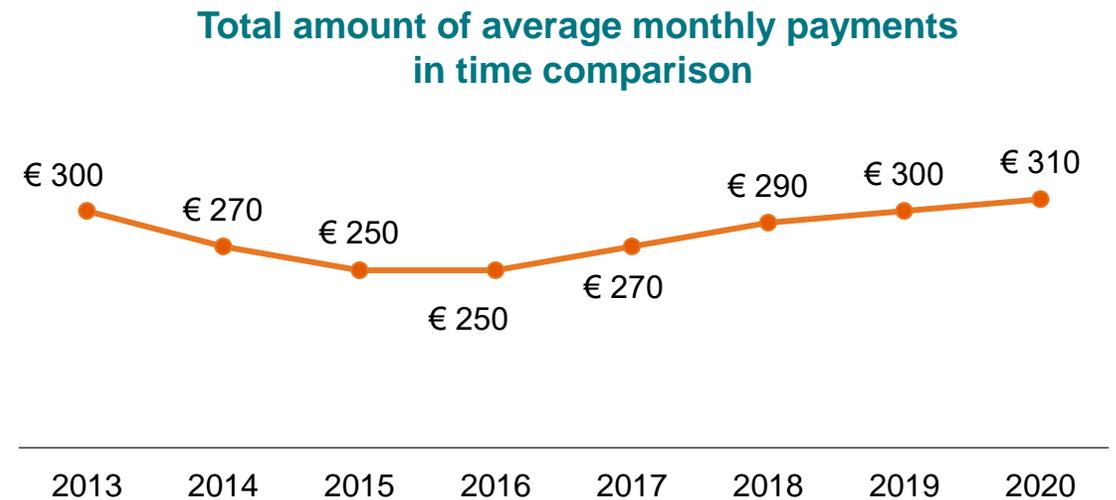
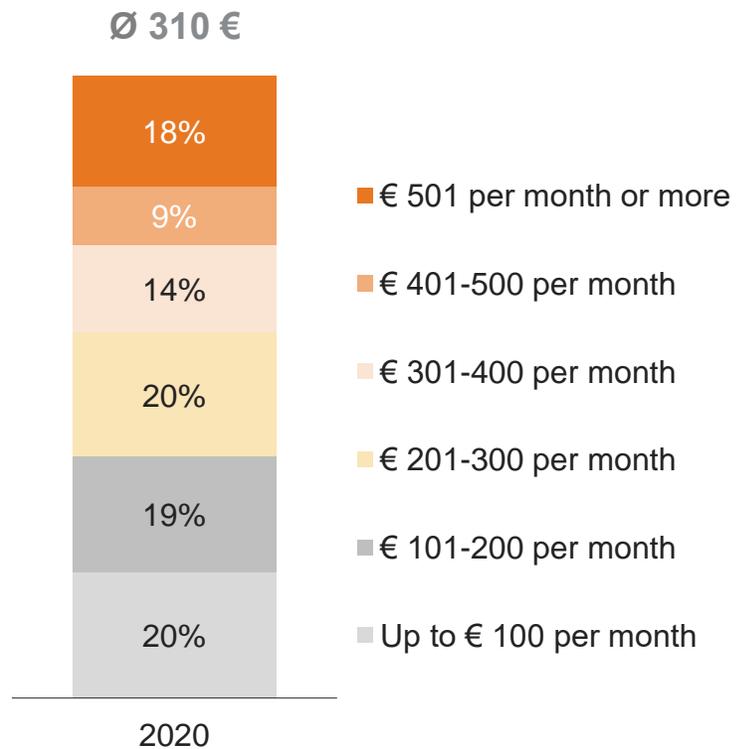
Q2e: And what is the amount (excluding mortgage financing) that you still have to pay back for these loans?

Basis: Users of financing products 2020 n = 687/553, 2019 n = 638/509



On average, 310 euros per month are repaid in instalments for all financing.

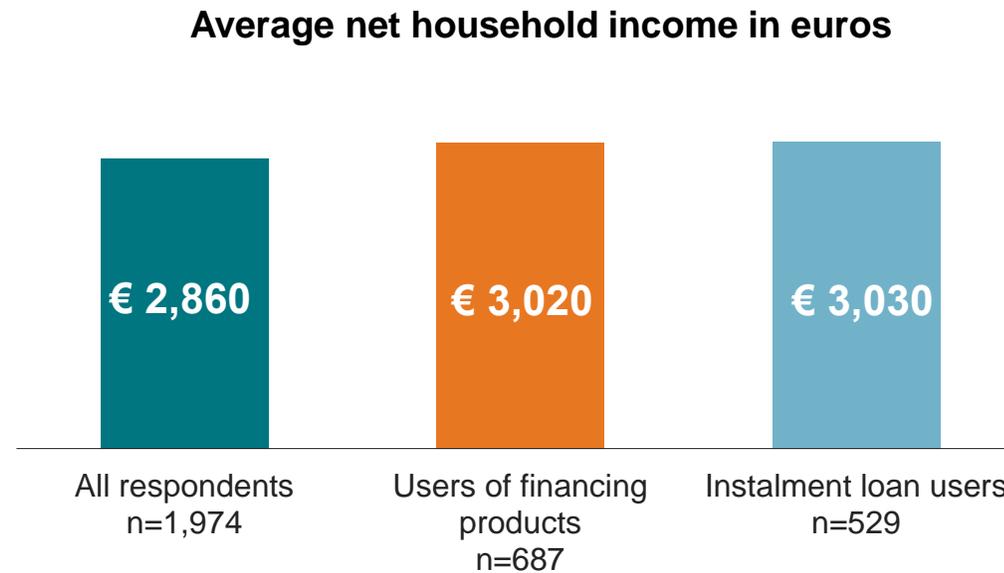
## Total amount of monthly payments



Q3: What are your total monthly instalments?  
Basis: Users of financing products 2020 n = 687, 2019 n = 639

Instalment loan users have a higher net household income than the average.

Individual forms of financing according to net household income\*

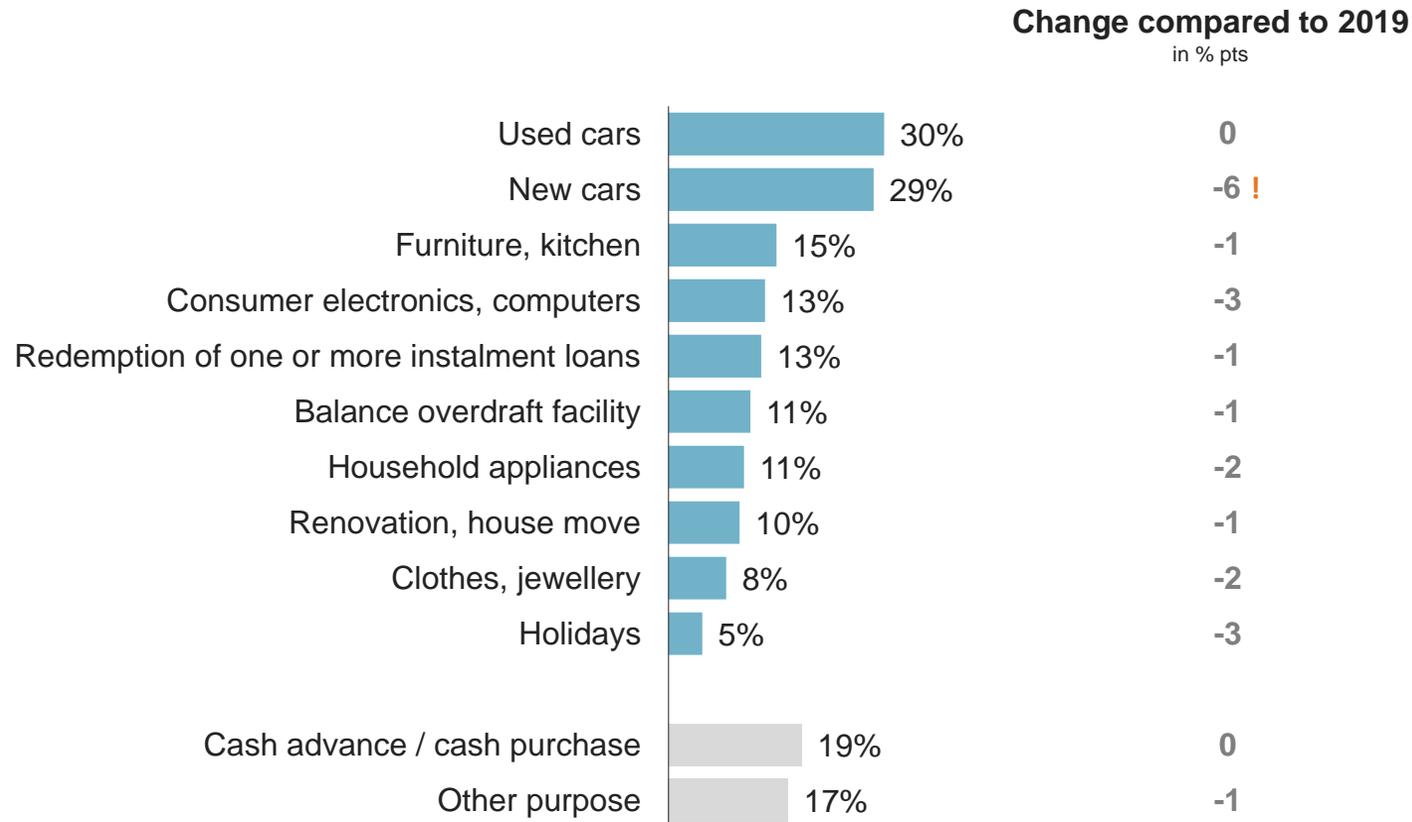


Q2a: Are you currently using one of the following loans/forms of financing?  
Basis: All respondents; \*calculated from the middle of the class



# Instalment loans are mainly used for the purchase of a car.

## Intended purpose – instalment loan users\*

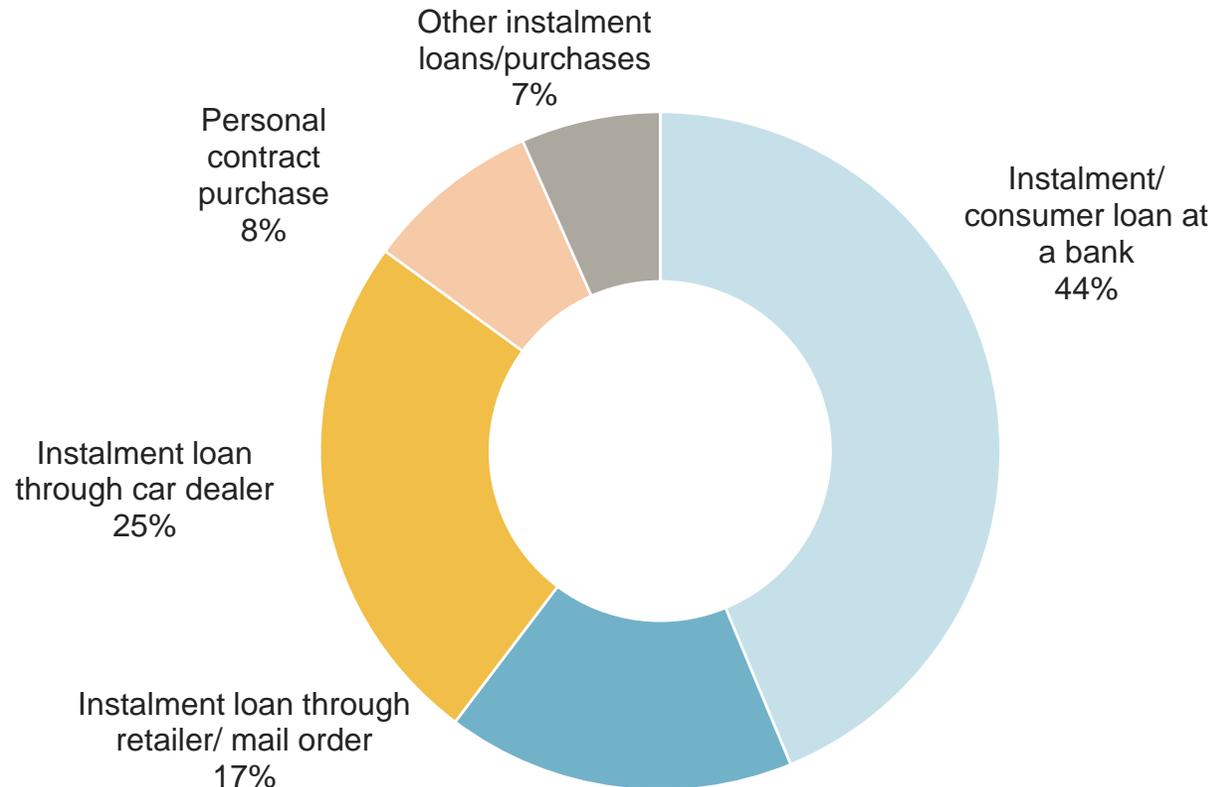


Q2a: Are you currently using one of the following loans/forms of financing? ; \*inkl. personal contract purchase  
Q2c: And what did you use your current loan for? Basis: instalment loan users n = 529; multiple answers possible



Among the forms of instalment loans, the instalment/consumer loan from a bank is used most frequently.

## Allocation of instalment loan forms



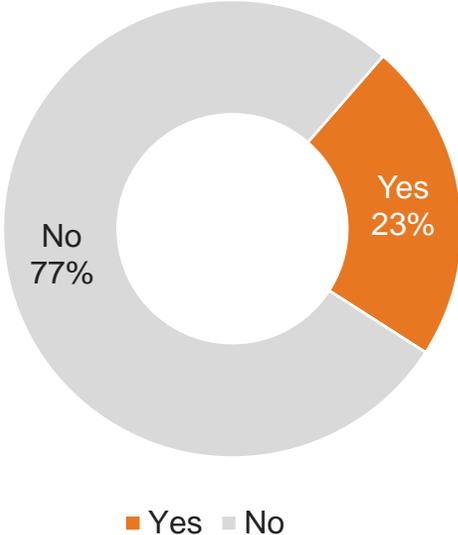
Q8a: If you use instalment loans: Please indicate which forms of instalment loans you use.  
Basis: Instalment loans n = 695, all instalment loans = 100%



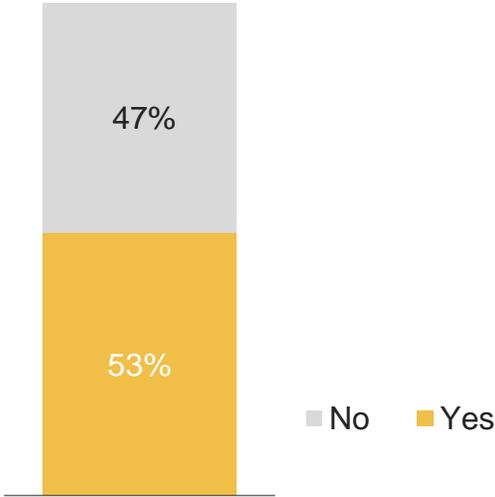
One fifth of consumers consider sustainability when using financial services. Half of them would be willing to spend more money on it.

