

CONSUMER CREDIT INDEX (KKI)

Autumn forecast 2013

Contents



1. Objective and study design
2. Detailed results
3. Autumn forecast 2013
4. Summary

Objective



Since 2008, the Bankenfachverband in cooperation with GfK Finanzmarktforschung (Financial Market Research) has been conducting a regular study on the topic of consumer and vehicle financing.



The aim of this study is to ascertain the awareness of various forms of financing, consumer attitudes as well as actual consumer behaviour in relation to the use of consumer credit over time.

To intensify these goals, a consumer credit index (KKI) was established beginning in spring 2011 on the basis of the current financing behaviour. This index is suited for estimating the future financing behaviour of end customers for various forms of consumer credit.



The present autumn index is based on estimates of households in mid-2013.

Study design

Random sampling



Survey method

Written questionnaire, support study: GfK Finanzmarktpanel

Target group

Representative sampling of German households to the age of 75

Area of inquiry

Federal Republic of Germany



Random sampling

n=1,811 interviews, results adjusted in the interest of accuracy where necessary

Inquiry period

24 June 2013 to 26 July 2013



Study design

Issues of the survey



1. Actual purchases in the last 12 months

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



2. Purchases planned for the next 12 months

- Type of planned purchase (new cars, used cars, furniture, ...)
- Credit financing of planned purchase
- Expected form of credit for purchase
- Expected amount of loans



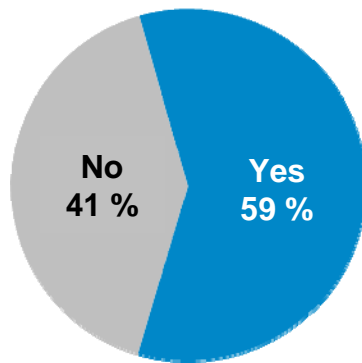
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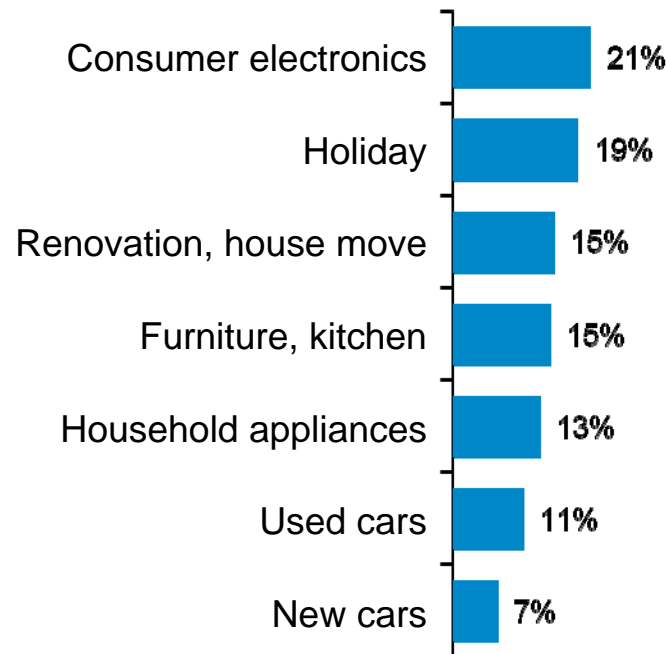
Purchases in the last 12 months

Total and for individual purchases

Purchases in the last 12 months
 n = 1,811



Type of purchase in the last 12 months
 n = 1,811



59% of all respondents have made major purchases in the last 12 months.

These were mainly consumer electronics, but major holidays were also in focus. At 7%, the purchase of new cars is significantly lower.



Legend: 21% of all respondents have purchased consumer electronics in the last year.

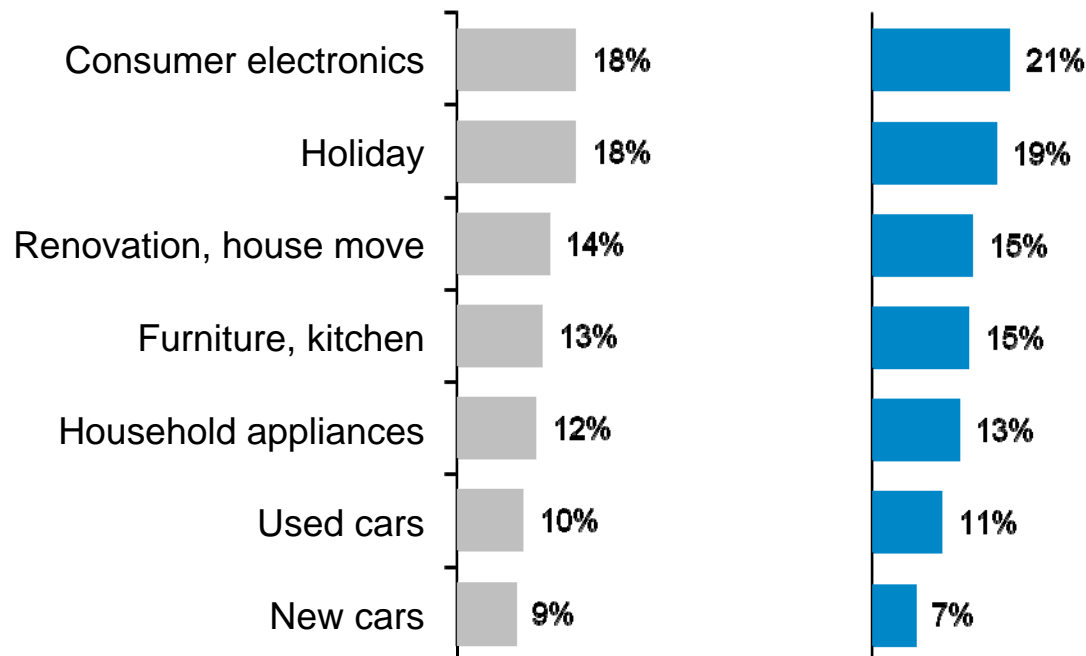
F1a: Which of the following major purchases / expenses have you made / had in your household in the past 12 months?
 Base: 1,811 respondents; other purchases not shown

Purchases in the last 12 months

Annual comparison: Autumn 2013 to Autumn 2012

Type of purchase in the last 12 months (KKI Autumn 2012)
n = 1,656

Type of purchase in the last 12 months (KKI Autumn 2013)
n = 1,811



The overall level of purchase remains high.

More consumer electronics were purchased in comparison to the previous year. The purchase of new cars, however, has declined.



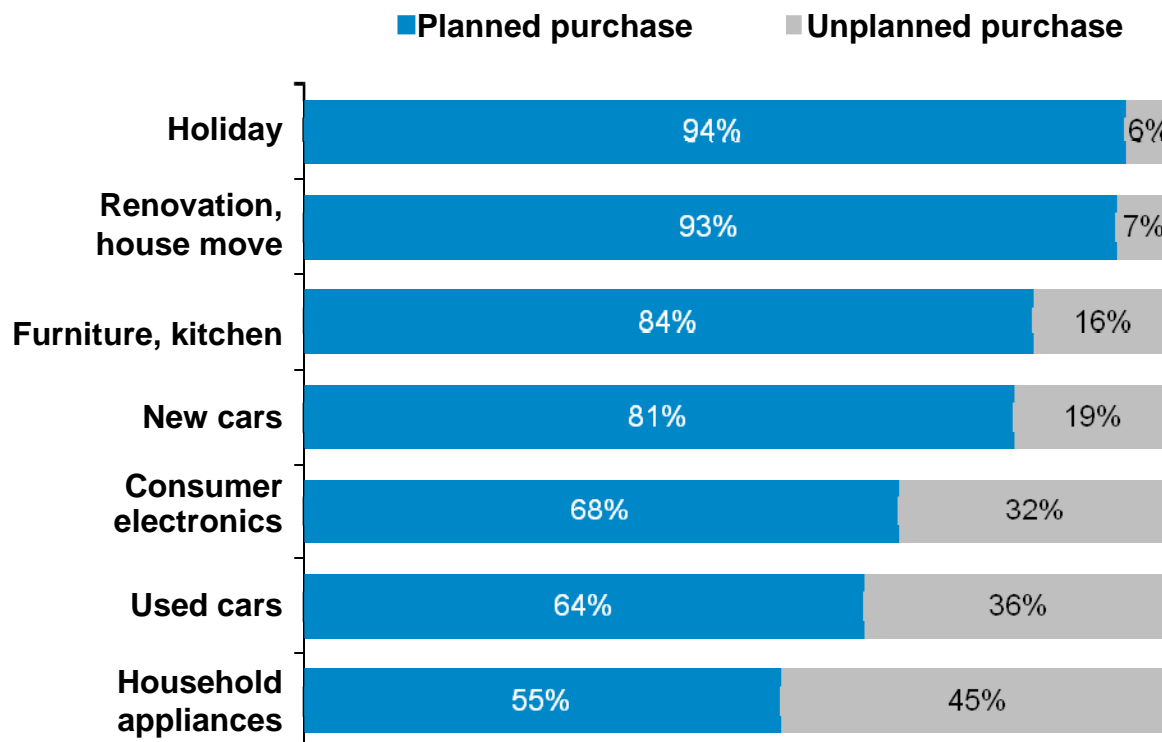
Legend: 21% of all respondents have purchased consumer electronics in the last year. This value is positive when compared to Autumn 2012 (+3% points).

