




Baseline Survey of Consumer and Vehicle Financing

October 2010




Agenda

- 
- 
- 
- 1. Background and objectives of the survey, design of survey** **Page 2**
 2. Summary of the results **Page 6**
 3. Survey results
 - A. Awareness of various forms of finance **Page 11**
 - B. Current use of various forms of finance **Page 13**
 - C. Payment protection insurance **Page 19**
 - D. Financing in the retail trade **Page 23**
 - E. Future use of various forms of finance **Page 26**
 - F. Purchasing a new vehicle **Page 28**
 - G. Financing the current vehicle **Page 30**
 - H. Attitude to financing a passenger car **Page 35**
 4. Statistics **Page 39**

Background to the survey

3



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

The 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 credit. One particular focus of this will be vehicle financing.

Furthermore, attitudes towards loans, the awareness of and intention to make use of mobility packages, as well as the use of car sharing deals are examined.



Design of survey

Random sample

4

**Data collection method:**

Written survey, inquiry within the GfK Financial Market Panel

Target group:

Representative sample of Germany's total population

**Surveyed area:**

Federal Republic of Germany

Sample:

n=1,085 interviews

**Survey period:**

09.08.2010 to 31.08.2010

Design of survey




Case numbers

5

n=412 credit users:	all those surveyed who used at least one form of financing
n=673 non-credit users:	all those surveyed who did not use any form of financing
n=963 vehicle owners:	all those surveyed, who owned either a passenger car or a motorbike/moped/scooter or a motorhome/caravan/trailer
n=953 car owners:	all those surveyed who owned a passenger car
n=279 vehicle owners with financing:	all those surveyed who are vehicle owners and used financing for at least one of their vehicles
n=684 vehicle owners without financing:	all those surveyed who are vehicle owners but who did not use financing for these
Captive banks:	manufacturer-affiliated banks
Non-captive banks:	multi-vendor banks



Agenda

- 
- 
- 
1. Background and objectives of the survey, design of survey Page 2
 - 2. Summary of the results Page 6**
 3. Survey results
 - A. Awareness of various forms of finance Page 11
 - B. Current use of various forms of finance Page 13
 - C. Payment protection insurance Page 19
 - D. Financing in the retail trade Page 23
 - E. Future use of various forms of finance Page 26
 - F. Purchasing a new vehicle Page 28
 - G. Financing the current vehicle Page 30
 - H. Attitude to financing a passenger car Page 35
 4. Statistics Page 39

Summary - Financing

7

Awareness of forms of financing

- Most of those surveyed are familiar with terms such as overdraft facility, hire purchase through a dealer, instalment loan through a bank and even leasing contract (Page 12).
- On average, nine out of ten people surveyed said they are familiar with these terms at least by name (Page 12).

Current use of various forms of finance

- Almost 40% of all those surveyed currently use financing. Some 27% of these have at least one instalment loan. Last year's figure was 28% (Page 14).
- The individual values have barely changed from the previous year. The use of an overdraft facility however - because of the high interest rates - has fallen slightly, while hire purchase deals by mail order are slightly up (Page 14).
- The minor shift within the individual forms of credit through to hire purchase in the retail trade is also explained when we look at the purpose for use. Entertainment electronics and furniture are now ranked slightly higher (Page 15).
- 65% of all credit users feel they have been very well informed or well informed about the terms and conditions involved (Page 17).



Summary - Payment protection insurance

8

Payment protection insurance

- Some 24% of instalment loan holders have arranged payment protection insurance. Last year's figure was 27% (Page 20).
- Almost 50% of all those surveyed regarded taking out payment protection insurance as very sensible (Page 22).
- The option of insuring the credit risk against death, unemployment or incapacity is rated very highly (54%, 55%, 57%) - Just under a third of those surveyed (31%) felt it sensible to have loan protection in case of divorce (Page 22).
- 45% of all payment protection holders are insuring themselves against death, unemployment and incapacity (Page 21).



Summary - Future use of various forms of finance

9

Financing in the retail trade

- 54% of financed purchases would not be made without the financing in the retail trade option. This figure is well down on the previous year (Page 25).
- Some 13% of all those surveyed finance vehicles – furniture (5%) and entertainment electronics (4%) are a long way behind (Page 24).
- The average financing amount for new cars is 10,415 Euro, the amount for used cars 8,780 Euro. The figures for furniture (1,830 Euro) and entertainment electronics (765 Euro) are significantly lower (Page 24).

Future use of various forms of finance

- 65% of all those surveyed who are planning to buy a new car within the next 24 months and 55% of all those surveyed who are planning to buy a used vehicle could, in principle, envisage arranging credit for these items (Page 27).



Summary - Attitudes to financing

10

New vehicle purchase and financing of a current vehicle

- The vast majority of households own a car (88%), approx. half of these cars were purchased as new cars (Page 31).
- More than a third of passenger car owners are currently financing a new vehicle, almost a quarter a used car (Page 34).
- 13% of all those surveyed bought a new car in 2009 - 65% of these new car buyers benefited from the scrap page scheme (Page 29).
- Some 11% of all those surveyed use the internet to find out about the prices and terms of the vehicle (Page 32).
- Compared to 2009, the acquisition costs for new and used vehicles are virtually stable. Currently, just over 16,000 Euro is invested in a new car (Page 33).




Attitudes to financing

- Almost a third of those surveyed (30%) would forego buying a passenger car, were it not for the option of finance (Page 36).
- The instalment loan continues to be the preferred form of financing a new car (65%) - personal contract purchase, however, continues to gain popularity (Page 37).
- For used cars, the instalment loan is still by far the most preferred form of finance (79%), although personal contract purchase is also being uprated (Page 38).



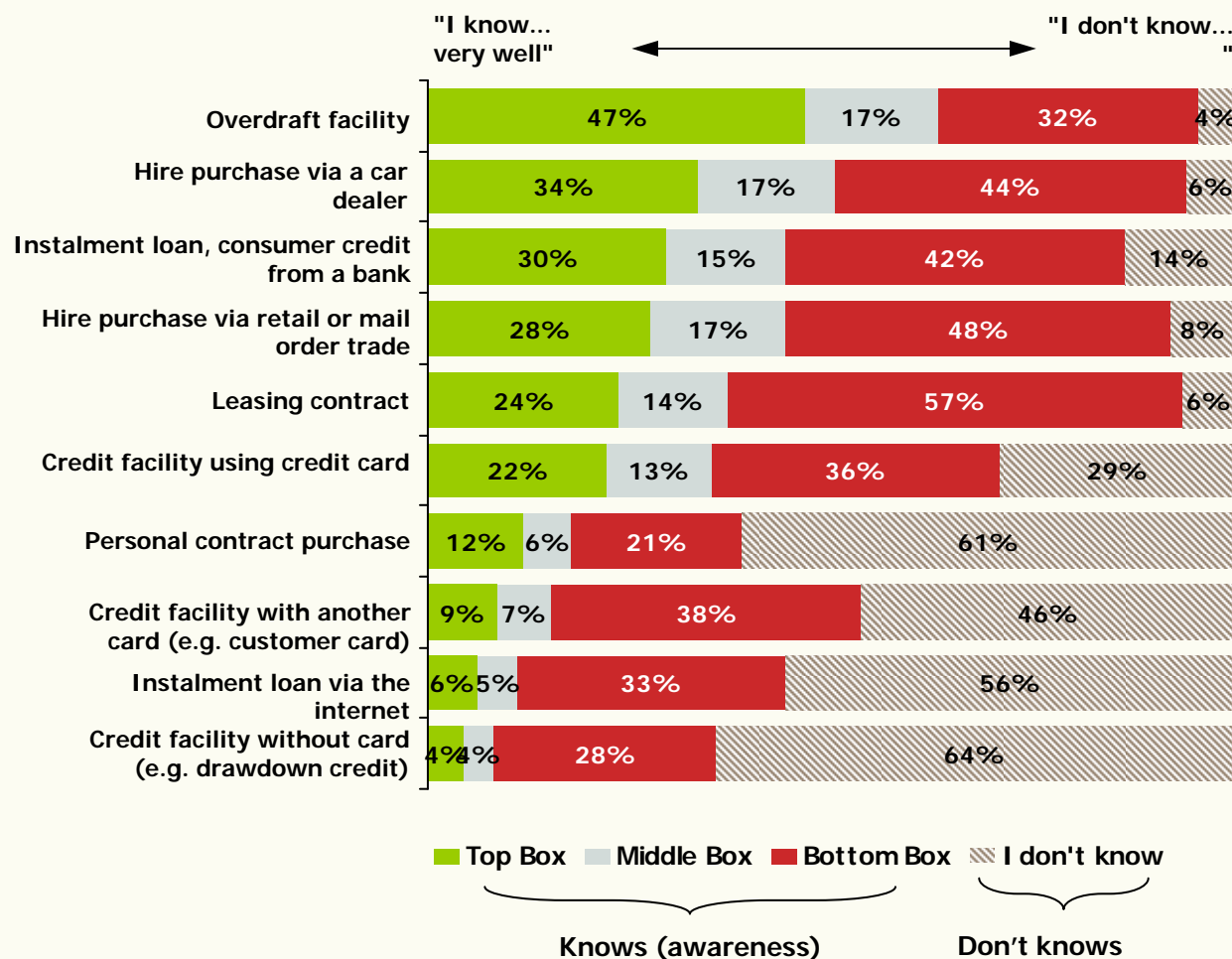


Agenda

- 
- 
- 
1. Background and objectives of the survey, design of survey Page 2
 2. Summary of the results Page 6
 - 3. Survey results**
 - A. Awareness of various forms of finance Page 11**
 - B. Current use of various forms of finance Page 13
 - C. Payment protection insurance Page 19
 - D. Financing in the retail trade Page 23
 - E. Future use of various forms of finance Page 26
 - F. Purchasing a new vehicle Page 28
 - G. Financing the current vehicle Page 30
 - H. Attitude to financing a passenger car Page 35
 4. Statistics Page 39

Awareness and familiarity of forms of financing

All those surveyed



96% of all those surveyed are familiar with the term overdraft - at least by name.

47% of all those surveyed said they were familiar with this particular product (know it very well or well).



Awareness = Those surveyed know the form of finance at least by name ("I know ... very well" ... "I know ... only by name")

Familiarity = Those surveyed know the form of finance well or very well (Top Box values)

Top Box (4+5) = I know ... well/very well

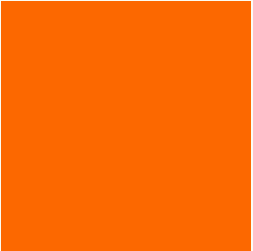



Middle Box (3) = I've heard of ...

Bottom Box (1+2) = I know ... only by name/hardly know it

F1: Various forms of financing are available for private purchases. How well do you know the following forms of financing? Basis: All those surveyed, n= 1,085, without no response

