

Fundamental Study on Consumer and Vehicle Financing

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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.

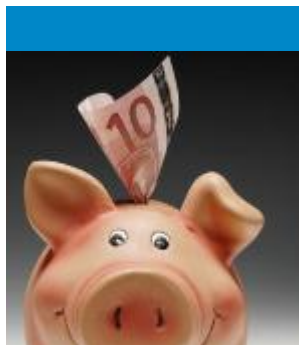
The purpose of this study is to provide information regarding the awareness of various forms of finance, consumer attitudes as well as actual consumer behaviour in relation to the use of consumer credit for 2013.

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 and financing in retail trade.

Study design I

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 = 1,811 interviews, the results were subsequently weighted

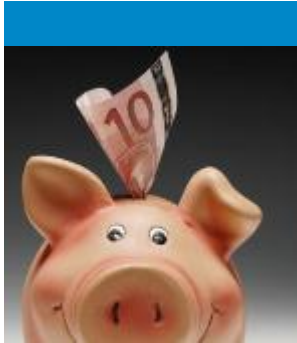
Survey period

25/06/2013 to 20/07/2013



Study design II

Case numbers



n = 727 credit users

all interviewees who used at least one form of financing



n = 1,084 non-credit users

all interviewees who did not use any form of financing

n = 1,580 car owners

all interviewees who own at least one car

**n = 412 car owners
(with financing)**

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

**n = 1,168 car owners
(without financing)**

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

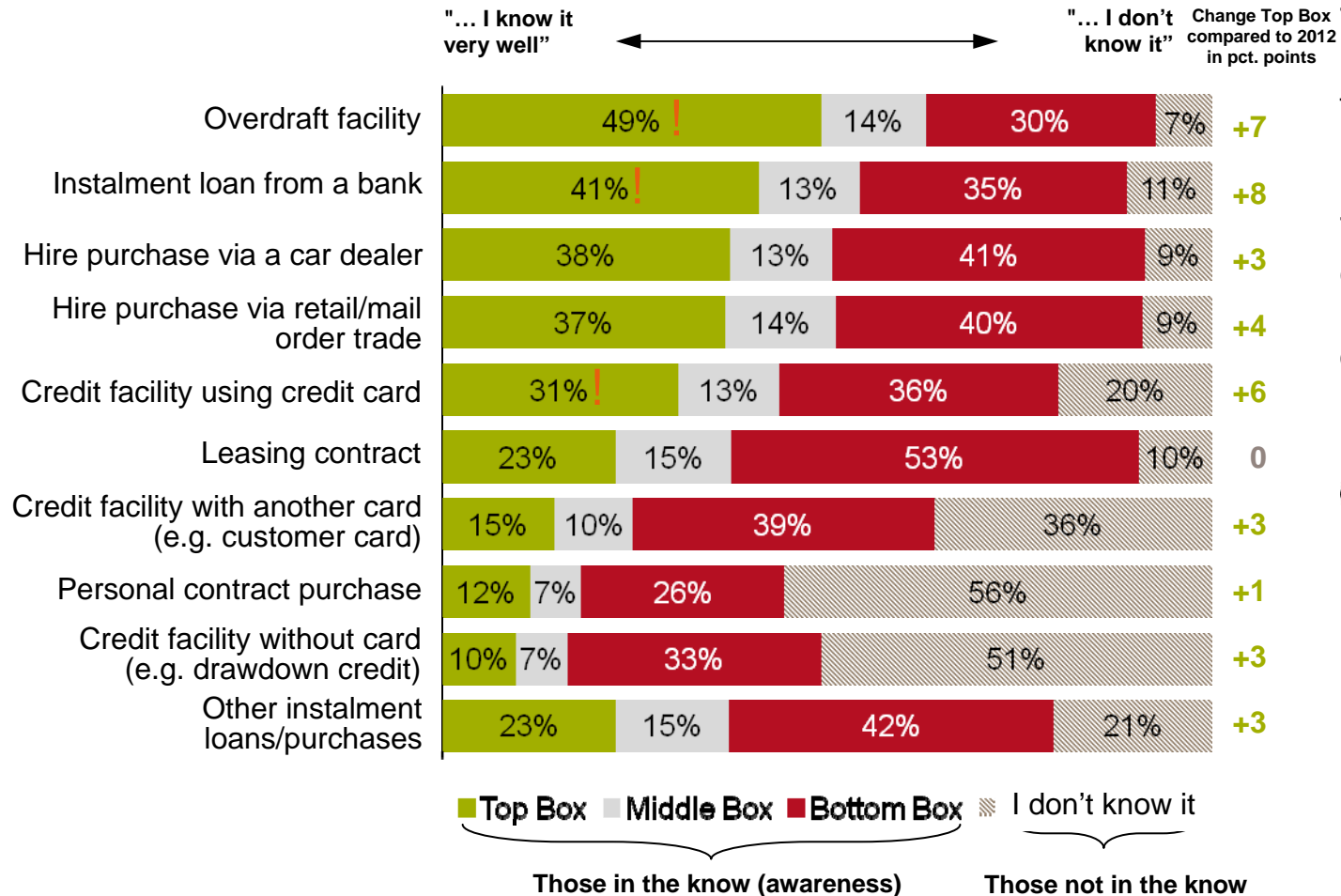


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Awareness of and familiarity with forms of financing

All those surveyed



The familiarity of individual forms of financing has increased in many areas.

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

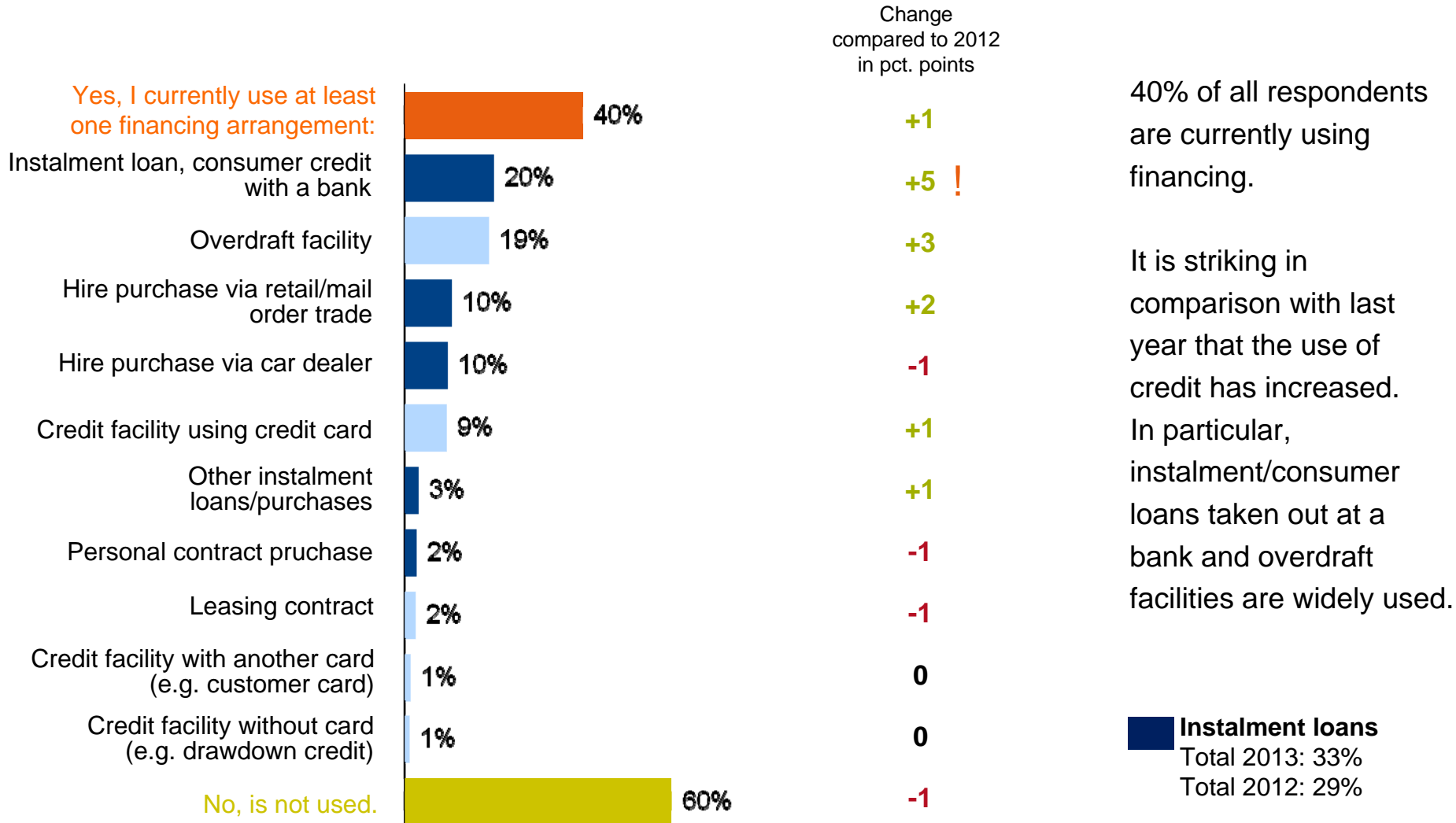
Q2: Various forms of financing are available for private purchases and occasions. How well do you know the following forms of financing? Basis: All those surveyed n = 1,811 excl. no response - rounding-off differences