F1a: Which of the following major purchases / expenses have you made / had in your household in the past 12 months?
Base: 1,811 respondents; other purchases not shown (Autumn 2012: 1,656 respondents)

Purchases in the last 12 months

Proportion of planned purchases

Subgroup: Each has purchased the product



Major holidays, renovations or the purchase of furniture or kitchens are planned.

With large household appliances, planning and spontaneous purchase almost balance each other.



Legend: 94% of all major holidays are planned in advance, 45% of all household appliances are purchased spontaneously.

F1a: Which of the following major purchases / expenses have you made / had in your household in the past 12 months?

F1b: Please specify for all purchases / expenditures whether they were planned.

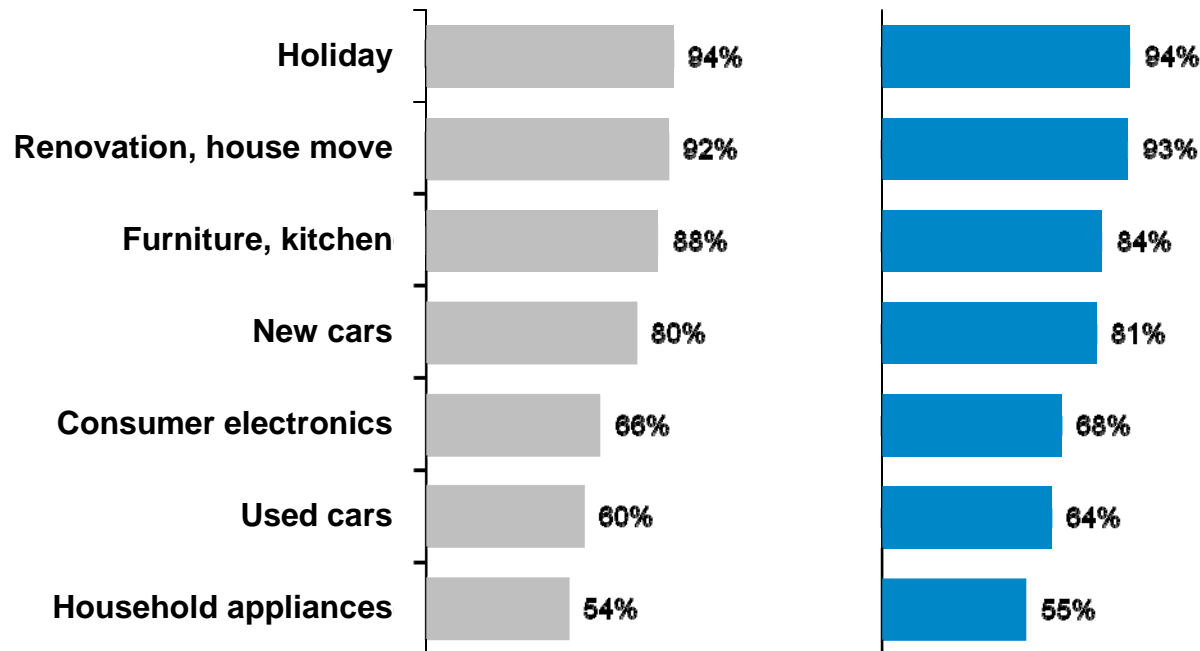
Base: 1,811 respondents; other purchases not shown

Purchases in the last 12 months

Proportion of planned purchases over time

**Proportion of planned purchases
(KKI Autumn 2012)**
n = 1,656

**Proportion of planned purchases
(KKI Autumn 2013)**
n = 1,811



Overall, the percentages of planned purchases are very constant.

The proportion of planned purchases of used cars has significantly increased compared to the previous year.



Legend: 94% of all major holidays are planned in advance.

F1a: Which of the following major purchases / expenses have you made / had in your household in the past 12 months?

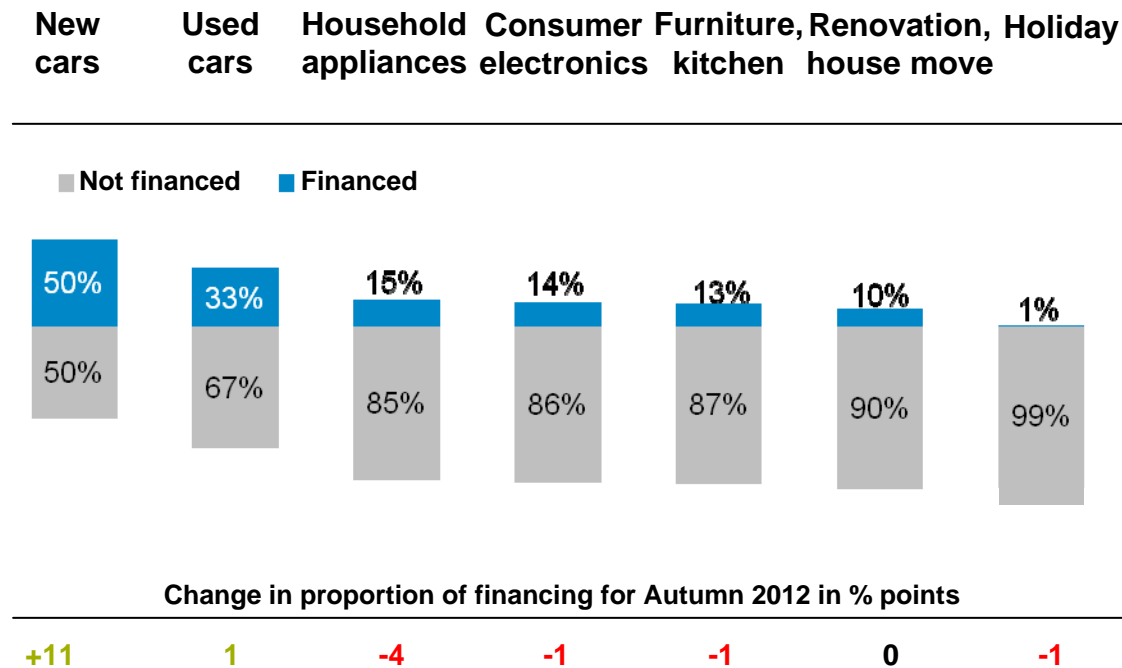
F1b: Please specify for all purchases / expenditures whether they were planned.

Base: 1,811 respondents; other purchases not shown (Autumn 2012: 1,656 respondents)

Purchases in the last 12 months

Financing

Purchases made in the last 12 months



50% of all new cars are currently at least partly funded. The willingness here to borrow rose further.

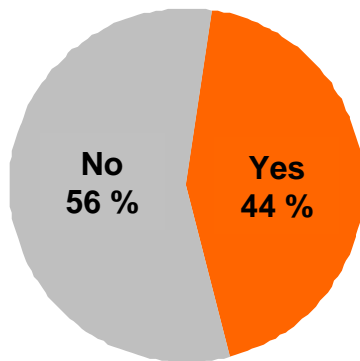


Legend: 50% of all buyers of new cars purchased their vehicle through financing.

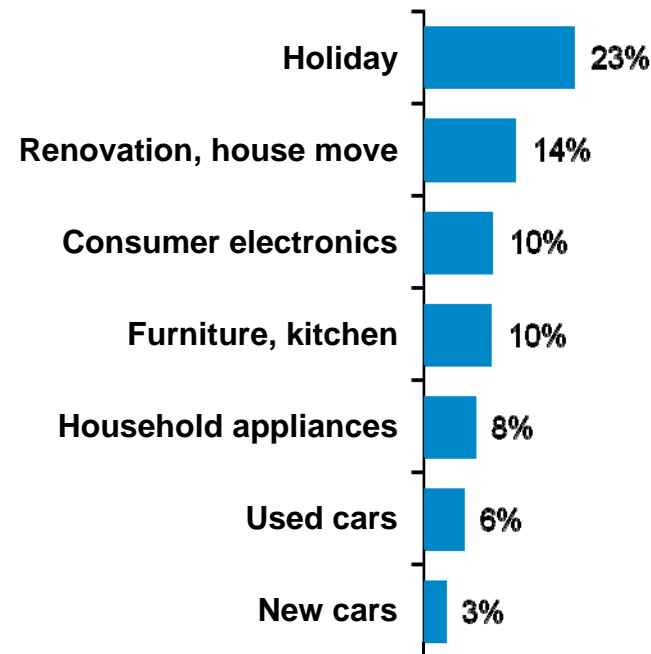
F1a: Which of the following major purchases / expenses have you made / had in your household in the past 12 months?
 F1c: Have you taken out one of the types of loan listed below to make this purchase? (Autumn 2012: n = 1,656 respondents)
 Base: 1,811 respondents; other purchases not shown

Planned purchases in the next 12 months

Planned purchases in the next 12 months
 n = 1,811



Type of planned purchases in the next 12 months
 n = 1,811



44% of all respondents are currently planning larger purchases / expenses - in focus: holidays and renovations.



Legend: 14% of all respondents are planning renovations or relocations in the next 12 months.