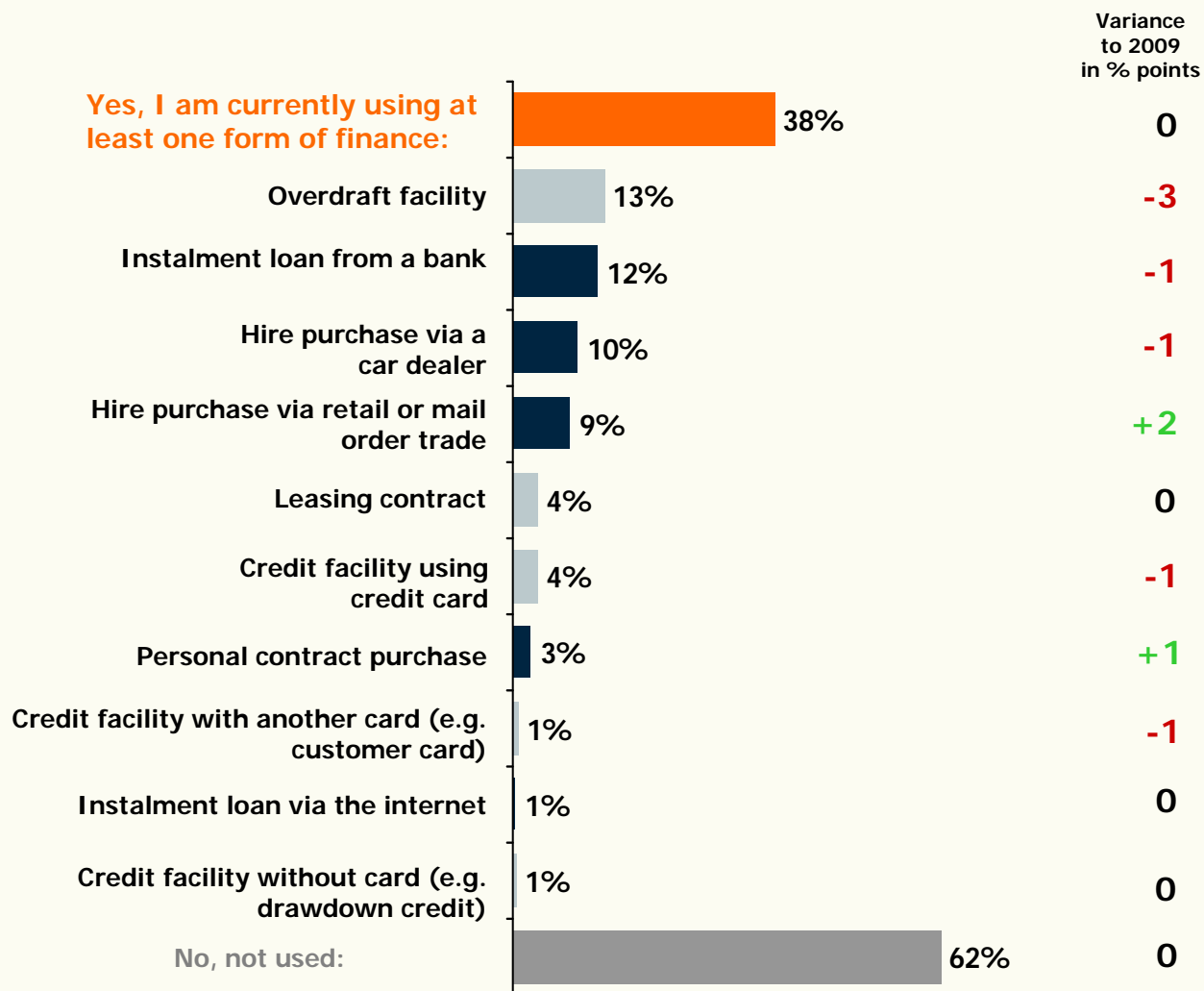


Agenda

- 
- 
- 
- 
1. Background and objectives of the survey, design of survey Page 2
 2. Summary of the results Page 6
 - 3. Survey results**
 - A. Awareness of various forms of finance Page 11
 - B. Current use of various forms of finance Page 13**
 - C. Payment protection insurance Page 19
 - D. Financing in the retail trade Page 23
 - E. Future use of various forms of finance Page 26
 - F. Purchasing a new vehicle Page 28
 - G. Financing the current vehicle Page 30
 - H. Attitude to financing a passenger car Page 35
 4. Statistics Page 39

Credit use

All those surveyed



Almost 40% of all those surveyed currently use financing. This figure has not changed compared to the previous year.

Use of the overdraft facility has fallen slightly, while hire purchase through the retail trade has risen slightly.

Instalment loan
 Total 2010: 27%
 Total 2009: 28%

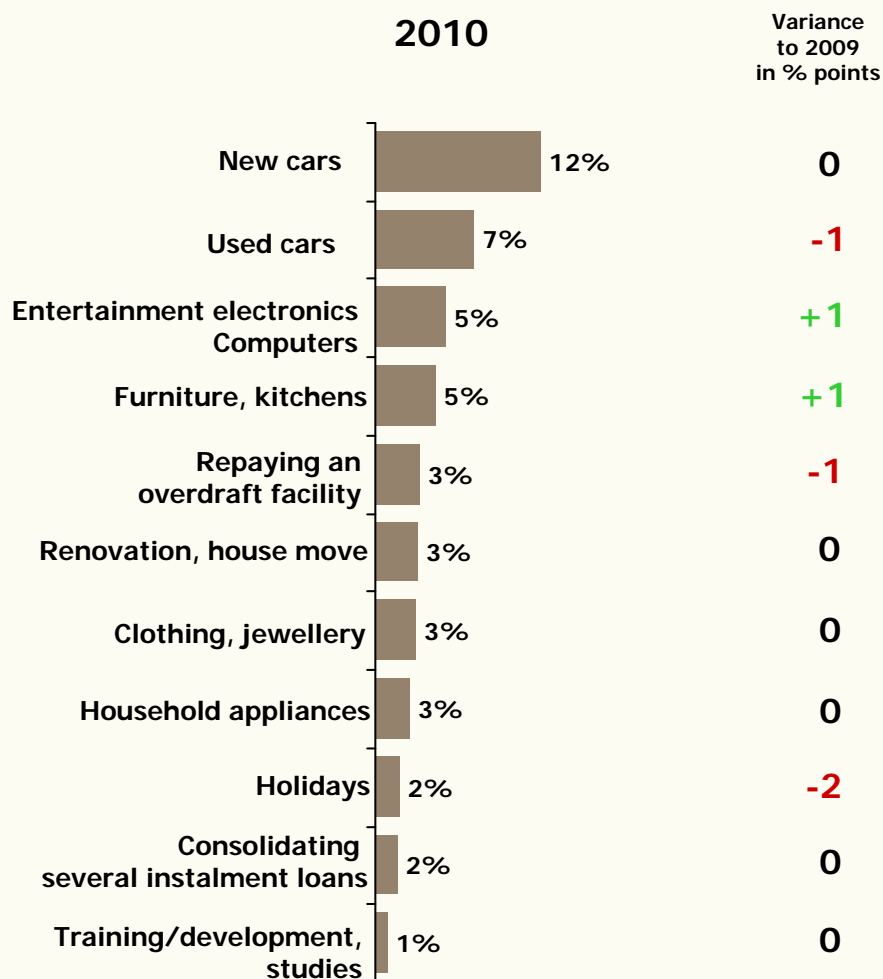
F2a: Are you currently using one of the following forms or credit or financing?

Basis: All those surveyed n=1,085 without no response; → Detailed analysis according to age, profession and income in the Appendix, Page 122-124

Purpose

All those surveyed

15

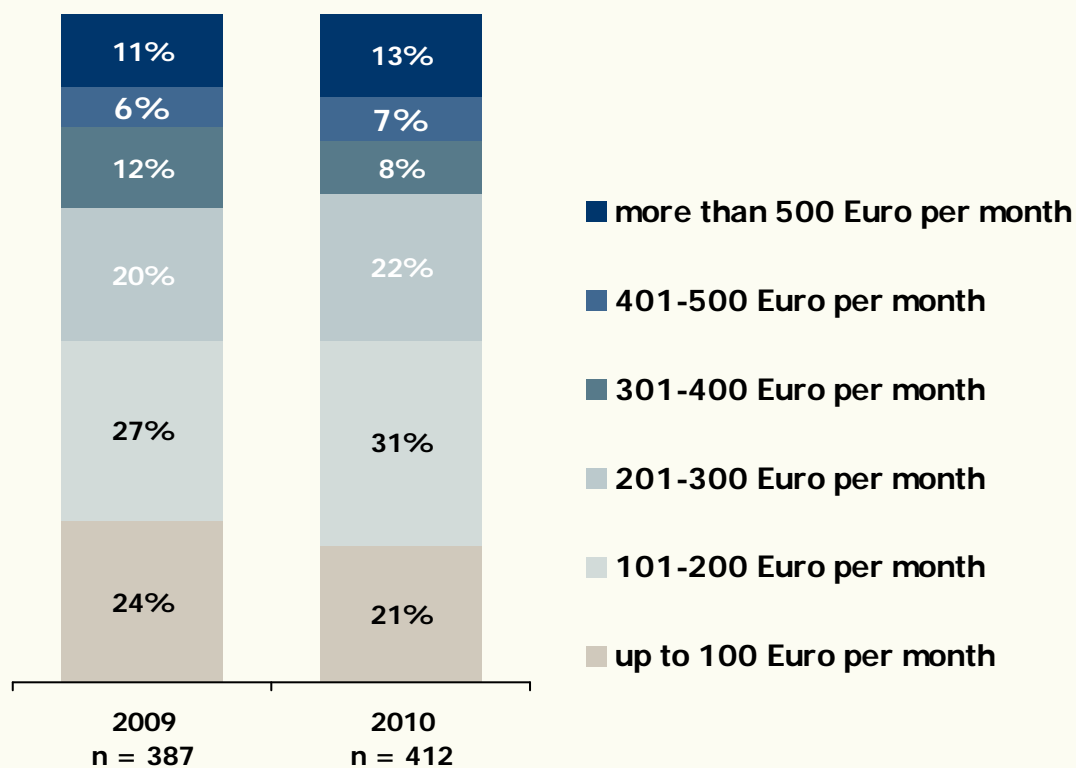


The minor shift within the individual forms of credit through to hire purchase in the retail trade is also explained when we look at the purpose for use.

Entertainment electronics and furniture are now ranked slightly higher.

Credit use – amount of instalment payments

Subgroup: Credit users



The average instalment amount for financing is up slightly on last year. On average it is 261 Euro per month.

Amount of instalment payments:

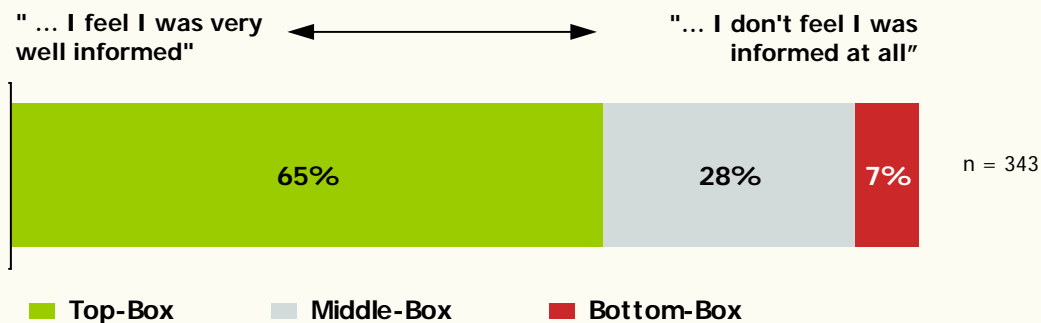
2010: 261 Euro
2009: 253 Euro

Terms and conditions of credit

Subgroup: Credit users

17

How well do you feel your bank or savings bank informed you about the terms and conditions when you arranged this credit?

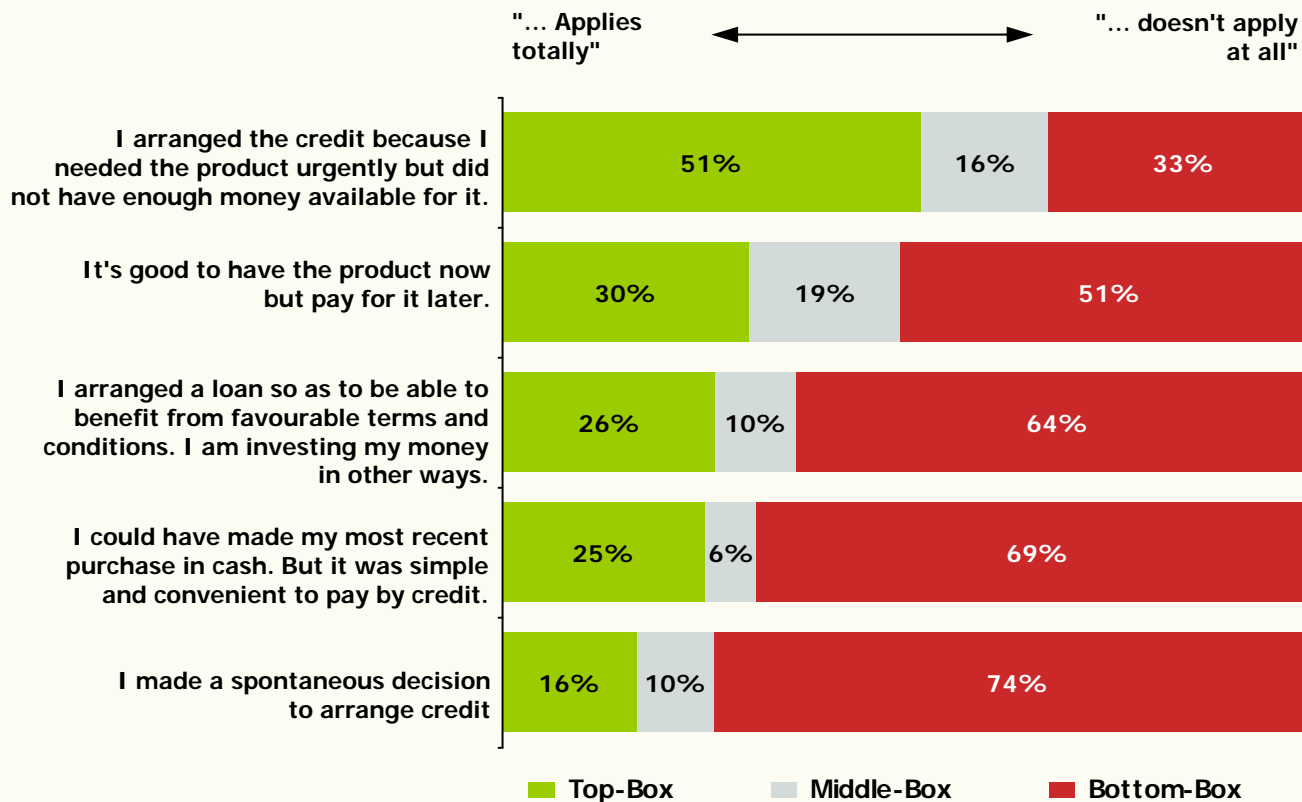


65% of all credit users feel they have been very well informed or well informed about the terms and conditions involved.