### Sustainability in financial services

Consideration of sustainability in new contracts



Willingness to pay more for sustainability

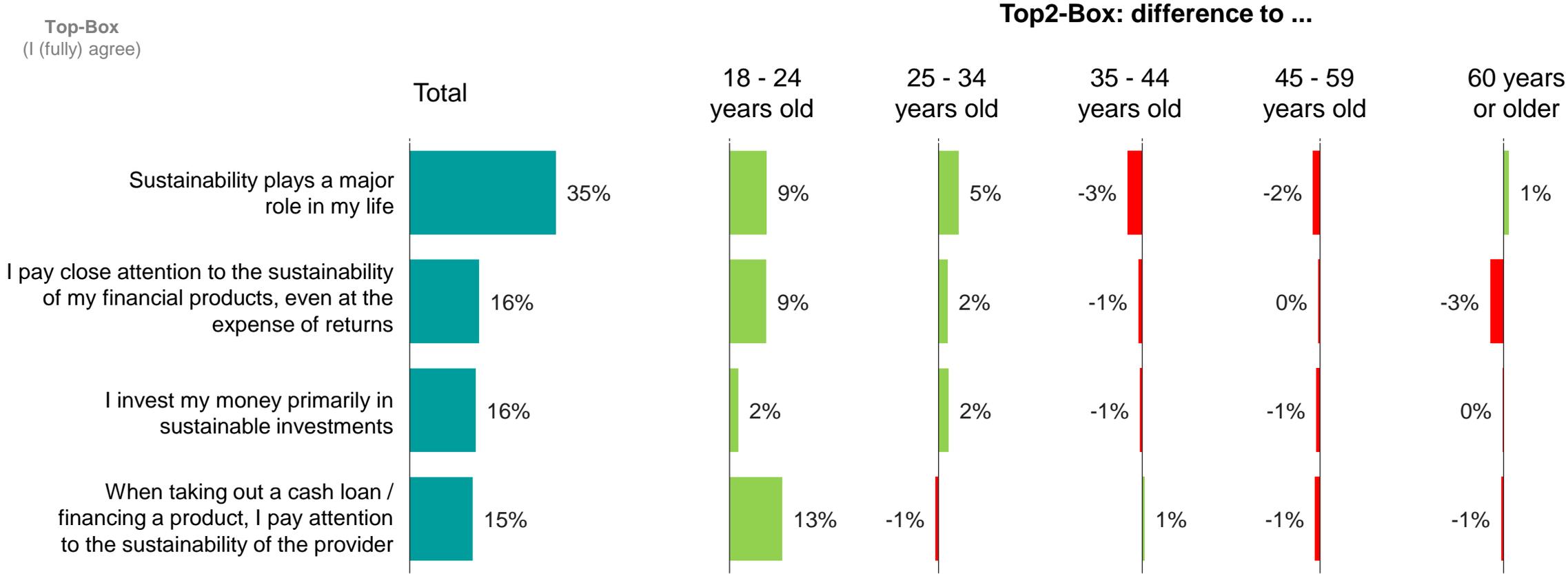


Q38: Do you pay attention to the sustainability of banks and Sparkassen when contracting financial services?  
Q39: Would you be willing to pay more money for financial services if banks or Sparkassen attached particular importance to sustainability?  
Basis: All respondents n = 1,967, n=446 respondents who pay attention to sustainability in new contracts



When taking out a cash loan or financing a product, sustainability plays a more important role for younger consumers than for older ones.

### Opinion on sustainability



Q40: Please arrange your opinion in the last step in the following statements.  
Basis: All respondents n = 1,965



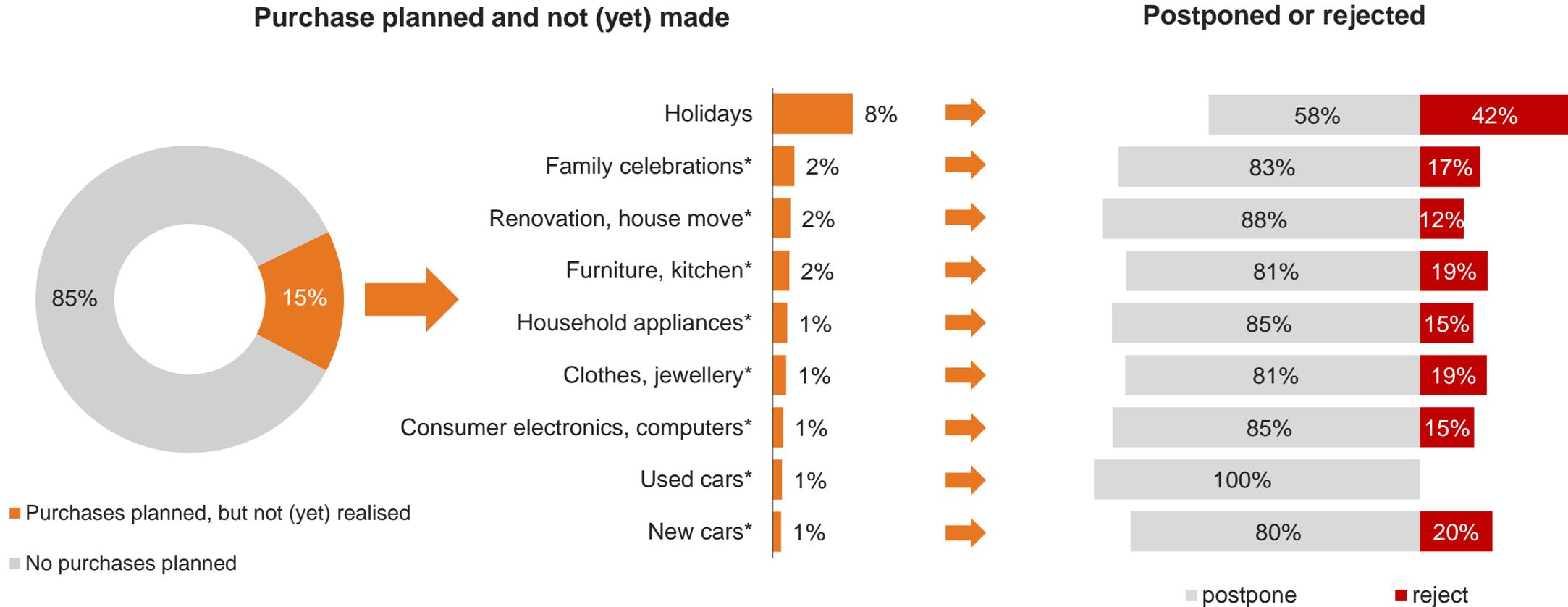
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Planned purchases were for the most part only postponed due to the Corona crisis. In particular, larger holidays were rejected.

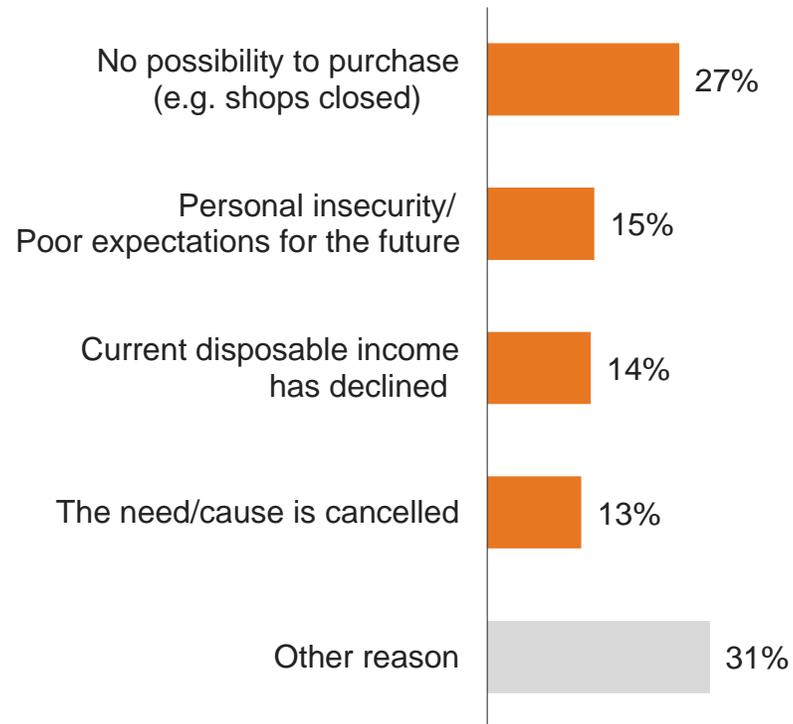
## Purchase postponed or rejected due to the Corona crisis



Q5a: In the last 12 months, did you have any major purchases / spending planned that you have not (yet) made?  
 Q5b: Did you postpone them because of the Corona crisis, or did you reject them completely?; \*some tendency statements  
 Basis: All respondents n = 1,974, in detail n = 294 with at least one planned purchase which has not (yet) been made

The main reason for postponing a purchase is the missing possibility to purchase during the Corona crisis.

## Main reason for postponement/rejection

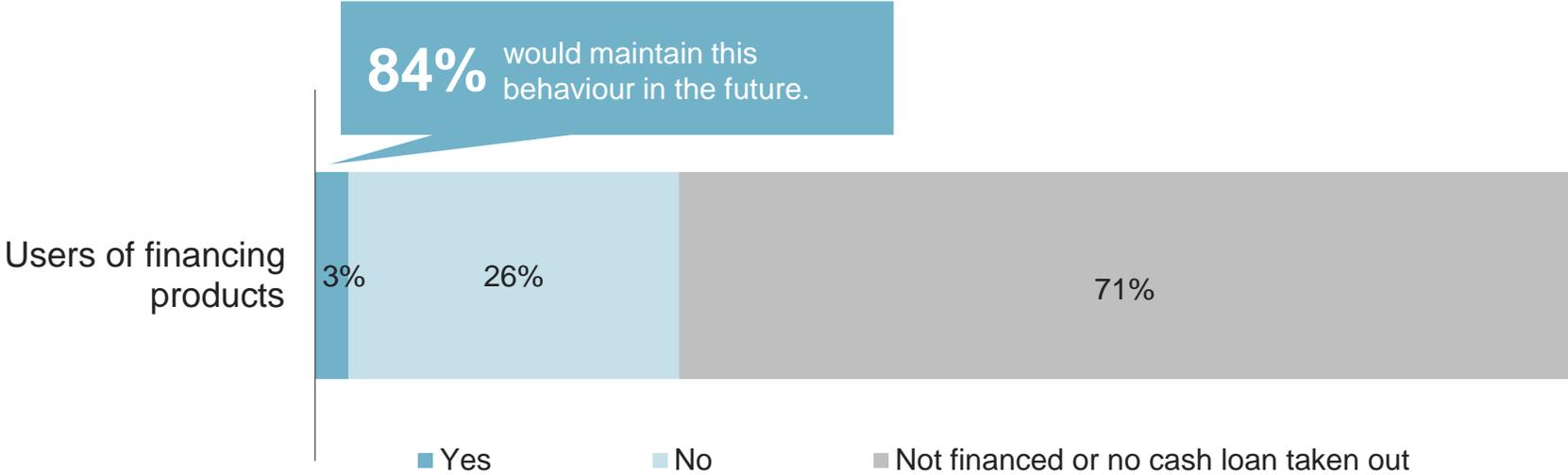


Q5c: For what main reason have you postponed this purchase / spending or rejected it completely?  
Basis: n = 290 with at least one planned purchase which has not (yet) been made



3% of users of financing products changed their financing behaviour during the Corona crisis and used digital channels more frequently.

### Use of digital channels during the Corona crisis



Q37a: Let us now take a closer look at your financing behaviour during the Corona crisis. If you have financed larger planned purchases during the Corona crisis: Did you make more frequent use of digital channels (e.g. applying for or completing financing on the Internet, online hire purchase) that you would not have used before Corona? Q37b: Would you maintain this for future financing?  
Basis: Users of financing products n=687



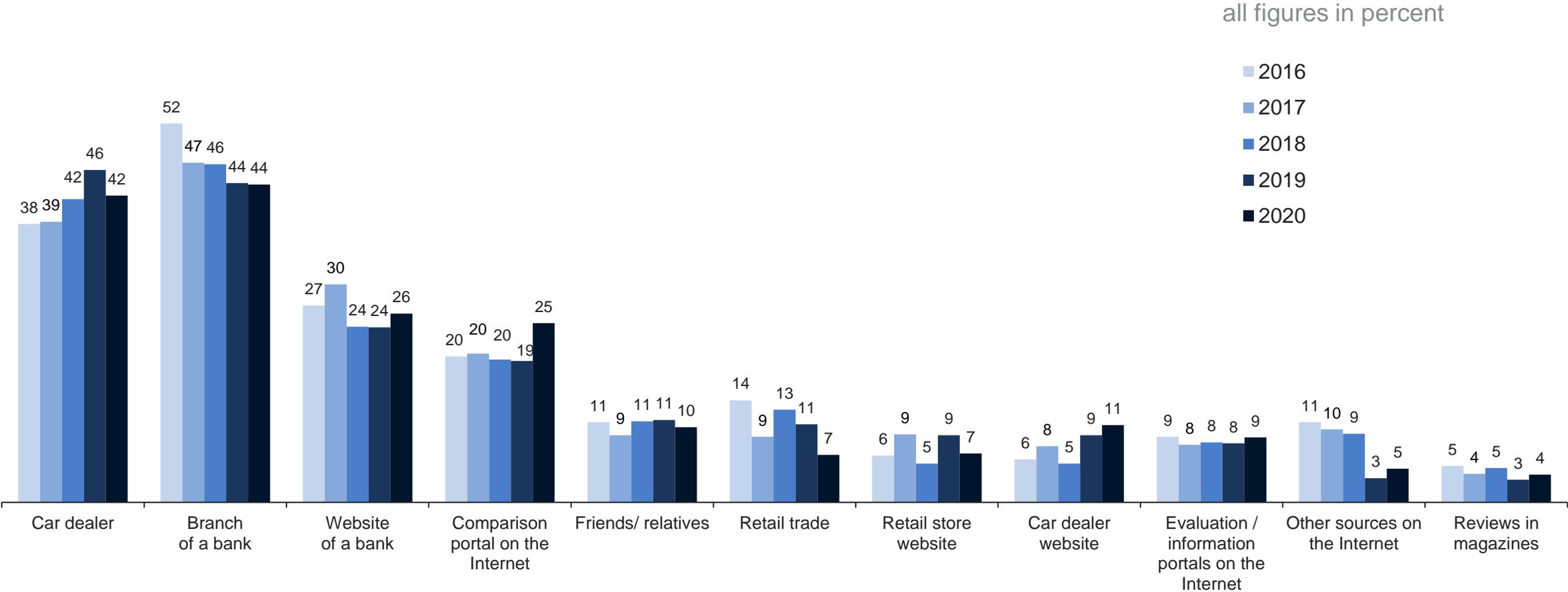
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Important sources of information for financing are car dealers, bank branches and their websites. One quarter use online comparison portals for information.