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Credit use I

All those surveyed

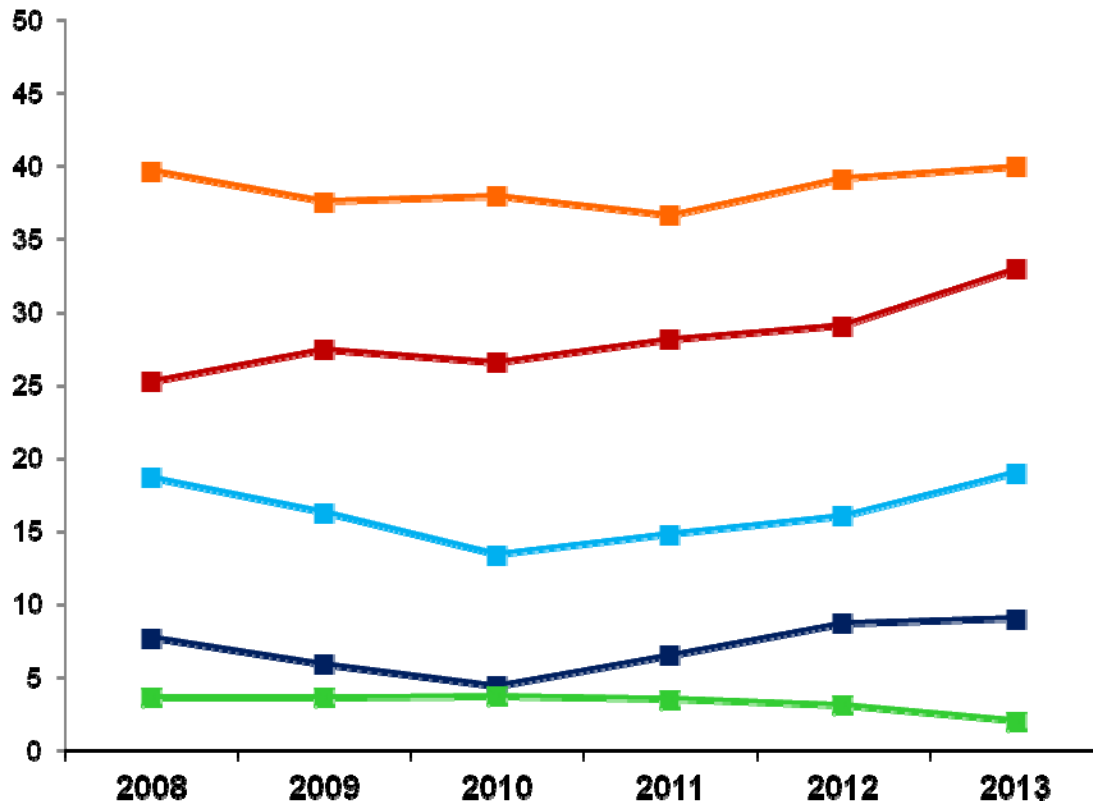


Q3a: Are you currently using one of the following forms of credit / financing? Basis: All those surveyed n = 1,811 excl. no response; rounding-off differences possible

Credit use II

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

Use (%)



Values for each year (%)
2008|09|10|11|12|13

—■ Total financing
40|38|38|37|39|40

—■ Instalment loan
25|28|27|28|29|33

—■ Overdraft facility
19|16|13|15|16|19

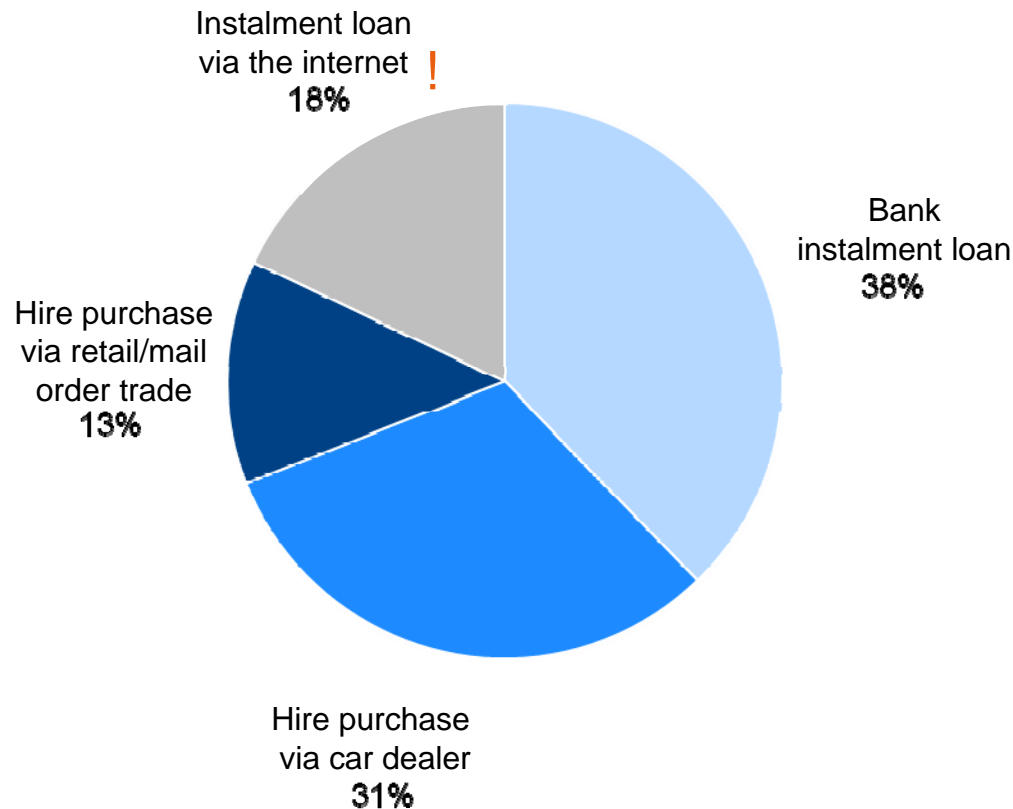
—■ Credit facility
8|6|4|7|9|9

—■ Leasing contract
4|4|4|4|3|2

Q3a: Are you currently using one of the following forms of credit / financing? Basis: All those surveyed, excl. no response