Credit use – Statements about most recently arranged credit

Subgroup: Credit users

18






Credit users' most important reason for arranging credit is shortage of money and an urgent need to acquire a product - the impulse to borrow, however, is viewed rather sceptically.



Agenda

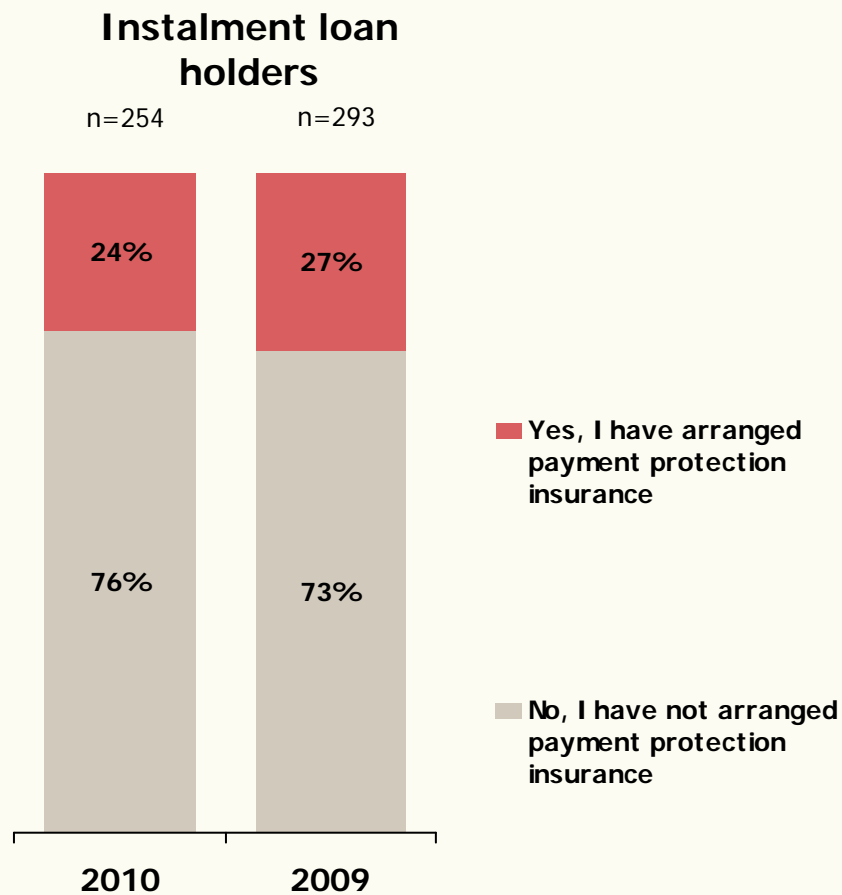


- 
- 
- 
1. Background and objectives of the survey, design of survey Page 2
 2. Summary of the results Page 6
 - 3. Survey results**
 - A. Awareness of various forms of finance Page 11
 - B. Current use of various forms of finance Page 13
 - C. Payment protection insurance Page 19**
 - D. Financing in the retail trade Page 23
 - E. Future use of various forms of finance Page 26
 - F. Purchasing a new vehicle Page 28
 - G. Financing the current vehicle Page 30
 - H. Attitude to financing a passenger car Page 35
 4. Statistics Page 39

Arranging payment protection insurance

Instalment loan holders

20

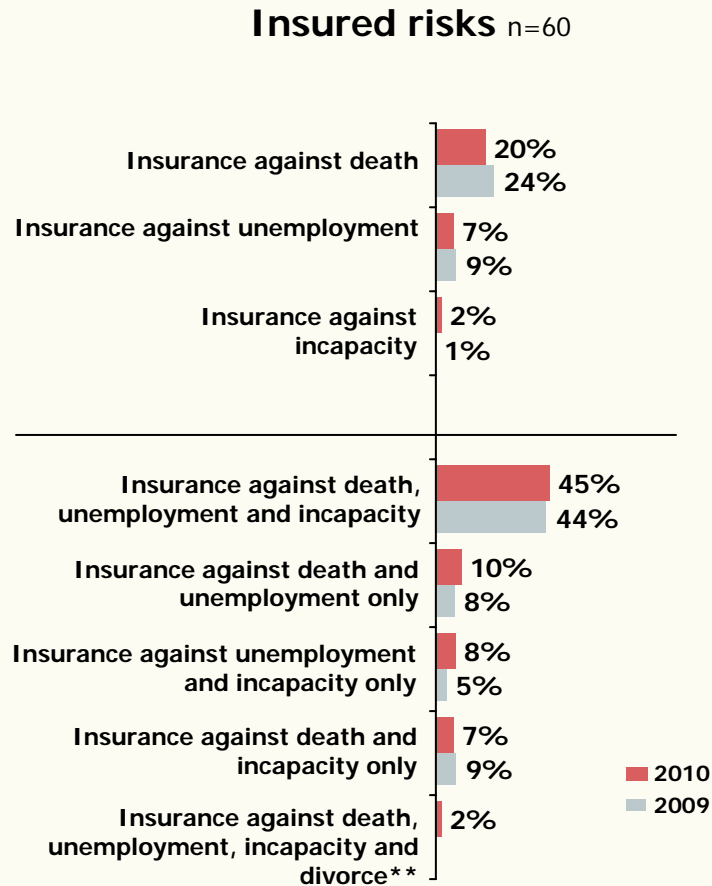


Some 24% of instalment loan holders have arranged payment protection insurance. Last year's figure was 27% .

Arranging payment protection insurance

Payment protection insurance holders

21



In most cases, the payment protection insurance was arranged in the bank branch or at the dealership.

In 2010, 45% of all payment protection holders are insuring themselves against death, unemployment and incapacity.

F14: Where did you arrange the payment protection insurance? Basis: without no response

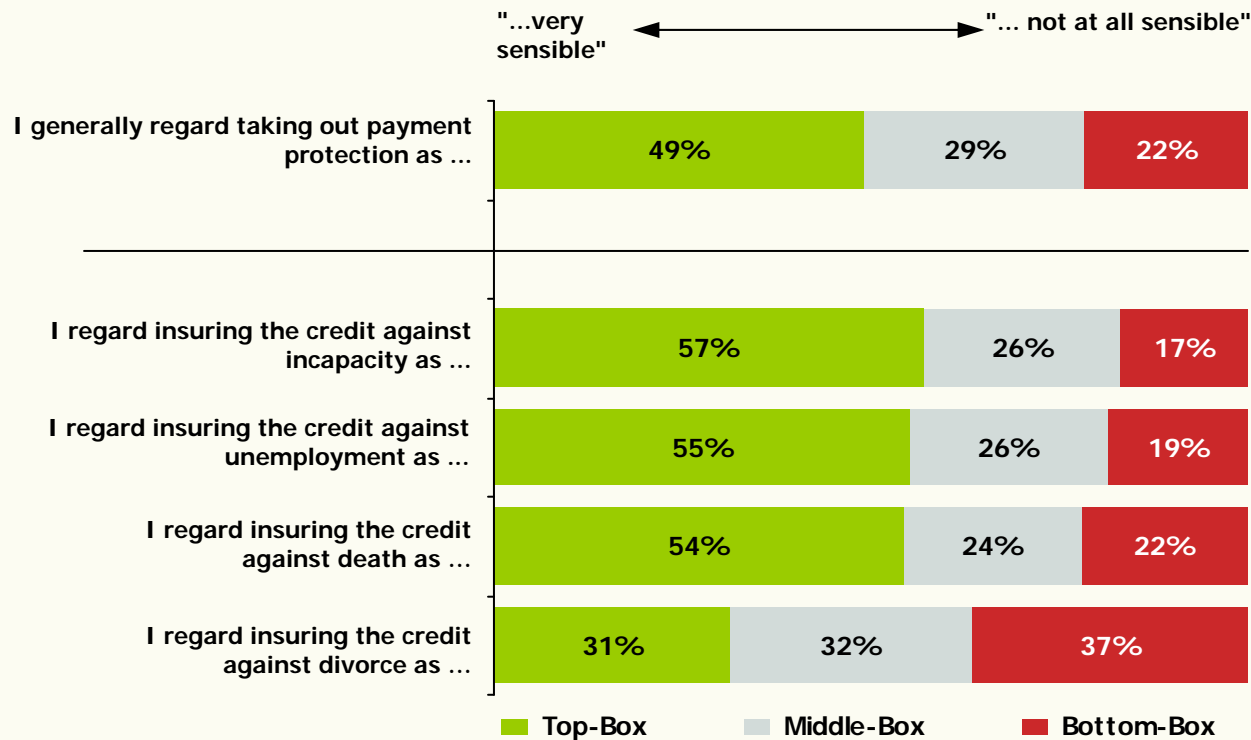
F15: What risks does your payment protection insurance cover? Basis: without no response; multiple answers possible

**"Divorce" question asked for the first time in 2010

Arranging payment protection insurance

All those surveyed

22






Almost 50% of all those surveyed regarded taking out payment protection insurance as very sensible. The figure last year was just 44%.

The option of insuring the credit risk against death, unemployment or incapacity is rated very highly - Just under a third of those surveyed felt it sensible to have loan protection in case of divorce.



Agenda

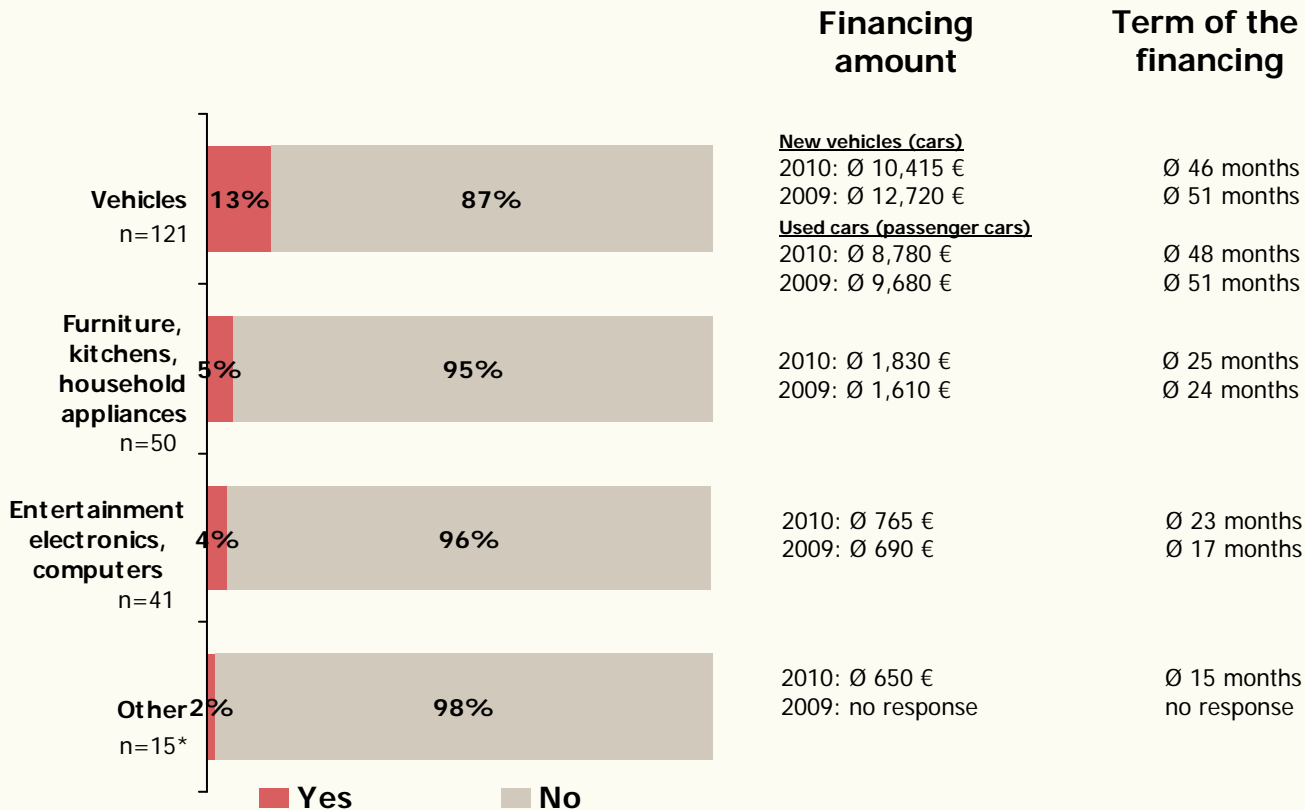


1. Background and objectives of the survey, design of survey Page 2
 2. Summary of the results Page 6
 - 3. Survey results**
 - A. Awareness of various forms of finance Page 11
 - B. Current use of various forms of finance Page 13
 - C. Payment protection insurance Page 19
 - D. Financing in the retail trade** **Page 23**
 - E. Future use of various forms of finance Page 26
 - F. Purchasing a new vehicle Page 28
 - G. Financing the current vehicle Page 30
 - H. Attitude to financing a passenger car Page 35
 4. Statistics Page 39
- 
- 
- 

