

Fundamental Study on Consumer and Vehicle Financing

Content

1. Background and Objectives of the Study, Study design	Page 2
2. Study Results	
A. Awareness of various forms of financing	Page 7
B. Current use of various forms of financing	Page 9
C. Payment protection insurance	Page 18
D. Financing in retail trade	Page 22
E. Future use of various forms of financing	Page 25
F. Financing of current cars	Page 27
G. Attitude to financing a passenger car	Page 31
3. Summary of the Results	Page 34
4. Statistics	Page 41

Background to the study



General information

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 credit for 2012.

One particular focus of this will be car financing.

Other aspects surveyed included attitudes to loans, awareness and intentions to use as well as detailed results about Payment protection insurance as well as financing in retail trade.

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 = 1,656 (sample), the results were subsequently weighted

Survey period

18/07/2012 to 07/08/2012



Study design



Case numbers:

n = 649 credit users

all interviewees who used at least one form of financing

n = 1,007 non-credit users

all interviewees who did not use any form of financing

n = 1,425 car owners

all interviewees who own at least one car

n = 365 car owners (with financing)

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

n = 1,060 car owners (without financing)

all those surveyed who are car owners but who did not use financing

Captive banks

manufacturer-affiliated banks

Non-captive banks

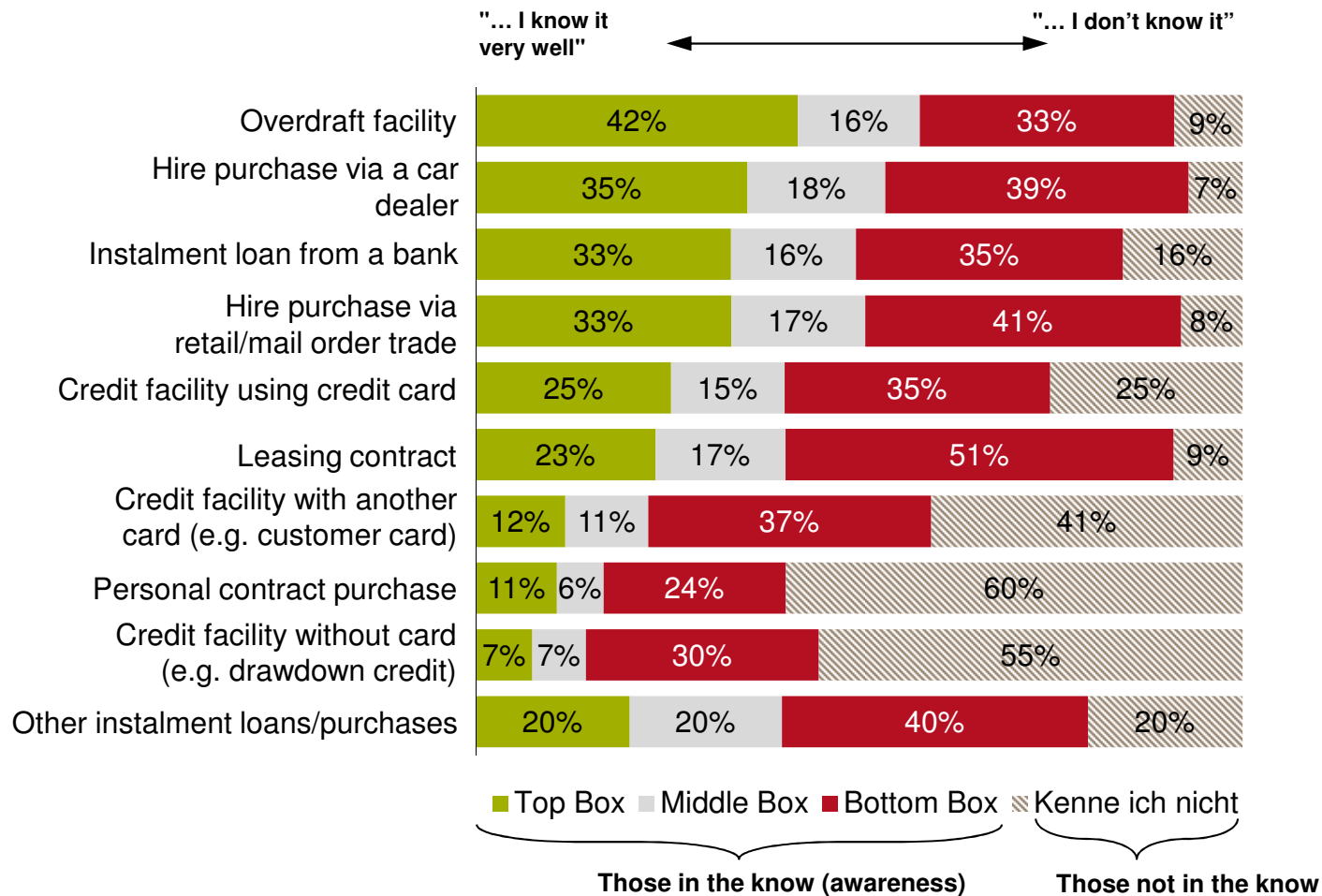
multi-vendor banks

Content

1. Background and Objectives of the Study, Study design	Page 2
2. Study Results	
A. Awareness of various forms of financing	Page 7
B. Current use of various forms of financing	Page 9
C. Payment protection insurance	Page 18
D. Financing in retail trade	Page 22
E. Future use of various forms of financing	Page 25
F. Financing of current cars	Page 27
G. Attitude to financing a passenger car	Page 31
3. Summary of the Results	Page 34
4. Statistics	Page 41

Awareness of and familiarity with forms of financing

All those surveyed



The awareness of specific forms of financing varies quite widely.

The more traditional, established products are known by name to most of those surveyed.

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

Familiarity = Those surveyed know the form of financing well or very well (top box values)

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

Middle Box (3) = I have indeed heard of it

Bottom Box (1+2) = I know it only by name, I know little about it

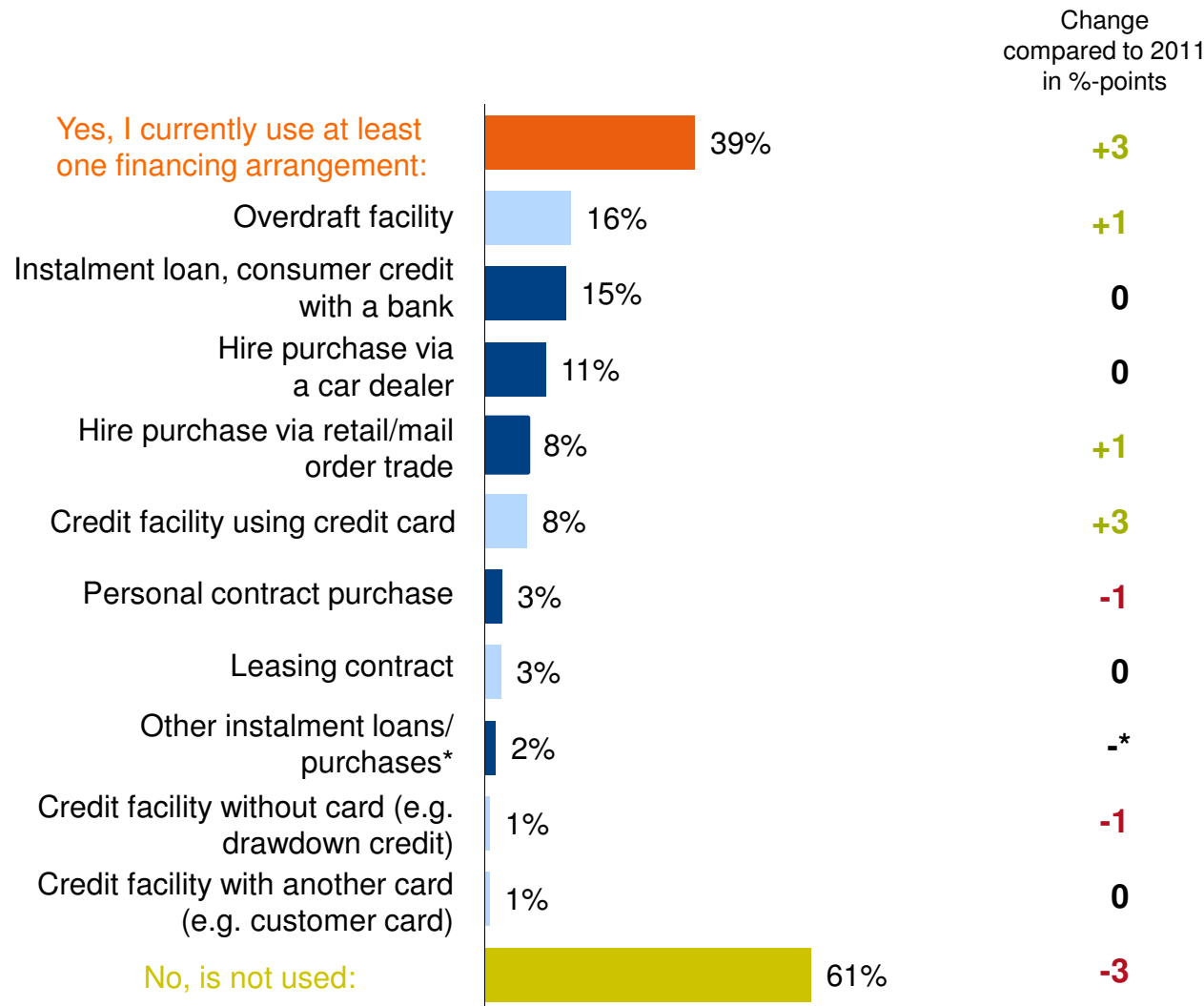
F2: Various forms of financing are available for private purchases and occasions. How well do you know the following forms of financing? All those surveyed, n= 1,622, excl. no response - rounding-off differences

Agenda

1. Background and Objectives of the Study, Study design	Page 2
2. Study Results	
A. Awareness of various forms of financing	Page 7
B. Current use of various forms of financing	Page 9
C. Payment protection insurance	Page 18
D. Financing in retail trade	Page 22
E. Future use of various forms of financing	Page 25
F. Financing of current cars	Page 27
G. Attitude to financing a passenger car	Page 31
3. Summary of the Results	Page 34
4. Statistics	Page 41

Credit use

All those surveyed



Almost 39% of all those surveyed currently use a financing arrangement.

There is little shifting within the individual forms of credit; only credit facilities via a credit card tend to be used somewhat more.