Distribution of the individual forms of credit

Credit users

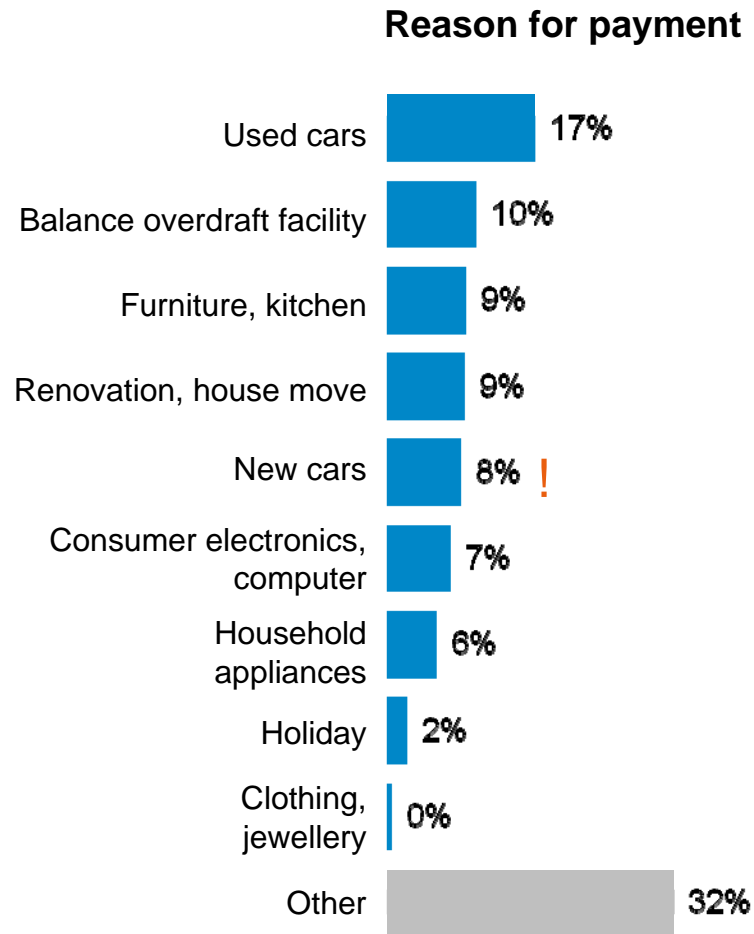


38% of all instalment loans are finalised at a bank; 18% already come into being on the Internet. This is a significant increase compared to the previous year (2012: 7%). The medium of the Internet as a distribution channel has increased in recent years as an acquisition and information channel most notably with simple, transparent product fields.

Q3a: Are you currently using one of the following forms of credit / financing? Q4b: In this case, please enter how you applied for each of these instalment loans.
 Basis: Credit users n = 808 excl. no response - Calculated variable based on the sum of described and used credit forms

Purpose of a bank loan

Credit users

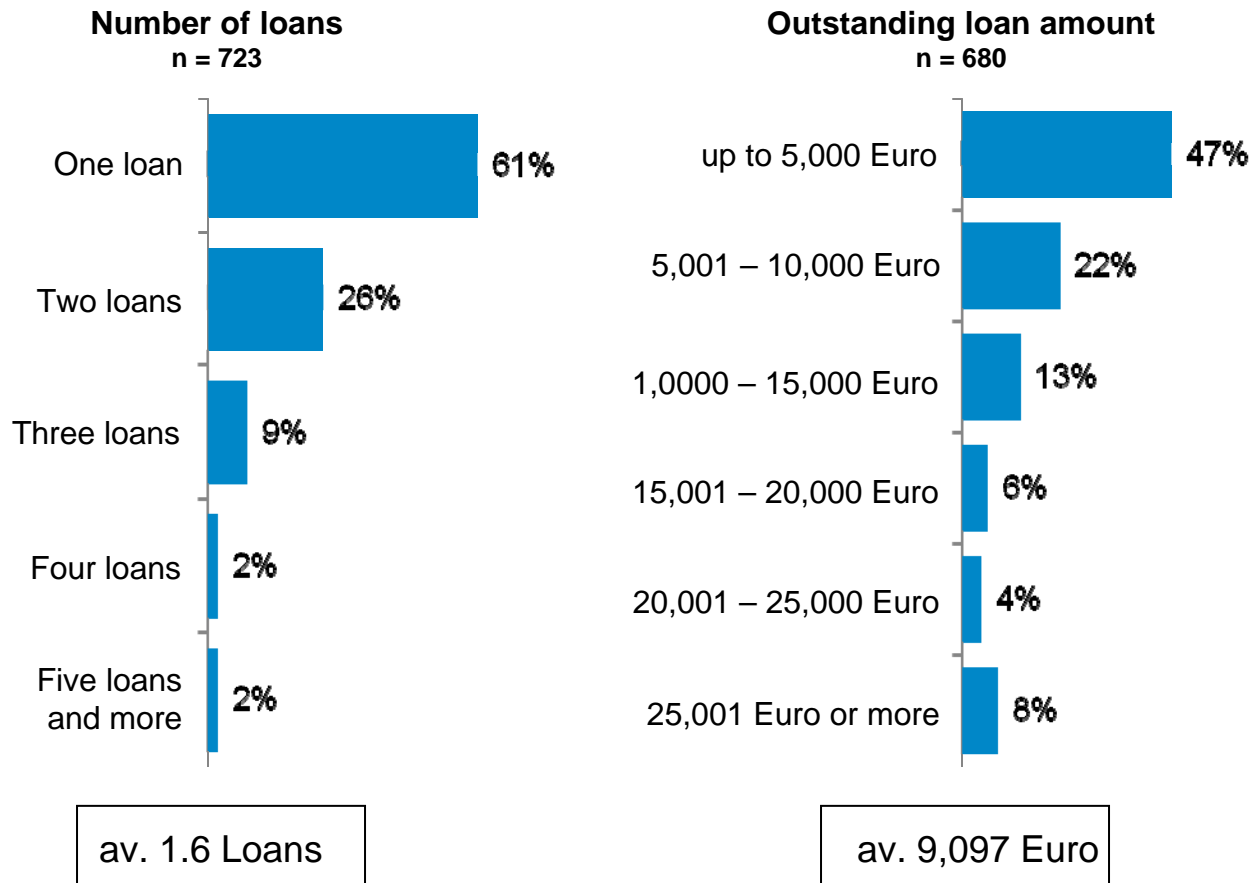


25% of bank loans are used for cars - of which 17% are for used cars and 8% for new cars. What is striking is the sharp decline in the use of bank loans for new cars (2012: 19%). This reflects among other things the postponement of new car purchases over to the buying of used cars.

Q3a: Are you currently using one of the following forms of credit / financing? And for what did you use your current credit arrangement? Sub-group: Uses bank loan ; Basis: Credit users with a bank n = 361 excl. no response

Number and outstanding amounts of loans

Sub-group of credit users



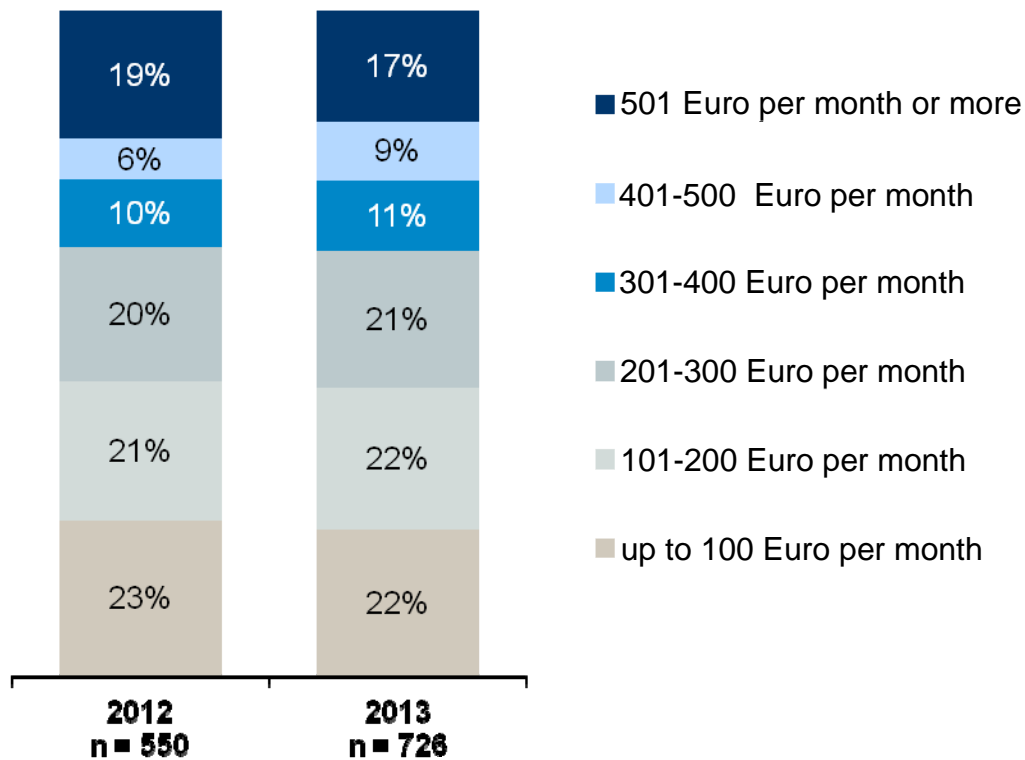
On average, credit users in Germany have taken out 1.6 loans. Currently, the average amount to be repaid per person is €9,097.

Almost half (47%) of the borrowers currently have an outstanding amount of €5,000 to repay; nearly a quarter (23%) of the borrowers currently has only up to €1,000 to repay.