### Use of financing – sources of information

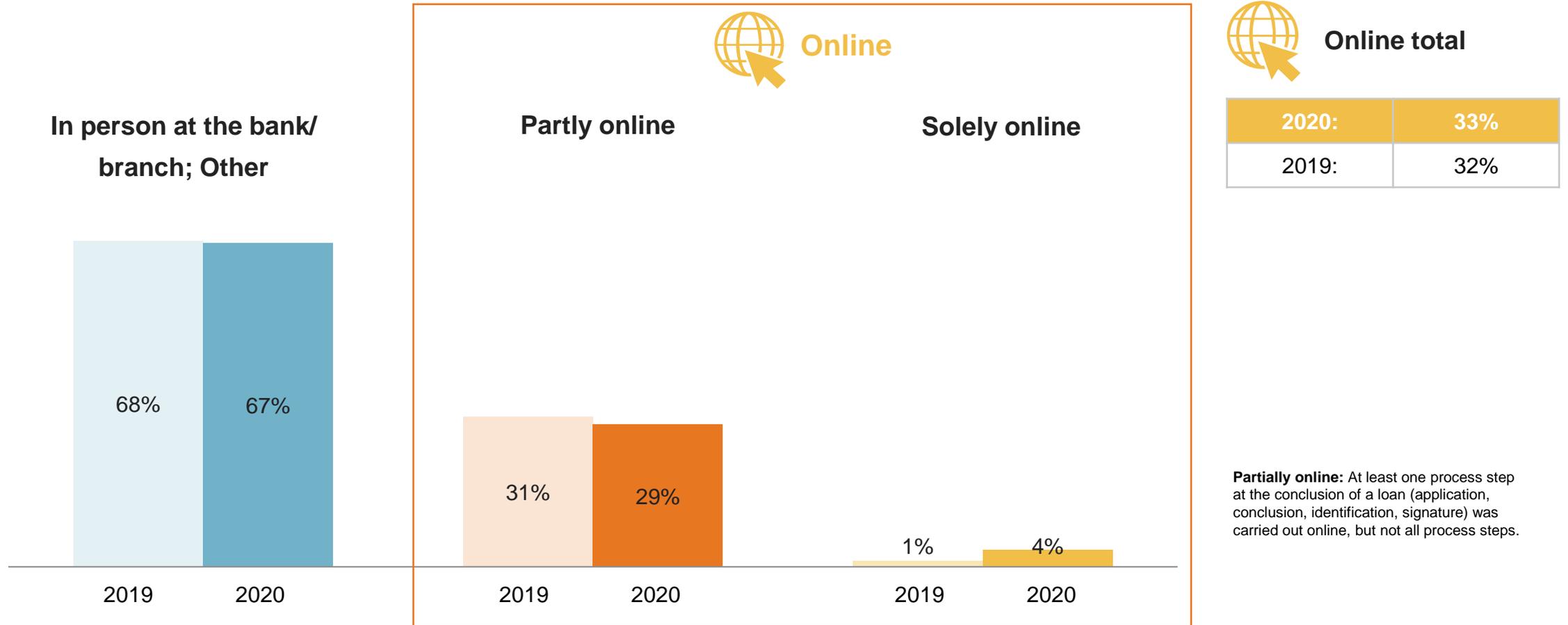


Q6: Did you use the following sources of information before signing your current loan agreements?  
 Basis 2020: Users of financing products n = 458



One in three instalment loans is purchased via the Internet. Four per cent are concluded completely online.

## Conclusion of instalment loan



**Partially online:** At least one process step at the conclusion of a loan (application, conclusion, identification, signature) was carried out online, but not all process steps.

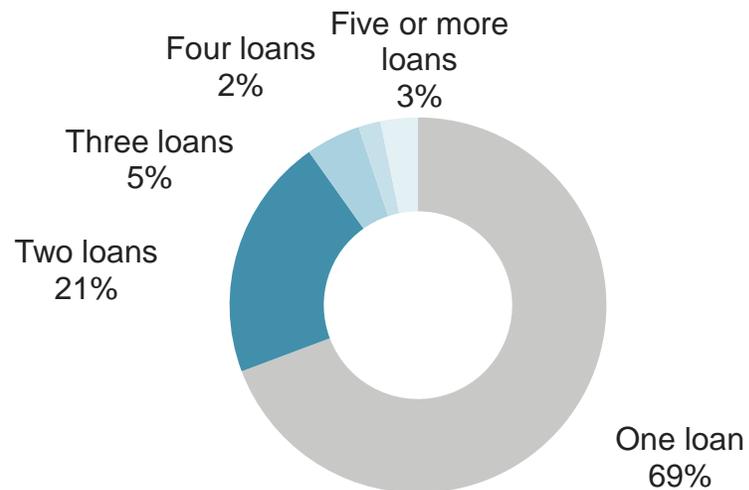
Q8b: Please indicate how you have applied for this instalment loan. Q6d: Irrespective of where you applied for this instalment loan, where did you ultimately conclude the contract?  
 Q8f: How did you identify yourself to the bank or your dealer when you took out the loan? Q8g: How did you finally sign the loan agreement?  
 Basis: Instalment loan users 2019 n = 443; 2020 n = 485; percentaged to 100%, rounding-off differences possible

7 out of 10 of all online instalment loan users currently have only one single contract. The average outstanding loan amount is € 6,400.

## Online instalment loans - number and outstanding amount

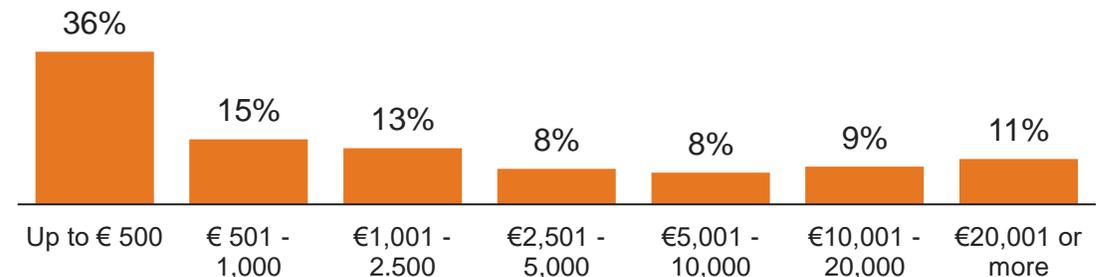
### Number

Ø 1,6 online instalment loans



### Outstanding amount\*

Ø 6,400 Euro



Q20c: Please indicate how many online instalment loans you are currently using and the amount of money you have to repay on these contracts, i.e. not the amount you originally borrowed but the amount you still have to repay.

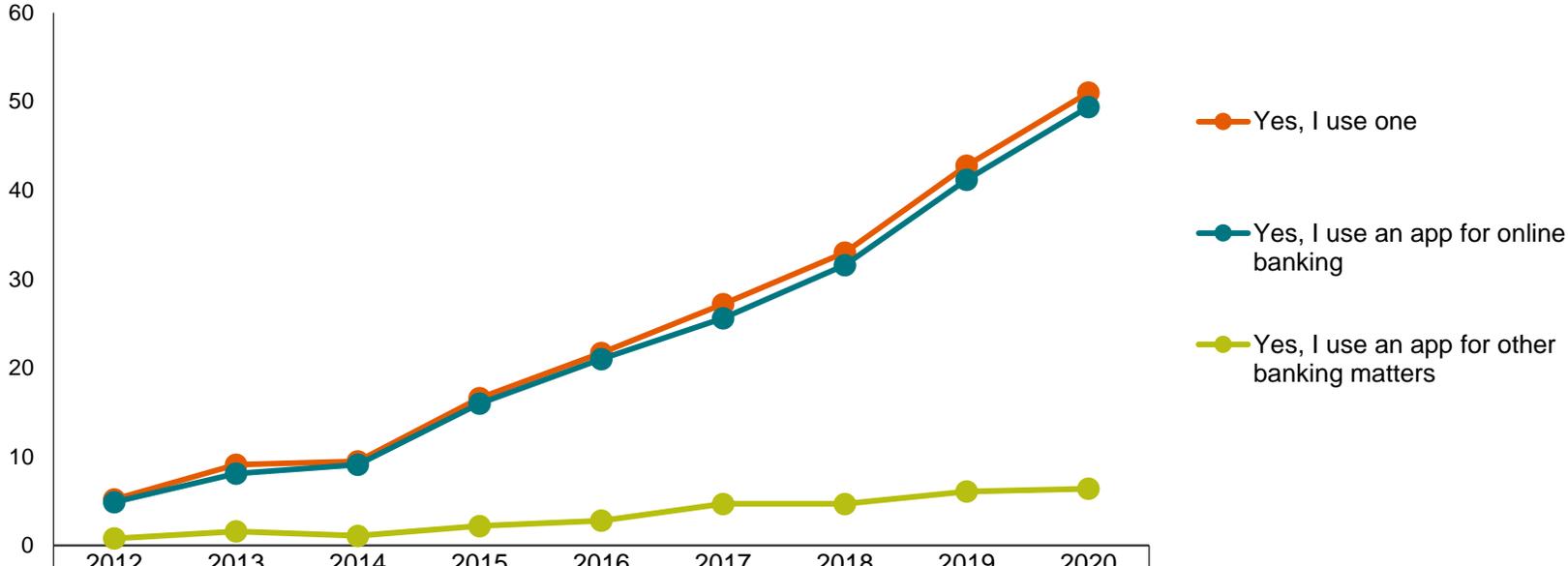
Basis: Internet users of financing products n = 152/n = 143, \*percentaged to 100%



More and more consumers are doing their banking on their smartphones - almost half are already using apps for online banking.

## Use of apps for banking transactions

Use of apps for banking transactions



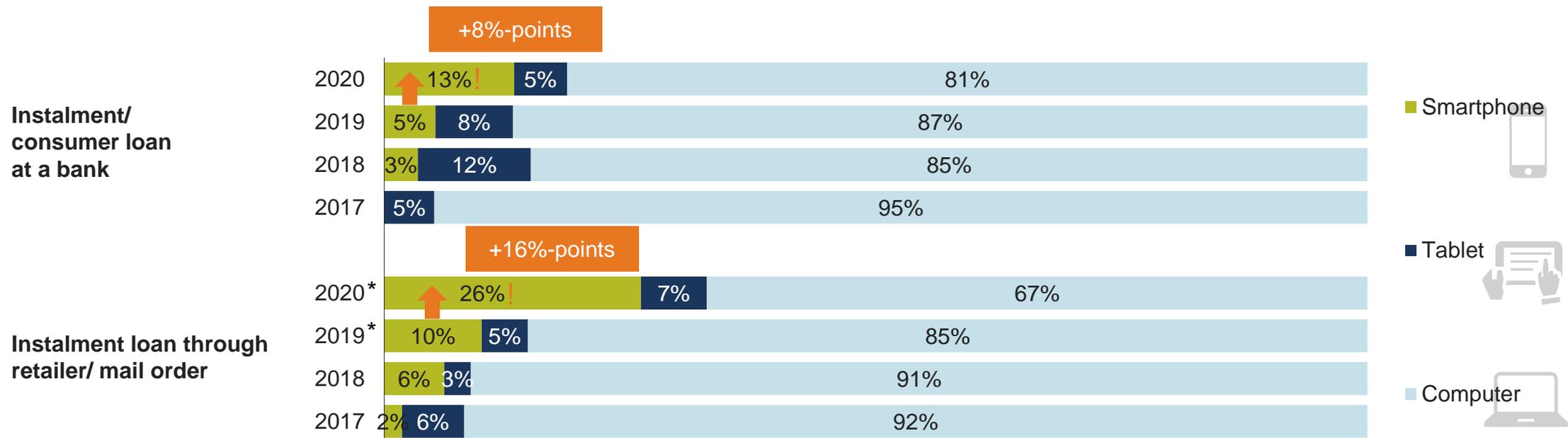
|   |    |    |     |     |     |     |     |     |     |
|---|----|----|-----|-----|-----|-----|-----|-----|-----|
| Yes, I use one                              | 5% | 9% | 10% | 17% | 22% | 27% | 33% | 43% | 51% |
| Yes, I use an app for online banking        | 5% | 8% | 9%  | 16% | 21% | 26% | 32% | 41% | 49% |
| Yes, I use an app for other banking matters | 1% | 2% | 1%  | 2%  | 3%  | 5%  | 5%  | 6%  | 6%  |

Q11b: Do you use an app for banking (e.g. for online banking or taking out a credit) on your smartphone / tablet?  
 Basis: All respondents n = 1,866



Smartphones are increasingly being used for online applications for instalment loans/purchases.