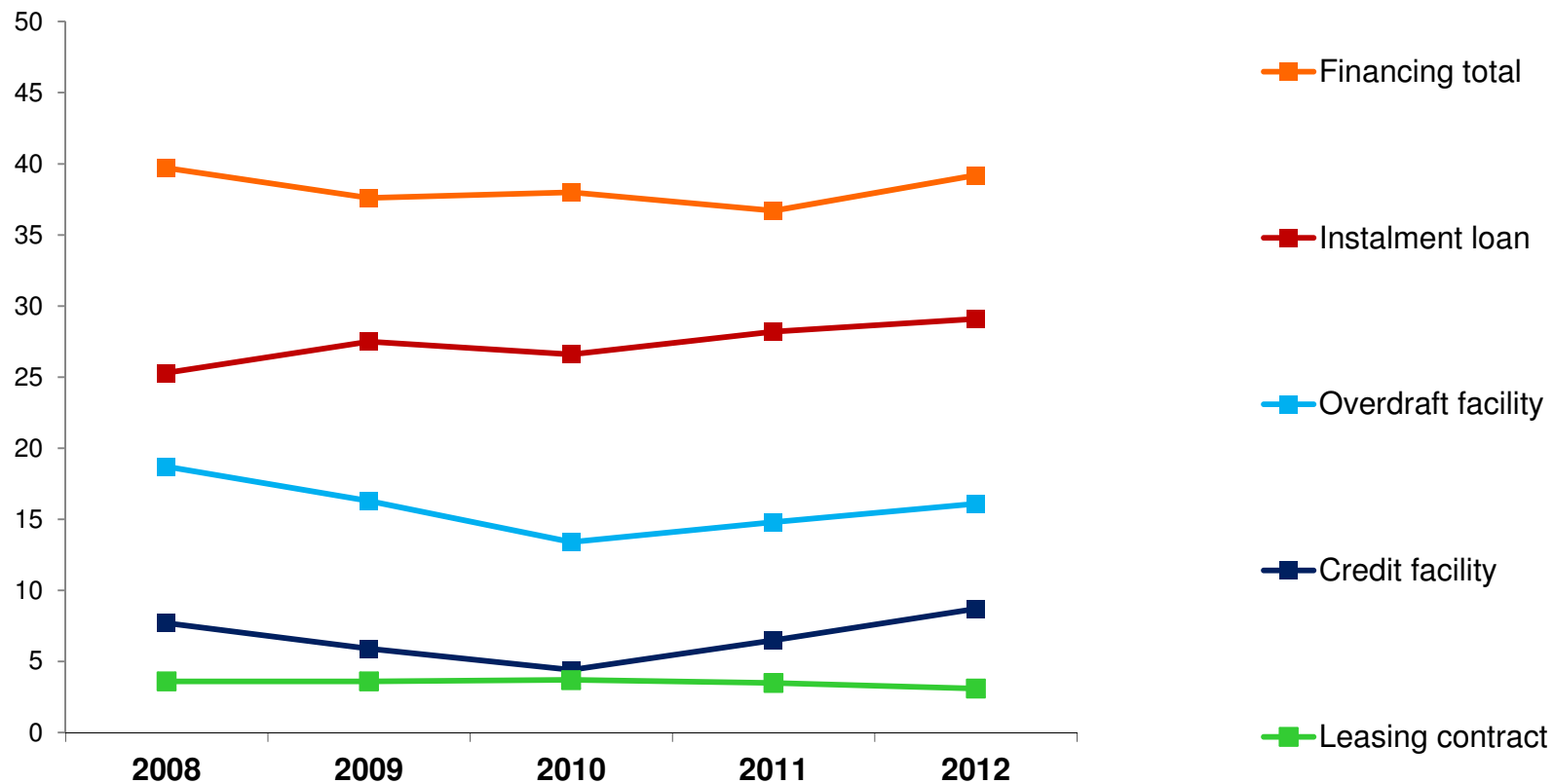
Instalment loans
 Total 2012: 29%
 Total 2011: 28%

F3a: Are you currently using one of the following forms of credit / financing?
 Basis: all those surveyed n = 1,656 excl. no response; *new in 2012; rounding-off differences possible
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Credit use

All those surveyed / Wave comparison / Selection of specific forms of financing

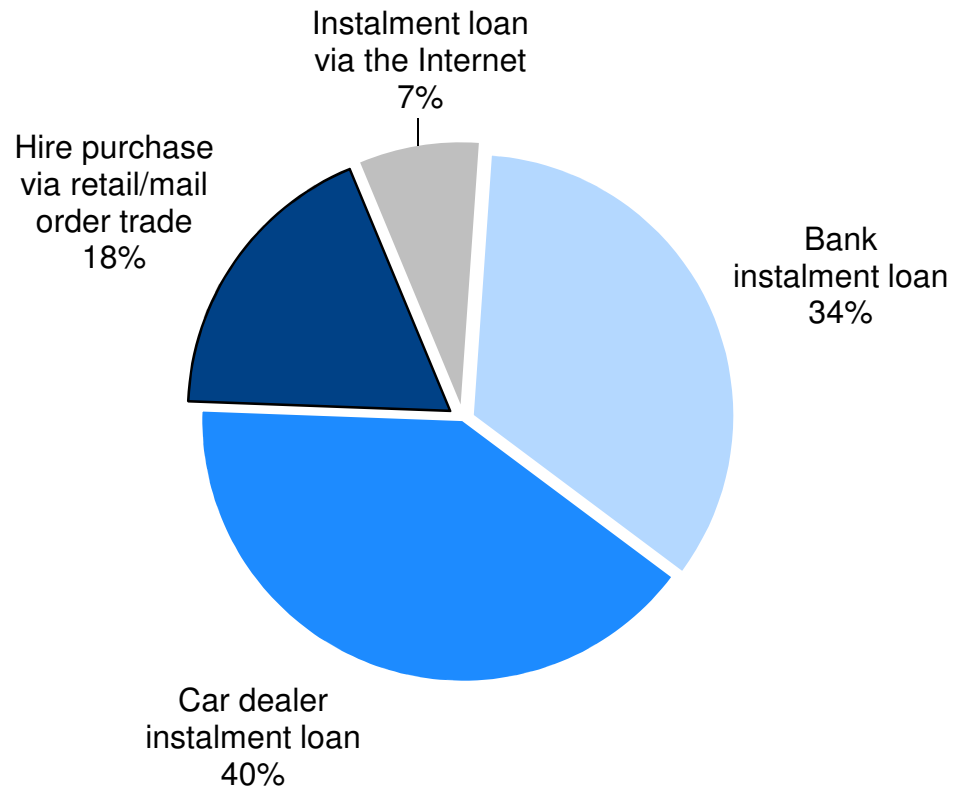
Use



Are you currently using one of the following forms of credit / financing?
 Basis: all those surveyed in each case, excl. no response
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Distribution of the individual forms of credit

Credit users

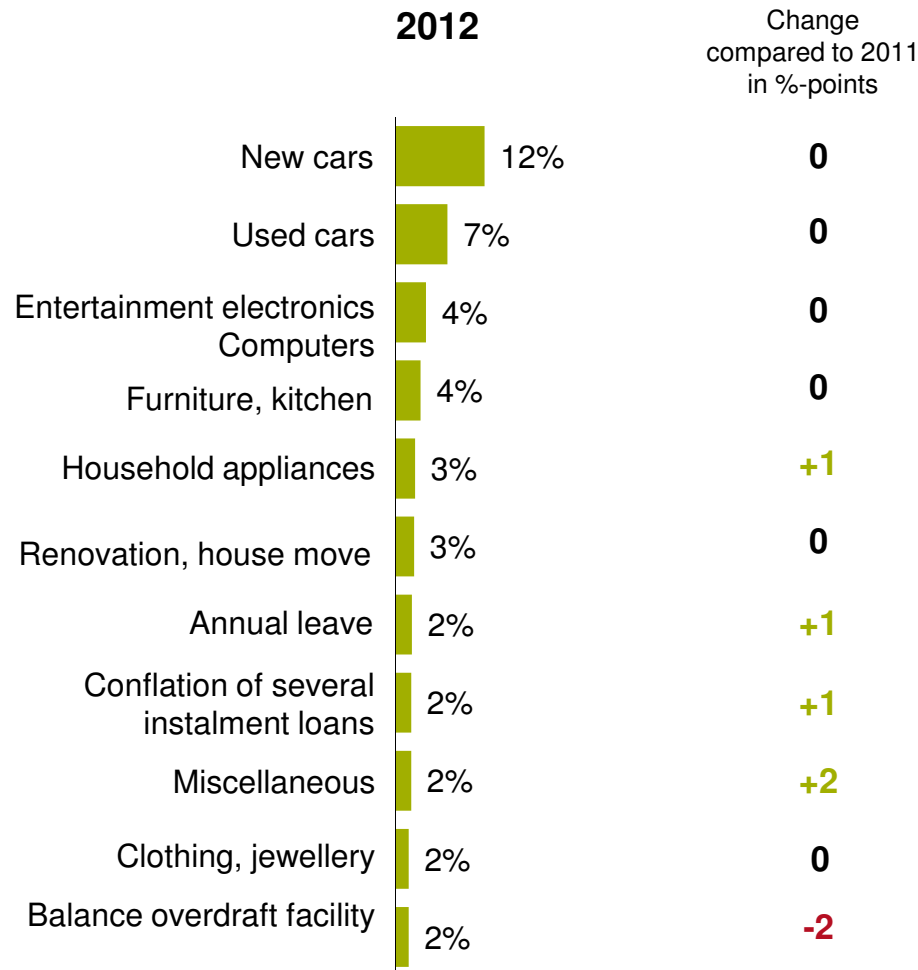


34% of all instalment loans are arranged via the bank, 7% are arranged via the internet.

In total, a user of instalment loans currently has 1.7 different forms of credit (of those described).

Purpose – General

All those surveyed



12% of all those surveyed use a credit arrangement to finance a new car, 7% use a credit arrangement for a used car.

There are few differences discernible comparison to the previous year.

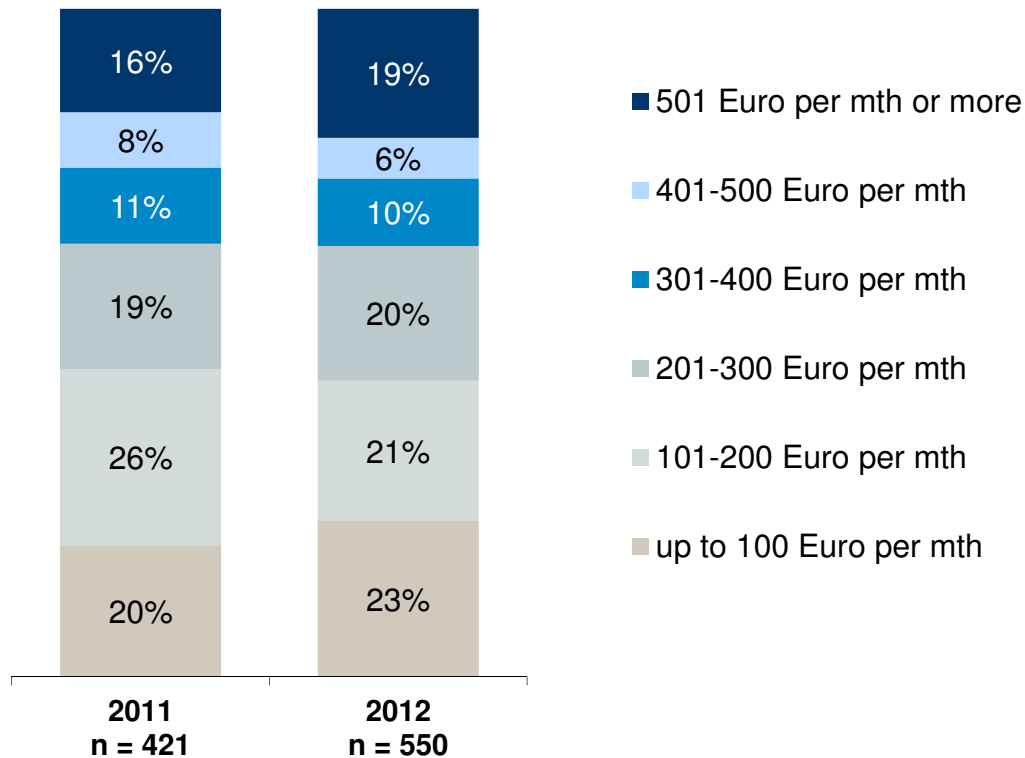
F3a: Are you currently using one of the following forms of credit / financing? F3c: And for what did you use your current credit arrangement(s)?