Q3f: How many loans altogether do you still have to repay? Do not include mortgage financing in this number. Basis excl. no response Q3g: And what is the overall outstanding amount (excluding mortgage financing) of all these loans? Basis excl. no response

Credit use – Amount of instalment payments

Sub-group of credit users



The average level of the instalments is €296 per person. This puts it at the level of the previous year.

Amount of the average instalment payments:

2013: 296 Euro
 2012: 299 Euro

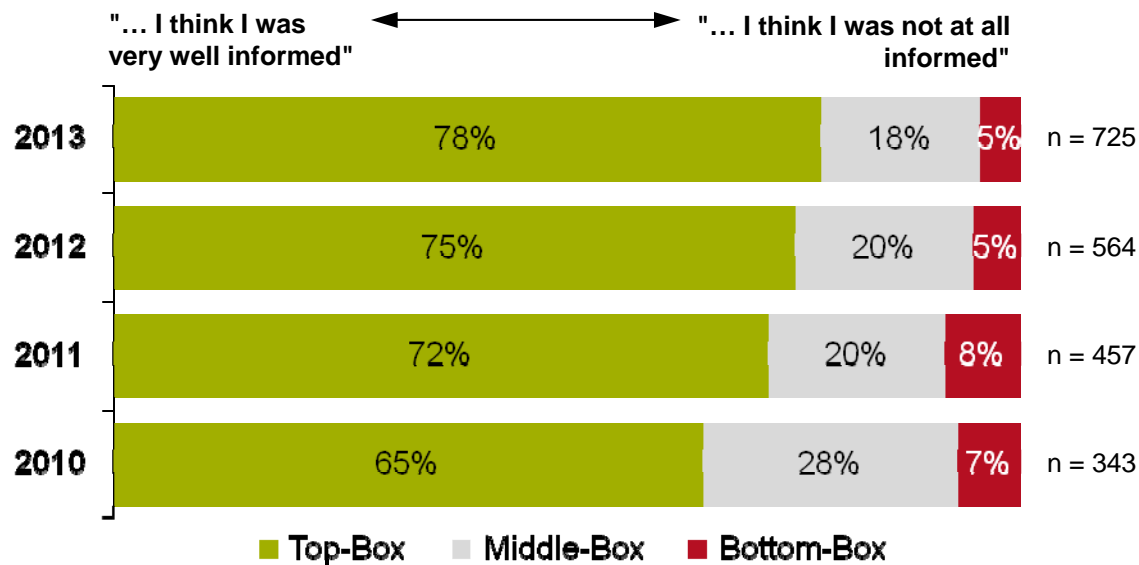
Q5: What is the total amount of your monthly instalment payments for all credit arrangements? If you have several credit arrangements, please count all your monthly instalments together. Basis excl. no response; Detailed analysis in Appendix

Credit terms and conditions

Credit users

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

Credit users feel more and more often (very) well informed about credit terms and conditions.



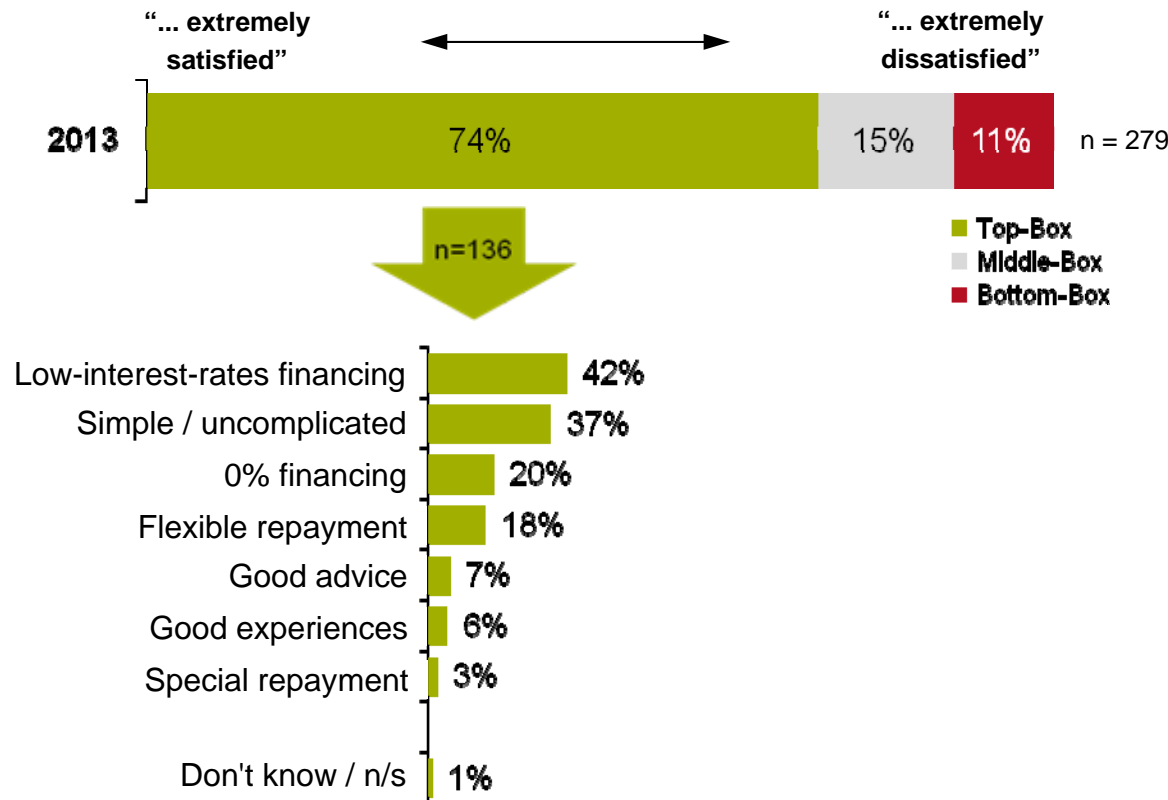
Q6: When arranging this credit, how well do you think you were informed by your bank about the terms and conditions of the credit? Basis: Credit users, excl. no response

Satisfaction with loan

Credit users

**How satisfied are you overall with your loan/loans?
 What are the reasons for this assessment of your loan?**

Almost three quarters of the respondents are satisfied with their credit. The reasons for this are the especially favourable conditions as well as the easy processing.

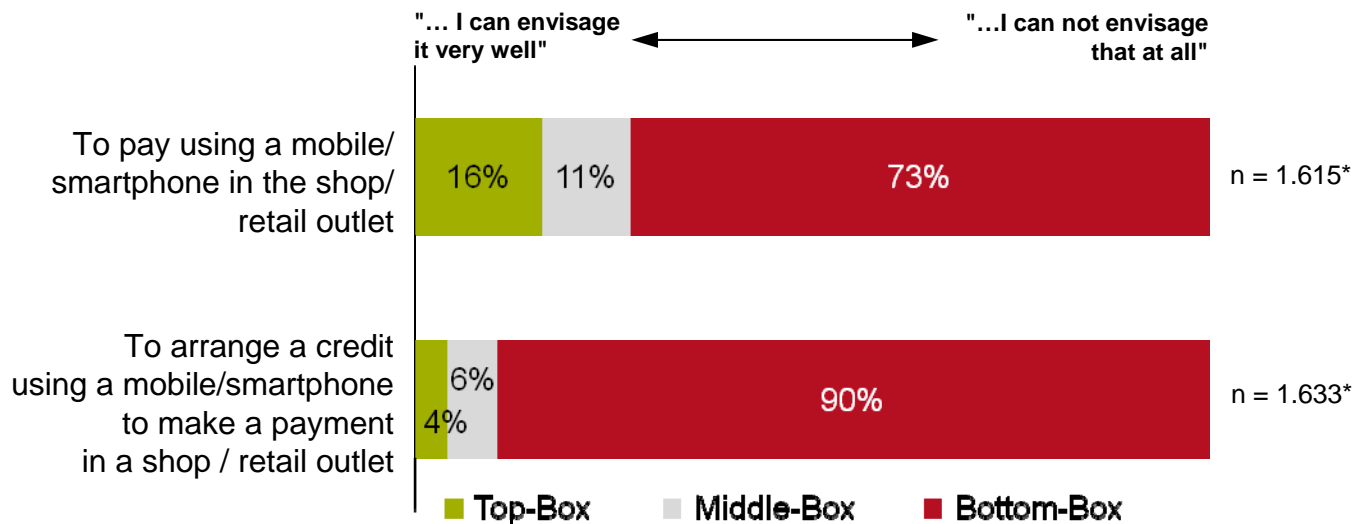


Q1e: How satisfied are you overall with your loan/loans? Base: credit users, excl. no response Q1f: What are the reasons for this assessment of your satisfaction with the loan / loans? Base: Credit users excl. no response

Payment using mobile phone/smartphone

All those surveyed

In 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 16% of all those surveyed currently can envisage using a mobile phone or smartphone in future to make a payment in a shop.