Financing in the retail trade – Purpose

All those surveyed

24



Some 13% of all those surveyed finance vehicles – furniture (5%) and entertainment electronics (4%) are a long way behind.

The average financing amount for new cars is 10,415 Euro, the amount for used cars 8,780 Euro. The figures for furniture (1,830 Euro) and entertainment electronics (765 Euro) are significantly lower.

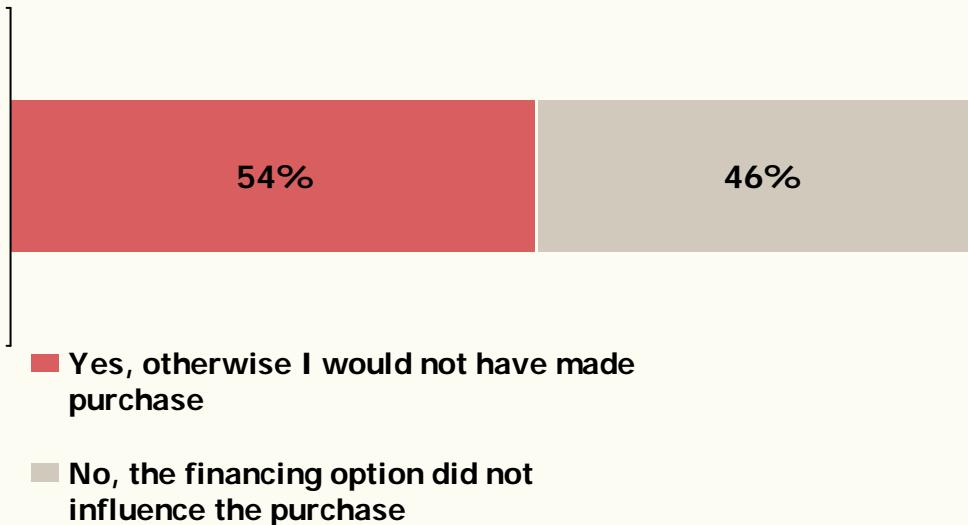
F19. a. Do you currently have finance for one or several purchases in the retail or mail order trade (see Question 9. a.)? Please state which of the following purchases you have financed. F19. b. If yes, what were the financing amounts? If you have financed several purchases in one category (e.g. entertainment electronics, computers), please state the details of the most recent purchase in each case. F19. c. And what is the term of the financing in months? Basis: without no response; low case numbers, trend indications

Financing in the retail trade

Decision to purchase based on financing, subgroup: Finance users in the retail trade

25

Did the availability of financing influence your decision to purchase?






54% of financed purchases would not be made without the financing in the retail trade option. This figure is well down on the previous year.



Agenda

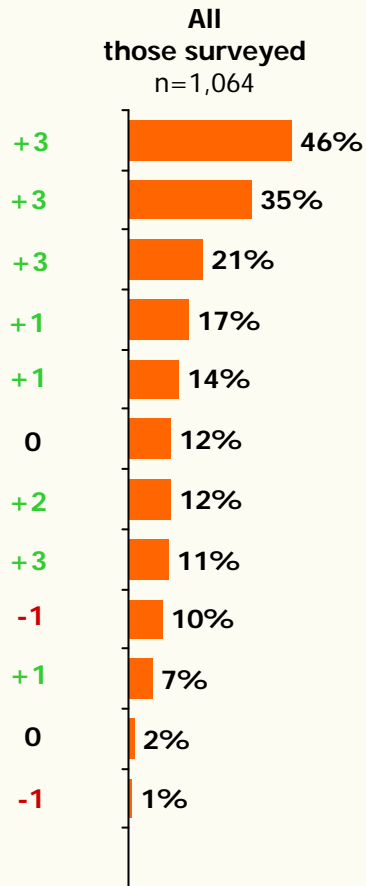


- 
- 
- 
1. Background and objectives of the survey, design of survey Page 2
 2. Summary of the results Page 6
 - 3. Survey results**
 - A. Awareness of various forms of finance Page 11
 - B. Current use of various forms of finance Page 13
 - C. Payment protection insurance Page 19
 - D. Financing in the retail trade Page 23
 - E. Future use of various forms of finance Page 26**
 - F. Purchasing a new vehicle Page 28
 - G. Financing the current vehicle Page 30
 - H. Attitude to financing a passenger car Page 35
 4. Statistics Page 39

Planned acquisitions/outlays in the next 24 months and arranging of credit within the next 24 months – planners of respective acquisitions

27

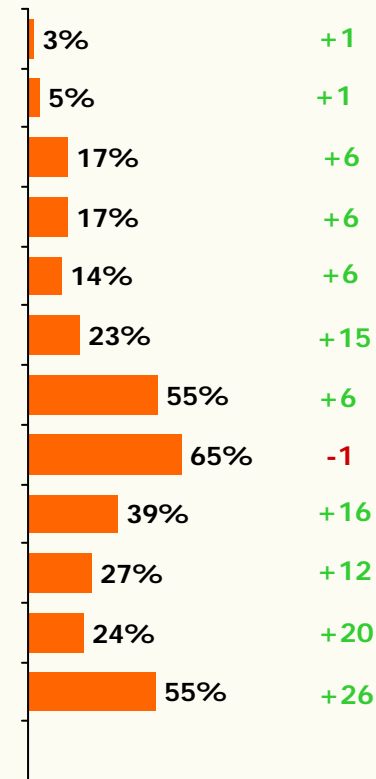
Planned acquisitions



including

Holidays
 Clothing, jewellery
 Renovation, house move
 Entertainment electronics, computers
 Health treatments, operations, medical bills
 Household appliances
 Used cars
 New cars
 Furniture, kitchens
 Training/development, studies
 Driver's license
 Motorbike, moped, scooter

Planned credit arrangement



65% of all those surveyed who are planning to buy a new car within the next 24 months and 55% of all those surveyed who are planning to buy a used vehicle could, in principle, envisage arranging credit for these items.

This figure is similar to that of last year.

F24a: Are you planning one or more of the following named acquisitions or outlays in the next 24 months?




If yes, can you envisage in principle making use of a credit for these items, (e.g. an instalment loan or credit facility, overdraft facility)?

Basis: All those surveyed; without no response



Agenda



- 
- 
- 
- | | |
|--|----------------|
| 1. Background and objectives of the survey, design of survey | Page 2 |
| 2. Summary of the results | Page 6 |
| 3. Survey results | |
| A. Awareness of various forms of finance | Page 11 |
| B. Current use of various forms of finance | Page 13 |
| C. Payment protection insurance | Page 19 |
| D. Financing in the retail trade | Page 23 |
| E. Future use of various forms of finance | Page 26 |
| F. Purchasing a new vehicle | Page 28 |
| G. Financing the current vehicle | Page 30 |
| H. Attitude to financing a passenger car | Page 35 |
| 4. Statistics | Page 39 |

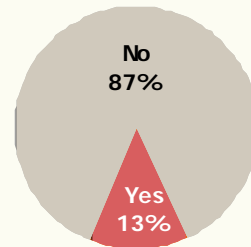
New vehicle purchase

Purchase, use of the car scrappage scheme, payment for the car

29

New vehicle purchase 2009

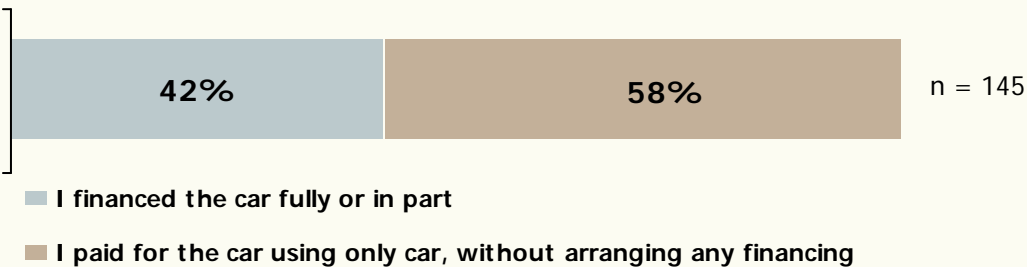
n = 1,085



Use of the car scrappage scheme



Payment for the car






13% of all those surveyed bought a new car in 2009 - 65% of these new car buyers benefited from the scrappage scheme.

F26a: Did you purchase a new car in 2009? 26. b. Did you use the car scrappage scheme and receive 2,500 euro?
F26c: How did you pay for this car? Basis: without no response



Agenda

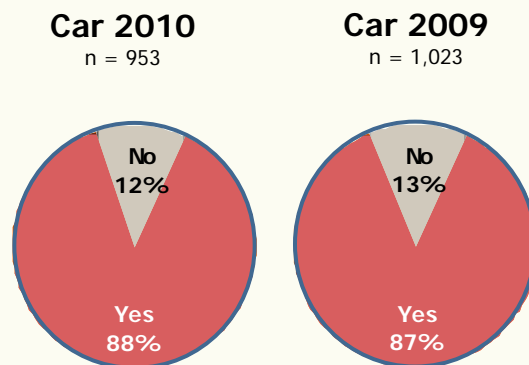


- 
- 
- 
1. Background and objectives of the survey, design of survey Page 2
 2. Summary of the results Page 6
 - 3. Survey results**
 - A. Awareness of various forms of finance Page 11
 - B. Current use of various forms of finance Page 13
 - C. Payment protection insurance Page 19
 - D. Financing in the retail trade Page 23
 - E. Future use of various forms of finance Page 26
 - F. Purchasing a new vehicle Page 28
 - G. Financing the current vehicle** **Page 30**
 - H. Attitude to financing a passenger car Page 35
 4. Statistics Page 39

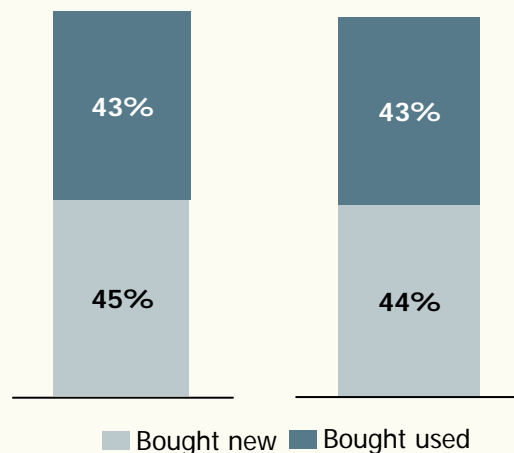
Vehicle ownership

All those surveyed

Do you own ...



Type of purchase relating to all those surveyed



The vast majority of households own a car (88%), approx. half of these cars were purchased as new cars.