Basis: all those surveyed, n= 1,656, excl. no response.

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Credit use – Amount of instalment payments

Sub-group of credit users



The average monthly instalment amount has increased slightly. On average it is currently € 299 per month.

Amount of the average instalment payments:

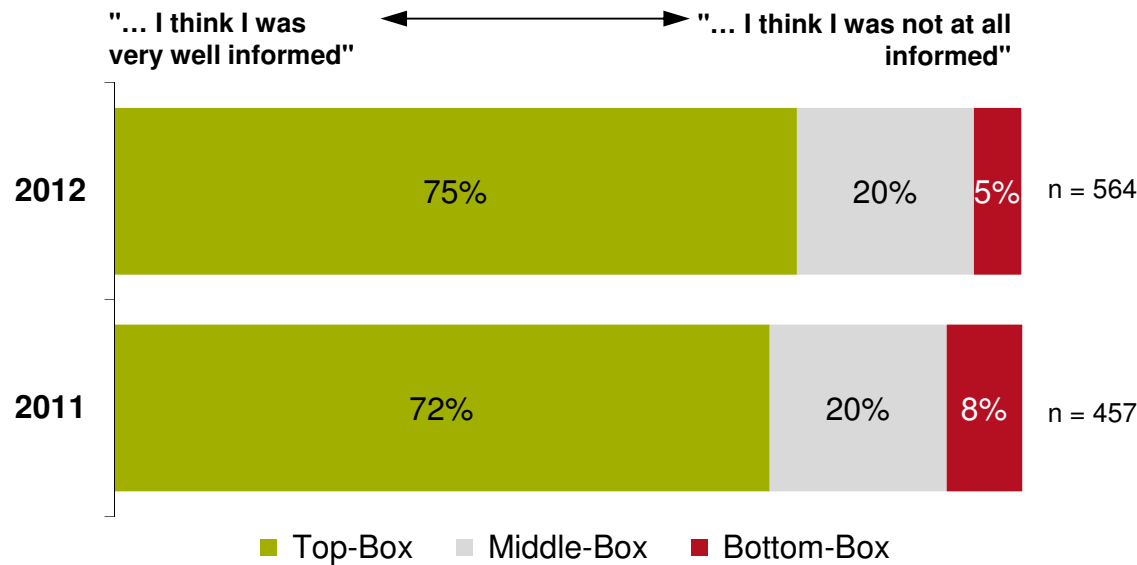
2012: € 299
2011: € 287

F5: What is the total amount of your monthly instalment payments for all credit arrangements? If you have several credit arrangements, please count all your monthly instalments together. Basis: n = 550 (2012) excl. no response; Detailed analysis in Appendix

Credit terms and conditions

Sub-group of credit users

When arranging this credit, how well do you feel you were informed by your bank or savings bank about the terms and conditions of the credit?

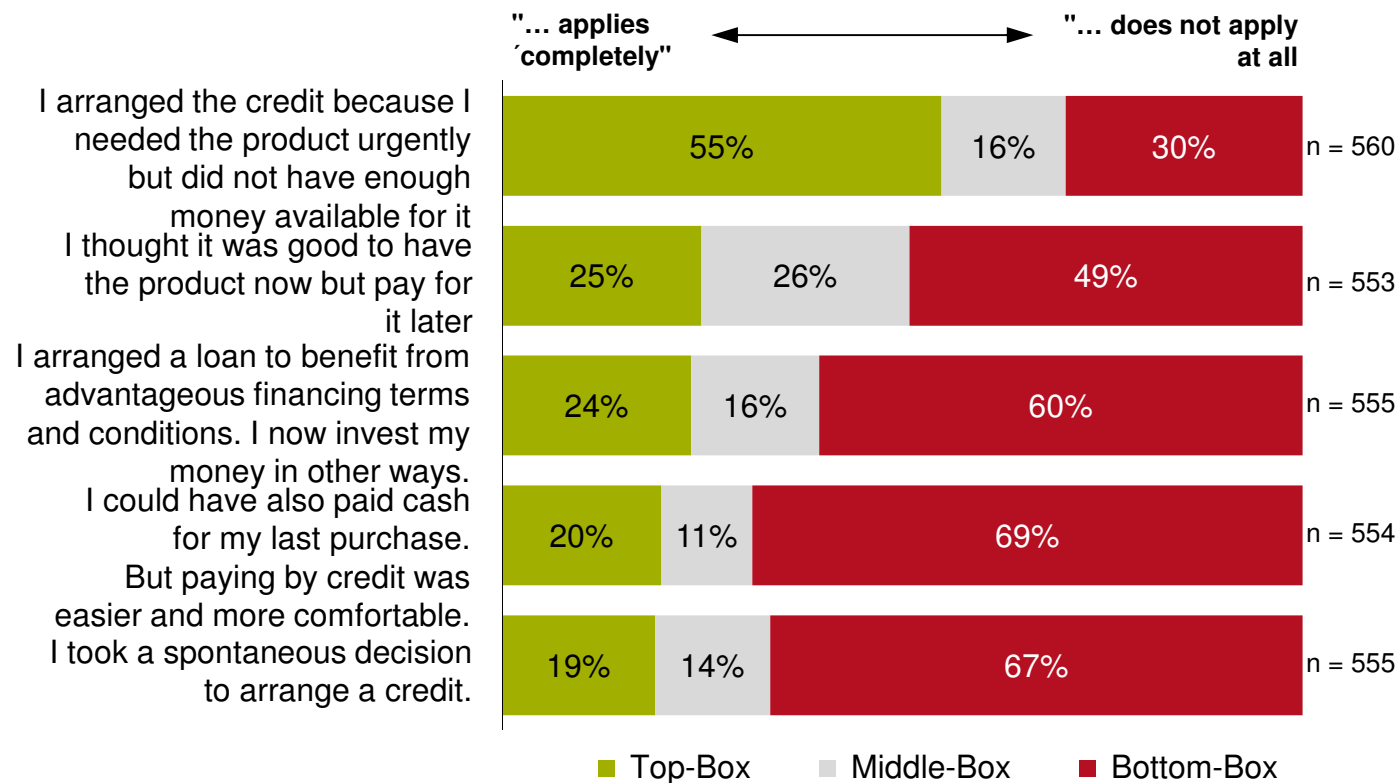


75% of all credit users thought they had been very well or well informed about the terms and conditions of the credit when arranging the credit. This ratio is higher compared to the previous year.

F6: When arranging this credit, how well do you feel you were informed by your bank about the terms and conditions of the credit? Basis: Credit users, excl. no response.

Credit use – statements concerning the most recently arranged credit

Sub-group of credit users



55% of all credit users arranged the credit because they needed the product urgently but did not have enough money available for it.

One quarter (24%) first and foremost took advantage of the beneficial conditions.

Only one-fifth (19%) of those surveyed entered into a credit arrangement spontaneously.

F8: Considering the credit you most recently arranged: how accurate are the following statements to you?
Basis: Credit users, excl. no response.

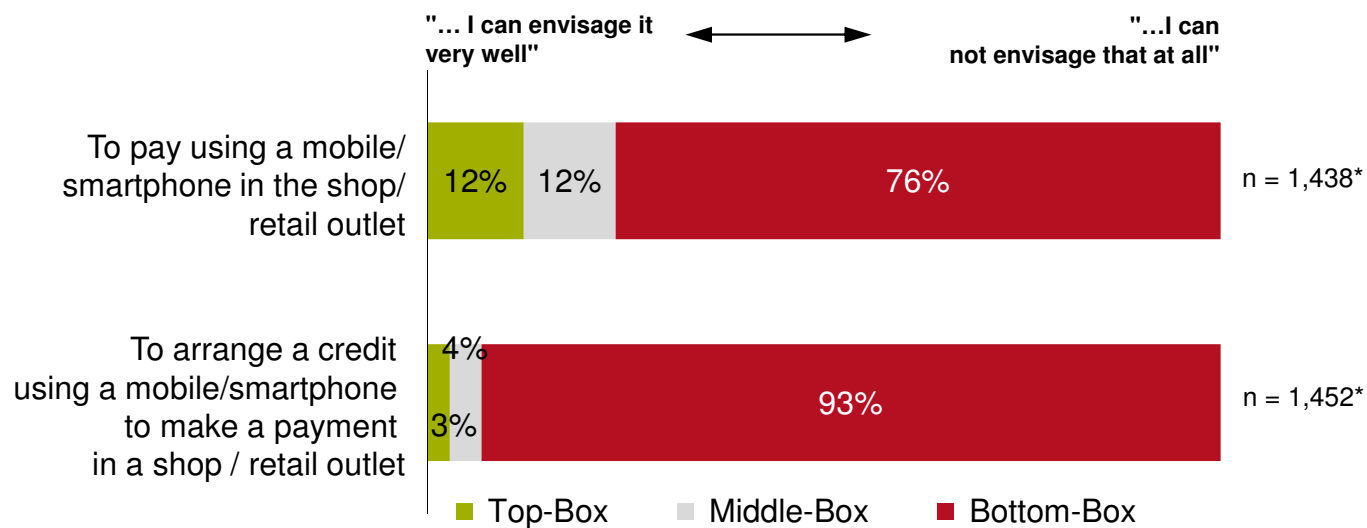
Payment using mobile phone/smartphone

All those surveyed

In some shops/retail outlets it is already possible to pay using a mobile phone /smartphone. To what extent could you envisage using the following options?

Somewhat more than one in ten people currently can envisage using a mobile phone or smartphone in future to make a payment in a shop.

On the other hand, only a few people could envisage arranging credit via mobile or smartphone in 2012 – the figures are stable in comparison to the previous year.