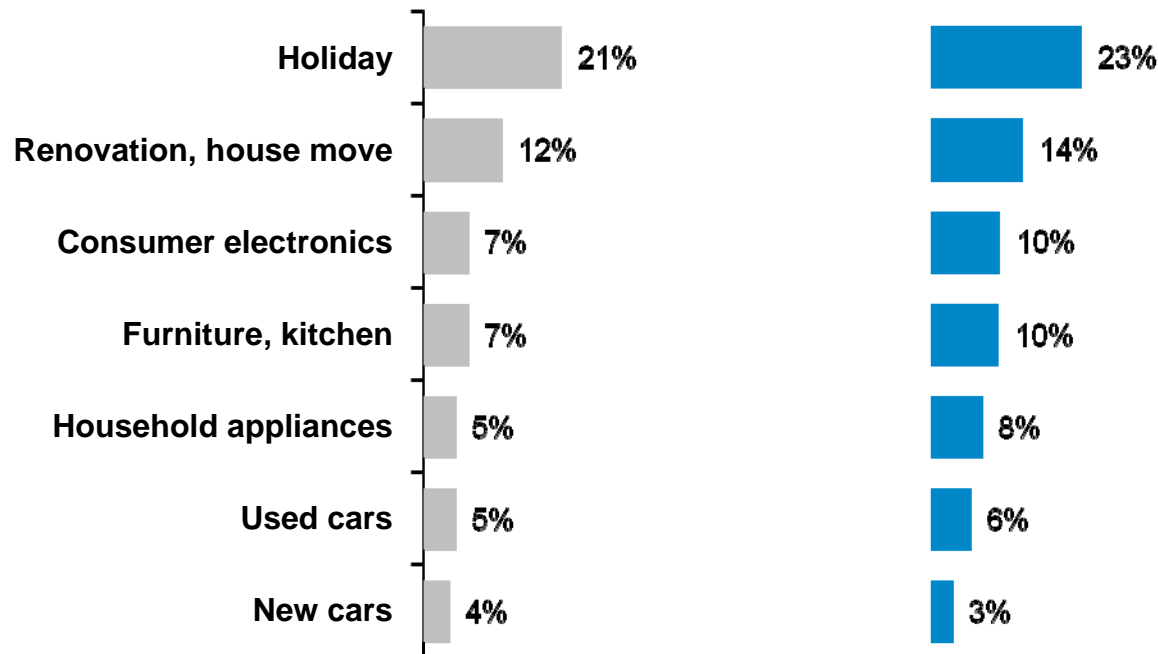
F19a: Are you planning one or more of the following purchases / expenditures in the next 12 months?
 Base: 1,811 respondents; other purchases not shown

Planned purchases in the next 12 months

Annual comparison: Autumn 2013 to Autumn 2012

Type of planned purchases in the next 12 months (KKI Autumn 2012)
n = 1,656

Type of planned purchases in the next 12 months (KKI Autumn 2013)
n = 1,811



The propensity to buy remains at a stable level.

23% of all households plan to take more holidays in the next 12 months, 14% are planning major renovations or a move.



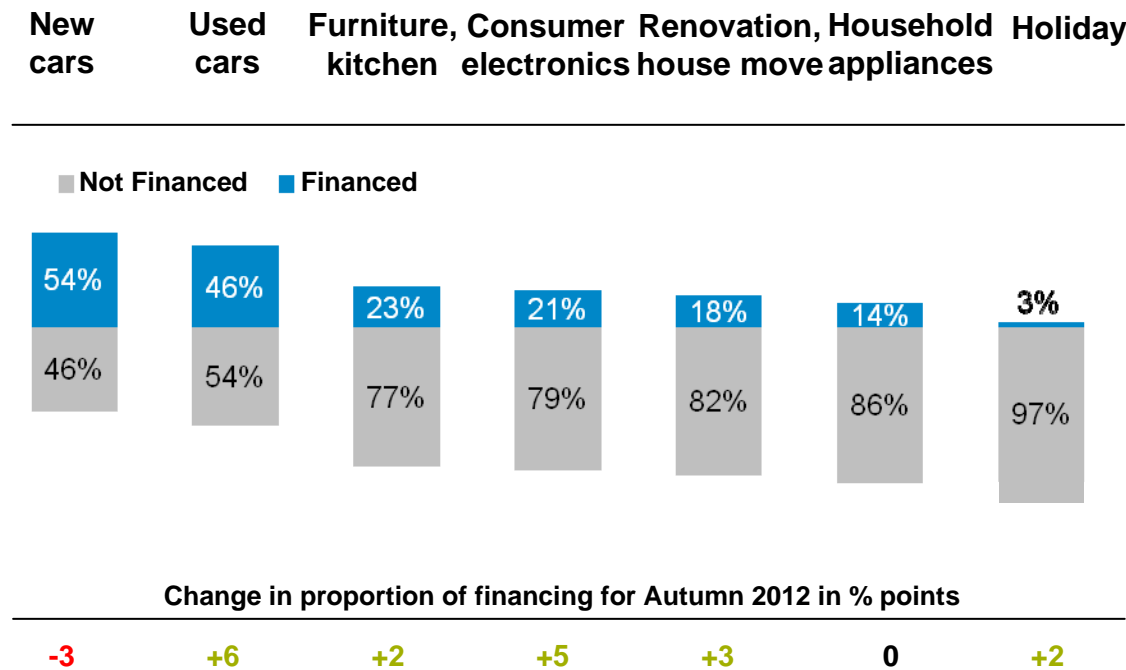
Legend: 14% of all respondents are planning major renovations or a move in the next 12 months.

F19a: Are you planning one or more of the following purchases / expenditures in the next 12 months?
Base: 1,811 respondents; other purchases not shown (Autumn 2012: 1,656 respondents)

Planned purchases in the next 12 months

Financing

Credit financing conceivable – planner(s) of the respective purchase



The willingness to utilise financing for individual products is currently rising in the aggregate.



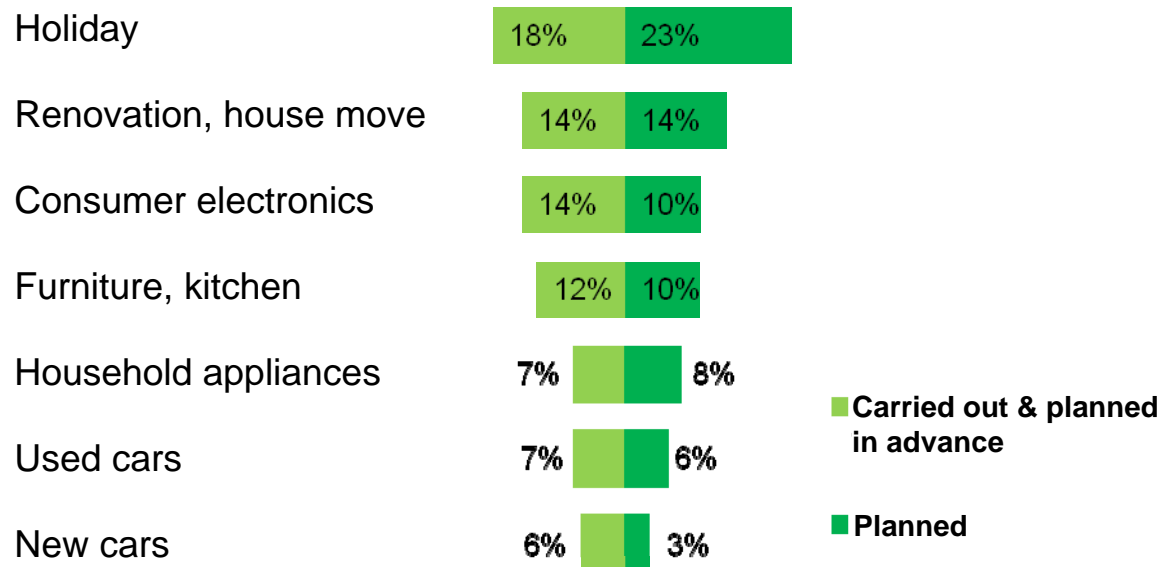
Legend: 54% of all respondents who want to buy a new car consider taking out a loan to be a possibility.

F19a: Are you planning one or more of the following purchases / expenditures in the next 12 months?
 F19b: Can you in principle imagine taking out a loan to make this purchase?
 Base: 1,811 respondents; other purchases not shown (Autumn 2012: 1,656 respondents)

Planned purchases in the past and in the next 12 months

Type of planned purchases in the last 12 months
n=1,811 respondents

Type of planned purchases in the next 12 months
n=1,811 respondents



23% of all respondents are planning major holidays; 18% have undertaken a planned holiday trip in the past 12 months.

F1a: Which major purchases / expenses have you made / had in your household in the past 12 months?