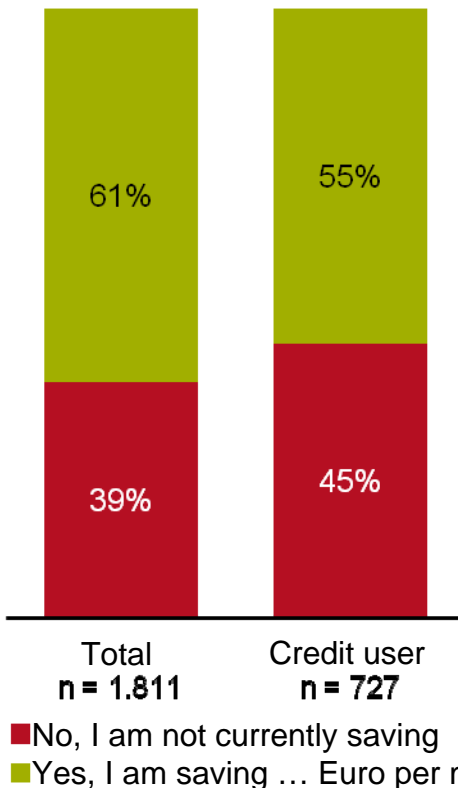
On the other hand, only a few people could envisage arranging credit via mobile or smartphone. The proportion of those opposed has however fallen in comparison to the previous year.

Q11a: 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"

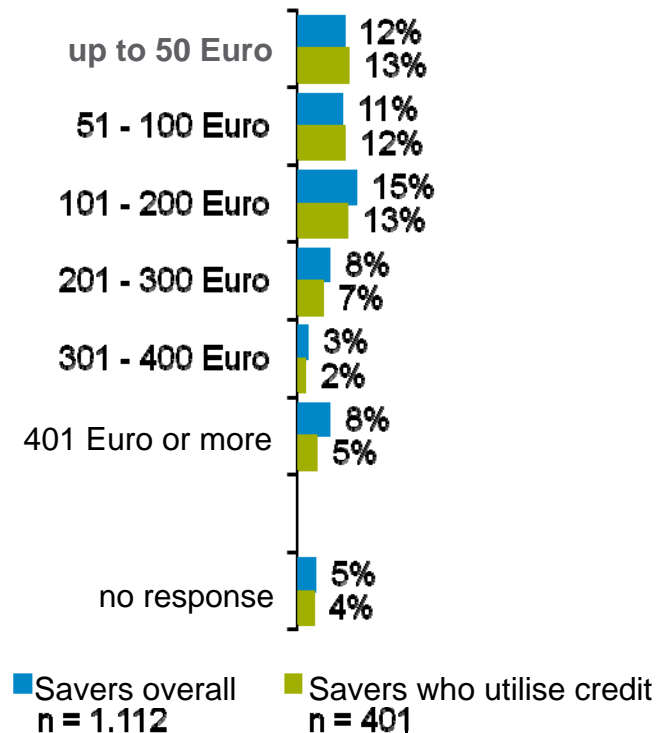
Saving and amount saved

All those surveyed

Behaviour regarding savings



Amount of money saved



People without credit save money more often than credit users. But also here, the proportion of savers is over 50%.

The amount saved monthly varies greatly.

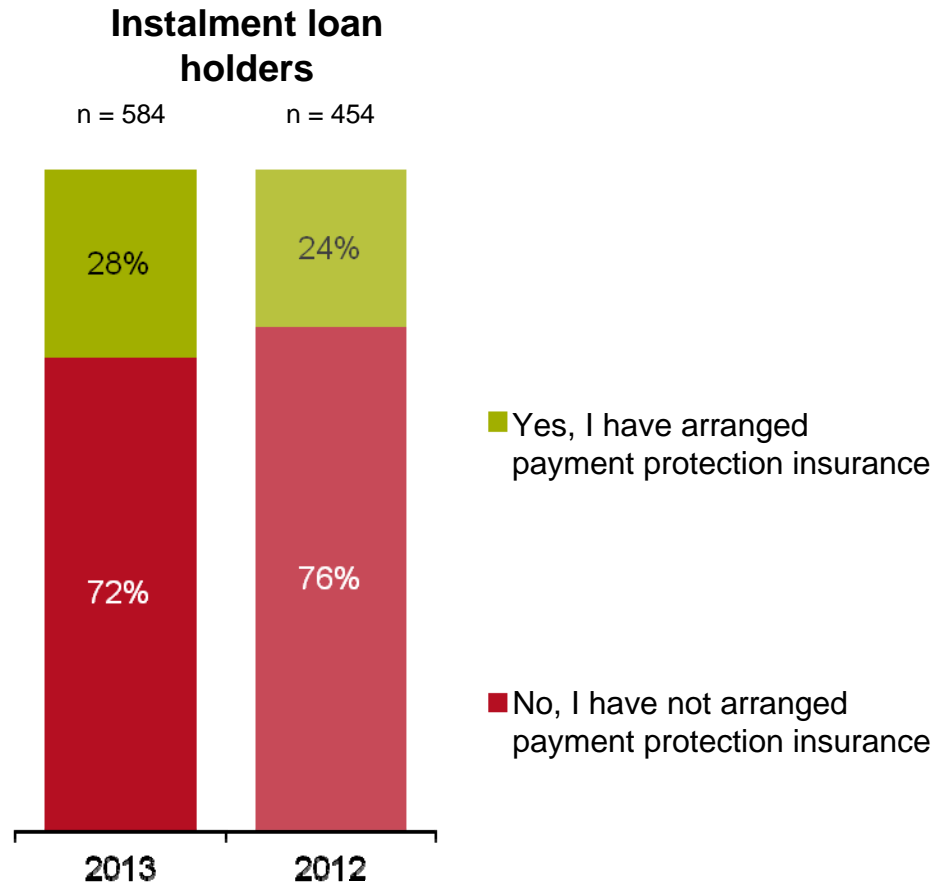
Q1g: Are you currently putting money aside on a monthly basis in order to finance major purchases, such as a new washing machine or a new car? Basis excl. no response

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Arrangement of payment protection insurance I