## Used device when applying on the Internet



Q8c: For the instalment loans / instalment purchases applied for on the Internet (online): Please specify the device used for this purpose. \*some tendency statements  
 Basis Users of the specific financing, Instalment loan through retailer/ mail order 2017 n = 60; 2018 n = 42\*, 2019 n = 44, 2020 n = 47;  
 Instalment/ consumer loan at a bank 2017 n = 80, 2018 n = 69, 2019 n = 77, 2020 n = 95



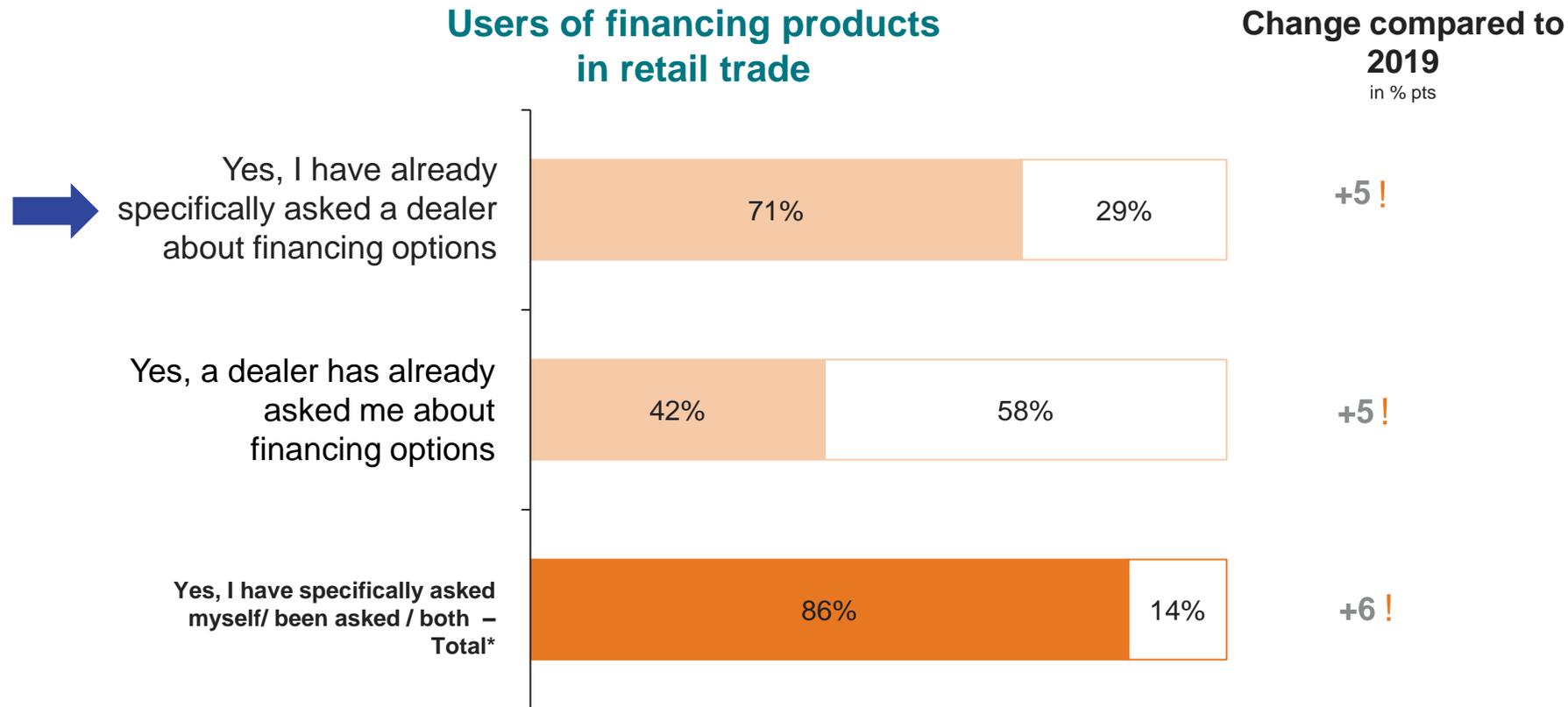
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Most of all users of financing products in retail actively ask for financing options. The share has grown significantly.

## Financing in retail trade

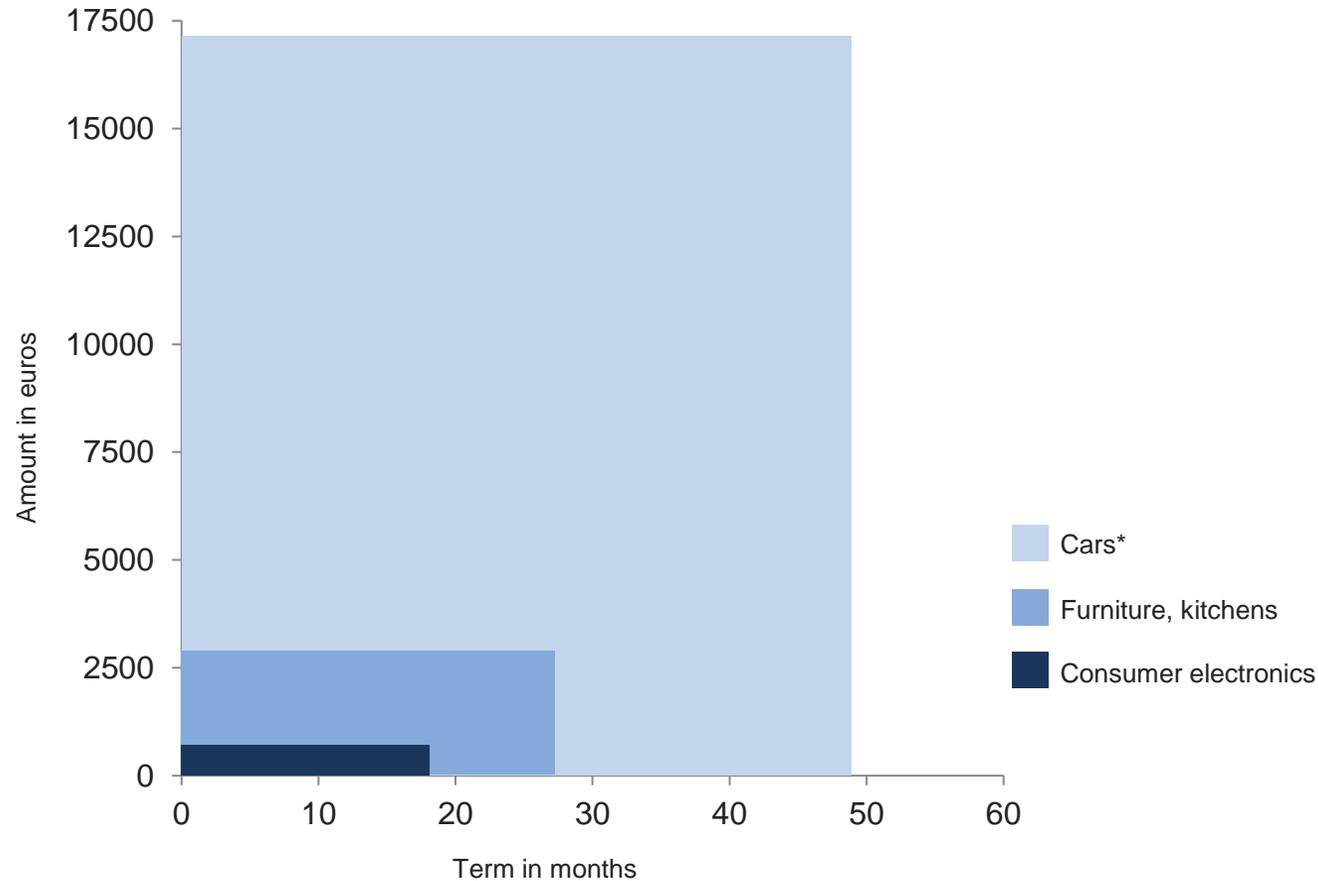


Q17: When making the following purchases, have you ever specifically asked a dealer about financing offers, or has a dealer ever asked you about such offers?  
 Basis: Users of financing products in retail trade; n = 394, \*Net amount



The higher the financing amount, the longer the term.

## Financing in retail trade – amounts and terms



**2020**

**Cars\***  
2019

**New cars**  
2019

**Used cars**  
2019

**Furniture, kitchen**  
2019

**Consumer electronics**  
2019

**Term**  
in months

**Amount**  
in euros

|    |        |
|----|--------|
| 49 | 17,000 |
| 49 | 16,200 |
| 48 | 20,200 |
| 49 | 19,400 |
| 50 | 12,700 |
| 49 | 11,500 |
| 27 | 2,800  |
| 26 | 2,200  |
| 18 | 700    |
| 18 | 700    |

Q18a: 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.

Q18c: If you have, what amount was financed in each case? Q18d: And how many months does the loan period comprise?

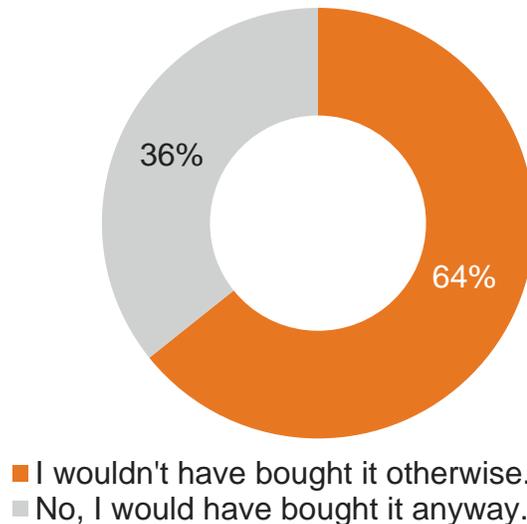
Basis: Users of financing products in retail trade n = 394; "other" not shown; \*Average for new and used cars



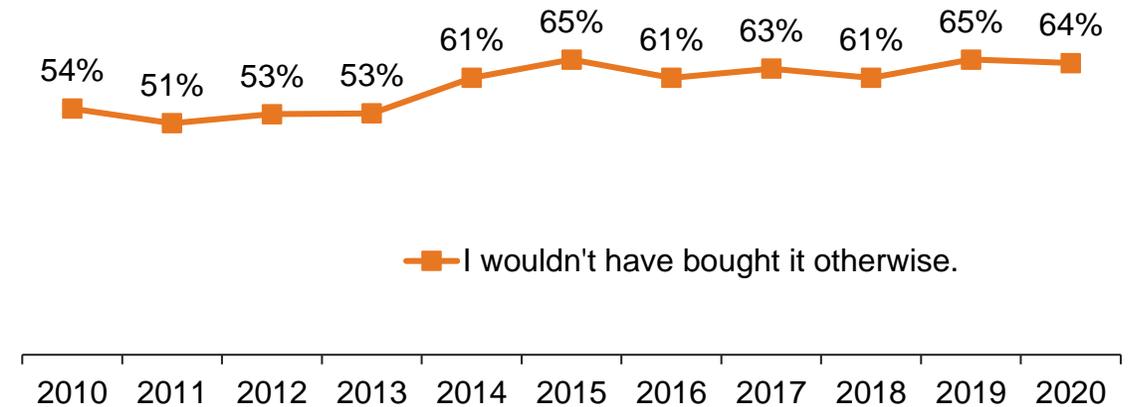
Without the financing option in retail, 64% of the financed purchases would not have been made.

## Influence on purchase decision

### Influence on purchase decision



### Time series



Q18e: Did the option of financing influence your purchase decision, i.e. your decision to buy the product or not?  
Basis: Users of financing products in retail trade 2019 n = 428, 2020 n = 394, percentaged to all products = 100%

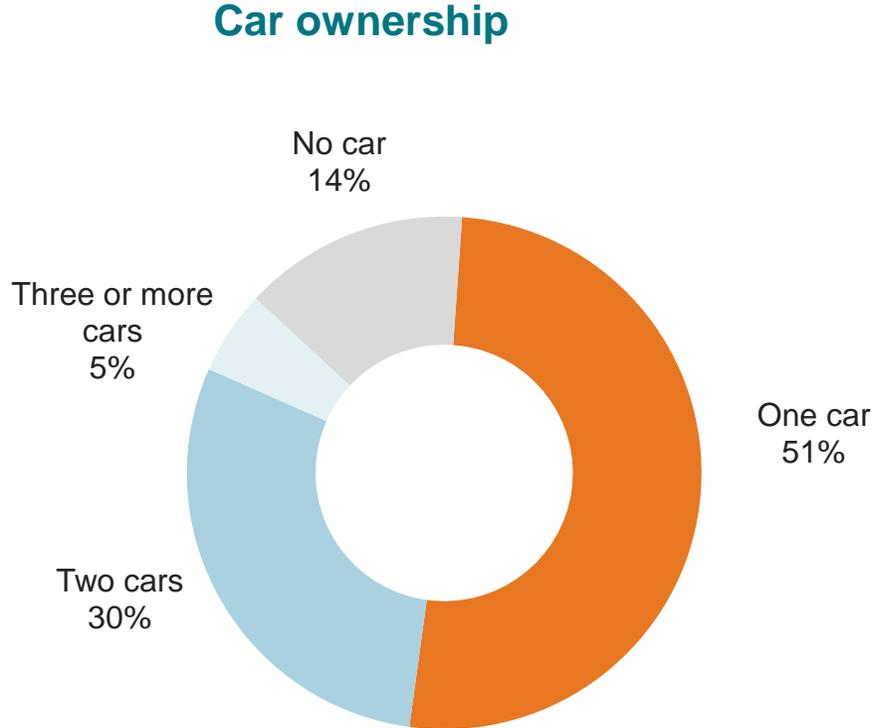
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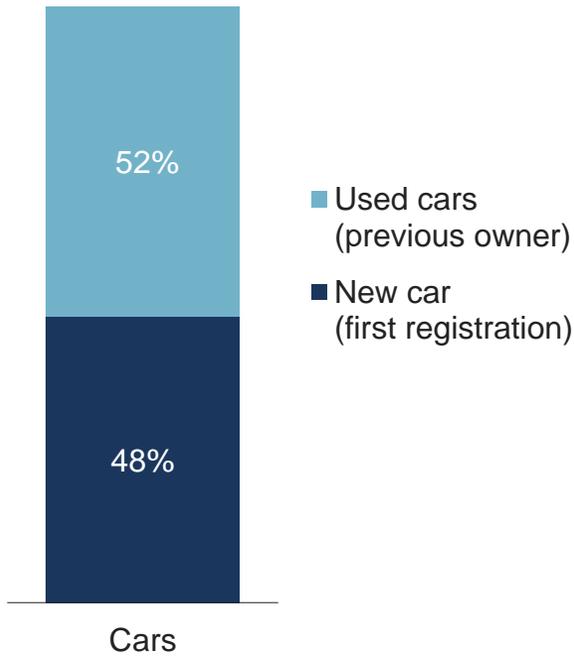


86% of all German households have one or more cars.  
Almost half of all cars are first-time registrations.