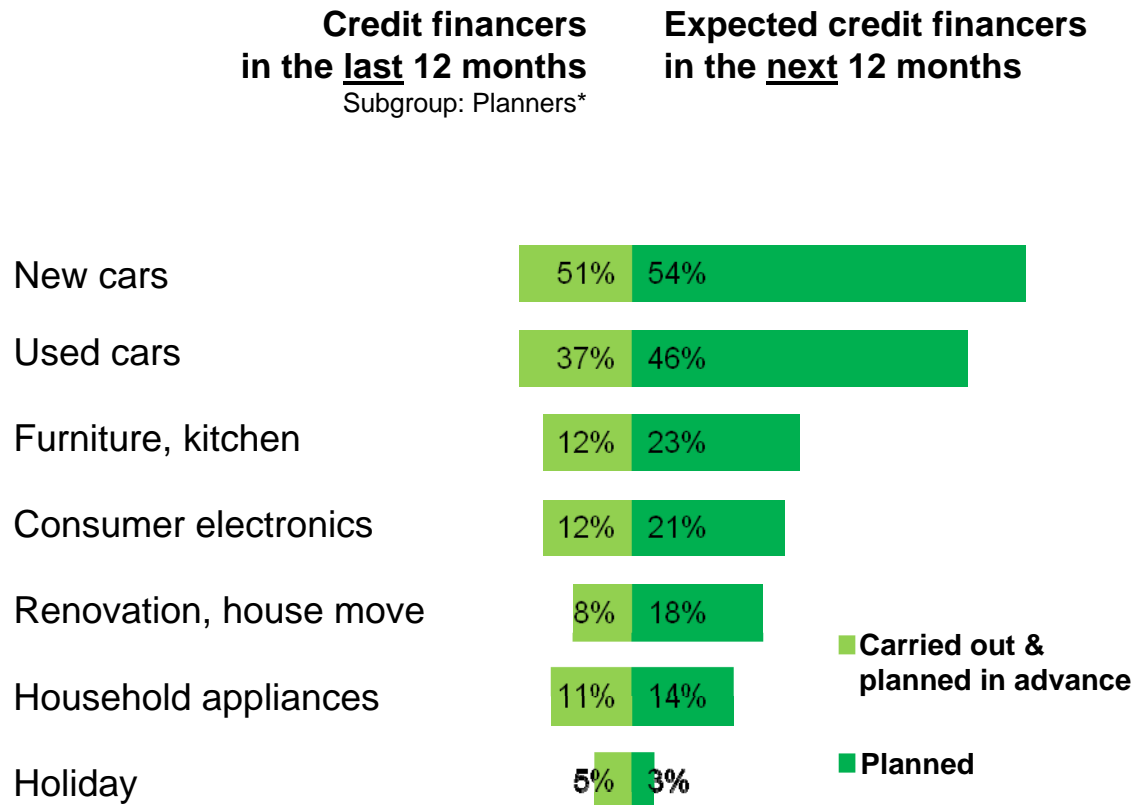
F1b: Subgroup: Planned the purchase

F19a: Are you planning one or more of the following purchases / expenditures in the next 12 months?

Base: 1,811 respondents, of these, 795 with planned purchases; other purchases not shown

Incurring and conceivable financing

Subgroup: Planned purchases in the past and in the next 12 months



54% of all planned purchases of new cars and 46% of all planned used car purchases are to be financed in the next 12 months.

On the whole, end customers are currently very open to credit financing.



Legend: 14% of all large household appliances purchased are to be financed.

F1c: Have you taken out one of the types of loan listed below to make this purchase?

F19b: Can you in principle imagine taking out a loan to make this purchase?

Subgroup: Planners *The purchase was planned.

Base: 795 respondents; other purchases not shown

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Consumer credit index

Methodical foundations



The consumer credit index is based on the results of several studies:

1. KKI – Autumn forecast 2012
2. KKI – Autumn forecast 2013 (current survey)
 - Thus, the consumer credit index is based on current actual and planned values, as well as on actual and planned values from the past.



In particular, the following specific values from both studies were considered in the subsequent calculation:

1. Executed and previously planned purchases of the last 12 months
2. Credit financing of the executed and planned purchases of the last 12 months
3. Planned purchases for the next 12 months
4. Planned credit financing for the next 12 months



This has the advantage of incorporating evaluations from the past that however relate to the current period into the analysis, thus increasing the validity of the CCI.

Consumer credit index

Methodical foundations



The consumer credit index is based on the planned activities of households in each individual funding area.

In the context of the analysis, the following assumptions were made:

1. The financed amounts per purchase remain constant in the considered categories for the upcoming period (12 months).
2. The proportion of planned purchases reflects the proportion of actual new business.
3. Purchases made in the past 12 months are a good indicator of future developments.
4. Evaluations from the past retain their validity.



Consumer credit index

Methodical foundations



The consumer credit index takes into account all surveyed forms of purchase and is composed of two parts:

- Purchase planning
- Financing planning



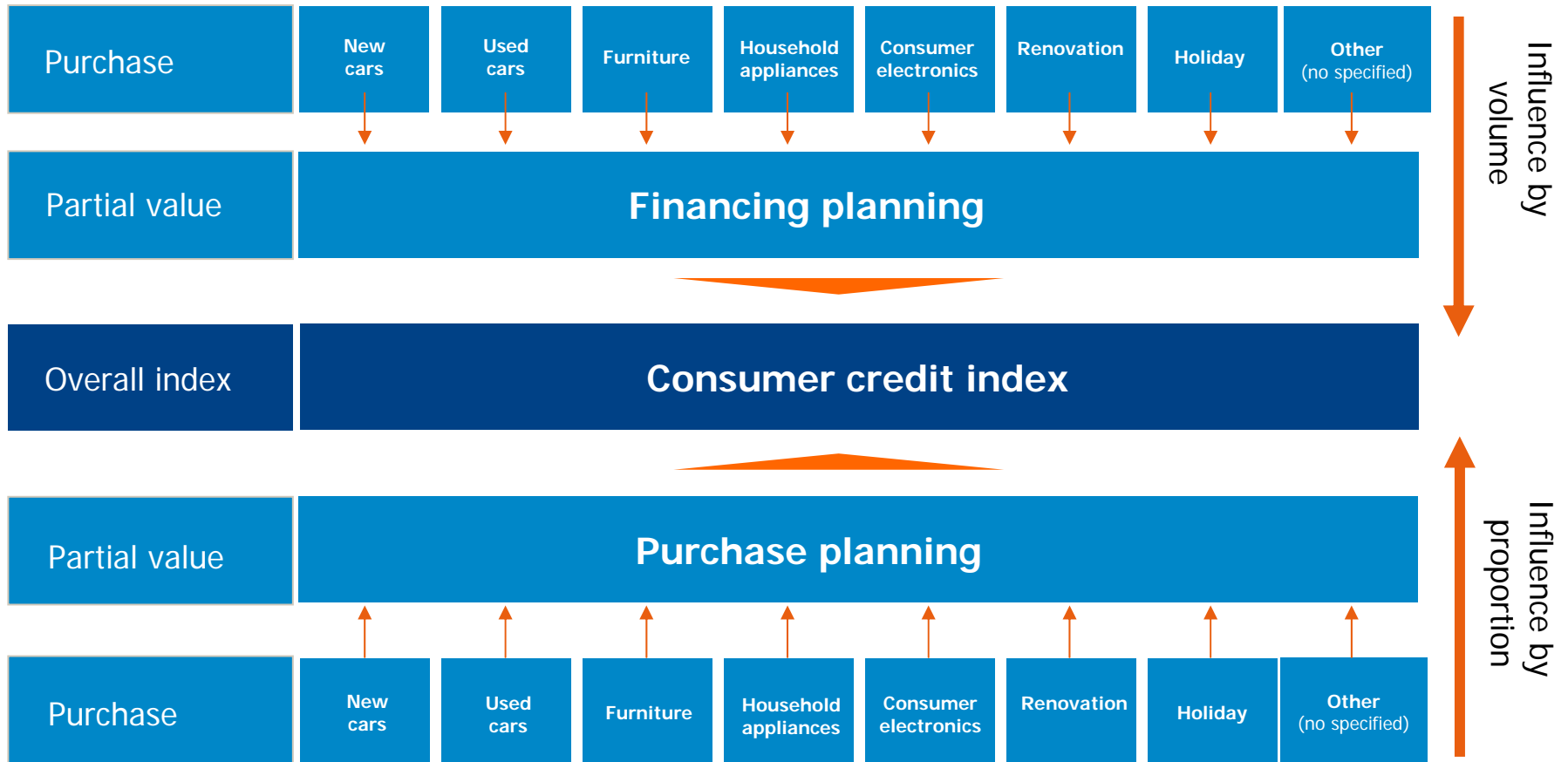
The individual partial values, as well as the consumer credit index itself, were weighted on the basis of the individual categories and calculated according to the volume of credit and the purchase(s) made.

The index value indicates which changes (in %) on average are to be expected in the individual segments. An index value below 75 shows a reduction, an index value between 75 and 125 shows a relatively constant market level in 2013, an index value of 126-150 shows a slight increase, an index value of more than 150 shows a significant increase.



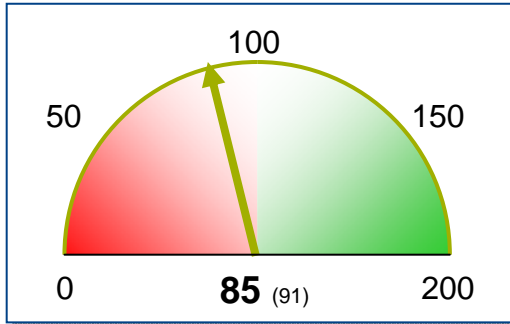
Consumer credit index

Schematic structure



Purchase planning

Calculation basis



Purchase planning is a measure of the future expected purchases of households.

A current value of 85 points means a constant level in purchases can be expected in Autumn 2013.

For the calculation, the following specific values of the current and previous study have been integrated in a ratio of 2:1 for the planned purchases:

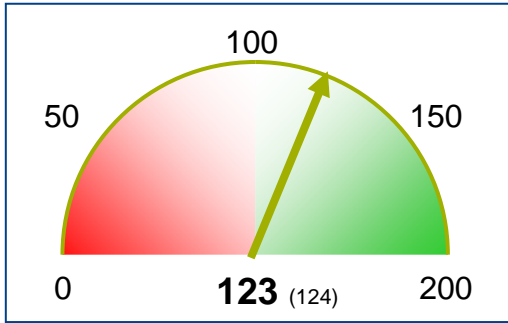
- Purchase was planned and carried out in the last 12 months = output value
- Purchase is planned to be carried out within the next 12 months = development

Purchase planning = (development in Spring 2013 + development in Autumn 2013 x 2) / 3 / output value
[weighted according to the current proportions]

(in parentheses: Purchase planning in Autumn 2012)

Financing planning

Calculation basis



Financing planning is a measure of willingness to take out loans in the future.