Instalment loan holders



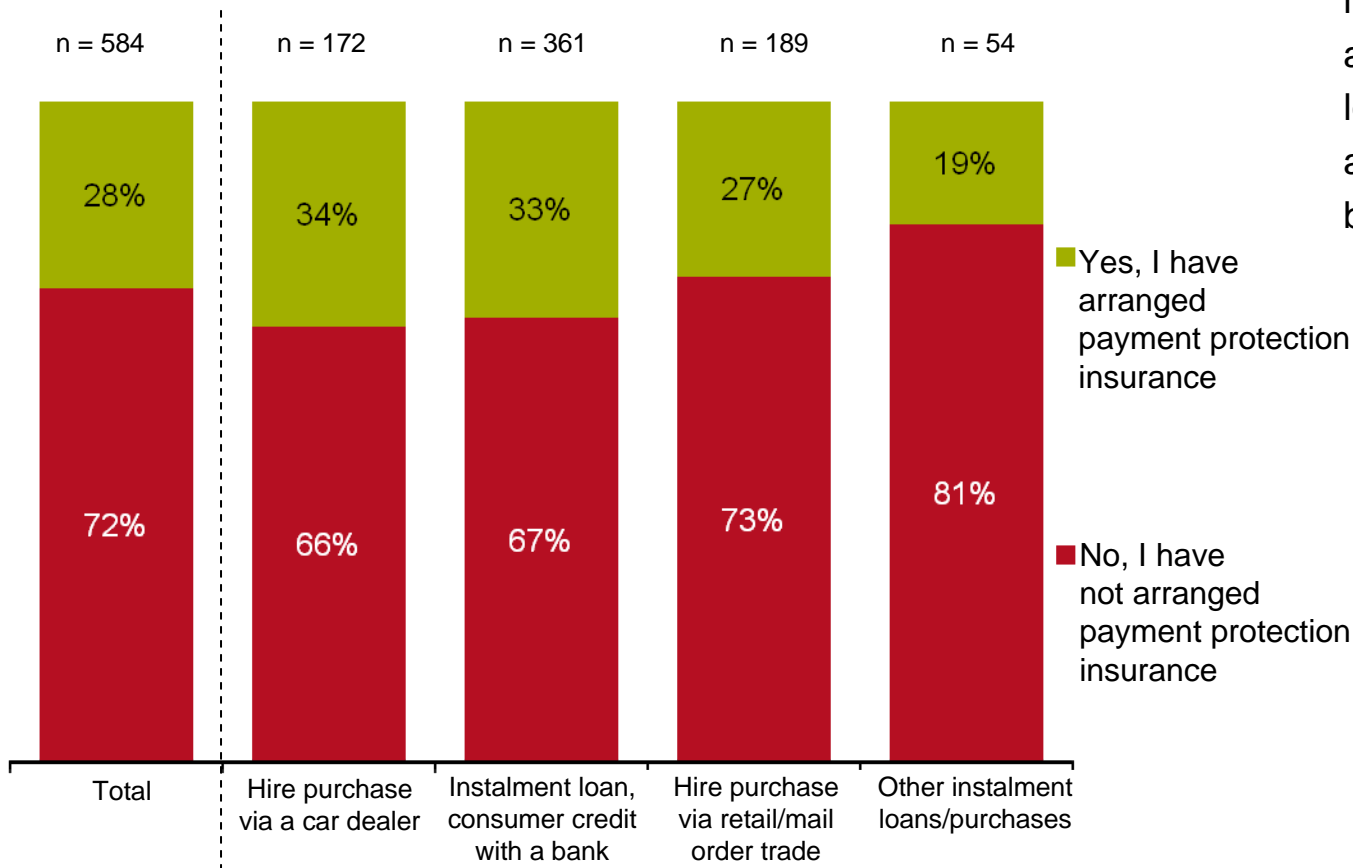
More than a quarter of all instalment loan holders has taken out a payment protection insurance. Compared to the previous year, this value has increased by 4 pct. points.

Q12: Have you arranged payment protection insurance in respect of your instalment loan? Basis: excl. no response

Arrangement of payment protection insurance II

Instalment loan holders

Payment protection insurance is taken out above all for instalment loans at a car dealership and for financing at a bank.

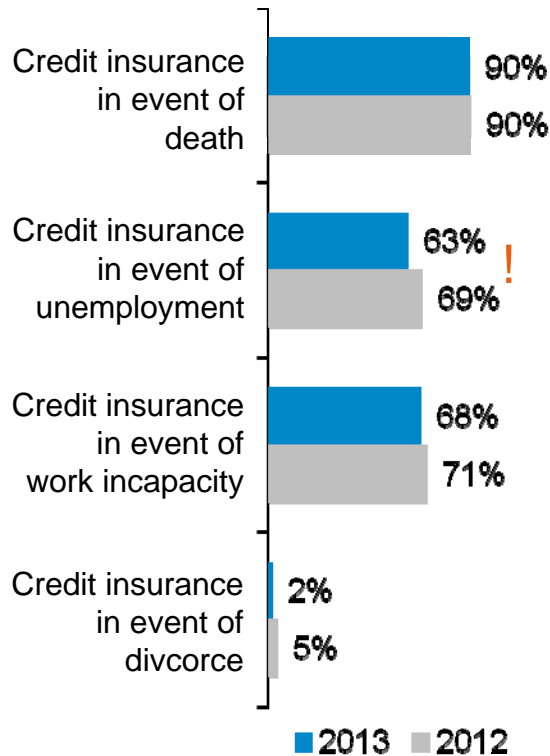


Q12: Have you arranged payment protection insurance in respect of your instalment loan? Q3a: Are you currently using one of the following forms of credit / financing? And how have you used your current loan? Basis: excl. no response

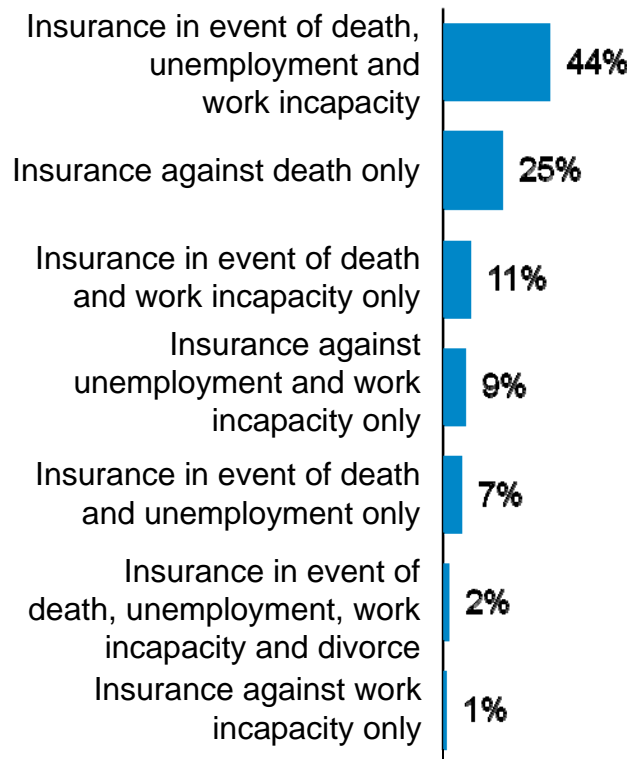
Arrangement of payment protection insurance III

Holders of payment protection insurance

Covered risks in figures
n = 174



Covered risks 2013 in detail
n = 174



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

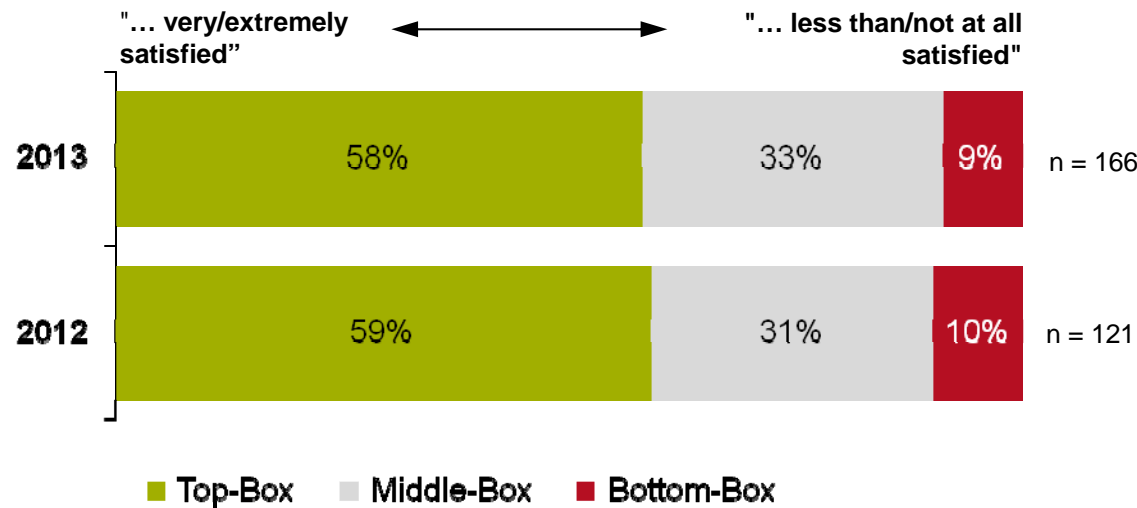
Striking: Insuring the loan against unemployment is currently declining. This reflects the (still) positive situation in the labour market.