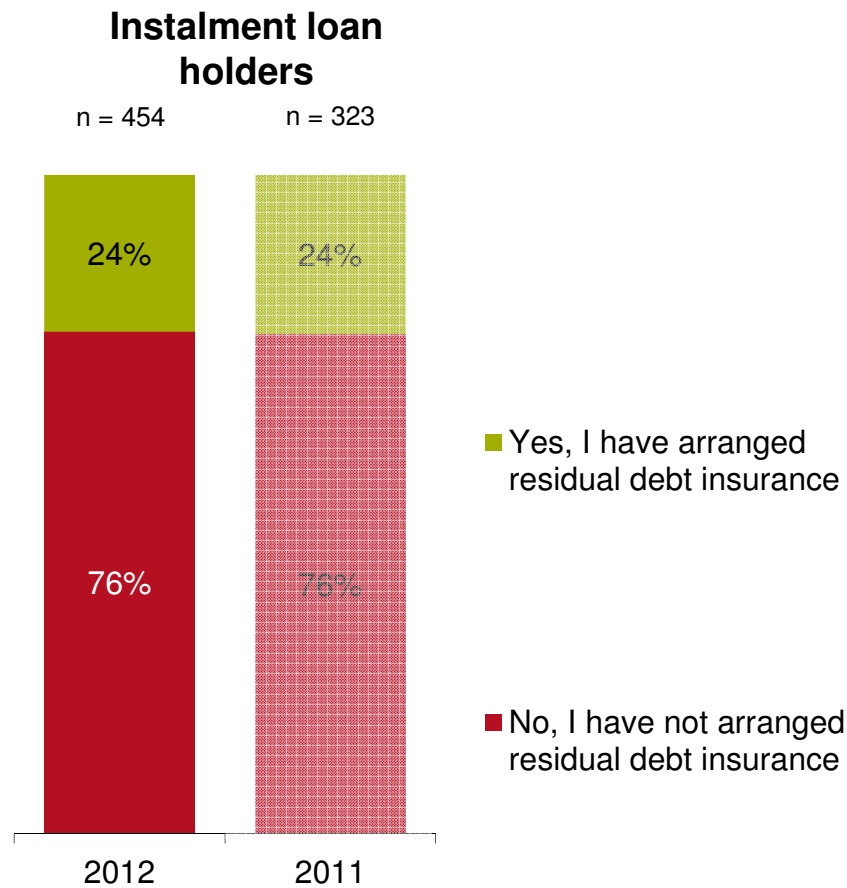


F11a: In some shops/retail outlets it is already possible to pay using a mobile phone /smartphone. To what extent could you envisage using the following options? Basis: excl. no response; *excl. "do not know"

Agenda

1. Background and Objectives of the Study, Study design	Page 2
2. Study Results	
A. Awareness of various forms of financing	Page 7
B. Current use of various forms of financing	Page 9
C. Payment protection insurance	Page 18
D. Financing in retail trade	Page 22
E. Future use of various forms of financing	Page 25
F. Financing of current cars	Page 27
G. Attitude to financing a passenger car	Page 31
3. Summary of the Results	Page 34
4. Statistics	Page 41

Arrangement of Payment protection insurance Instalment loan recipients



24% of instalment loan recipients arranged payment protection insurance with their credit.

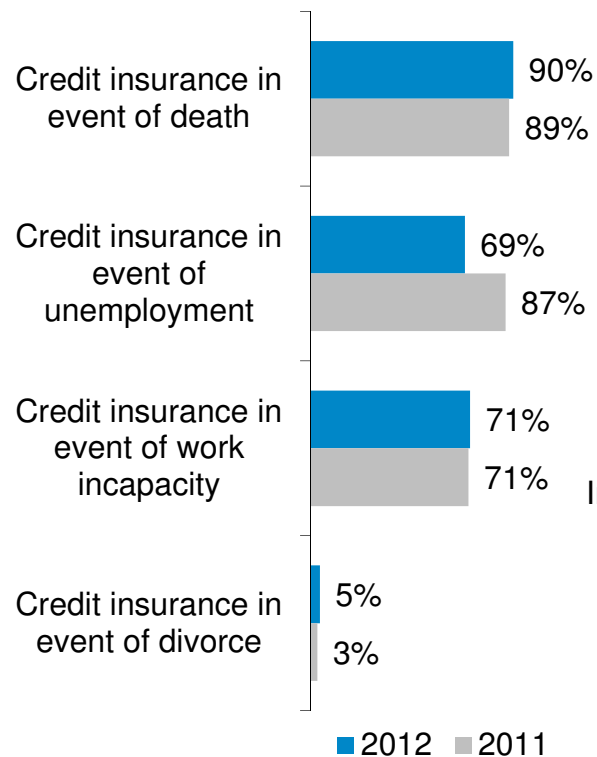
The proportion has remained stable over the last two years.

F12: Have you arranged Payment protection insurance in respect of your instalment loan?
 Basis: excl. no response

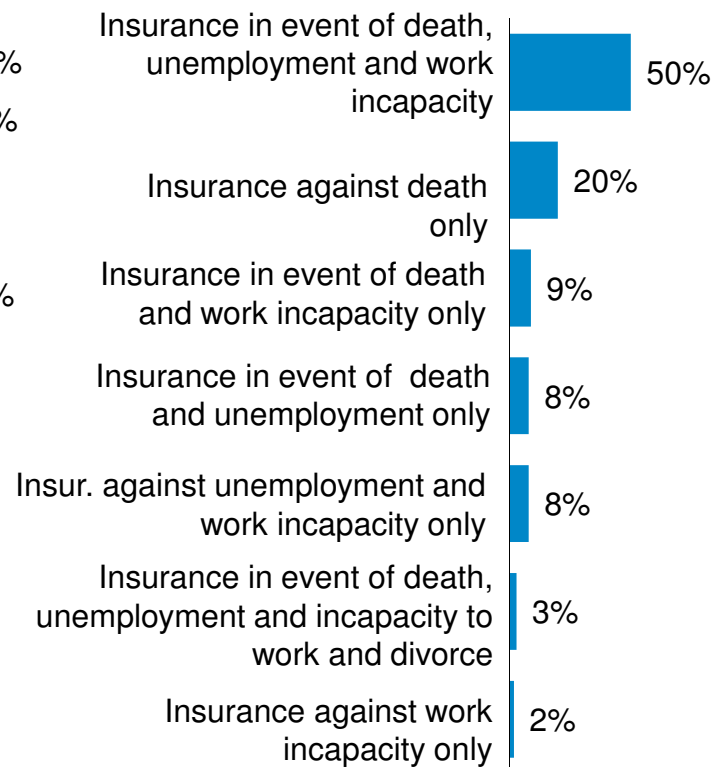
Arrangement of Payment protection insurance

Holders of Payment protection insurance

Covered risks in figures
n = 100



Covered risks 2012 in detail
n = 100



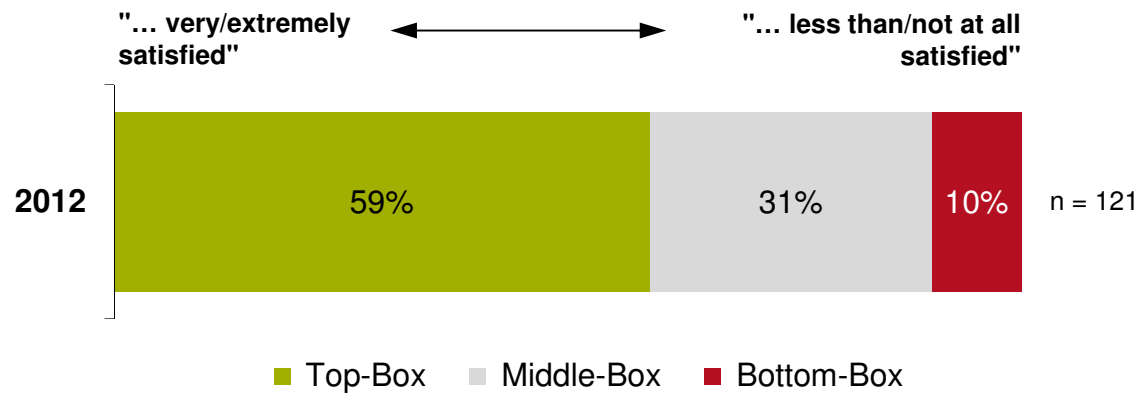
The majority of Payment protection insurance policies contain a combination of the risks "death, work incapacity and unemployment".

Striking: Insuring the loan against unemployment is currently declining.

Credit terms and conditions

Sub-group of credit users

Satisfaction with the arranged Payment protection insurance



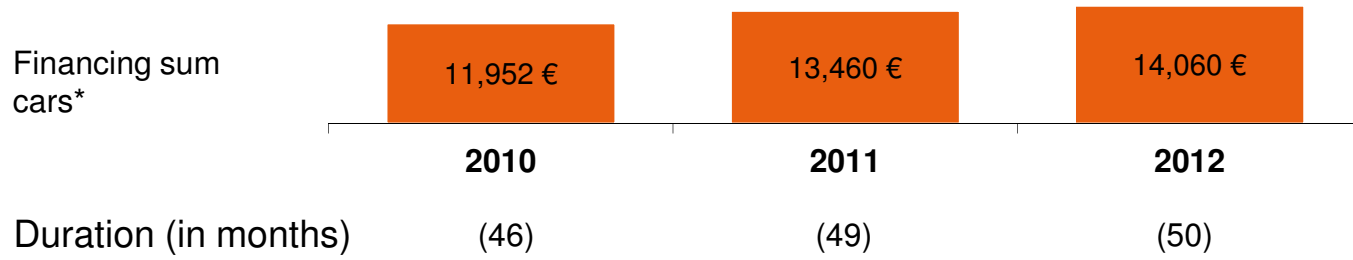
In all, some 59% of all holders of Payment protection insurance are very or even extremely satisfied with the product.