A current value of 123 points suggests a positive development.

For the calculation, the following specific values of the current and previous study have been integrated in a ratio of 2:1 per planned purchase:

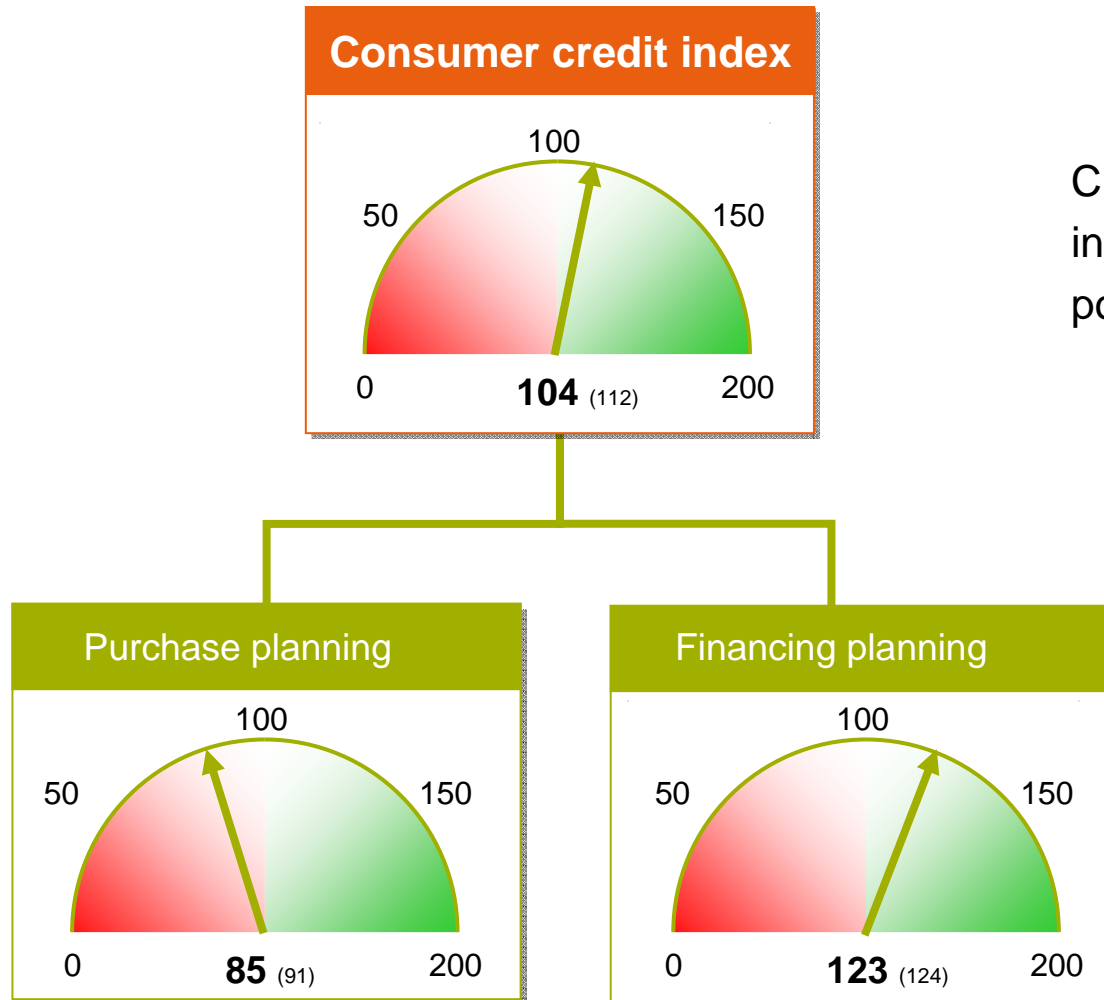
- Proportion of current financing in all purchases 2013 = output value
- Proportion of planned financing in all planned purchases 2013 = development

Financing planning = (development in Spring 2013 + development in Autumn 2013 x 2) / 3 / output value
[weighted according to the current proportions]

(in parentheses: Financing planning, Autumn 2012)

Consumer credit index

Specific values

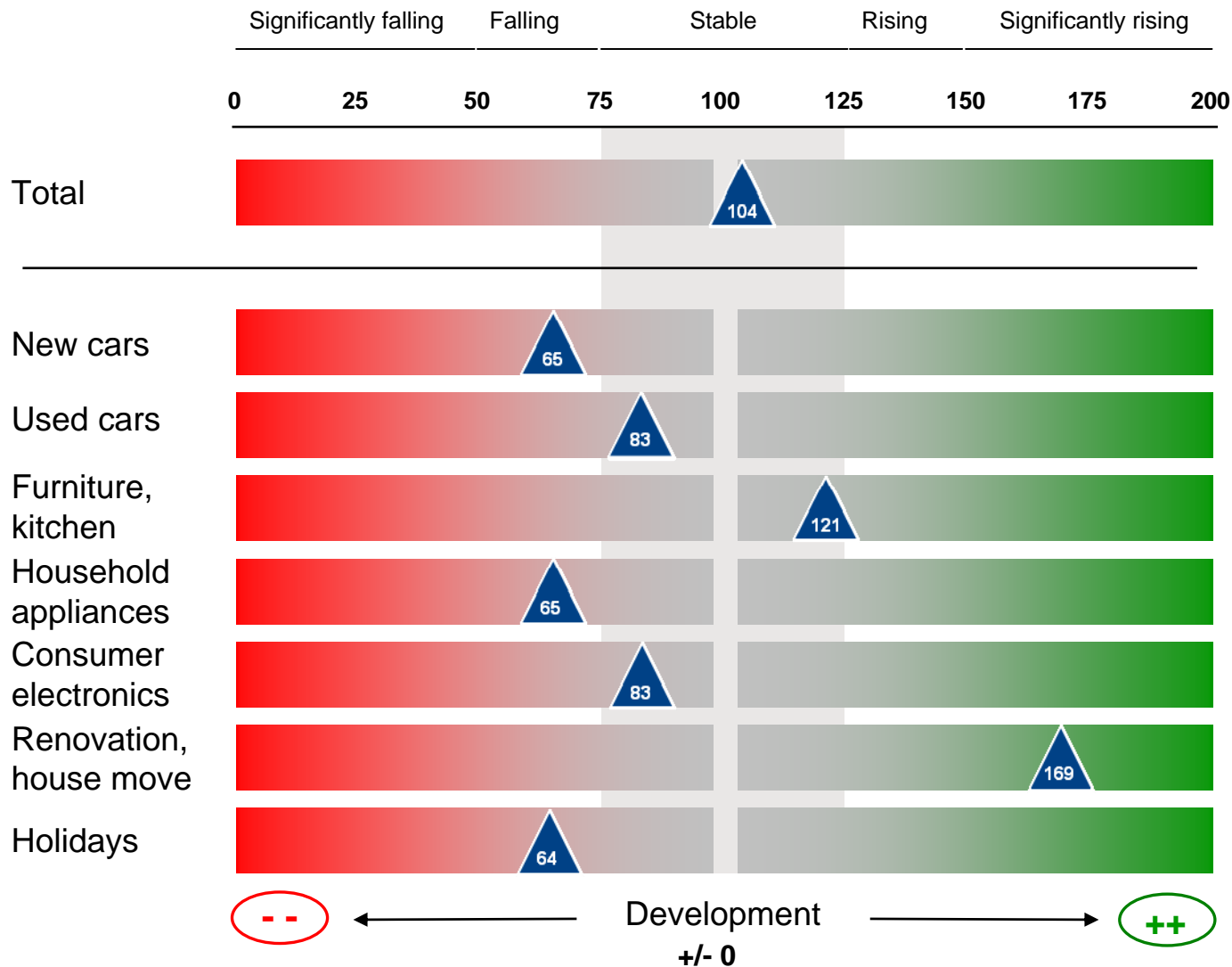


Currently, the consumer credit index has reached a value of 104 points.

i If both partial values are positive or negative, the amplitude of the consumer credit index is intensified. In parantheses: Autumn values 2012