Q14: What risks does your payment protection insurance cover? Basis: excl. no response; multiple responses possible, some tendency statements

Satisfaction with payment protection insurance

Holders of payment protection insurance

Satisfaction with the arranged payment protection insurance



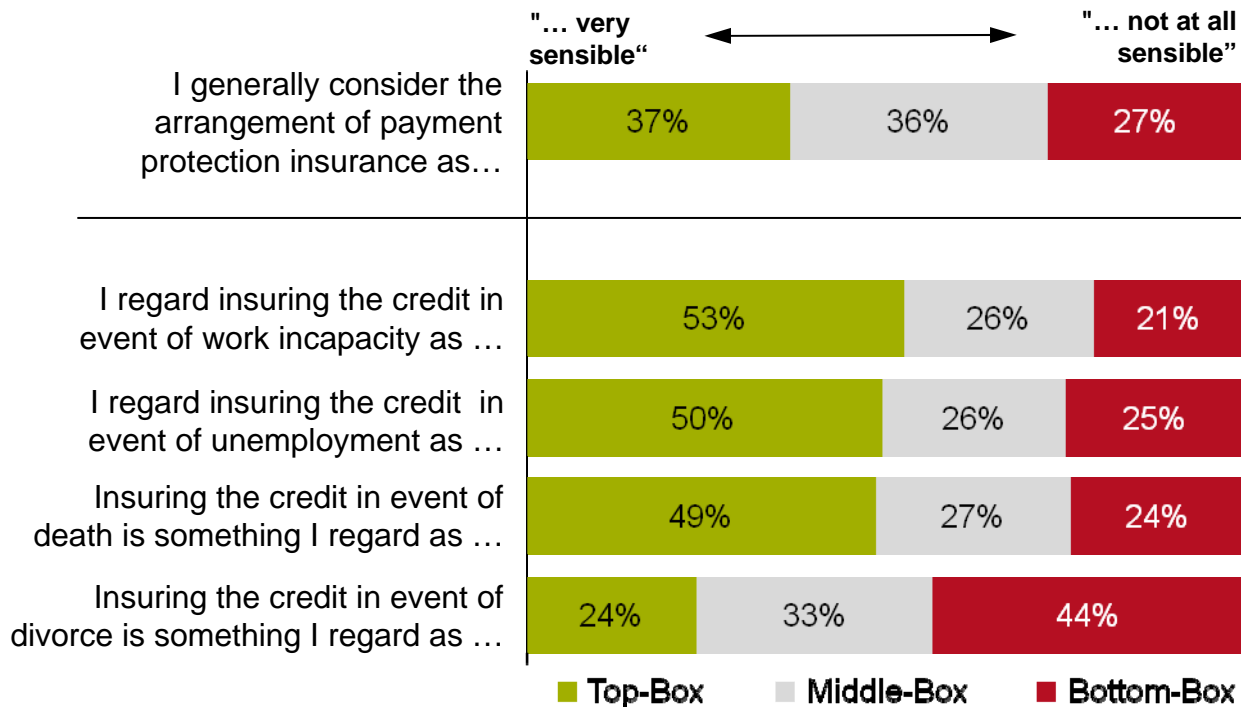
A large part of payment protection insurance holders is (very) satisfied with this; only 9% are (very) dissatisfied.

Credit users' satisfaction with payment protection insurance has remained at the same level compared to the previous year.

Q15a: If you have arranged payment protection insurance: How satisfied are you overall with your payment protection insurance? Basis: excl. no response

Arrangement of payment protection insurance

Credit users



37% of credit users generally consider payment protection insurance to be sensible. About every second credit user considers insuring the individual risk areas of work incapacity, unemployment and death to be sensible.

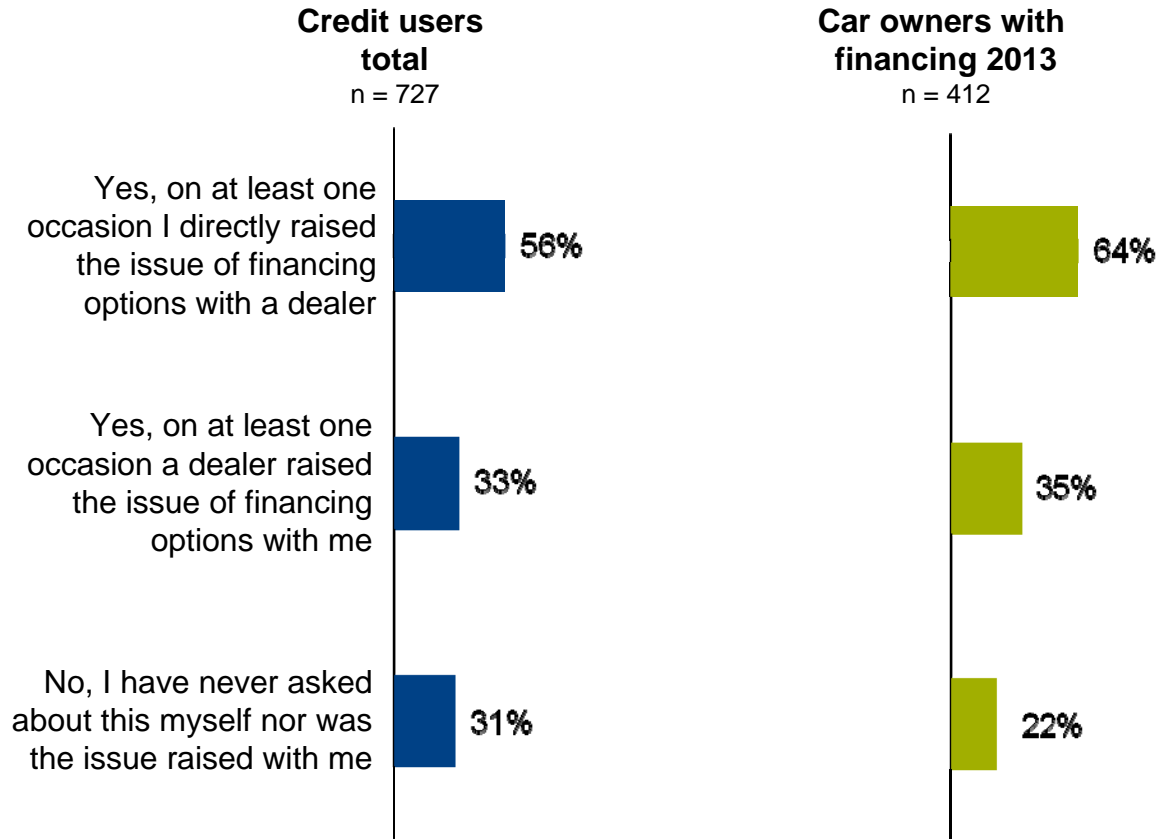
Q16a: How sensible do you think it is to arrange payment protection insurance and how sensible do you regard the coverage of specific risks within the payment protection insurance policy? Basis: n = 727 excl. no response

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Financing in retail trade

Raising the issue of financing options; selected sub-groups

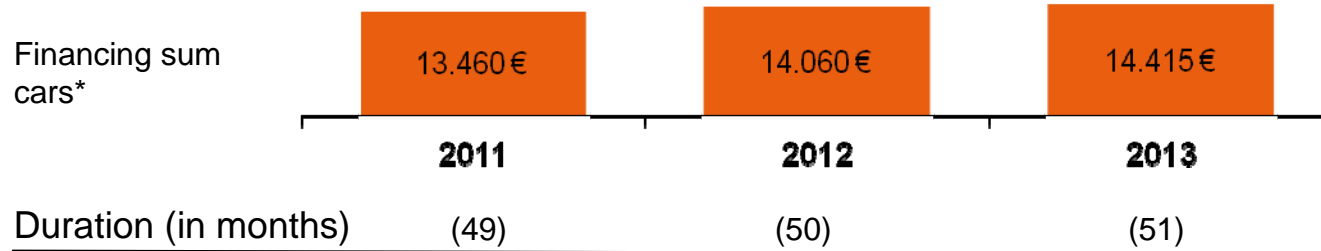


56% of all credit users have already specifically asked a dealer about financing offers. Among car owners with financing, this figure is about 64%.