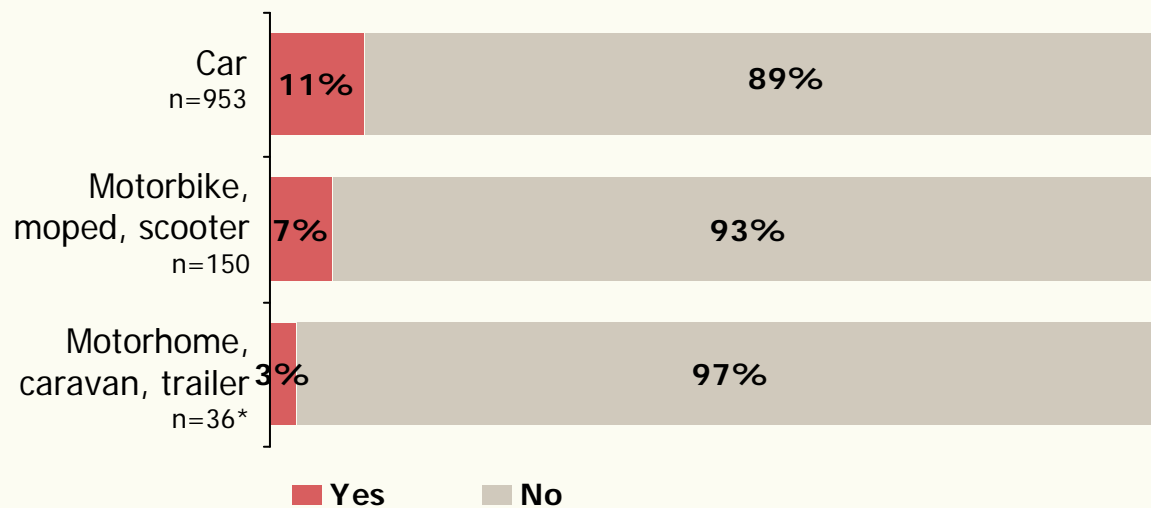
F27: Do you or does another member of your household own one or more of the following vehicles? If yes, please also state if you bought it new or used. If, for example, you own more than one car, please state the details of the most recently purchased vehicle.
Basis: All those surveyed, n = 1,085, without no response: 100% missing = no response

Information acquisition via the internet

Vehicle owners

32

Information acquired via the internet about terms and prices



Some 11% of all those surveyed use the internet to find out about the prices and terms of the vehicle.

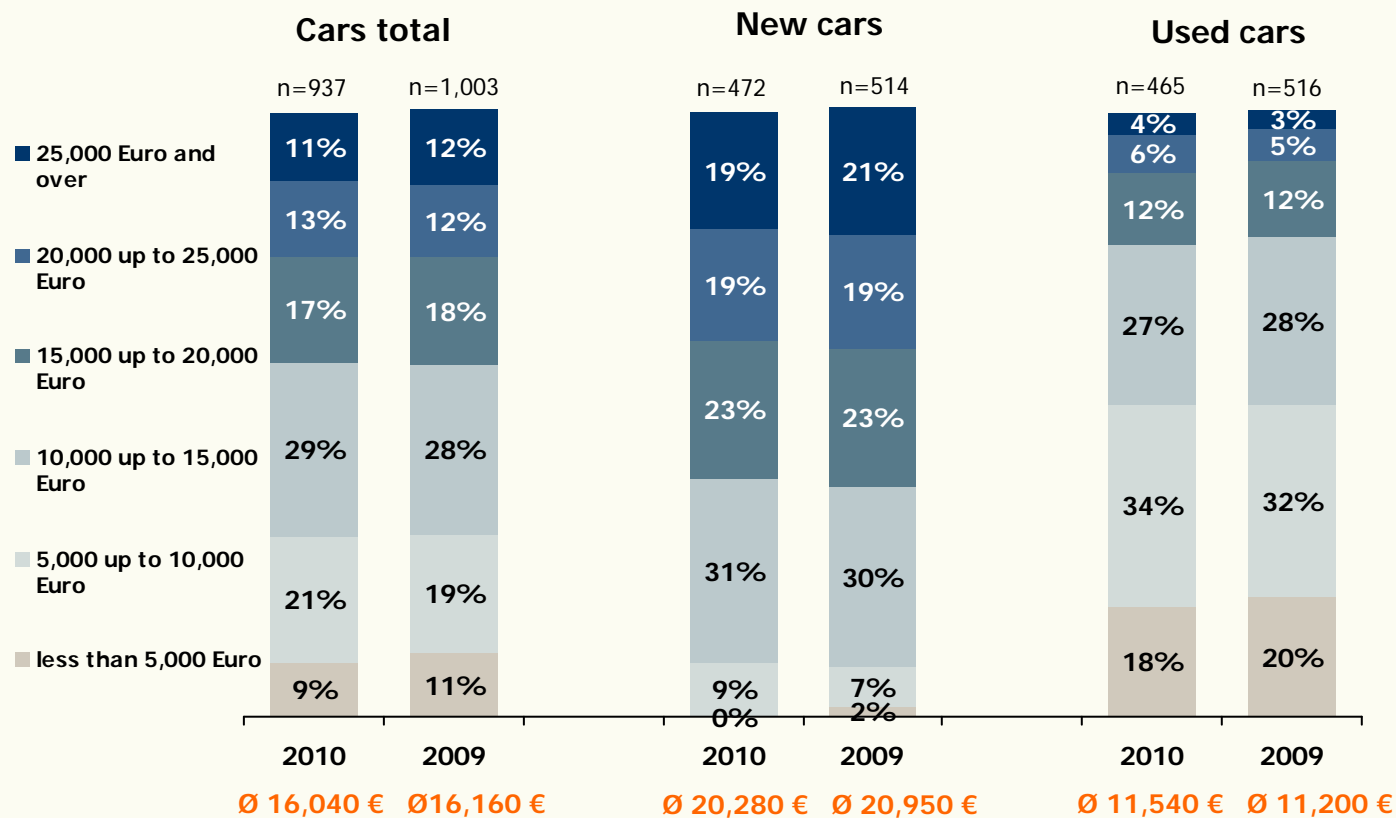
F29: Prior to purchasing these vehicles, did you look for information on the internet about terms and prices?
Basis: Vehicle owners in the subgroup concerned, without no response; * low case numbers, trend indication!

Acquisition costs

Vehicle owners

33

Acquisition costs for...



Compared to 2009, the acquisition costs for new and used vehicles are virtually stable.

Currently, just over 16,000 Euro is invested in a new car.

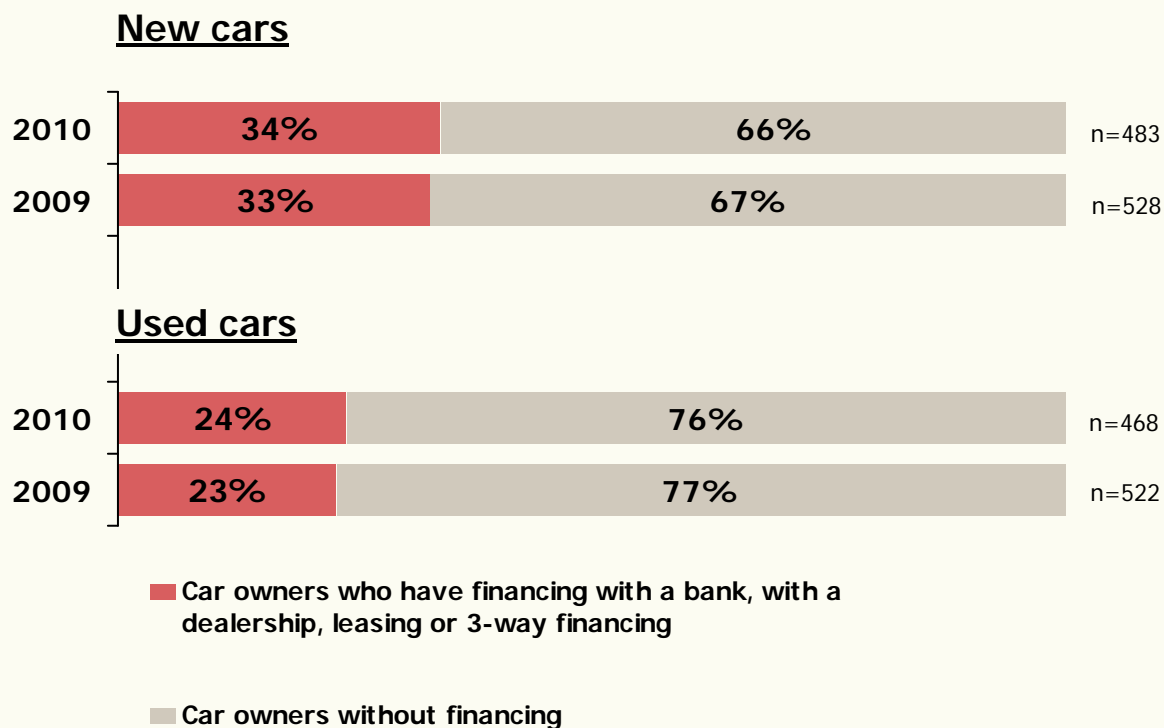
F30: Please tell us approximately how much your vehicle cost you?
 If, for example, you own more than one car, please state the details of the most recently purchased vehicle.
 Basis: Vehicle owners of the subgroup concerned without no response

Proportion of financed vehicles

Passenger car owners

34

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






More than a third of passenger car owners are currently financing a new vehicle, almost a quarter a used car.

These figures are slightly up on last year.



Agenda



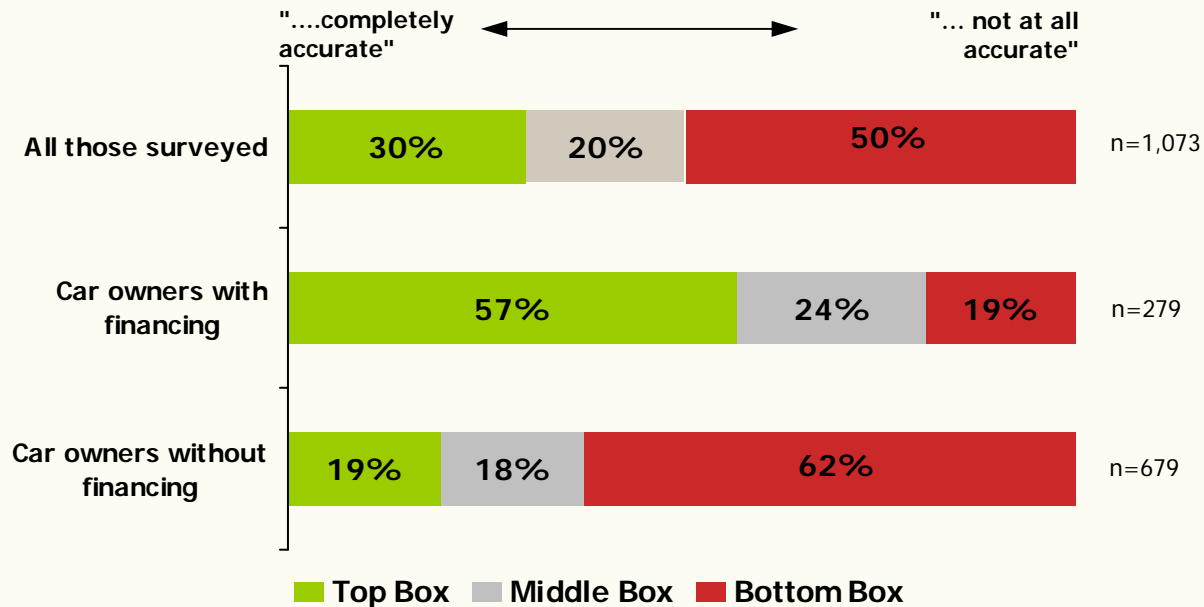
- 
- 
- 
1. Background and objectives of the survey, design of survey Page 2
 2. Summary of the results Page 6
 - 3. Survey results**
 - A. Awareness of various forms of finance Page 11
 - B. Current use of various forms of finance Page 13
 - C. Payment protection insurance Page 19
 - D. Financing in the retail trade Page 23
 - E. Future use of various forms of finance Page 26
 - F. Purchasing a new vehicle Page 28
 - G. Financing the current vehicle Page 30
 - H. Attitude to financing a passenger car** **Page 35**
 4. Statistics Page 39

Financing of a passenger car

Selected subgroups

36

I would only consider purchasing a car if I can finance it through the car dealership or banks.