### Car ownership



#### Car registration on a person in household



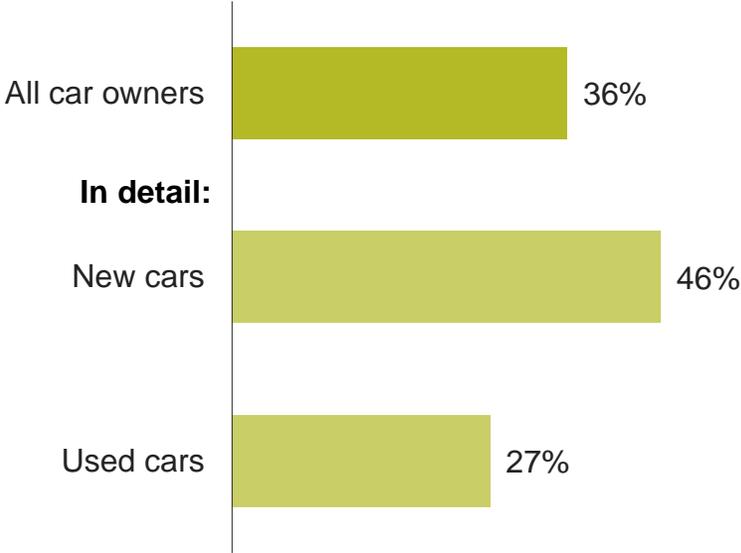
Q25. How many cars do you own in your household? Q24: Since when is this car registered to a person in your household?  
Basis: All respondents n = 1,974; all cars n = 2,480; \*percentaged to 100%



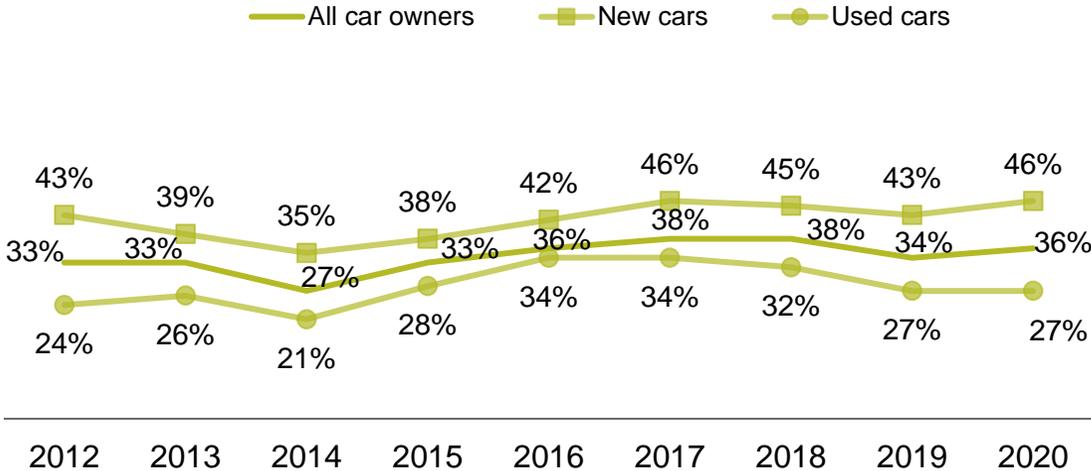
36% of all private cars are financed. The financing share for new cars is 46%, for used cars 27%.

### Share of financed cars

Financed cars by credit or leasing contract



Share of financed cars

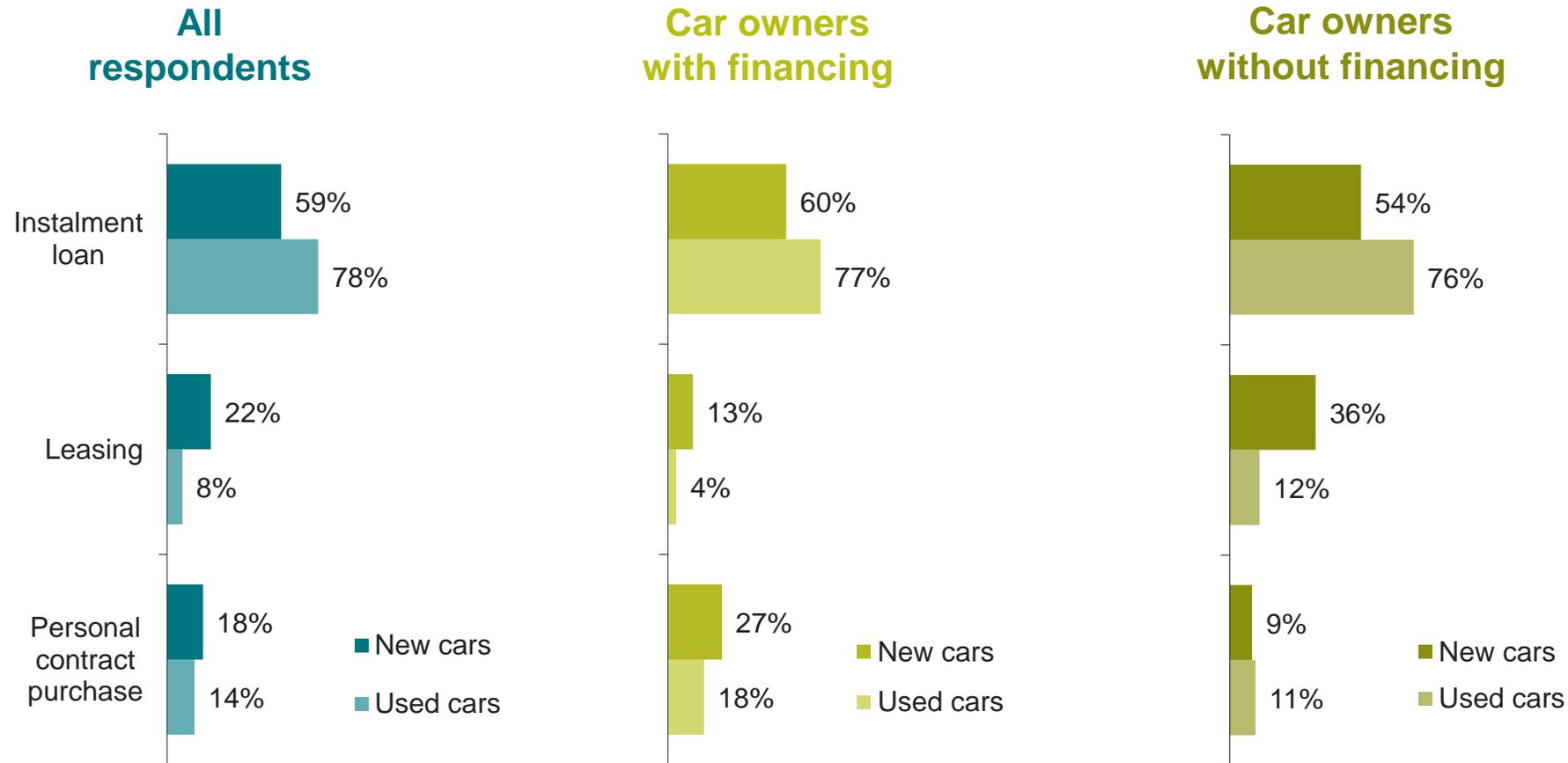


Q28a: Was this car paid for in full in cash when it was purchased, or was it partly financed, fully financed or leased?  
 Basis: Cars n = 2,480; percentaged to 100%



The instalment loan is the preferred form of financing for the future purchase of a car.

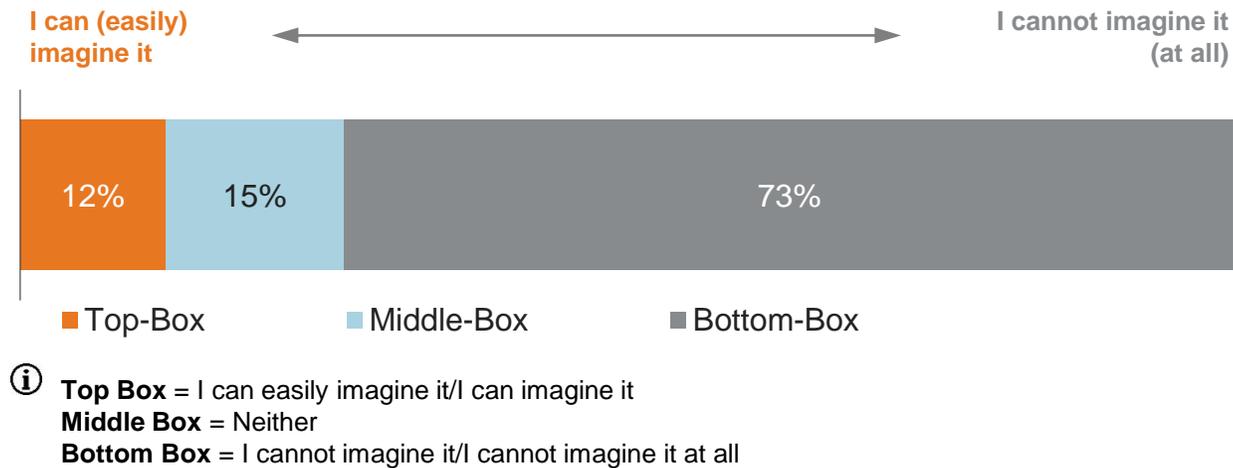
## Preferred forms of financing for new cars/used cars



Q33a: Please imagine that you are planning to buy a new car. Which form of financing would you prefer in this case? Q33b : And which form of financing would you prefer in this case when buying a used car?  
 Basis: All respondents who can imagine finance: new cars: all respondents n = 1,067, Car owners with financing n = 543, Car owners without financing n = 392; Used cars: all respondents n = 761, Car owners with financing n = 427, Car owners without financing n = 234

12% of people who generally consider financing a car, can well imagine completing this financing via the internet.

## Car financing online

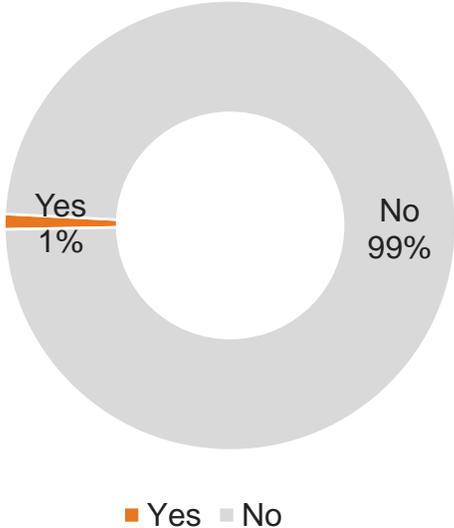


Q34: If you were to consider obtaining finance for a car: to what extent can you generally imagine yourself getting this finance via the internet?  
Basis: Car owners n = 1,682

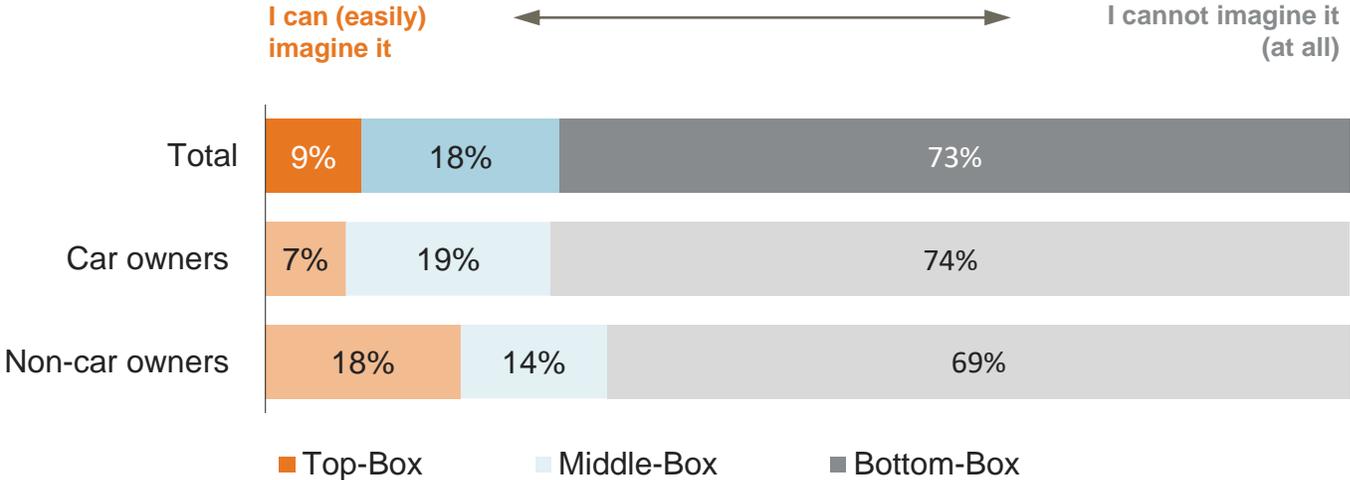
The current use of car subscriptions is very low. 9% can imagine using this service in the future.

## Car subscription

Use of a car subscription



Future use of a car subscription



**i** With a "car subscription", you pay a monthly rate for the use of the vehicle. This includes all costs (such as tax, insurance, maintenance). Only the cost of refuelling is added. Different contract periods are possible.