Consumer credit index

In detail

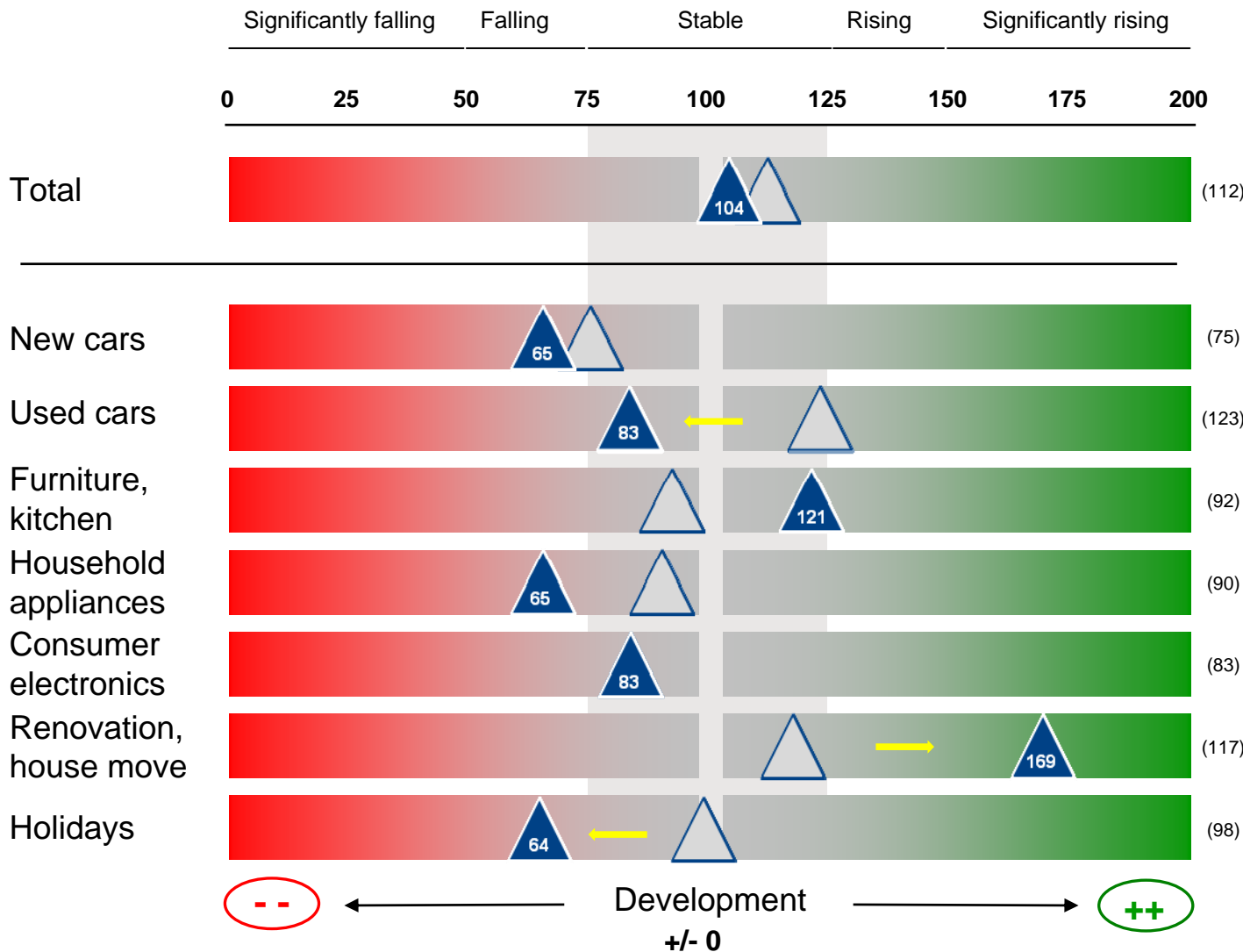


The consumer credit index for Autumn 2013 is stable at 104 points.

This value is fed mainly by the willingness of consumers to take out more loans for renovations and furniture.



Consumer credit index

In comparison to Autumn 2012



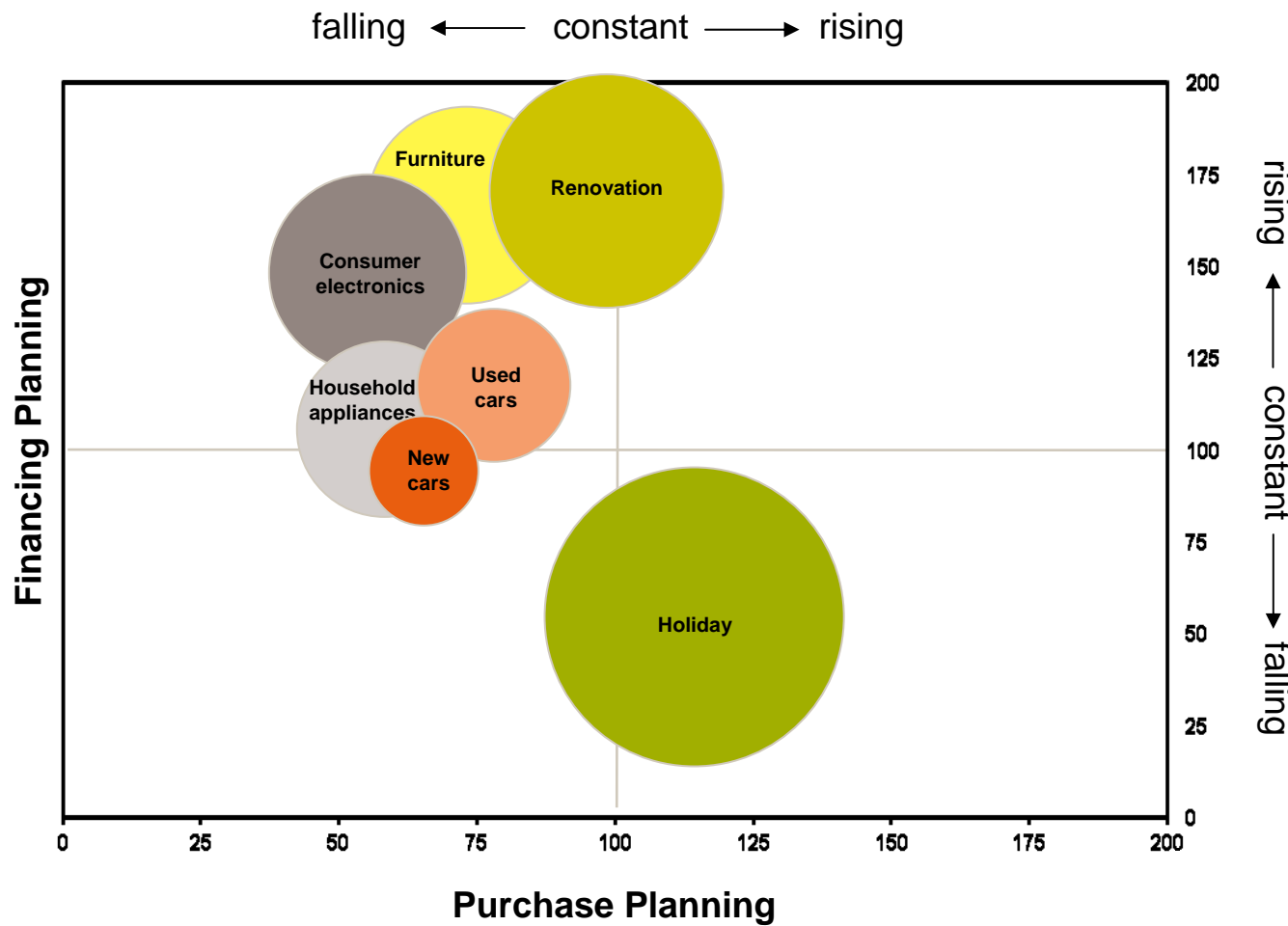
The consumer credit index for Autumn 2013 is stable at 104 points.

There are however significant shifts at the individual product level.

 Consumer credit index Autumn 2013
 Consumer credit index 2012

Consumer credit index

At a glance



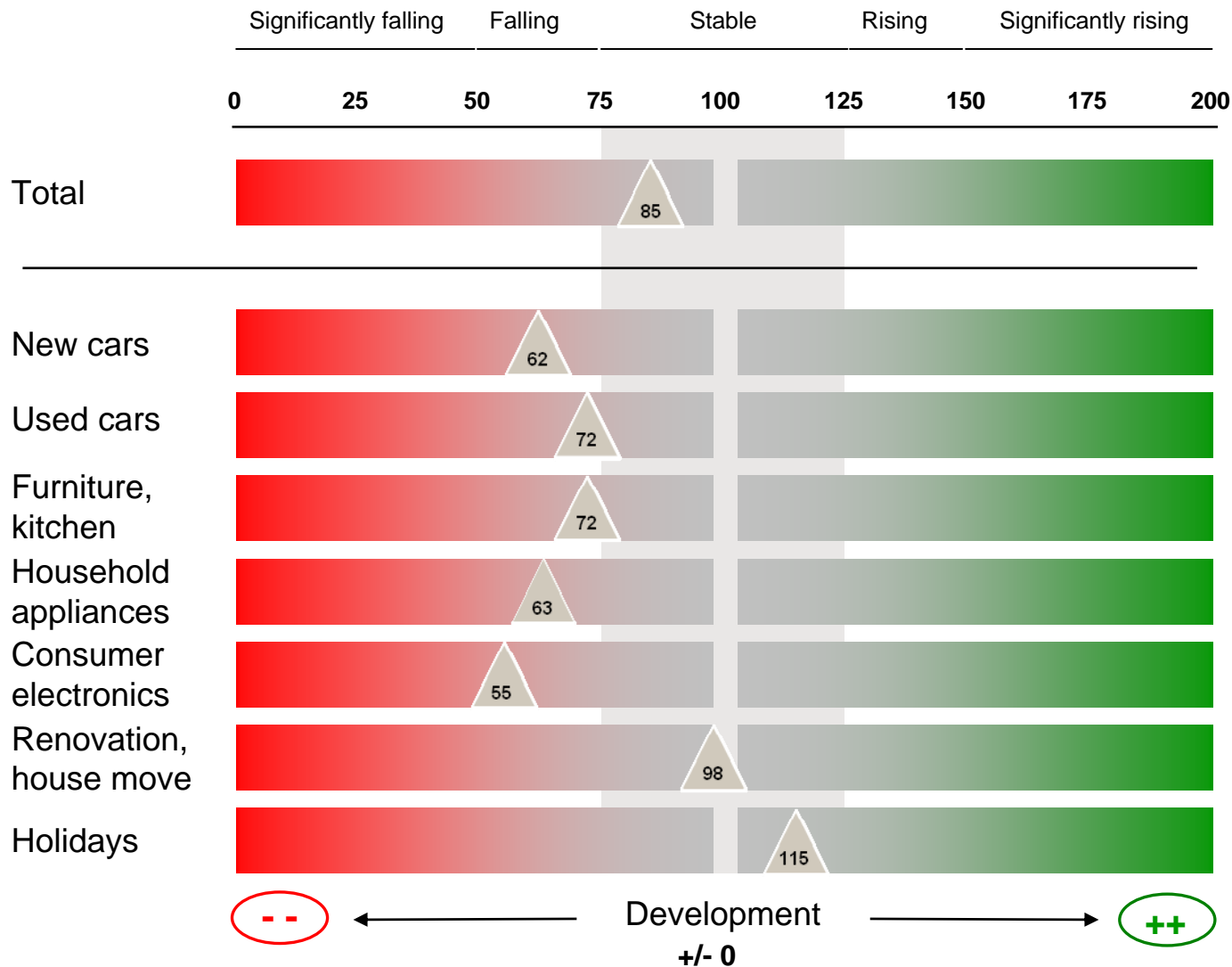
Holidays and renovations are still being planned.