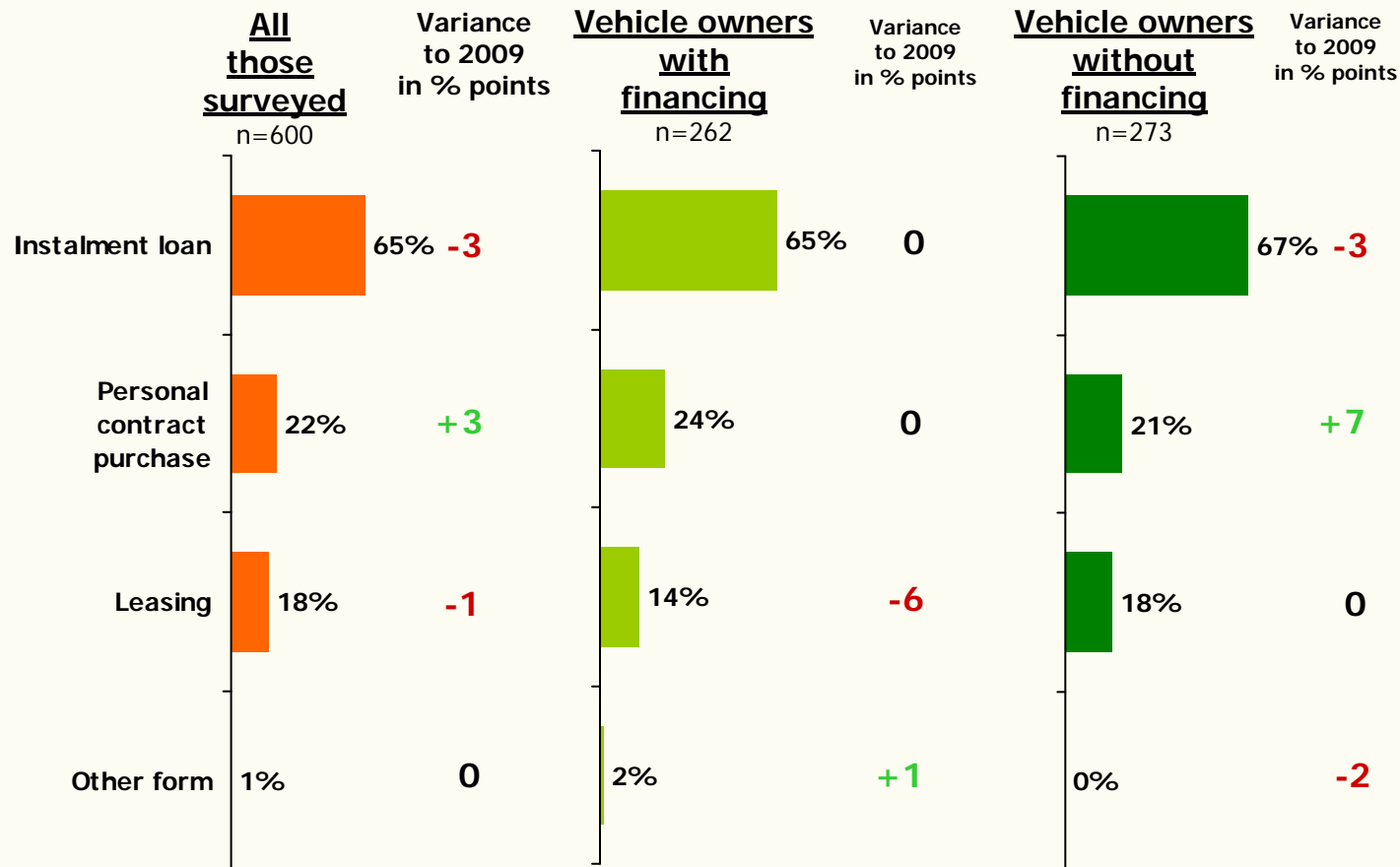


Almost a third of those surveyed (30%) would forego buying a passenger car were it not for the option of finance.

Preferred form of financing for new cars

Selected subgroup: excluding non-credit users

37

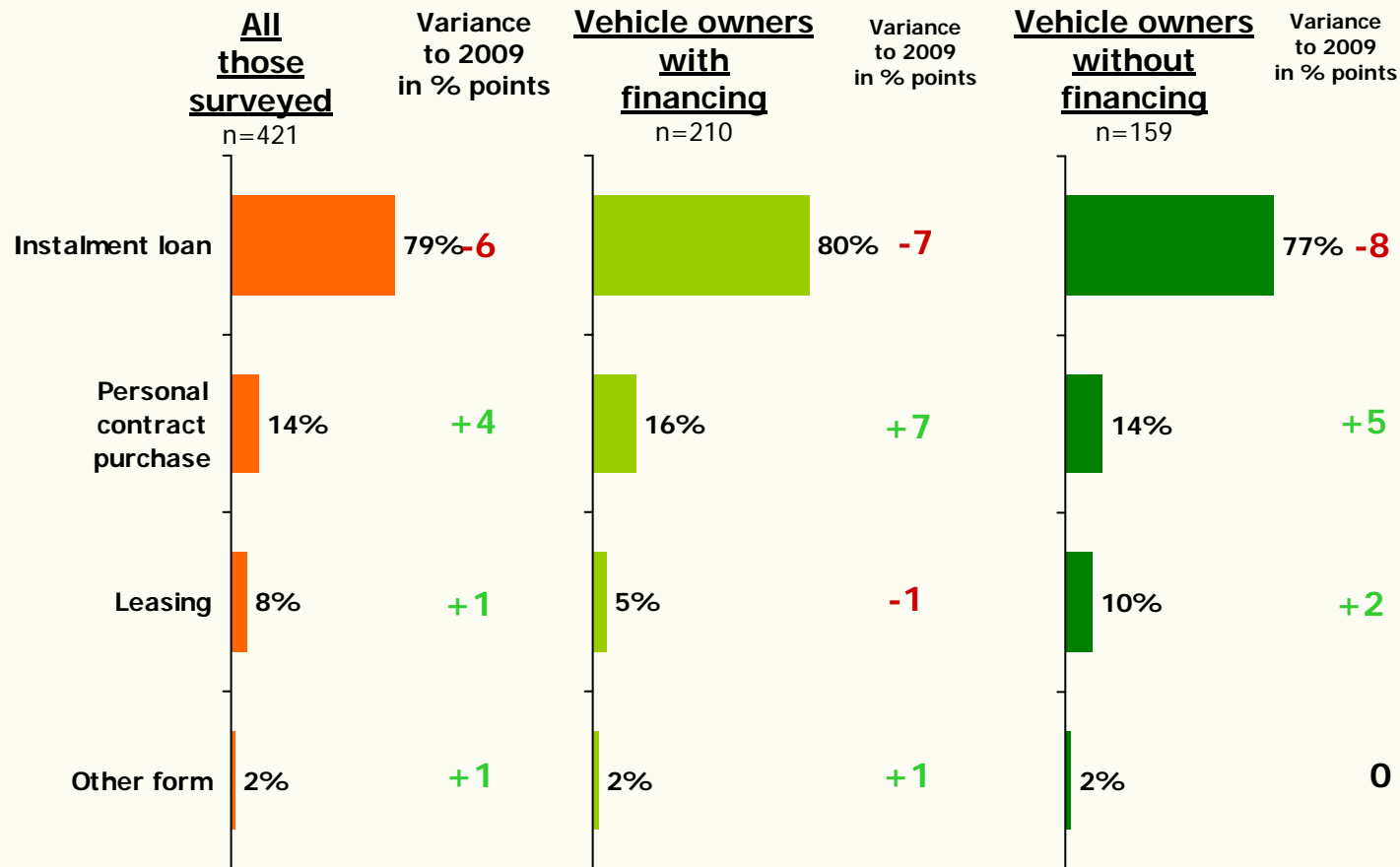


The instalment loan continues to be the preferred form of financing a new car - personal contract purchase, however, continues to gain popularity.

Preferred form of financing for used cars

Selected subgroup: excluding non-credit users

38






For used cars, the instalment loan is still by far the most preferred form of finance (79%), although personal contract purchase is also being uprated.



Agenda



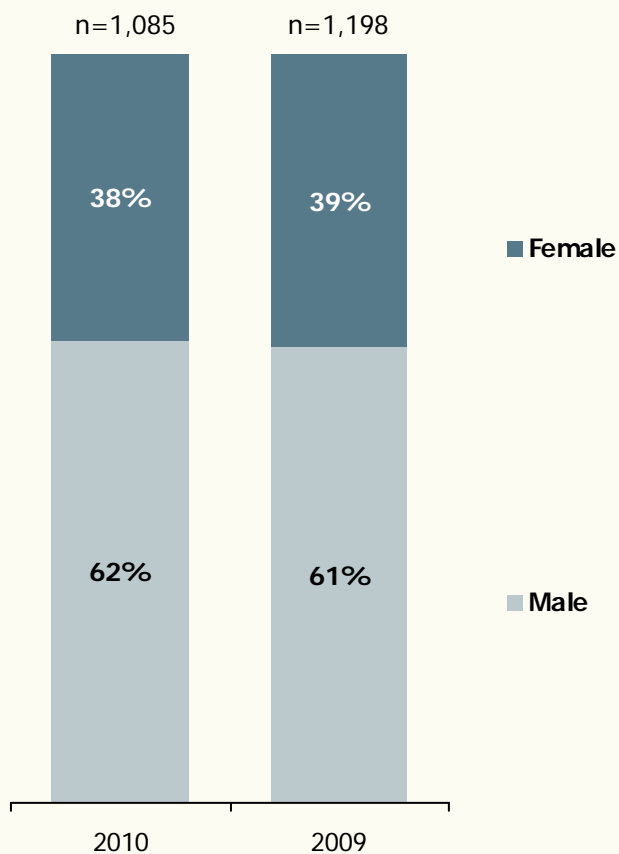
- 
- 
- 
- | | |
|--|----------------|
| 1. Background and objectives of the survey, design of survey | Page 2 |
| 2. Summary of the results | Page 6 |
| 3. Survey results | |
| A. Awareness of various forms of finance | Page 11 |
| B. Current use of various forms of finance | Page 13 |
| C. Payment protection insurance | Page 19 |
| D. Financing in the retail trade | Page 23 |
| E. Future use of various forms of finance | Page 26 |
| F. Purchasing a new vehicle | Page 28 |
| G. Financing the current vehicle | Page 30 |
| H. Attitude to financing a passenger car | Page 35 |
| 4. Statistics | Page 39 |