Q36a: Do you use or have already used a "car subscription"? Q36b: Could you imagine using a "car subscription" in the future?  
 Basis: All respondents n = 1,957, Car owners n=1,679, Non-car owners n=278

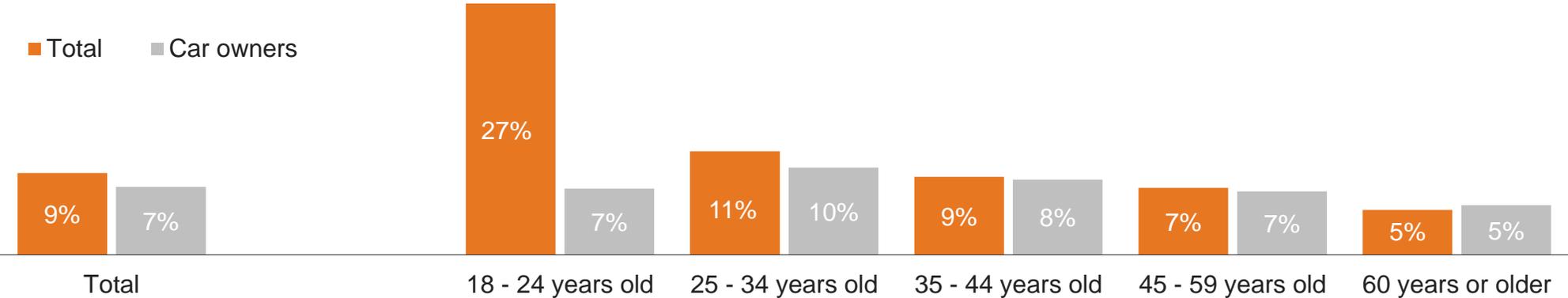


More than a quarter of 18 - 24-year olds can imagine using a car subscription in the future. The figure is significantly above average.

### Future use of a car subscription

Top-Box  
(I can (easily) imagine it)

Age



Q36b: Could you imagine using a "car subscription" in the future?  
Basis: All respondents n = 1,957, Car owners n=1,679



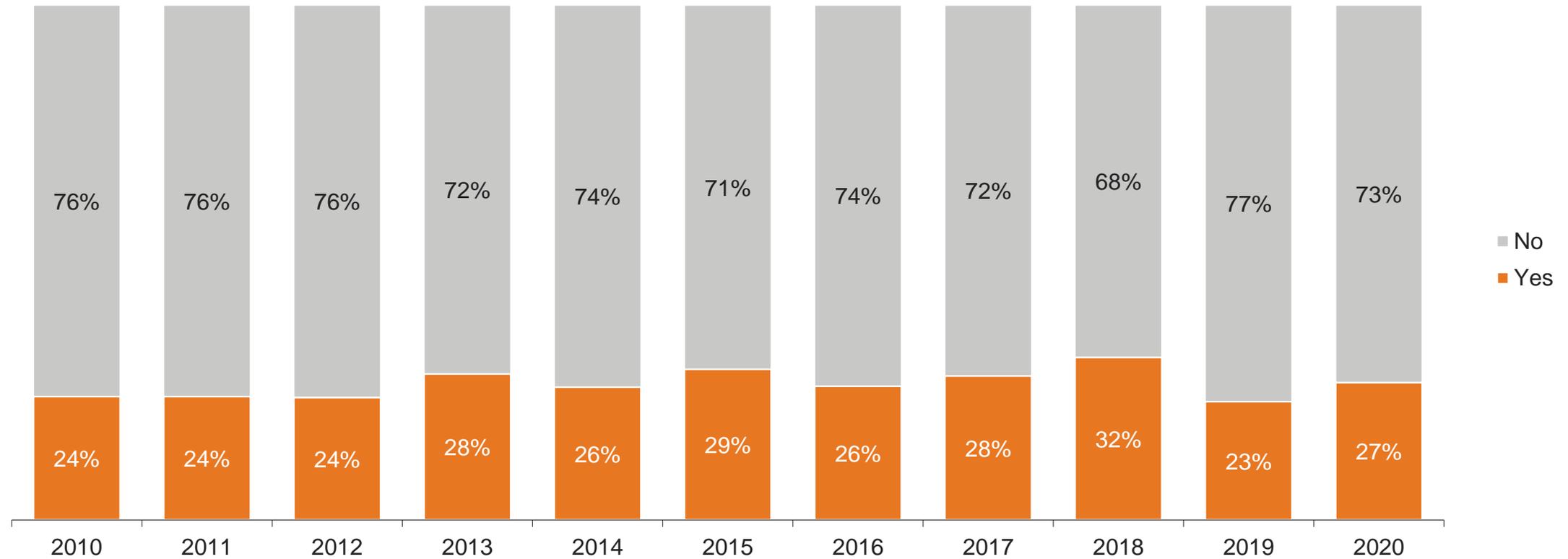
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27% of all instalment loan users have taken out payment protection insurance.

## Conclusion of a payment protection insurance over time

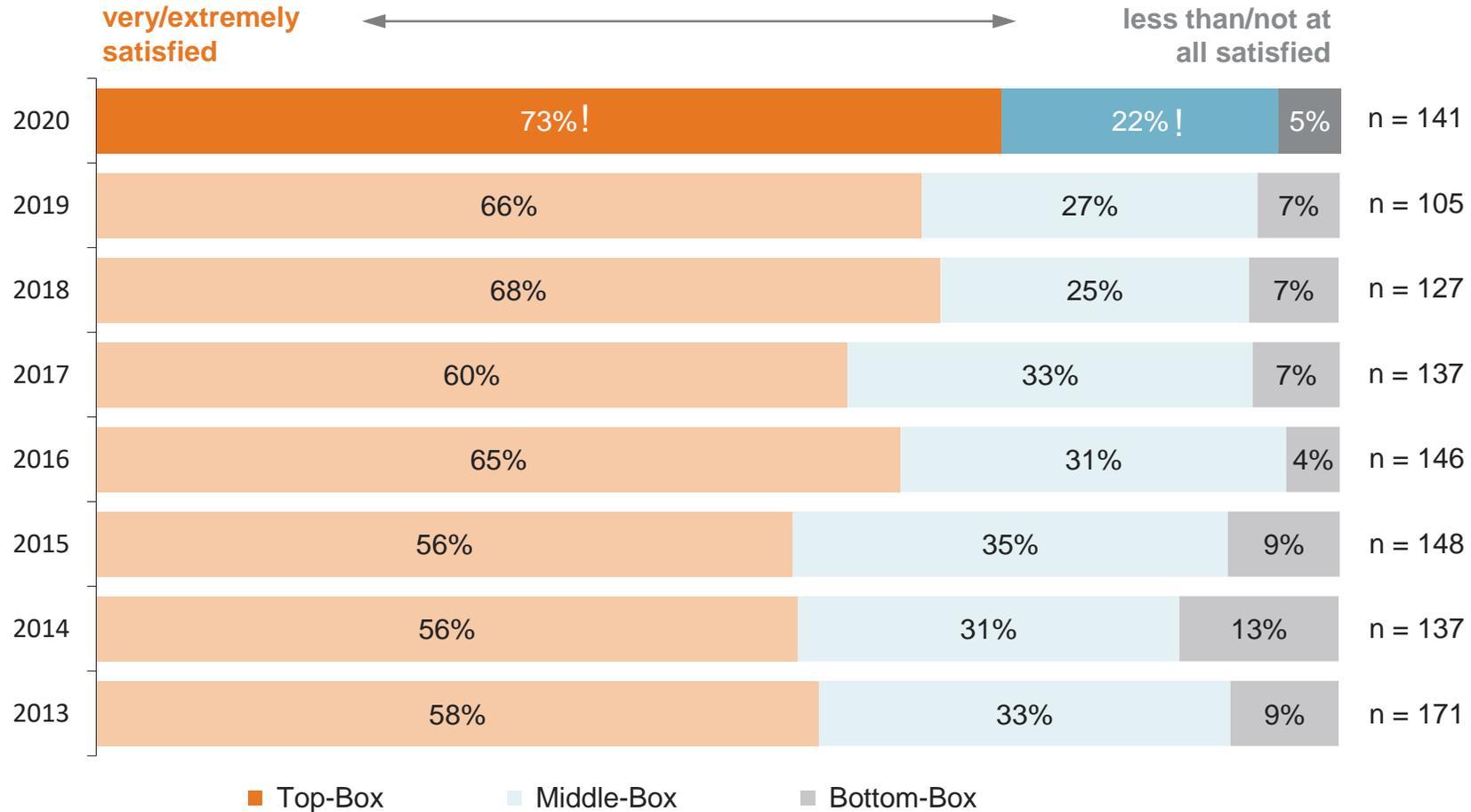


Q12a: Have you taken out payment protection insurance for your most recent instalment loan?  
Basis: Instalment loan users 2020 n = 529



The satisfaction with the payment protection insurance is rising over the time.

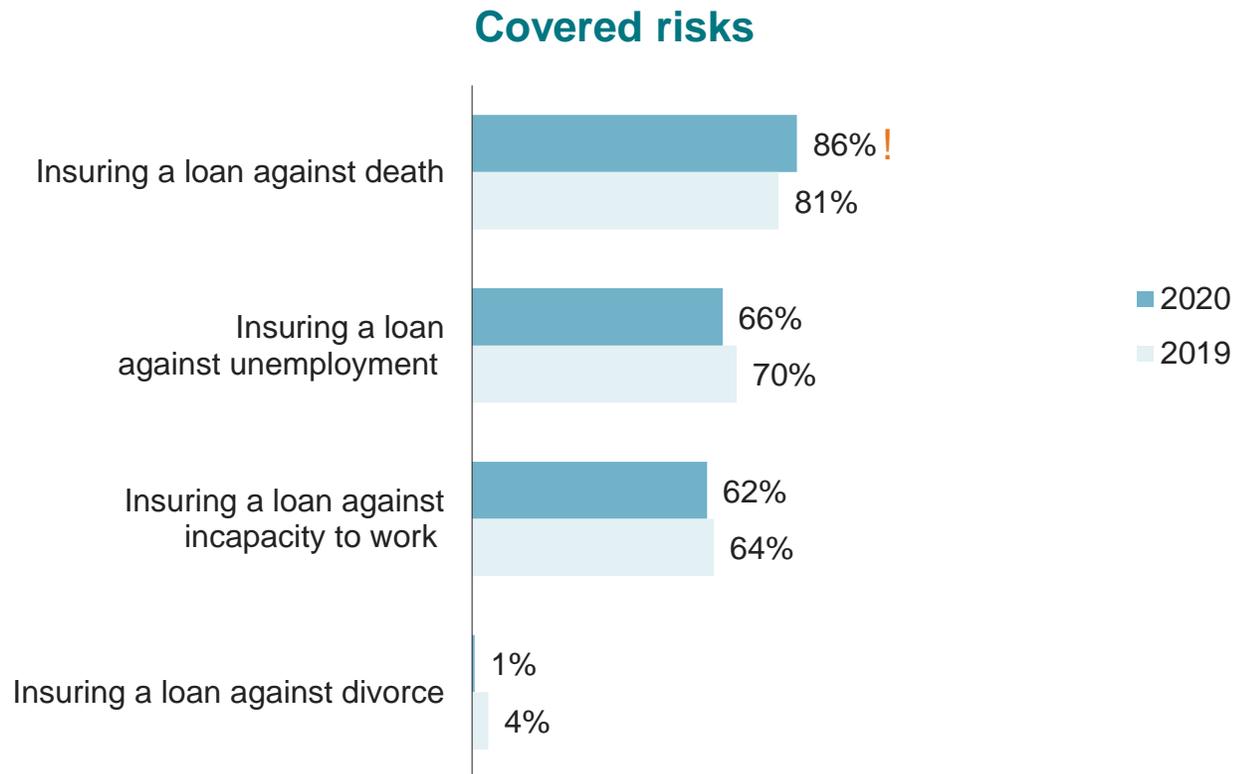
## Satisfaction with payment protection insurance



Q15: How satisfied are you overall with your payment protection insurance?  
Basis: Instalment loan users with payment protection insurance

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

## Conclusion of payment protection insurance by risks



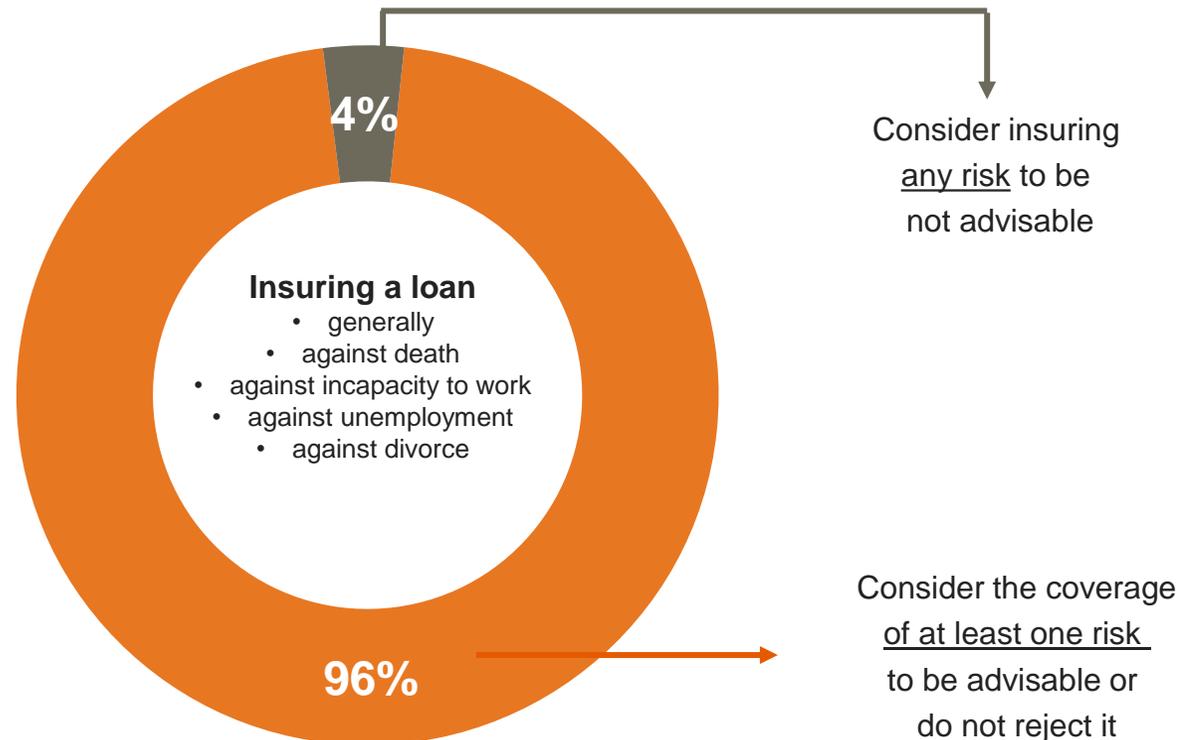
Q14: What risks does your payment protection insurance cover?