Agenda

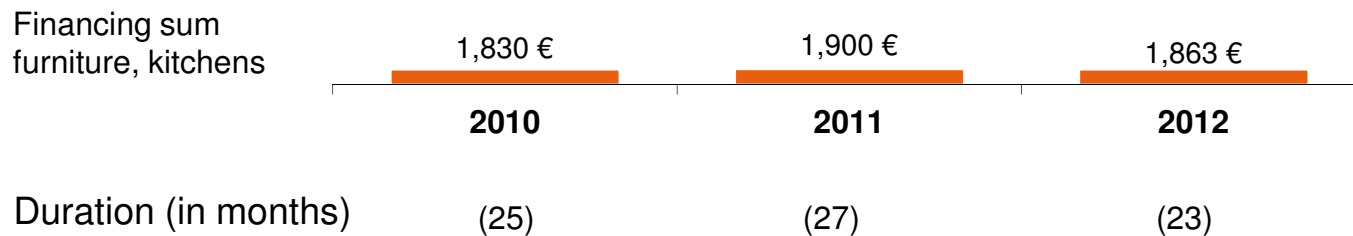
1. Background and Objectives of the Study, Study design	Page 2
2. Study Results	
A. Awareness of various forms of financing	Page 7
B. Current use of various forms of financing	Page 9
C. Payment protection insurance	Page 18
D. Financing in retail trade	Page 22
E. Future use of various forms of financing	Page 25
F. Financing of current cars	Page 27
G. Attitude to financing a passenger car	Page 31
3. Summary of the Results	Page 34
4. Statistics	Page 41

Financing in retail trade – amounts and lengths of term

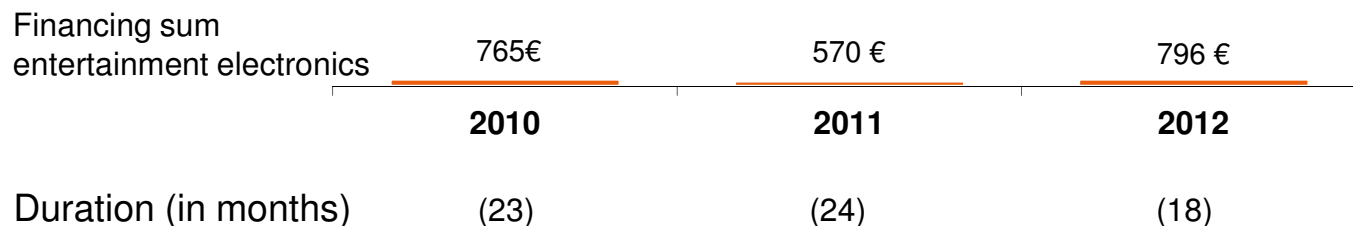
All those surveyed



The length of the credit terms for furniture and kitchens and entertainment electronics has decreased.



Financing:
New cars: €15,158 (48 months)
Used cars: € 9,109 (51 months)



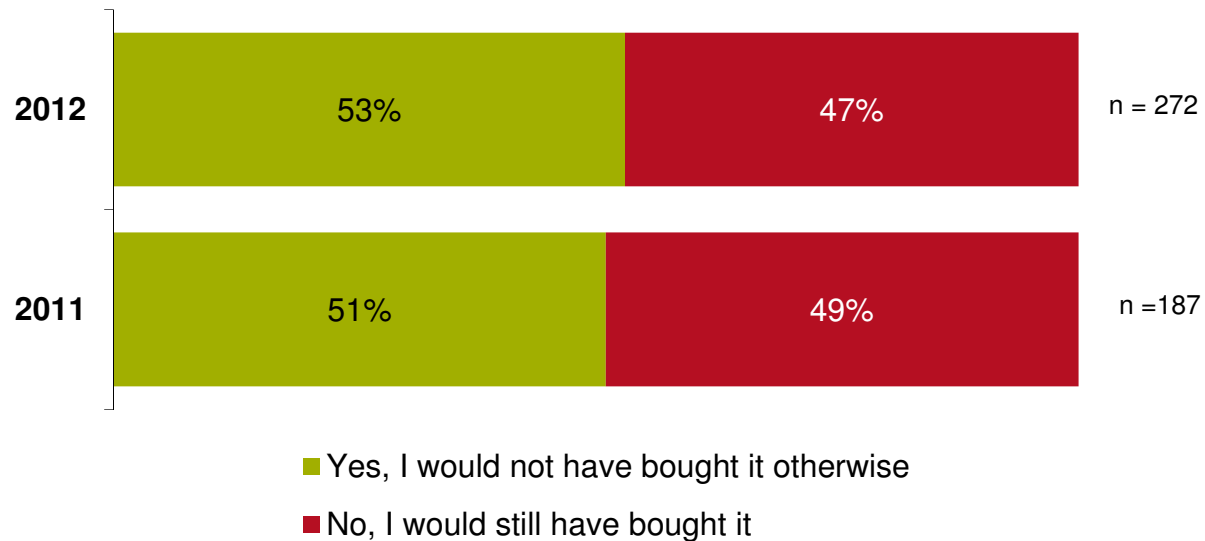
*Funds from new and used cars

F18.a. Do you have current financing arrangements for one or more purchases made via mail order / retail outlets or car dealer (see Question 9. a.)? Please state, which of the following purchases you made using financing. F18.b. If yes, what was the financed sum in each case? If you have made several purchases in one category (e.g. entertainment electronics, computer), please state the amount for the most recent purchase in each case. F18.c. And over how many months is the financing arranged? Basis n=1,656 excl. no response, "other" not shown

Financing in retail trade – influence on purchase decision

All those surveyed

Did the option of financing influence your purchase decision?



Without the financing option in the retail outlet, 53% of financed purchases would not have been made. (previous year: 51%).

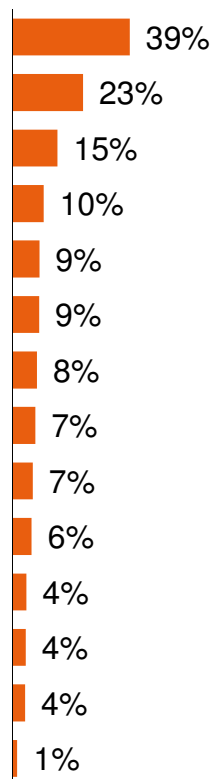
Agenda

1. Background and Objectives of the Study, Study design	Page 2
2. Study Results	
A. Awareness of various forms of financing	Page 7
B. Current use of various forms of financing	Page 9
C. Payment protection insurance	Page 18
D. Financing in retail trade	Page 22
E. Future use of various forms of financing	Page 25
F. Financing of current cars	Page 27
G. Attitude to financing a passenger car	Page 31
3. Summary of the Results	Page 34
4. Statistics	Page 41

Planned acquisitions/outlays as well as credit arrangements within the next 24 months

Planners of purchase in question

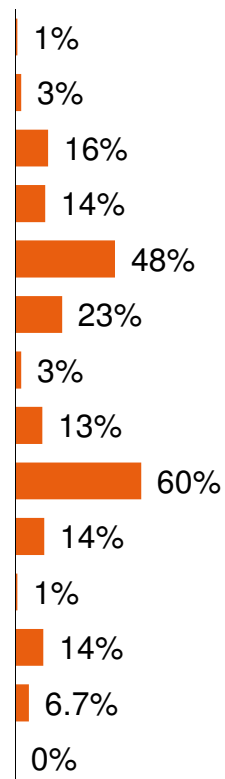
Planned purchases
All those surveyed
n = 1,364



of these

- Annual leave
- Clothing, jewellery
- Renov., house move
- Entertainment electronics, computer
- Used cars
- Furniture, kitchen
- Family occasion/ family celebration
- Med. treatment, ops, doctors fees
- New cars
- Household appliances
- Sports equip./membership
- Training, studies
- DIY / garden equipment
- Driving licence

Planned credit arrangements



More than half of the customers intending to purchase a new car within the next 24 months can already envisage using a loan in order to do so.

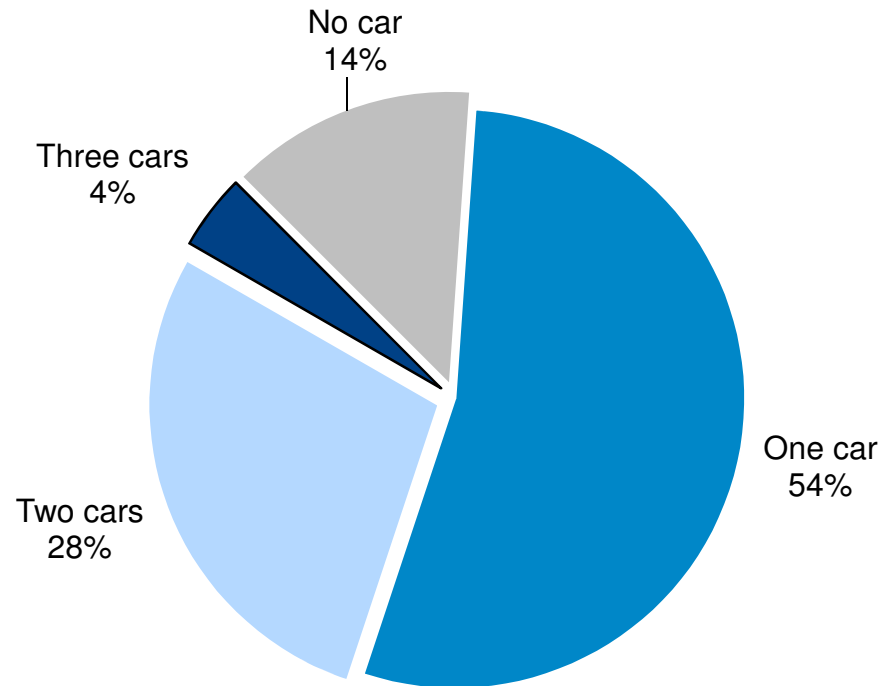
F19a: Are you planning one or more of the following named acquisitions or outlays in the next 24 months? F19b: If you are planning a purchase: Can you, in principle, envisage arranging credit for this (e.g. an instalment loan or credit facility, overdraft facility)? Basis: planners in the respective group, excl. no response.

Agenda

1. Background and Objectives of the Study, Study design	Page 2
2. Study Results	
A. Awareness of various forms of financing	Page 7
B. Current use of various forms of financing	Page 9
C. Payment protection insurance	Page 18
D. Financing in retail trade	Page 22
E. Future use of various forms of financing	Page 25
F. Financing of current cars	Page 27
G. Attitude to financing a passenger car	Page 31
3. Summary of the Results	Page 34
4. Statistics	Page 41