In the area of financing, all topics save holidays and new cars play an important role.



The circle sizes reflect the size of the market segment.

Purchase planning In detail

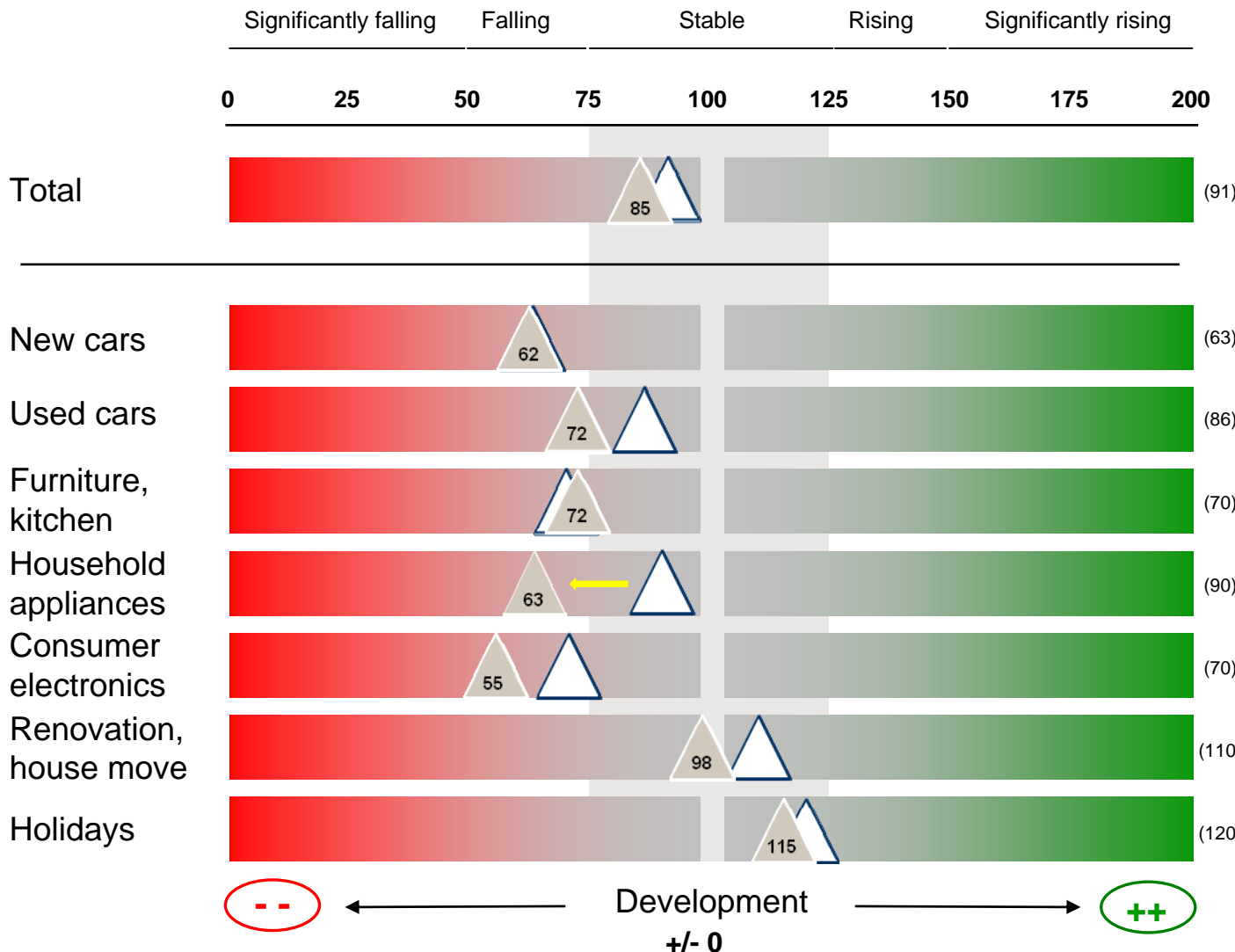


Major holidays, but also renovations, are currently the focus of customers.

Long-term consumer durables are, however, contemplated with somewhat more reservation among planned purchases.

Purchase planning

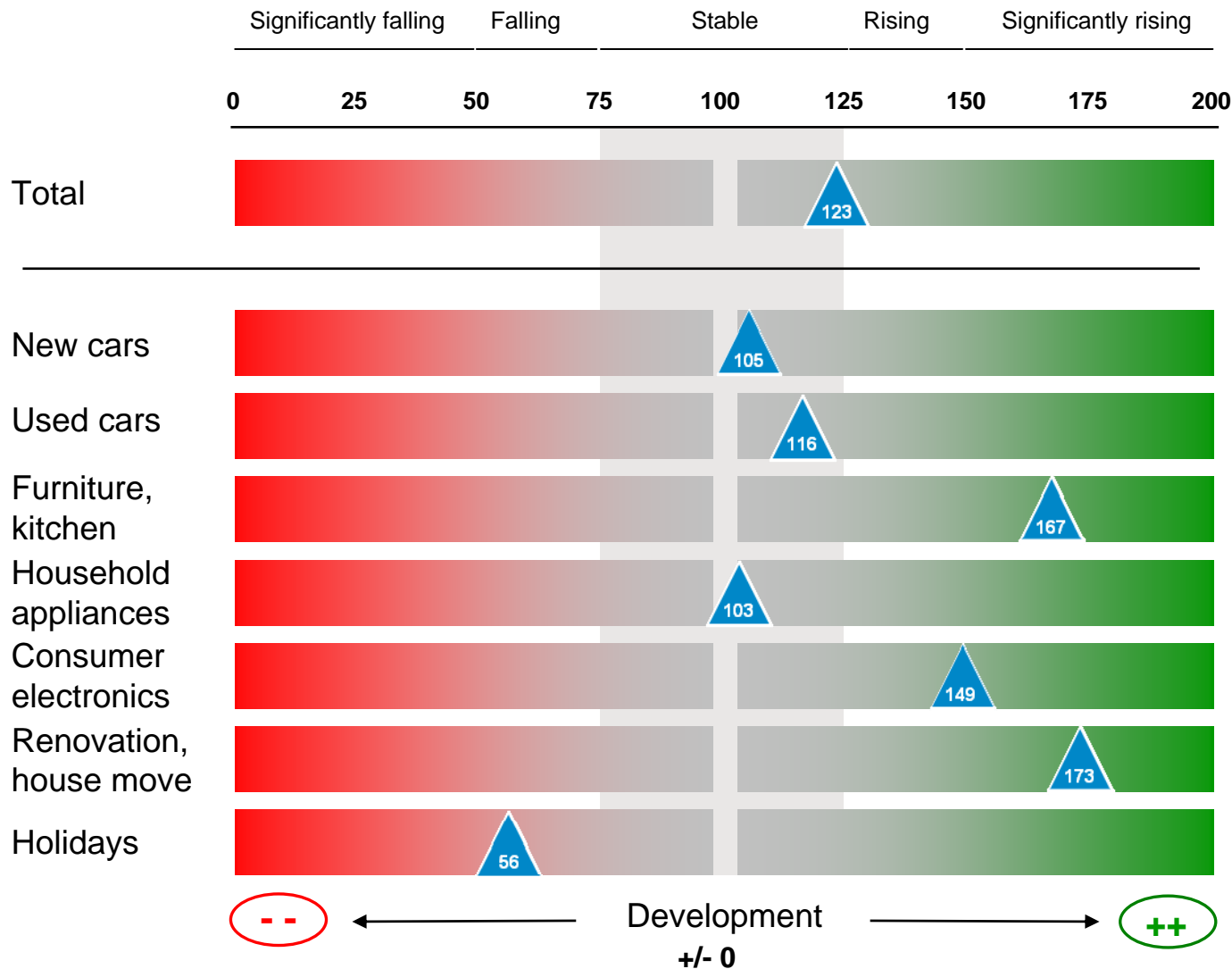
In comparison to Autumn 2012



Purchase planning is relatively stable compared to Autumn 2012 – with large household appliances, a downward trend can be determined.