Basis: Instalment loan users with a payment protection insurance 2019 n = 105, 2020 n = 140; multiple answers possible, some tendency statements



96% of users of financing products believe that insuring at least one risk is advisable.

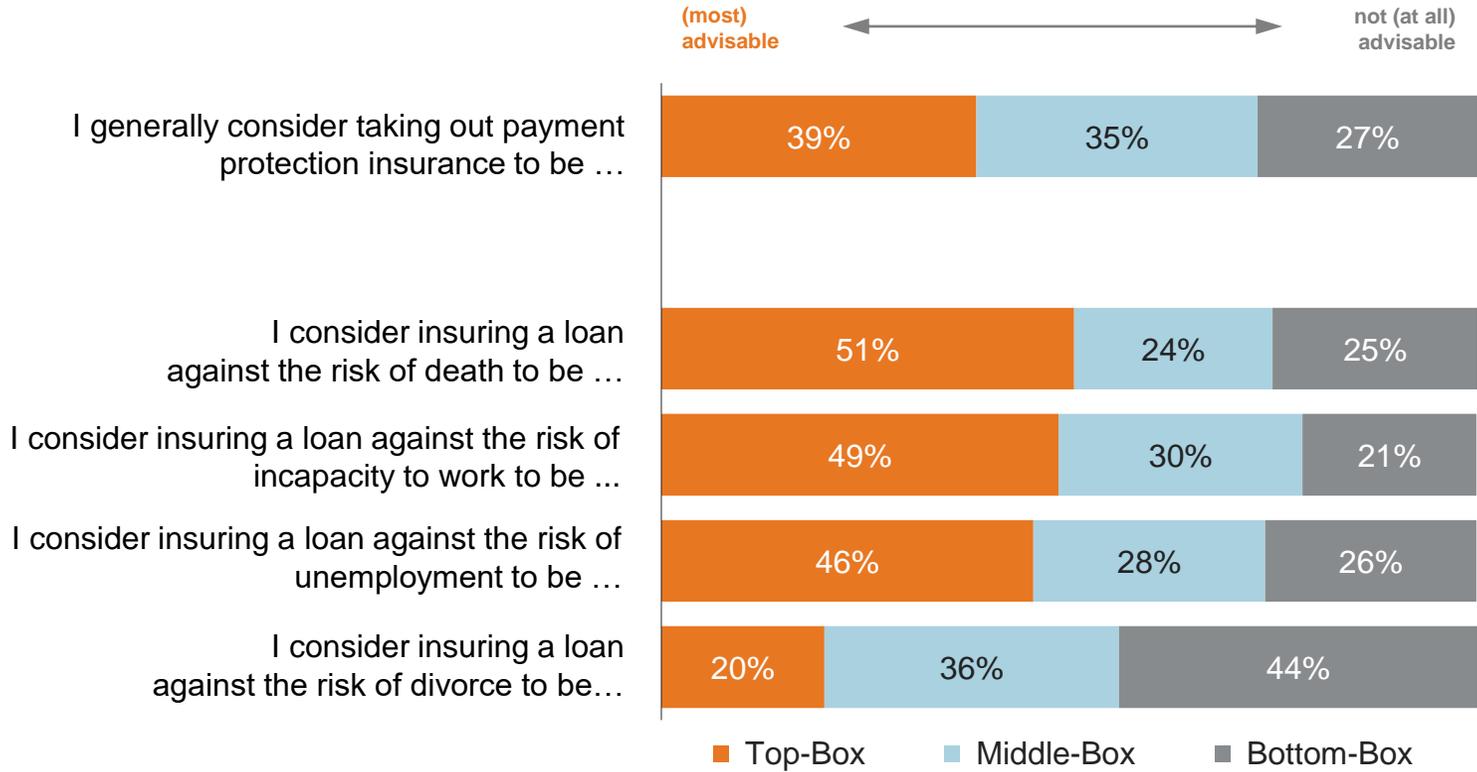
## Need for protection



Q16a: 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: Users of financing products n = 687

About half of the users of financing products consider the coverage of individual risks like incapacity to work, unemployment and death to be advisable.

### Consumer attitudes

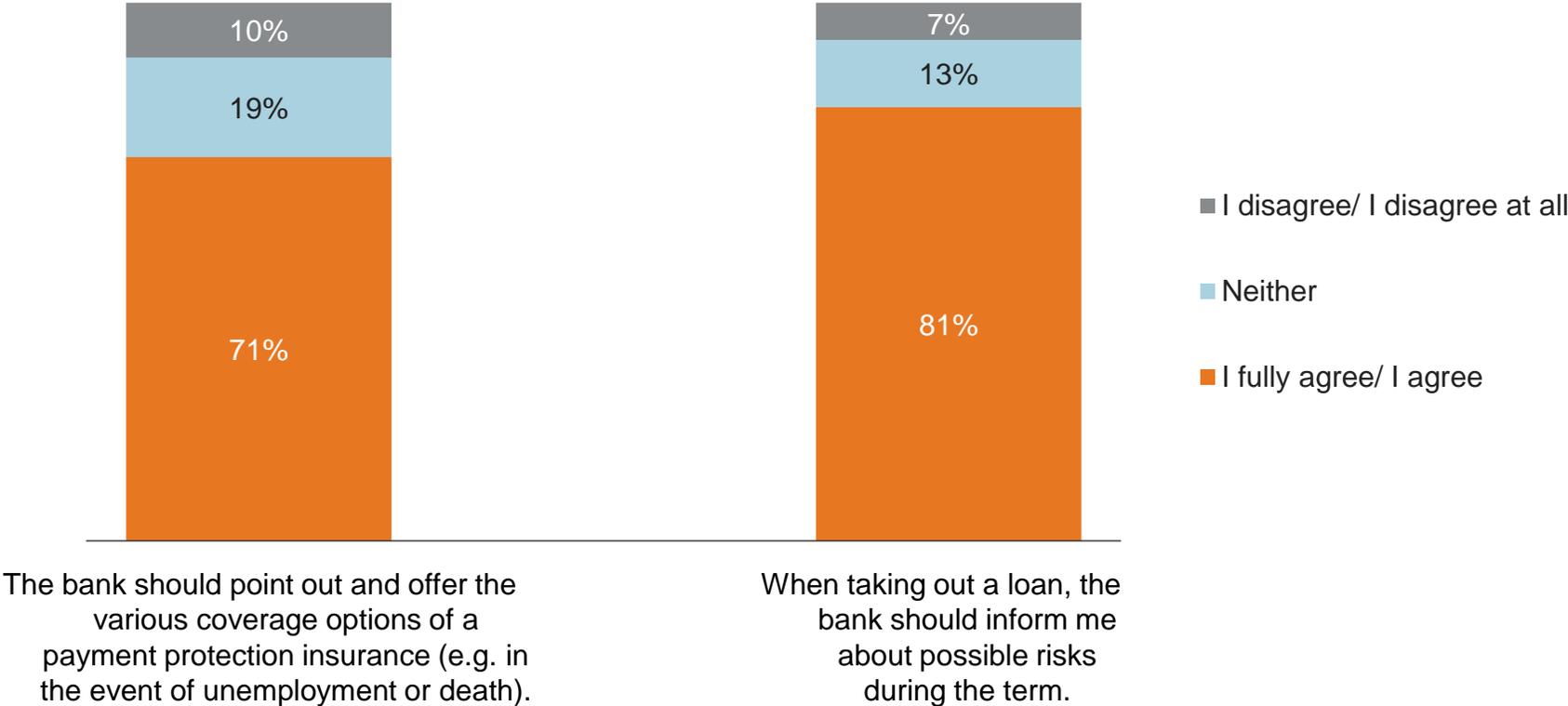


Q16a: How advisable do you think it is to take out payment protection insurance in general, and how advisable do you consider it is to cover the following specific risks with payment protection insurance?  
Basis: Users of financing products n = 687



The vast majority of consumers want to be informed about the risks during the term when taking out a loan.

### Consumer expectations



Q16c: How do you rate payment protection insurance in general in terms of the following aspects?  
Basis: All respondents n = 1,968



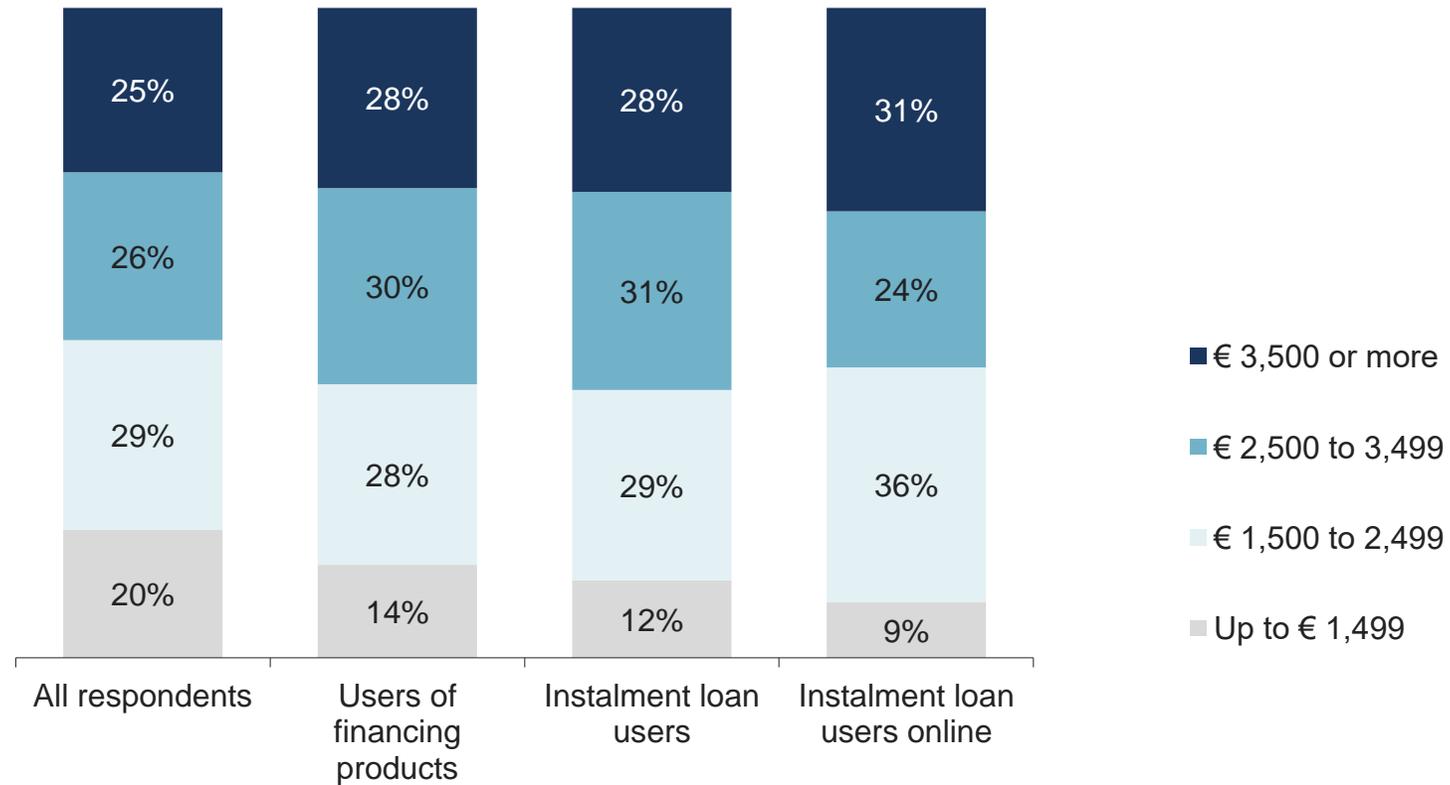
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# Net household income

## Statistics



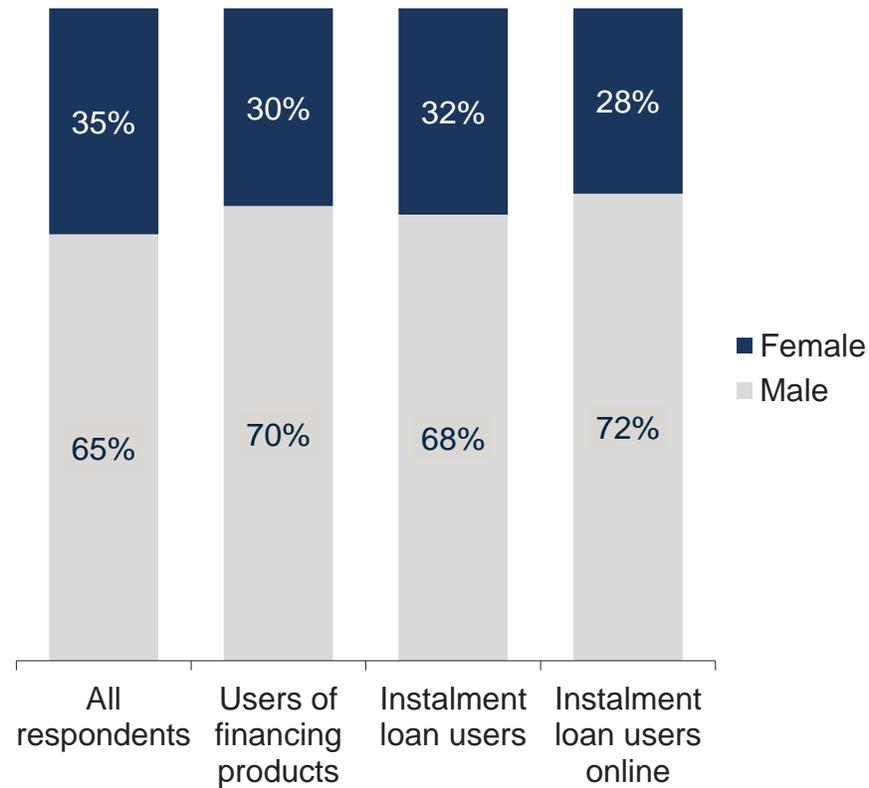
Basis: All respondents n = 1,974, users of financing products n = 687, instalment loan users n = 529, instalment loan users online n = 139