Car ownership

All those surveyed

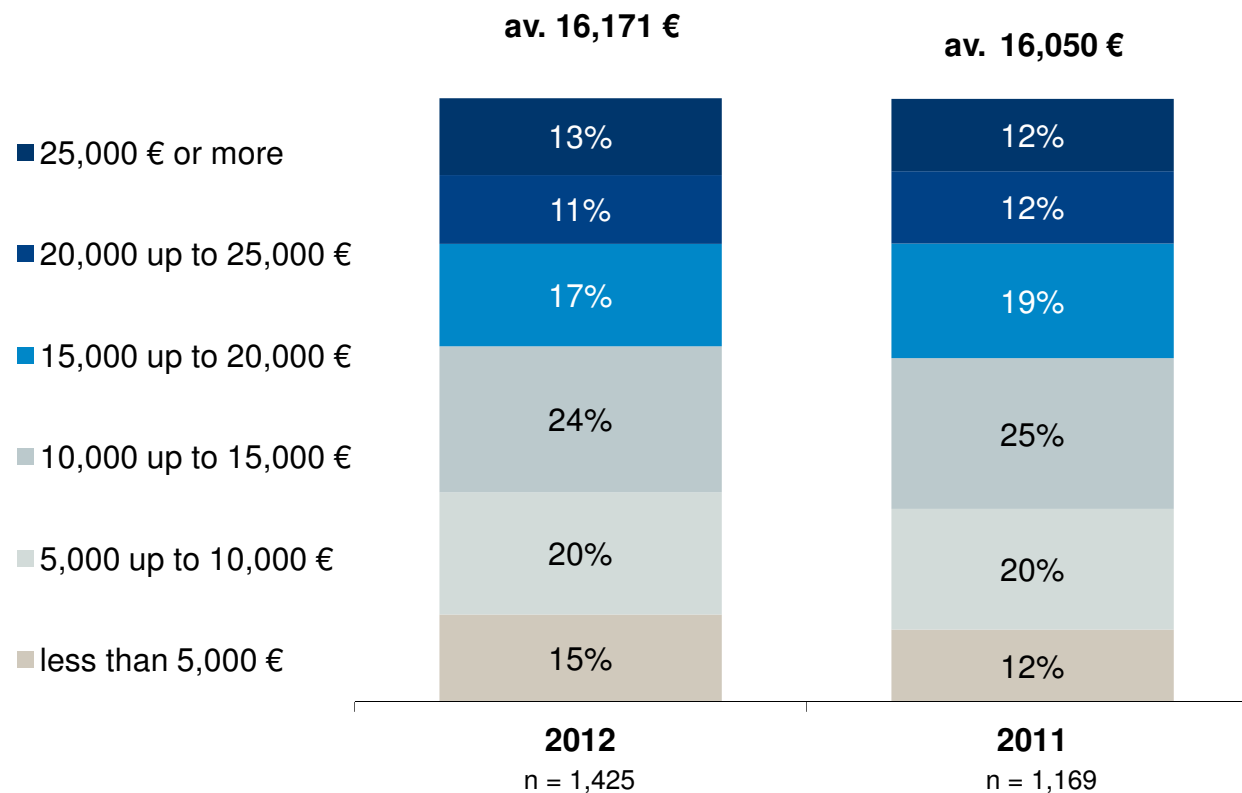


A household on average currently owns 1.2 cars.

But: 14% of all households do not own any (private) car.

Purchase costs - total car owners

Purchasing costs



The acquisition costs for new and used cars are very stable compared to 2011.

Just over 16,170 Euros is currently invested in a car.

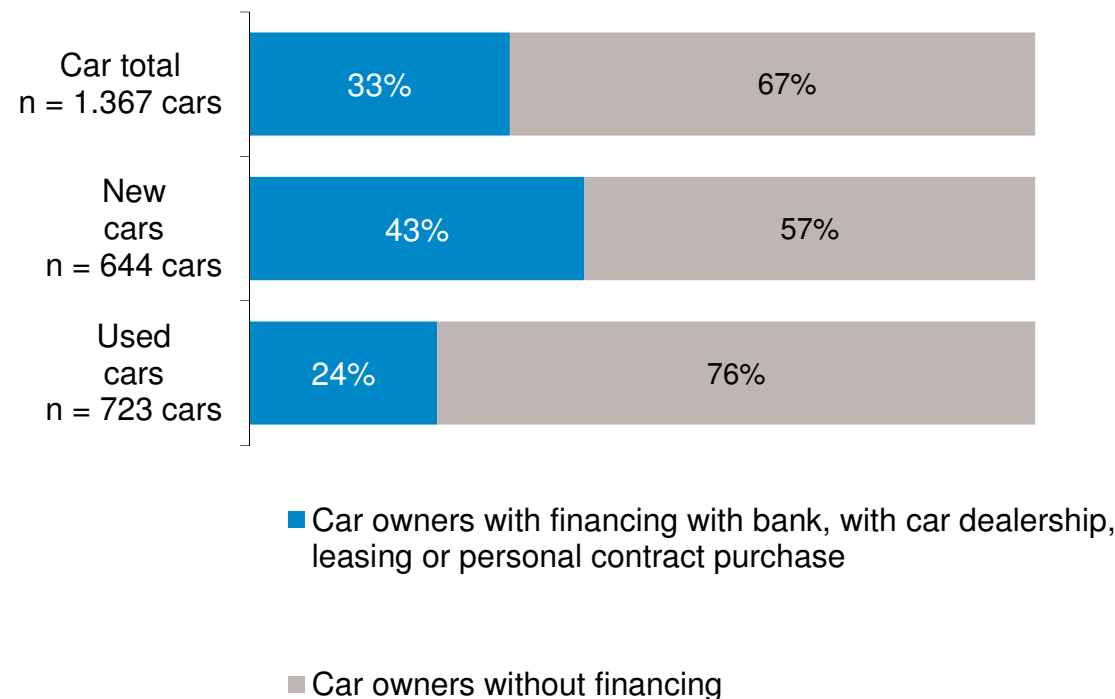
F25. Please state how much your car cost approximately?
 Basis: Car owners n = 1,425, excl. no response
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Ratio of financed cars

Car owners

Proportion of financed cars (incl. leasing or Personal contract purchase)

43% of all new cars are financed; this figure is 24% for used cars.



F26: Was the car purchased by full payment in cash, partially financed, fully financed or leased?

Basis: excl. no response

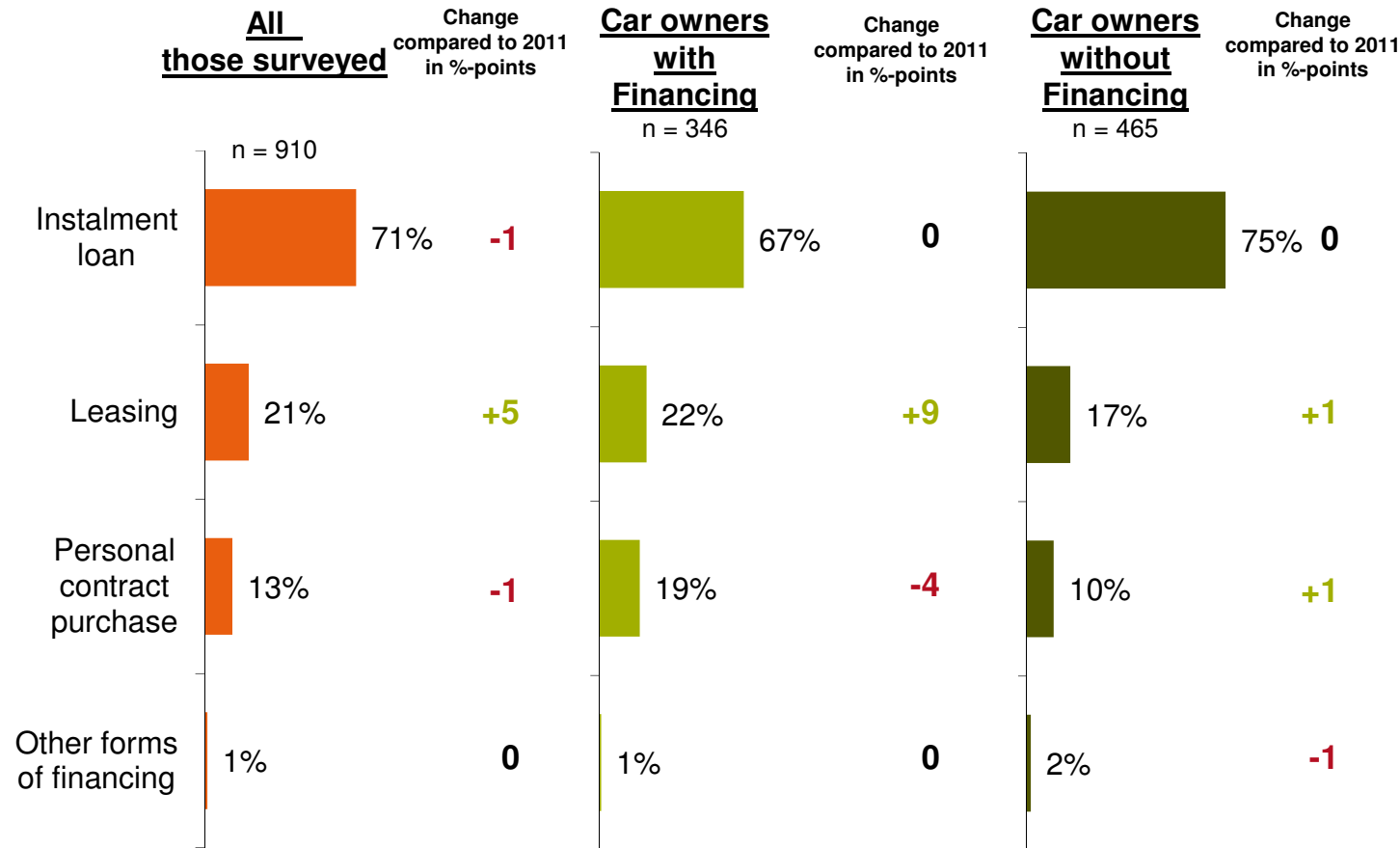
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Agenda

1. Background and Objectives of the Study, Study design	Page 2
2. Study Results	
A. Awareness of various forms of financing	Page 7
B. Current use of various forms of financing	Page 9
C. Payment protection insurance	Page 18
D. Financing in retail trade	Page 22
E. Future use of various forms of financing	Page 25
F. Financing of current cars	Page 27
G. Attitude to financing a passenger car	Page 31
3. Summary of the Results	Page 34
4. Statistics	Page 41