Financing planning

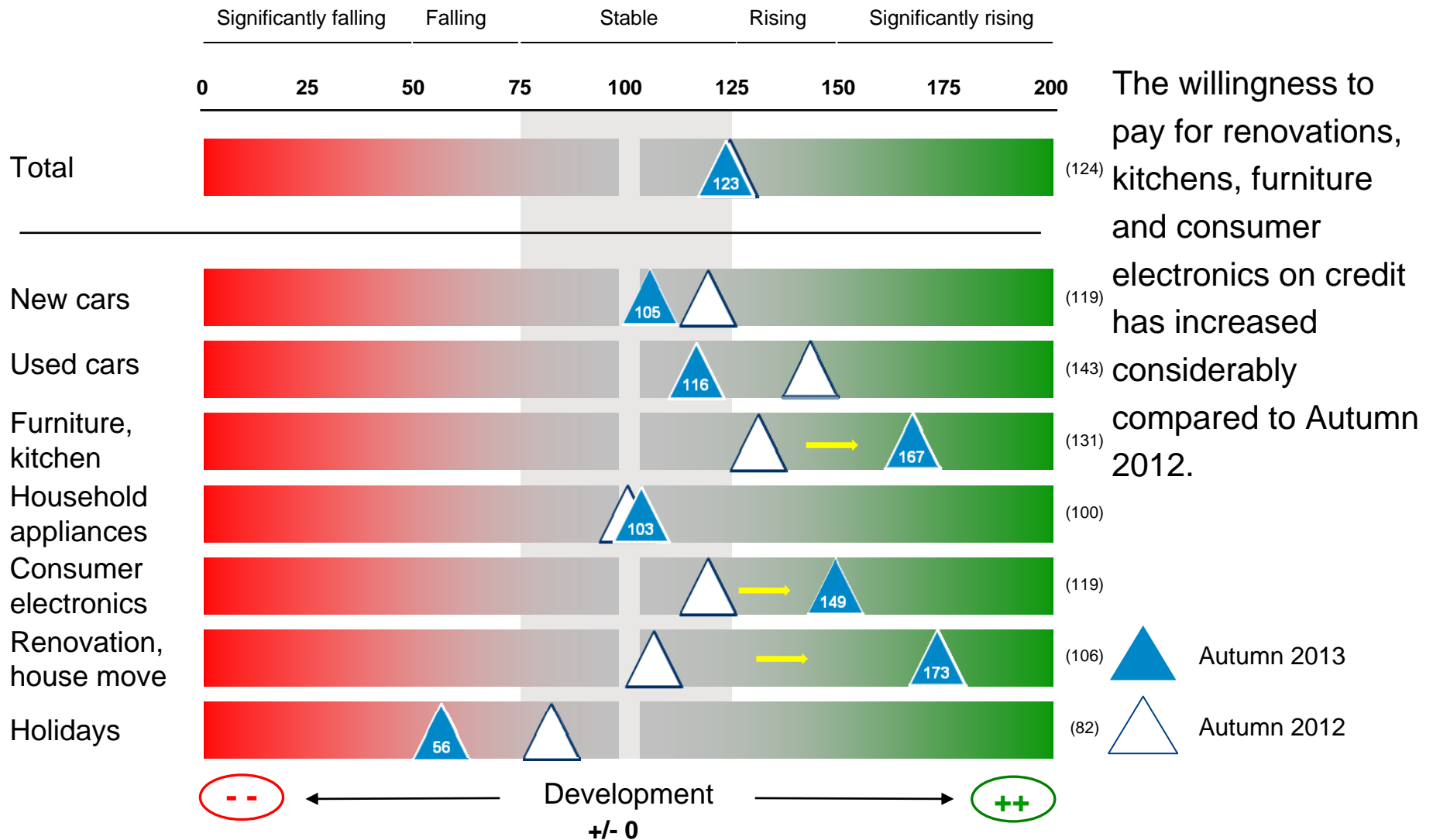
In detail





Financing planning remains high - positive impulses can currently be seen in the area of furniture and kitchens, renovations and the purchasing of consumer electronics.

Financing planning

In comparison to Autumn 2012

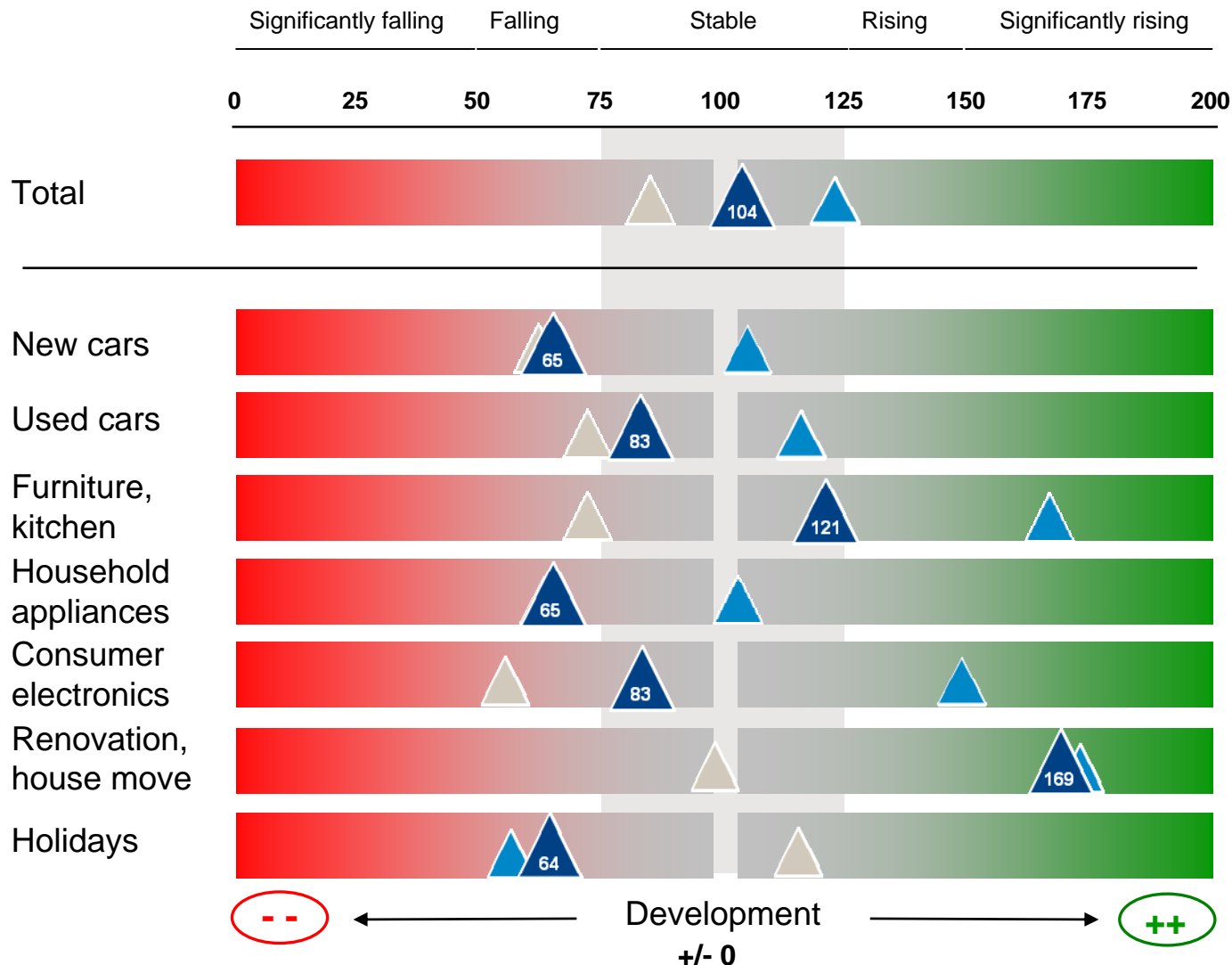


The willingness to pay for renovations, kitchens, furniture and consumer electronics on credit has increased considerably compared to Autumn 2012.

 Autumn 2013
 Autumn 2012

Consumer credit index, purchase planning and financing planning

In detail



Currently, the consumer credit index has reached a value of 104 points.

Key:

- ▲ Consumer credit index
- ▲ Purchase planning
- ▲ Financing planning

i If both partial values are positive or negative, the amplitude of the consumer credit index is intensified.

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Summary

Consumer credit index

The consumer credit index for Autumn 2013 remains stable at 104 points. This means that consumer borrowing will likely remain at the current high level over the next twelve months.

It can once again be assumed that there will be a further increase in loans taken for furniture and kitchens as well as for home renovations or a relocation. Consumers are currently somewhat reserved when it comes to other purchases. There has been a slight downturn in the number of loans for new and used cars, large household appliances, consumer electronics and major holidays.

Purchase Planning

In the aggregate, the willingness of consumers to make purchases for the next 12 months also remains virtually unchanged - with a slightly declining tendency. This stability is fed mainly by the area of holidays and the willingness to carry out renovations. Consumer durables such as cars, but also household appliances, furniture, kitchen and consumer electronics, are currently less in customers' focus.

Financing Planning

Overall, the willingness to take out consumer loans is very high among consumers (index value: 123 points). This clearly reflects a positive consumer sentiment. The focus here is on the possible financing of furniture and kitchens, renovations, but also of consumer electronics.

Questions?

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