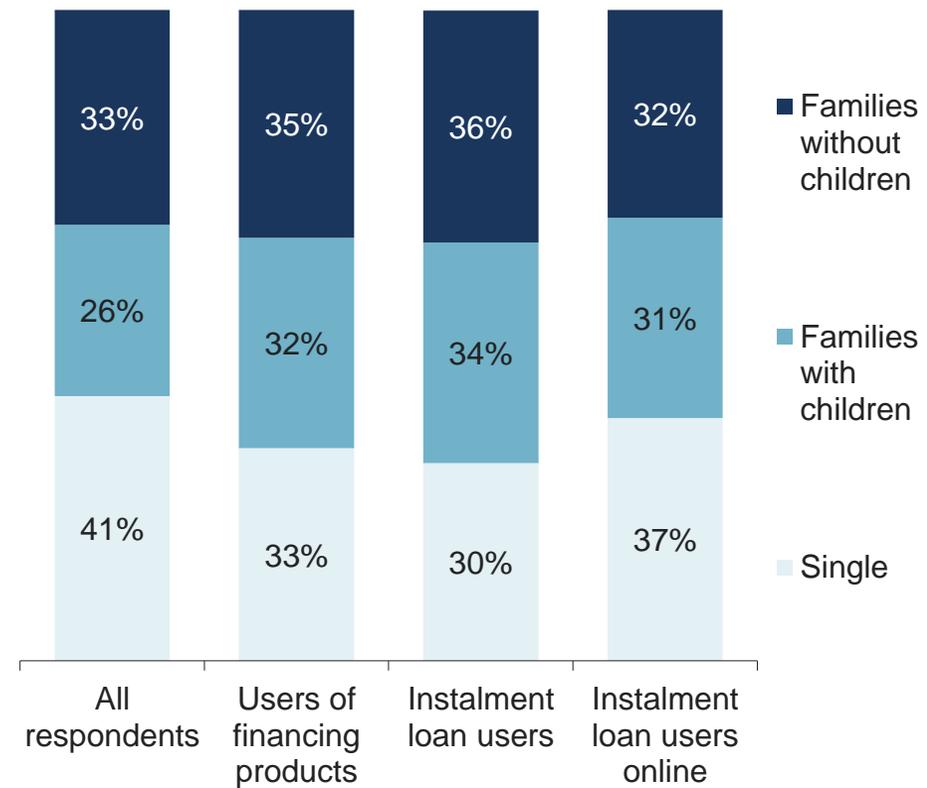
# Gender and marital status

## Statistics

### Gender of head of household



### Life cycle type

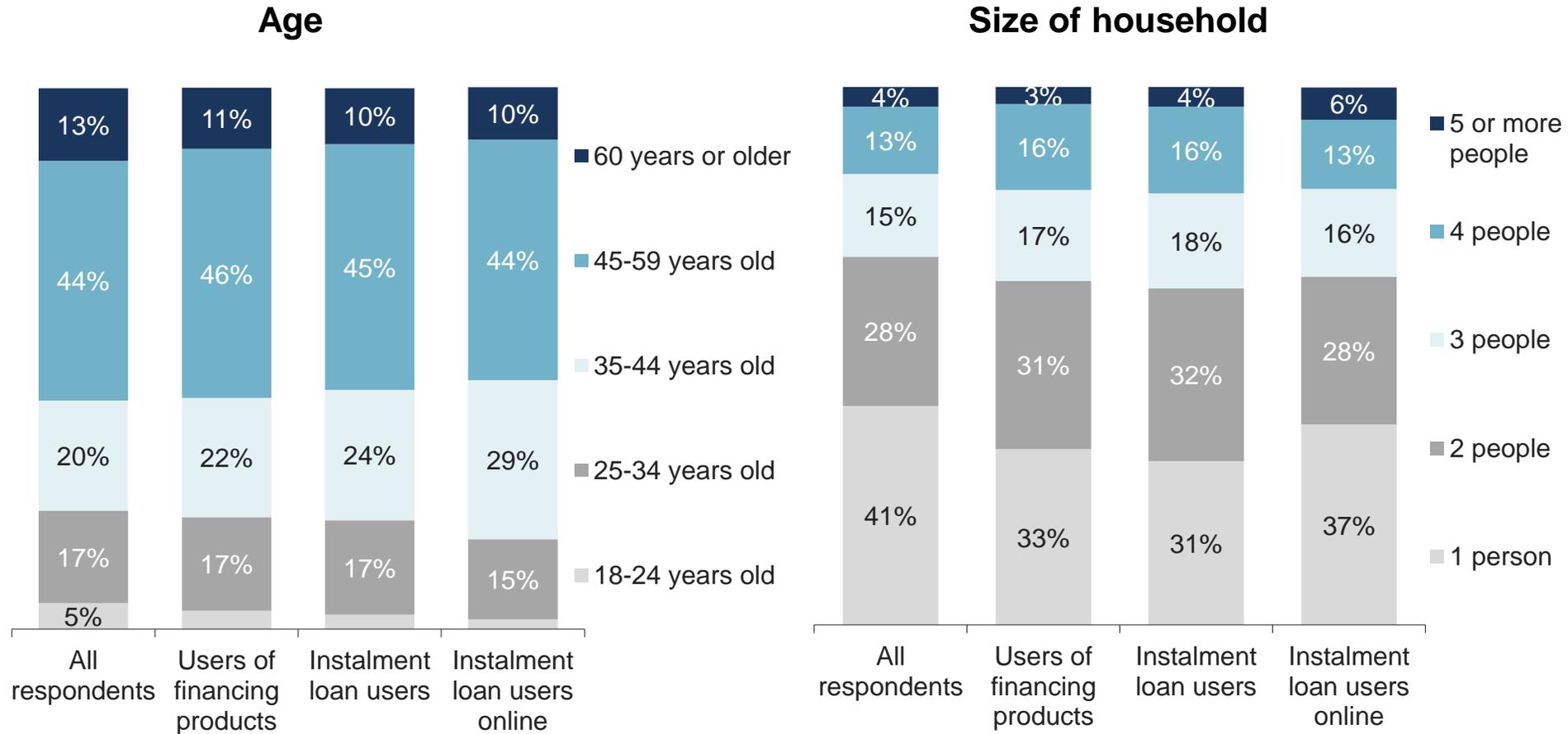


Basis: All respondents n = 1,974, users of financing products n = 687, instalment loan users n = 529, instalment loan users online n = 139



# Age and size of household

## Statistics



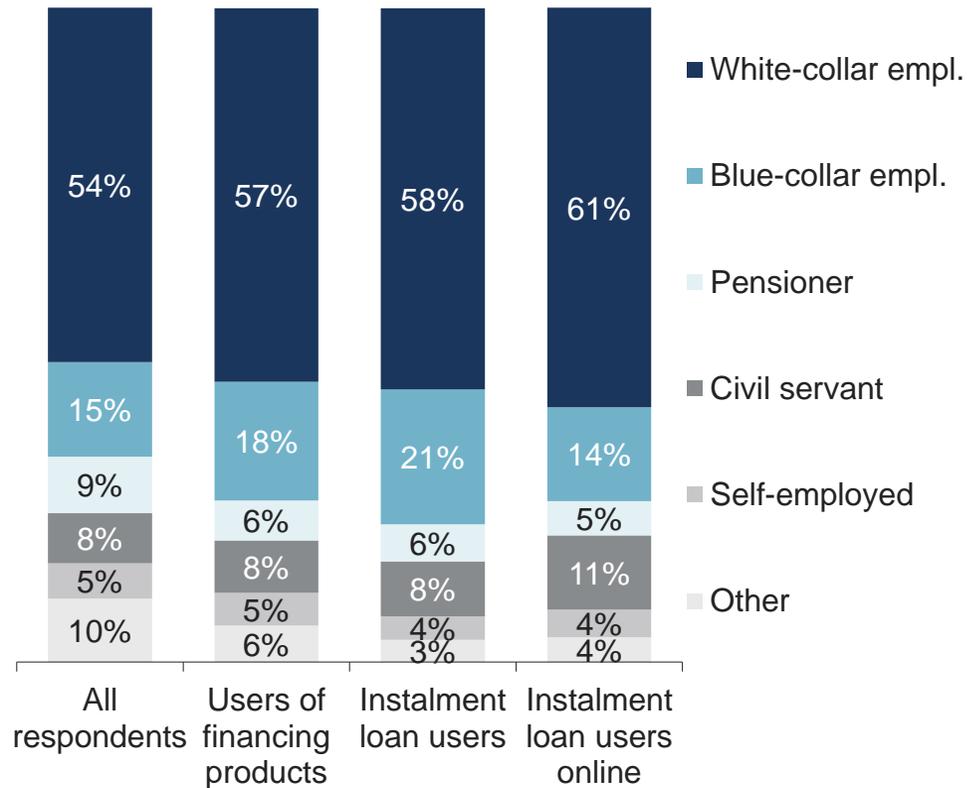
Basis: All respondents n = 1,974, users of financing products n = 687, instalment loan users n = 529, instalment loan users online n = 139



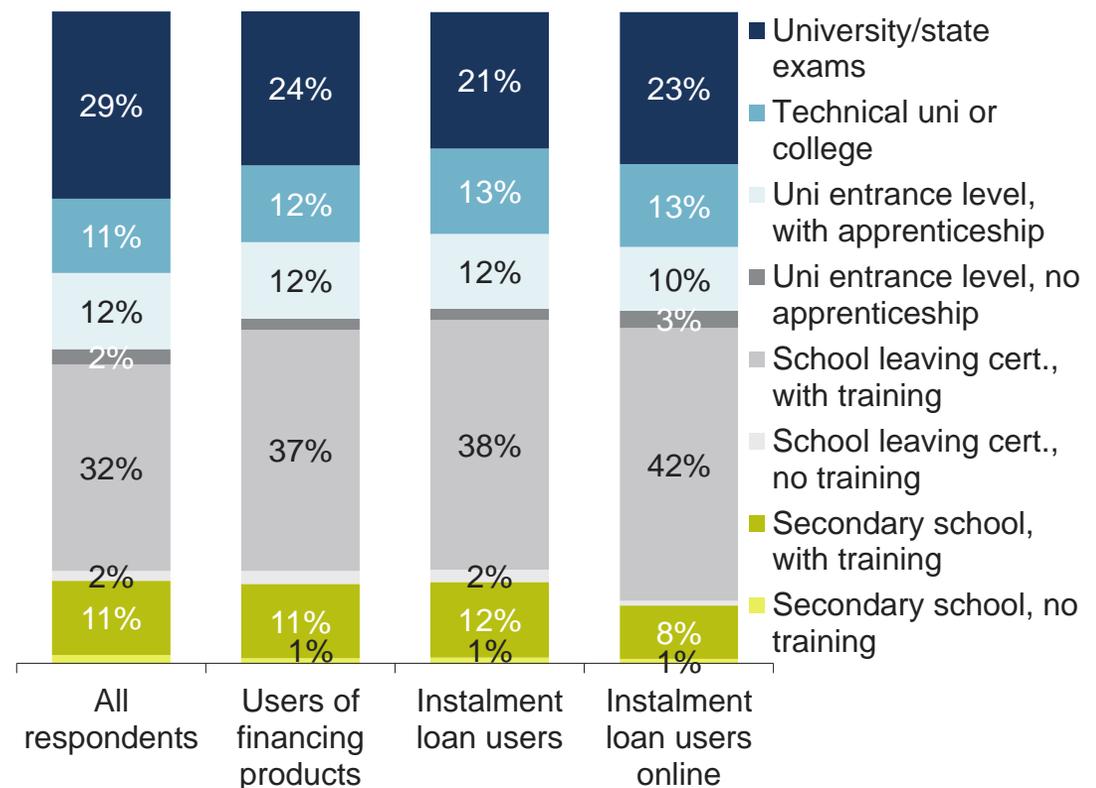
# Occupation and educational attainment

## Statistics

### Occupation



### Educational attainment



Basis: All respondents n = 1,974, users of financing products n = 687, instalment loan users n = 529, instalment loan users online n = 139



## Background of the study



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

The purpose of this study is to provide information regarding various forms of financing, consumer attitudes as well as actual consumer behavior in relation to the use of consumer credits in July 2020.

One particular focus of this will be private car financing.

Other aspects surveyed include attitudes towards loans and intentions to use as well as detailed results about payment protection insurance, financing in retail trade, online loan agreements and mobility services.



## Case numbers

|  |   |
|--|---|
| <b>ALL RESPONDENTS</b><br>↓ in detail:             | n=1,974 (all respondents)   |
| <b>USERS OF FINANCING PRODUCTS</b><br>↓ in detail: | n=687 (all respondents who use at least one form of financing)                              |
| <b>INSTALMENT LOAN USERS</b>                       | n=529 (all respondents who use at least one instalment loan)                                |
| <b>CAR OWNERS</b>                                  | n=1,694 (all respondents who own at least one car)  |
| <b>CAR OWNERS<br/>(WITH FINANCING)</b>             | n=610 (all respondents who are car owners and who have financed at least one of their cars) |
| <b>CAR OWNERS<br/>(WITHOUT FINANCING)</b>          | n=1,084 (all respondents who are car owners but who did not use financing)                  |

## ABOUT IPSOS

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Ipsos is the number 3 worldwide in the market research sector. With a strong presence in 87 countries, Ipsos employs more than 16,000 people and conducts market research in more than 100 countries. Founded in 1975 in Paris, Ipsos is still managed by researchers today. With a positioning as a multi-specialist, a solid group was built up - media and advertising research; marketing research; customer and employee relationship management; social and political research; mobile, online, offline data collection and delivery.

In Germany, Ipsos is present with approx. 750 employees at six locations: Hamburg, Frankfurt, Nuremberg, Munich, Berlin and Mölln.

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## Ipsos buys the GfK Financial Market Panel

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Since 2008, the Bankenfachverband has been conducting studies on consumer and vehicle finance together with GfK.

In October 2018, for strategic reasons, GfK withdrew from four custom research business units.

The four divisions Experience Innovation, Customer Experience, Health and Public Affairs with around 1,000 employees in 25 countries were taken over by Ipsos.

The units acquired by Ipsos also include the GfK Financial Market Panel and its support team, which is also responsible for carrying out and analyzing the market study "Consumer and Vehicle Financing in Germany".

The survey will continue to be conducted using the same method in the GfK Household Panel in order to ensure a stable database and maximum comparability.



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