Preferred forms of financing for new cars

Selected sub-groups: excl. persons declining credit

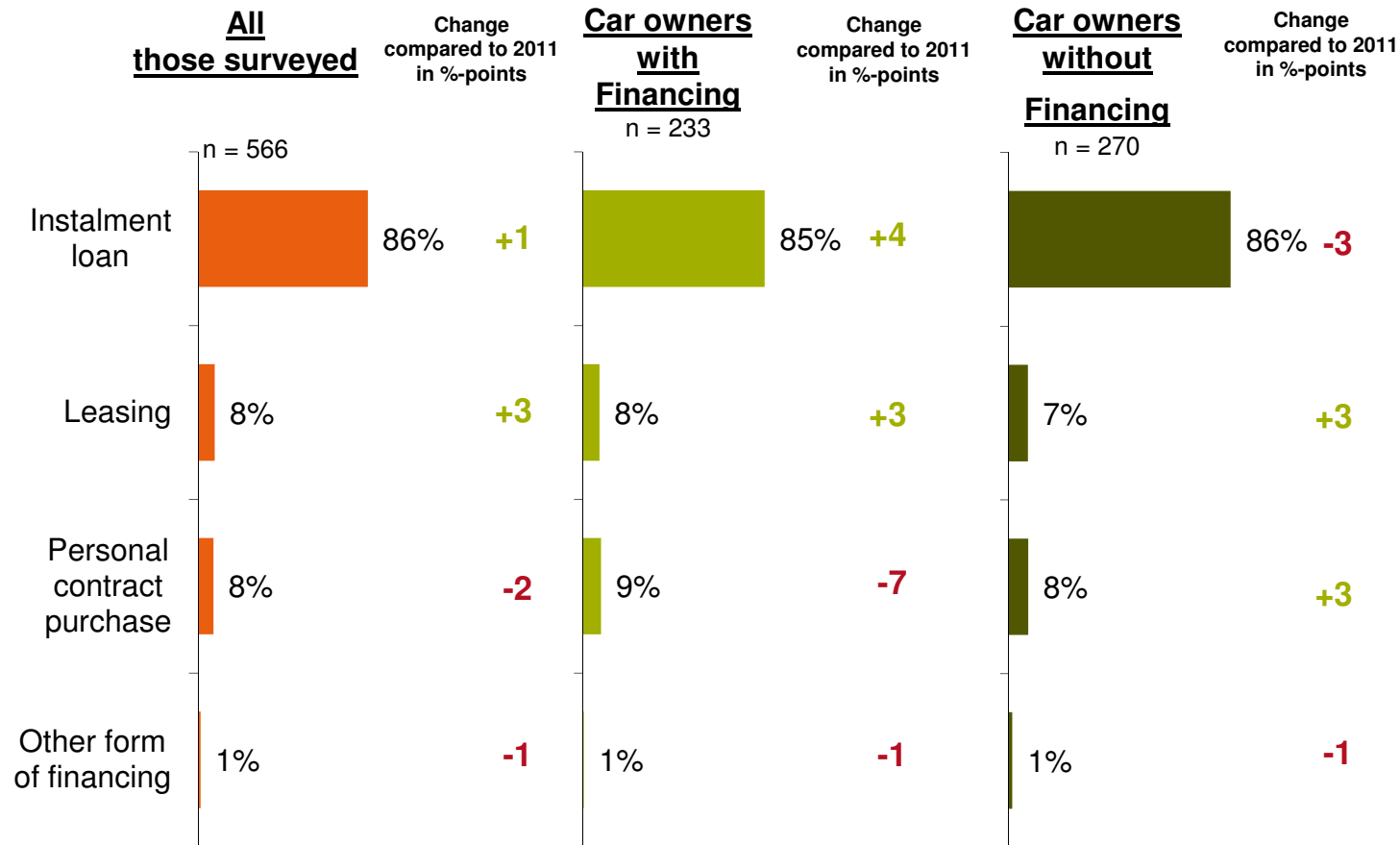


There is a preference towards financing new cars using instalment loan. However leasing is rapidly gaining in popularity – an increase of 9 percentage points has been recorded here.

F32a: Consider for a moment that you are planning to purchase a new car. What form of financing would you prefer in this case?
Basis: excl. no response

Preferred forms of financing for used cars

Selected sub-groups: excl. persons declining credit



There is also a preference towards financing used cars using instalment loan.

F32b: And what form of financing would you prefer when purchasing a used car?
 Basis: excl. no response
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Agenda

1. Background and Objectives of the Study, Study design	Page 2
2. Study Results	
A. Awareness of various forms of financing	Page 7
B. Current use of various forms of financing	Page 9
C. Payment protection insurance	Page 18
D. Financing in retail trade	Page 22
E. Future use of various forms of financing	Page 25
F. Financing of current cars	Page 27
G. Attitude to financing a passenger car	Page 31
3. Summary of the Results	Page 34
4. Statistics	Page 41

Summary – Forms of financing



Awareness of various forms of financing

- The awareness of specific forms of financing varies widely. The more traditional, established products are known at least by name to most of those surveyed (page 7).



Current use of various forms of financing

- Almost 39% of all those surveyed currently use financing. The aggregate of this ratio is higher compared to the previous year. Credit facilities via a credit card was used by 8% of those questioned. This is 3 percentage points more than in the previous year (page 9).
- The stability of the market is also underpinned by the purposes of the individual credit arrangements as expressed by those surveyed. 12% of all those surveyed use a new car credit arrangement, while 7% use credit for a used car. Credit arrangements for entertainment electronics and furniture remain at a moderate level (page 12).
- The average monthly instalment amount has increased. On average it is currently 299 Euro per month (page 13).



Summary – Forms of financing



Current use of various forms of financing

- 75% of all credit users thought they had been very well or well informed about the terms and conditions of the credit when entering the agreement (page 14).
- 55% of all credit users stated that they had arranged the credit because they needed the product urgently but lacked the necessary money for it. One quarter (24%) first and foremost took advantage of the beneficial conditions. Only one-fifth (19%) of those surveyed entered into a credit arrangement spontaneously (page 15).

Summary – Payment protection insurance



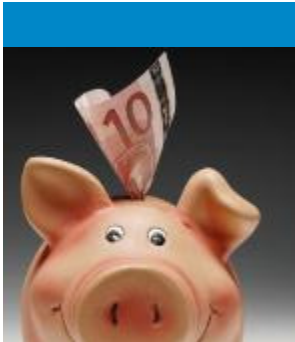
Payment protection insurance

- 24% of instalment loan recipients arranged Payment protection insurance with their loan - the proportion has remained stable during the last two years (page 18). The majority of Payment protection insurance policies contain a combination of the risks "death, work incapacity and unemployment". Striking: Insuring loans against the risk of becoming unemployed is currently decreasing. This reflects the (still) positive situation within the employment market (page 19).

Financing in retail trade

- The demand for financing continues to grow. On the other hand, the lengths of credit periods for furniture and kitchen and entertainment electronics have decreased (page 22).
- The availability of financing particularly influenced the decision to purchase in the vehicle sector. Vehicles are currently financed over 50 months on average (page 22).
- But in other sectors too, financing plays a crucial role - for a good one half of those surveyed (page 23).

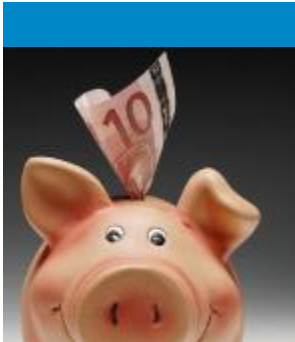
Summary – Future use



Future use of various forms of financing

- 39% of all those surveyed are planning to take a holiday within the next 24 months; 23% want to purchase clothes or jewellery, 15% can envisage a renovation. The future plans are very similar across the individual target groups (financers/non-financers) (page 25).
- Many customers currently regard arranging credit most probably for new and used cars (page 25). More than every second customer intending to purchase a new car within the next 24 months can already envisage using a loan in order to do so.

Summary – Financing of current cars



Financing of current cars

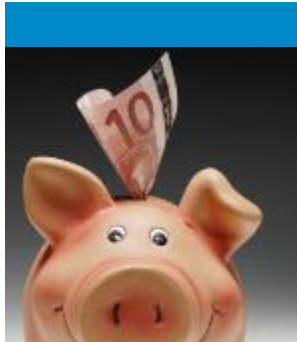
- 86% of all households own at least one car; 32% have more than one. A household on average currently owns 1.2 cars. 50% of cars were purchased new, 50% had one previous owner (page 27/29).
- The acquisition costs for new and used cars are very similar to those recorded for 2011. Just over € 16,170 are currently invested in a car (page 28). The financed proportions are still relatively high - 43% of all new cars are financed; for used cars this figure is 24% (page 29).

Attitudes to financing

- With new cars, there is a preference towards instalment loans. However, leasing has registered an increase in 9 percentage points (page 31).

Summary – Overview of key figures

Extrapolation based on 33.2 million households* with 56.0 million persons



Use of credit arrangements in general

- | | |
|--|--------------|
| • Users of at least one financing arrangement: | 21.9 million |
| • Instalment loan with a bank: | 8.5 million |
| • Overdraft facility (users): | 9.0 million |
| • Hire purchase via retail trade: | 4.5 million |
| • Credit facility via a credit card: | 4.4 million |



Car financing arrangements

- | | |
|--|--------------|
| • Total current car financing arrangements in 2012: | 14.5 million |
| • Newly arranged car financing arrangements in 2012: | 1.2 million |
| - of which, new car financings: | 0.6 million |
| - of which, used car financings: | 0.6 million |



*private, independently financing, German households with head of household between 18 and 75 years old

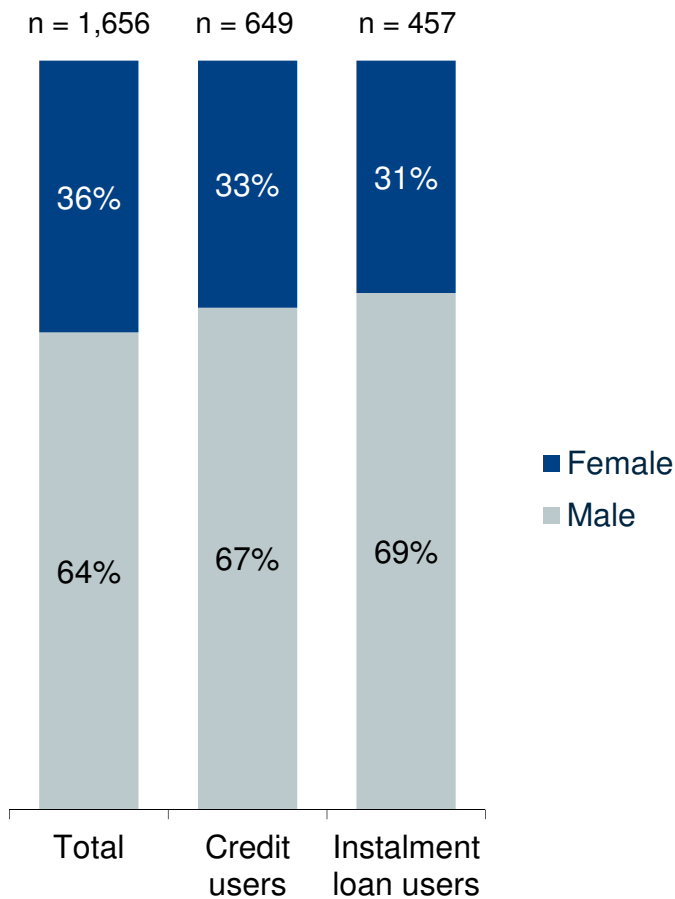
Agenda

1. Background and Objectives of the Study, Study design	Page 2
2. Study Results	
A. Awareness of various forms of financing	Page 7
B. Current use of various forms of financing	Page 9
C. Payment protection insurance	Page 18
D. Financing in retail trade	Page 22
E. Future use of various forms of financing	Page 25
F. Financing of current cars	Page 27
G. Attitude to financing a passenger car	Page 31
3. Summary of the Results	Page 34
4. Statistics	Page 41