Statistics - Gender and marital status

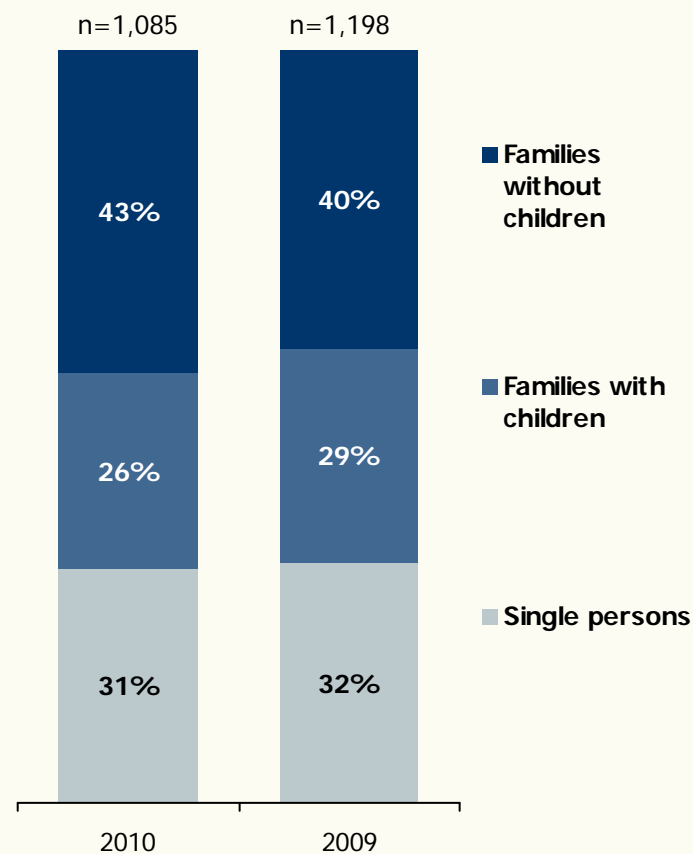
All those surveyed

40

Gender of the head of household



Life cycle type

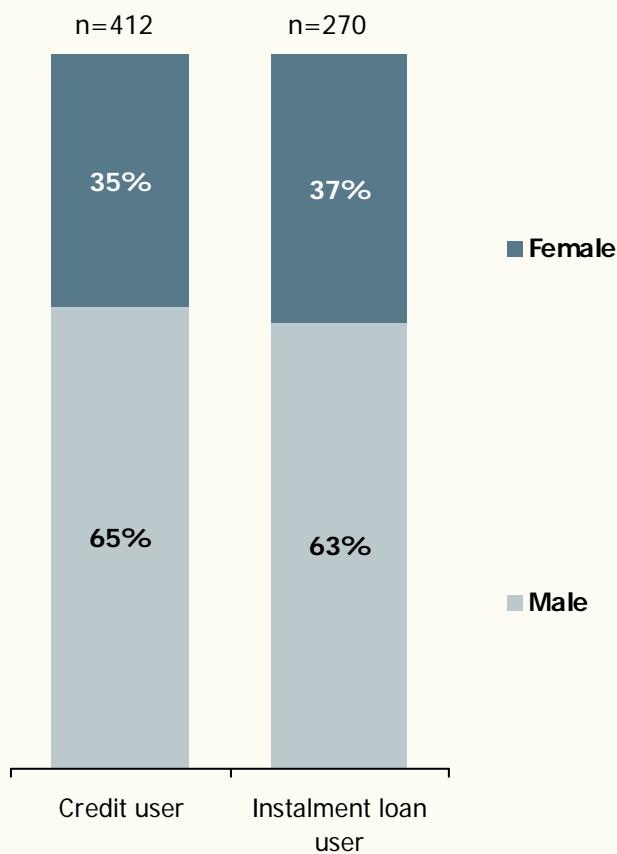


Statistics - Gender and marital status

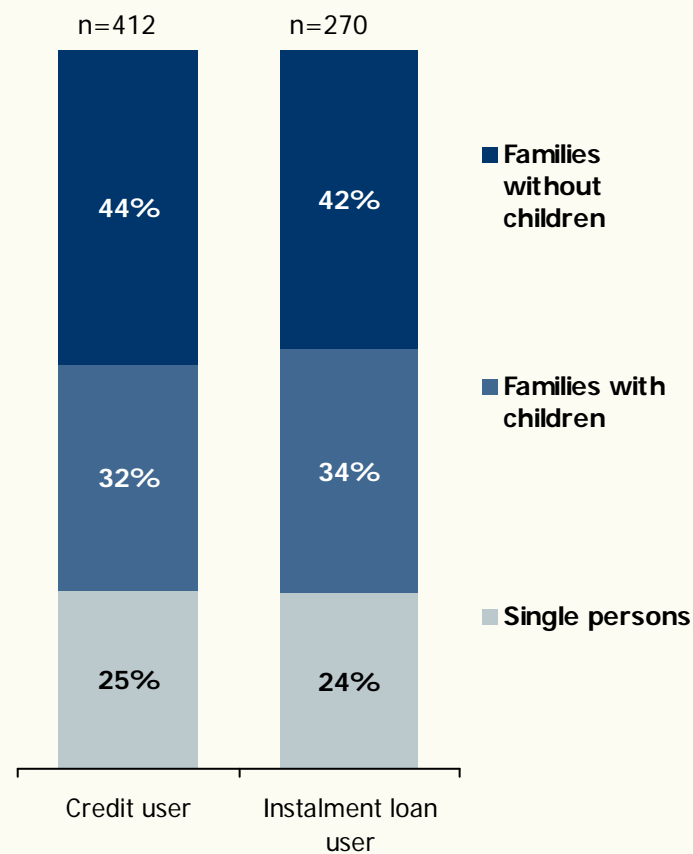
Credit users overall, instalment loan users

41

Gender of the head of household



Life cycle type

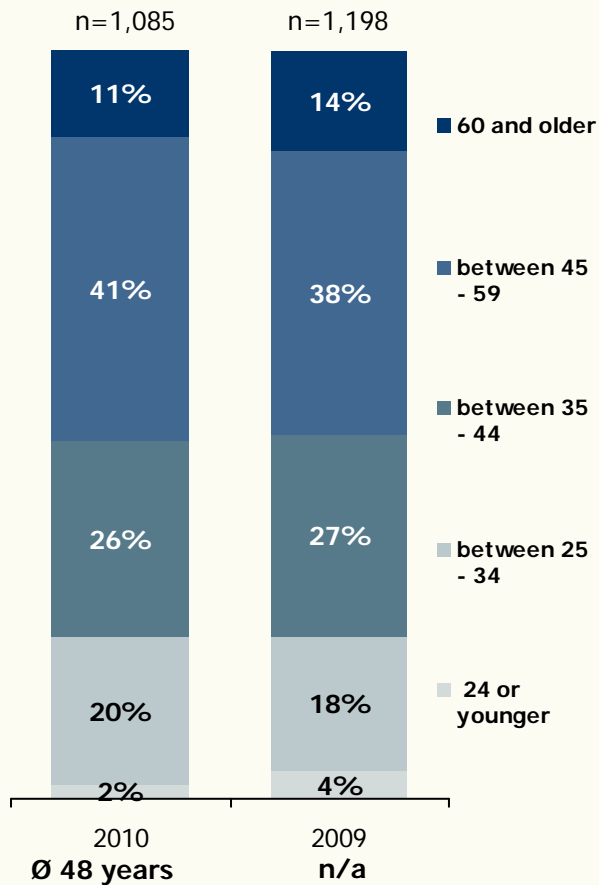


Statistics- Age, size of household, number of children in household

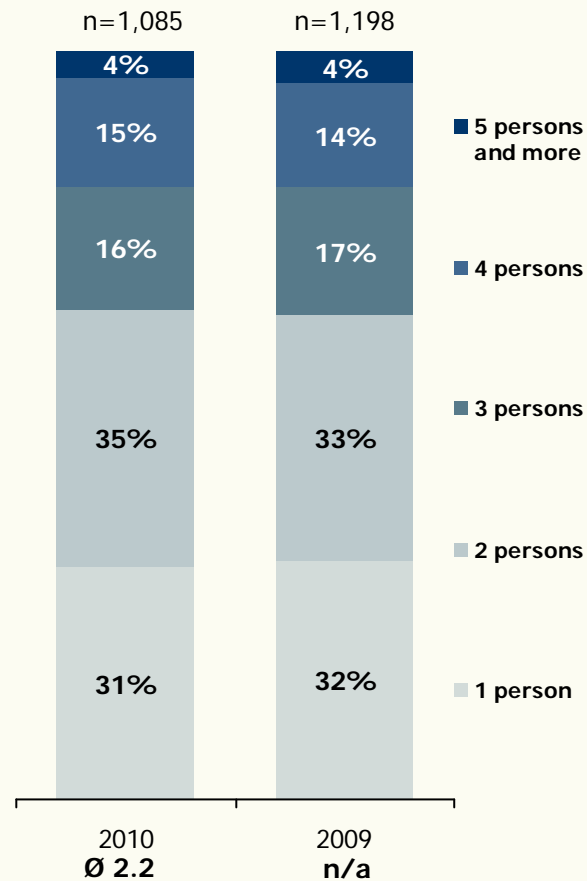
All those surveyed

42

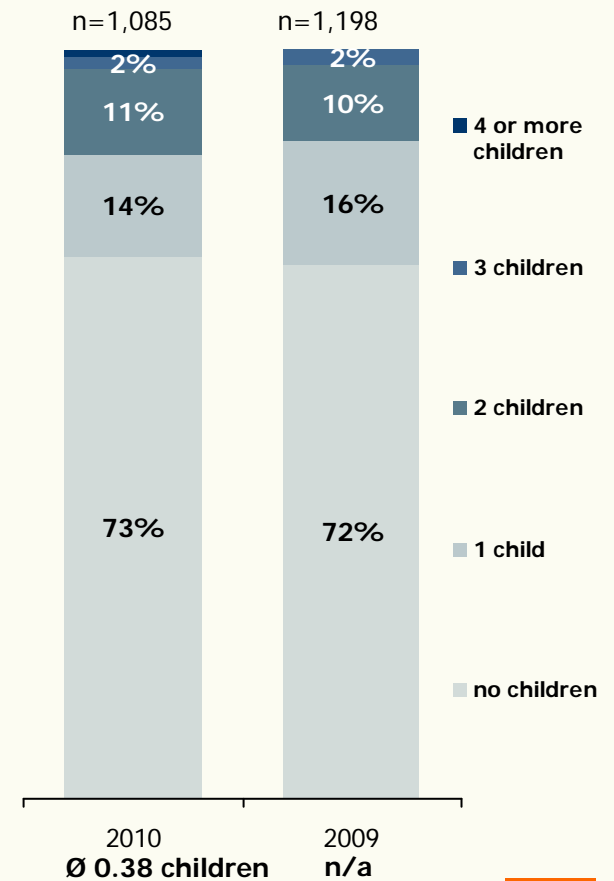
Age



Size of household



Number of children in household

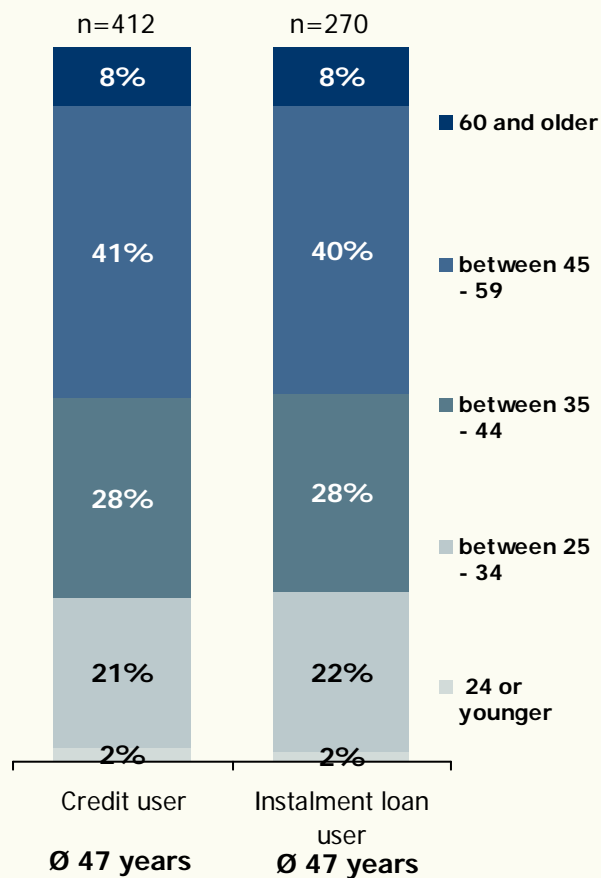


Statistics- Age, size of household, number of children in household

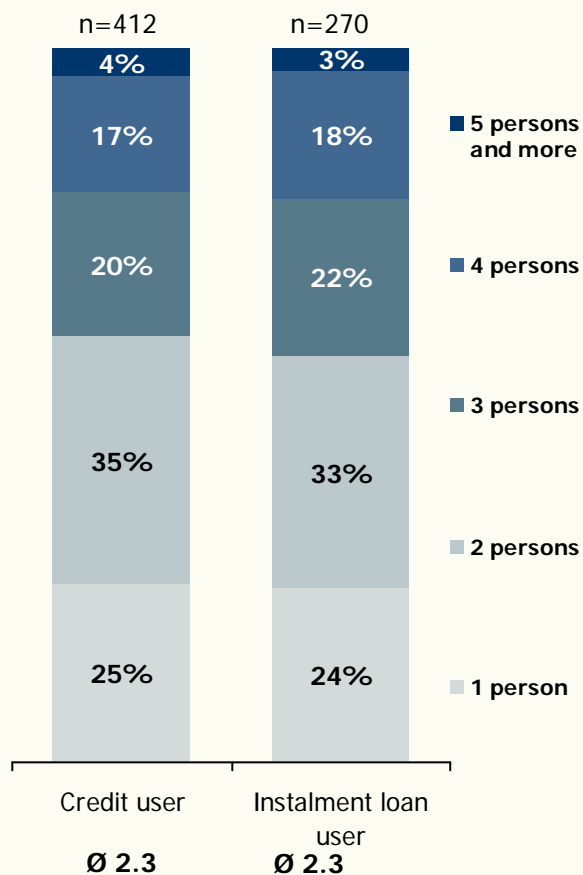
Credit users overall, instalment loan users