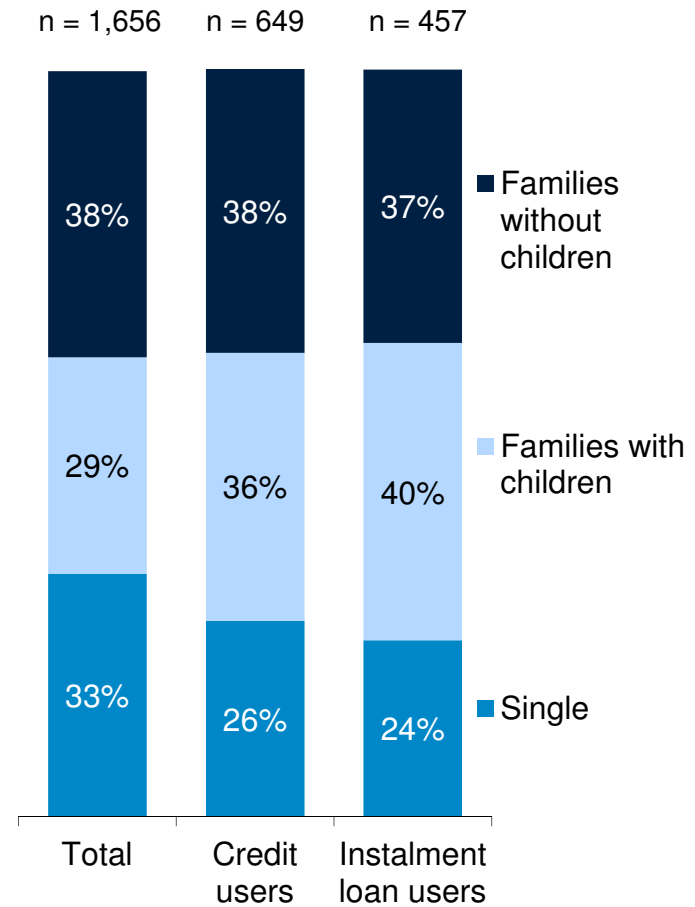
Statistics - gender and marital status

Credit users, total, instalment loan users

Gender of head of household

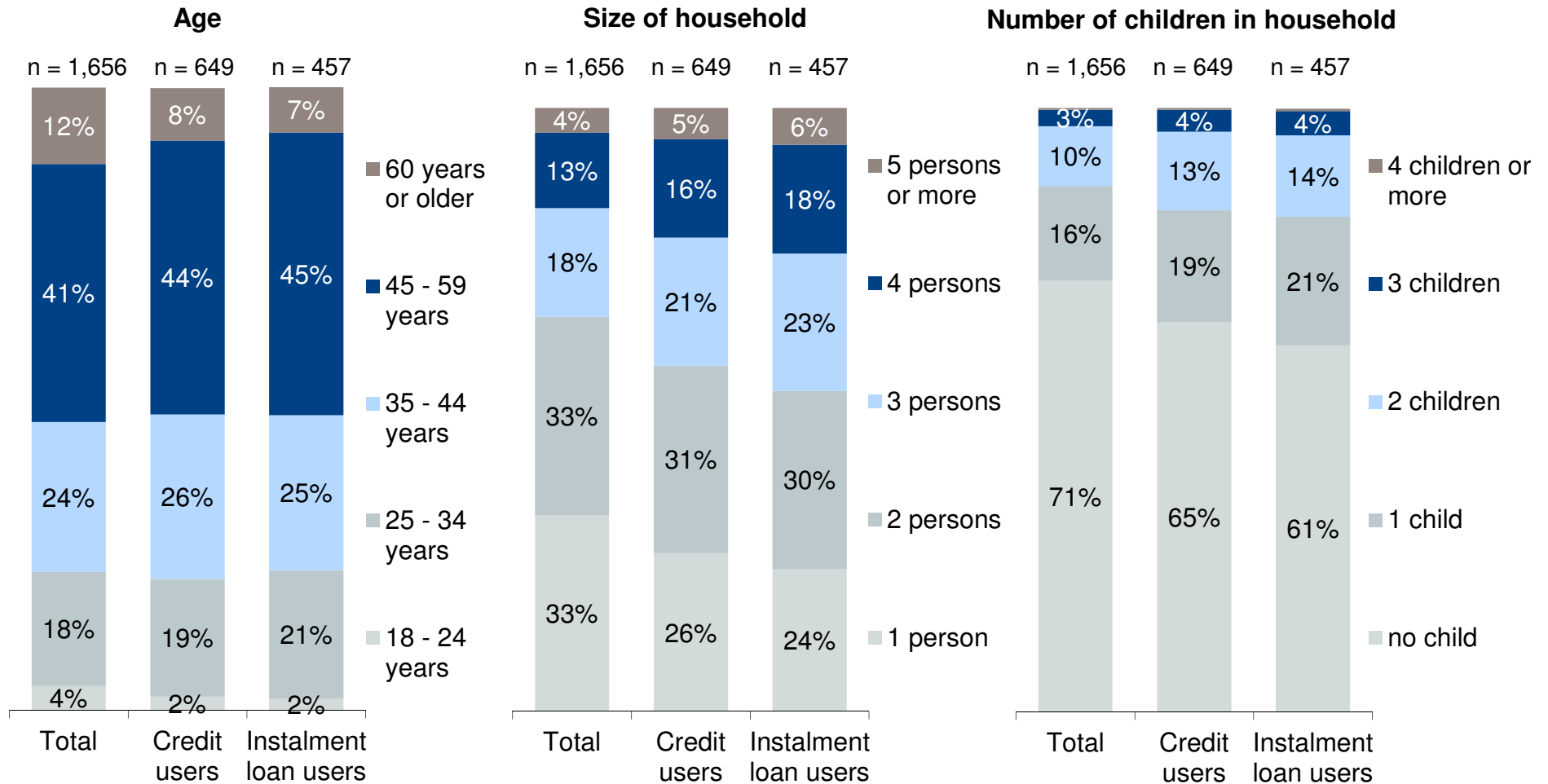


Life cycle type



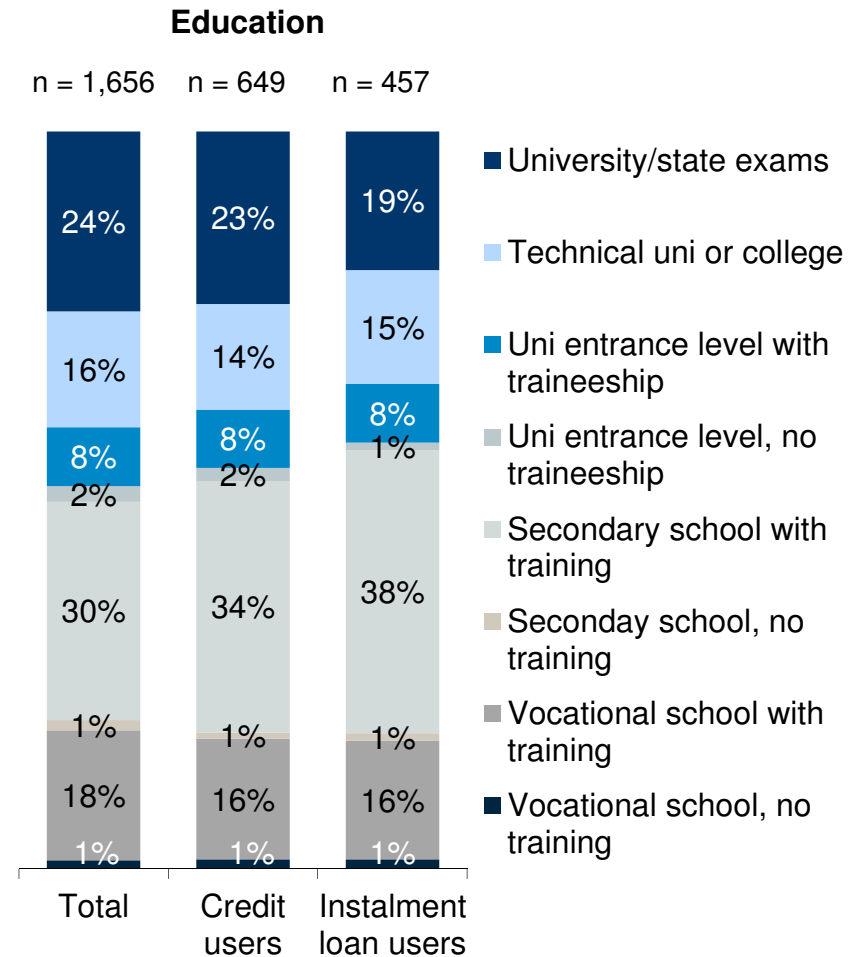
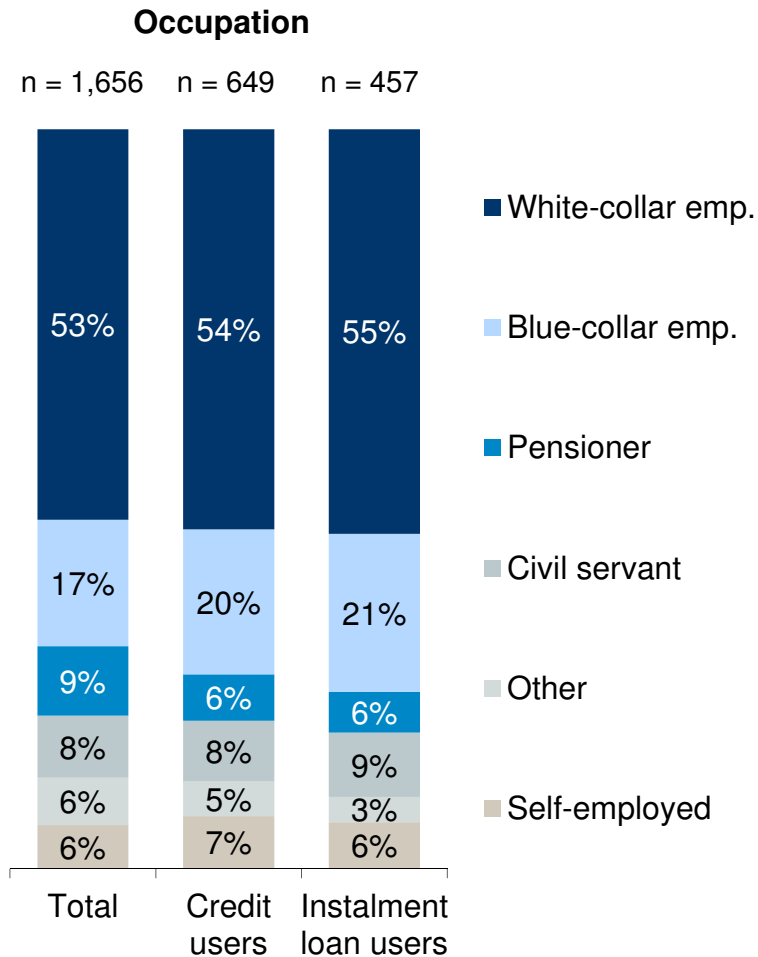
Statistics- age, size of household, number of children in household

Credit users, total, instalment loan users



Statistics - occupation and education

Credit users, total, instalment loan users



Statistics- net household income

Credit users, total, instalment loan users