43

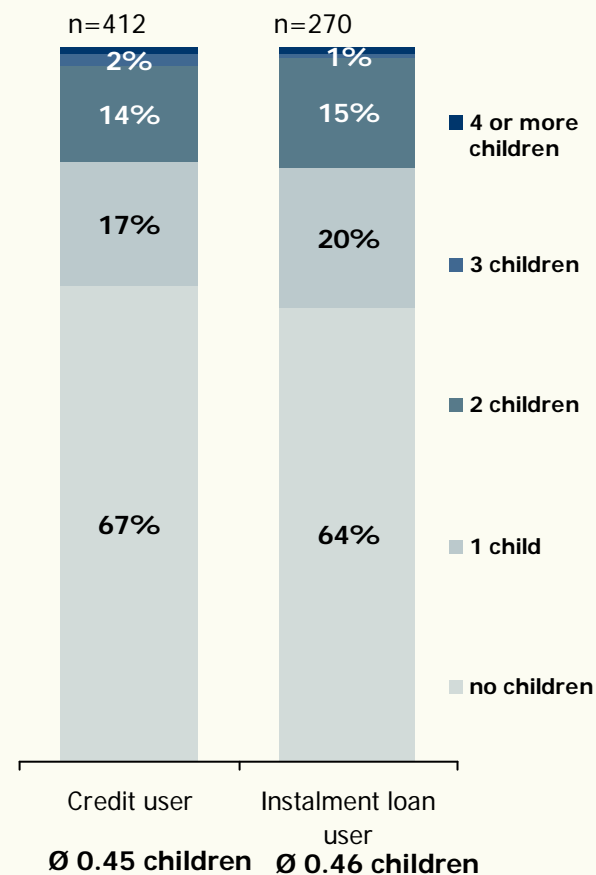
Age



Size of household



Number of children in household

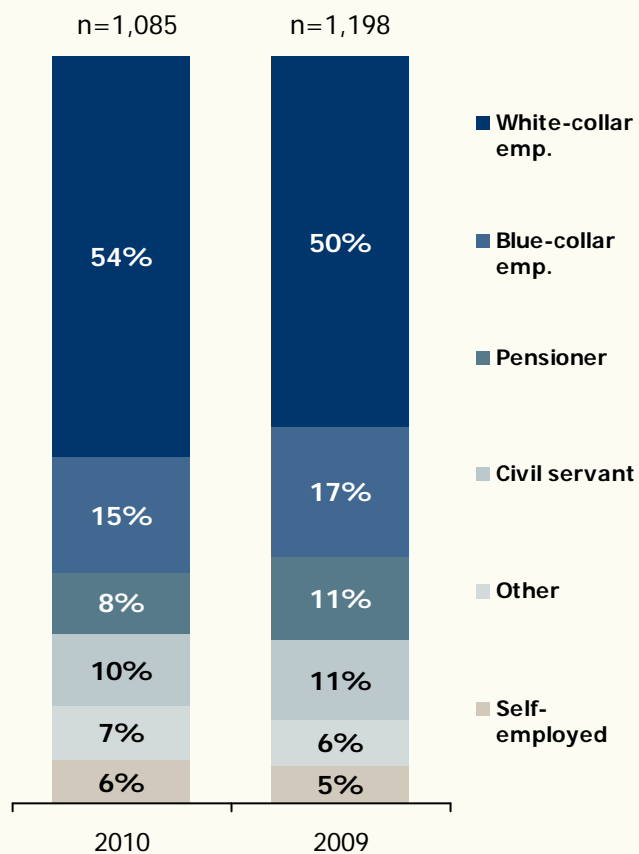


Statistics - Occupation and education

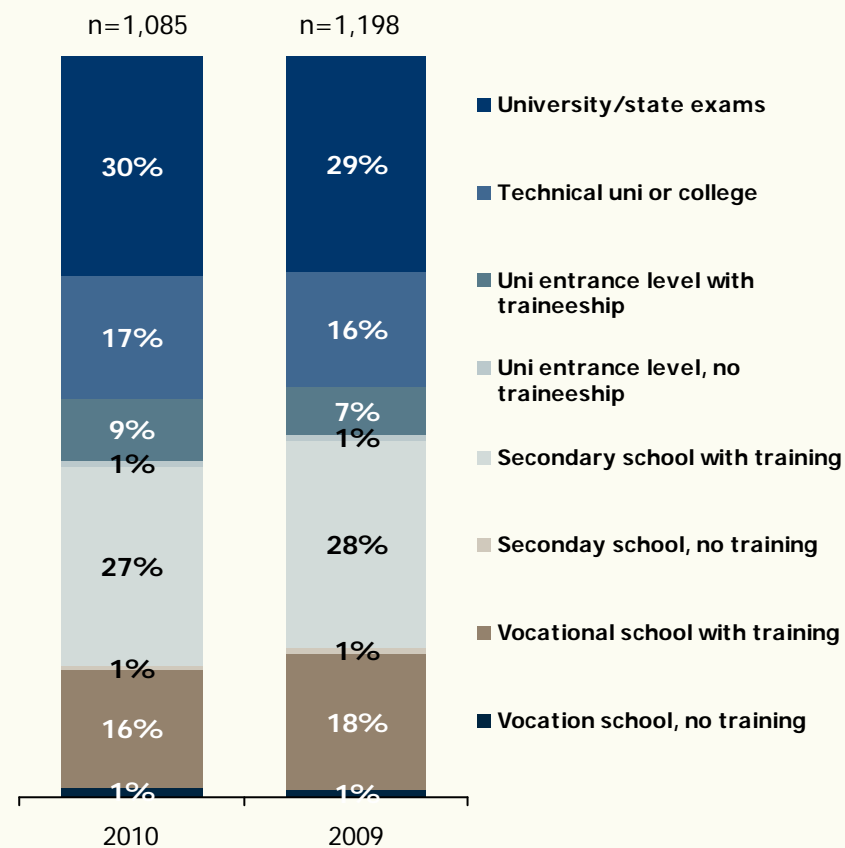
All those surveyed

44

Occupation



Education

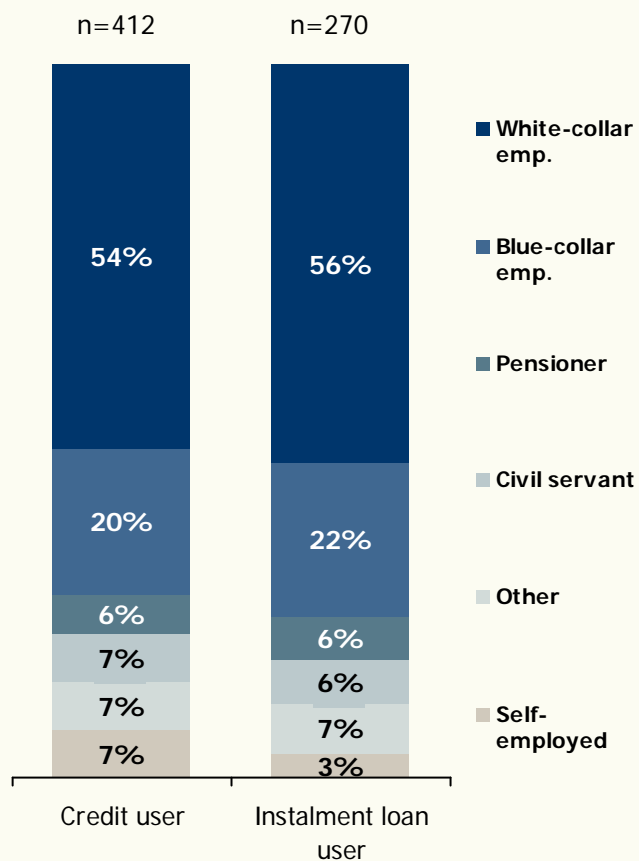


Statistics - Occupation and education

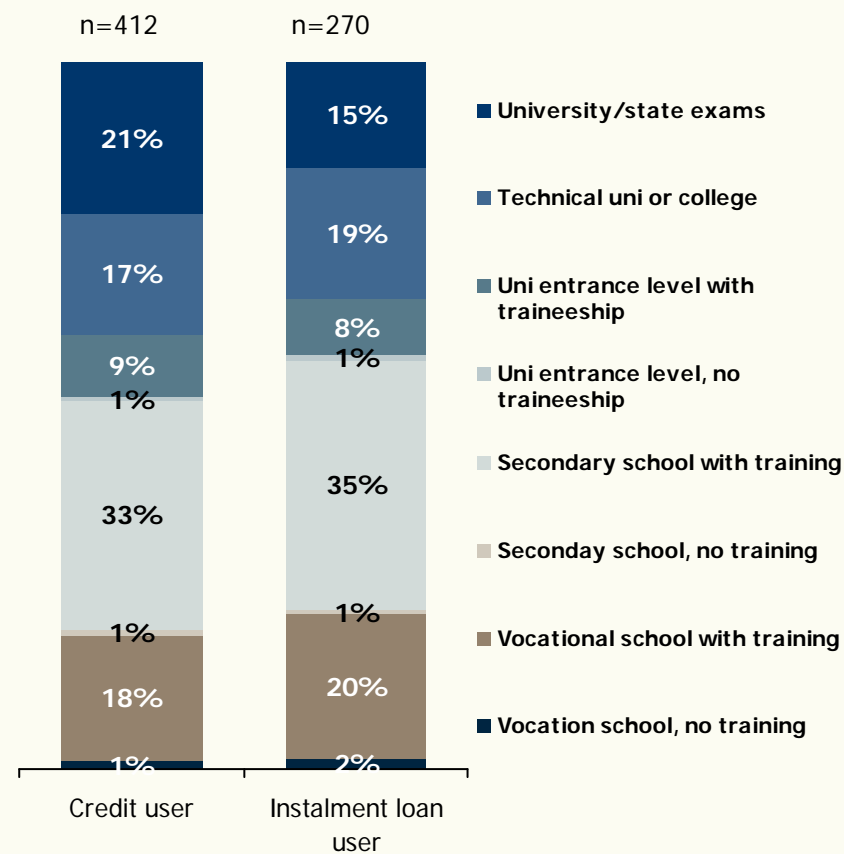
Credit users overall, instalment loan users

45

Occupation



Education

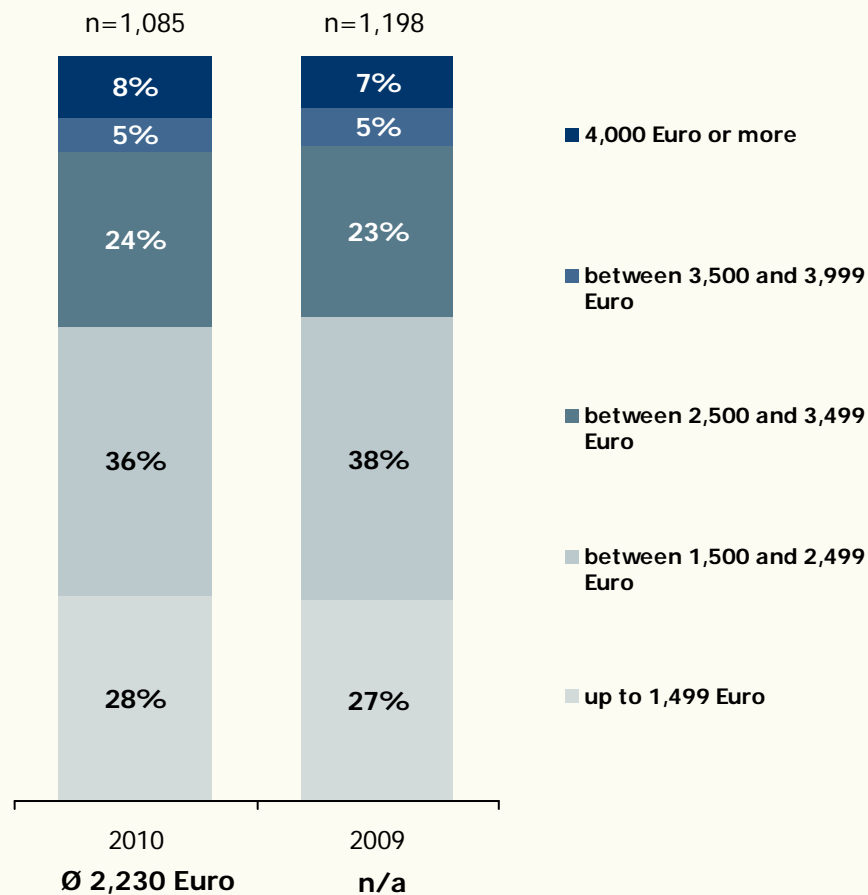


Statistics - Net household income

All those surveyed

46

Net household income



Statistics - Net household income

Credit users overall, instalment loan users

47

Net household income