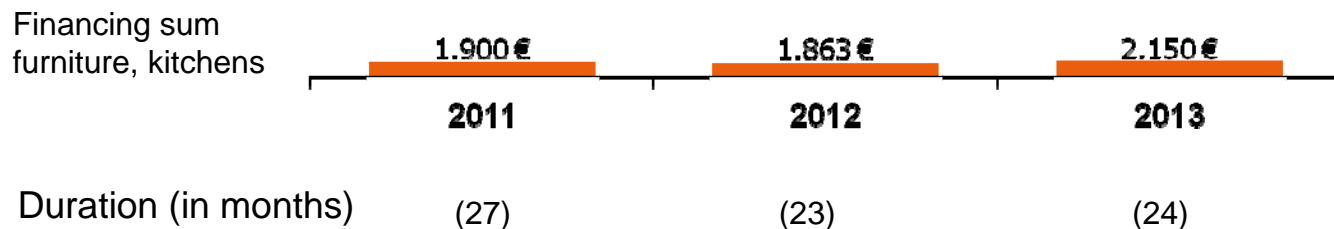
Q17: When making the following purchases, you ever directly raised the issue of financing options with a dealer, or has a dealer ever raised this issue? Basis excl. no response

Financing in retail trade – Amounts and lengths of term

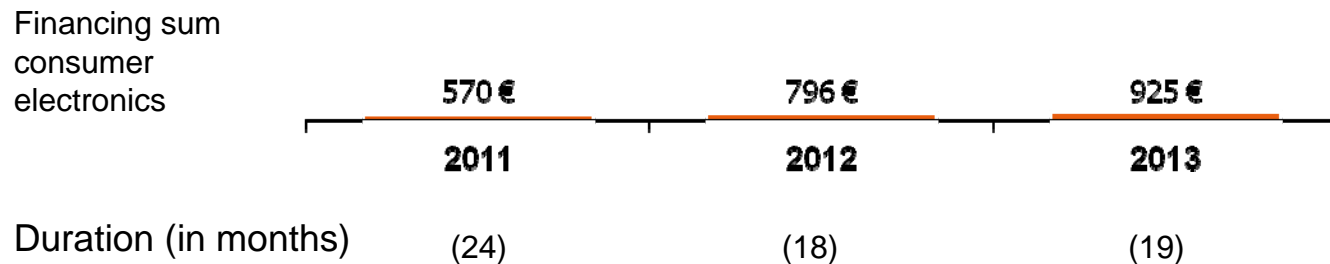
All those surveyed



The duration of financing for cars, furniture/kitchens and consumer electronics is at last year's level.



Financing:
New Cars:
15,364 Euro (50 months)
Used Cars:
12,227 Euro (51 months)



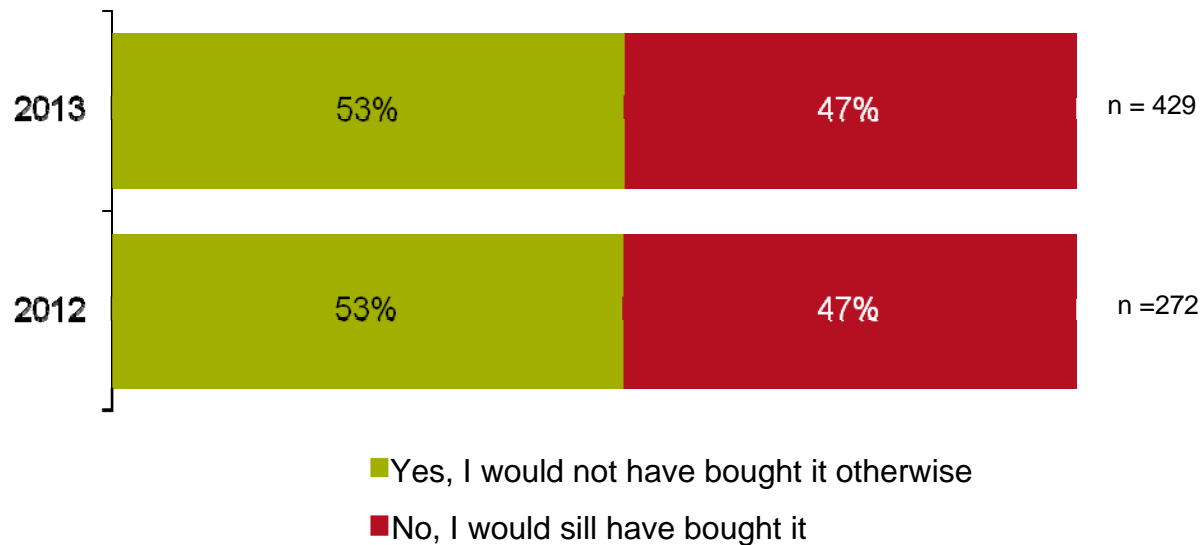
*Mean figure from new and used cars

Q18a. Do you have current financing arrangements for one or more purchases made via mail order / retail outlets or car dealer (see Question 9a.)? Please state, which of the following purchases you made using financing. Q18b. If yes, what was the financed sum in each case? If you have made several purchases in one category (e.g. consumer electronics, computer), please state the amount for the most recent purchase in each case. Q18d. And over how many months is the financing arranged? Basis: n = 727 excl. no response, "other" not shown

Financing in retail trade – Influence on purchase decision

Credit users in retail trade

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.

Q18e: Did the option of financing influence your purchase decision, i.e., the decision to buy the product or not? Basis excl. no response

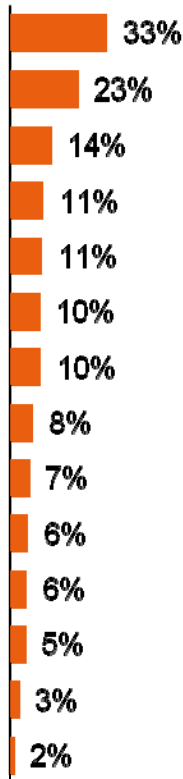
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Planned acquisitions/outlays in the next 12 months

Planners of purchase in question

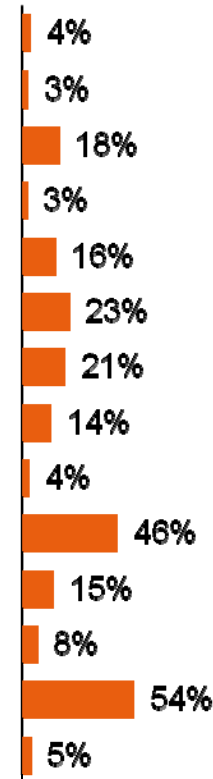
Planned purchases
All those surveyed
 n = 1,811



of these



Planned credit arrangements



More than half of the customers intending to purchase a new car within the next 12 months can already envisage using a loan in order to do so.

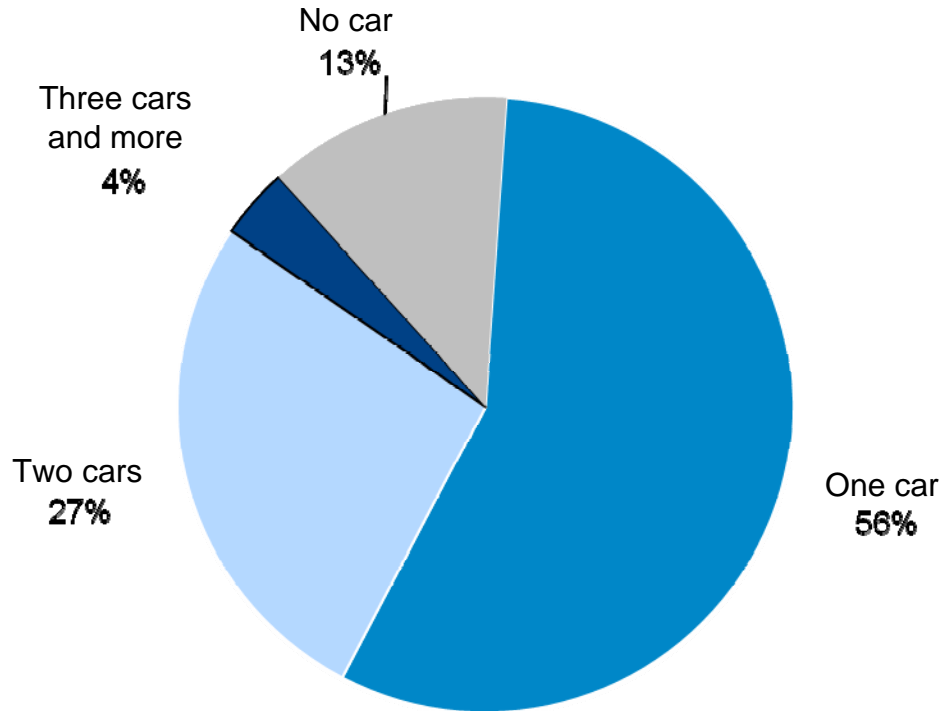
Q19a: Are you planning one or more of the following named acquisitions or outlays in the next 24 months? Q19b: If you are planning a purchase: Can you, in principle, envisage arranging credit for this (e.g. an instalment loan or credit facility, overdraft facility)? Basis: Planners in the respective group, excl. no response

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Car ownership

All those surveyed



A household on average currently owns 1.2 cars.

Over half of the households (56%) own one car.

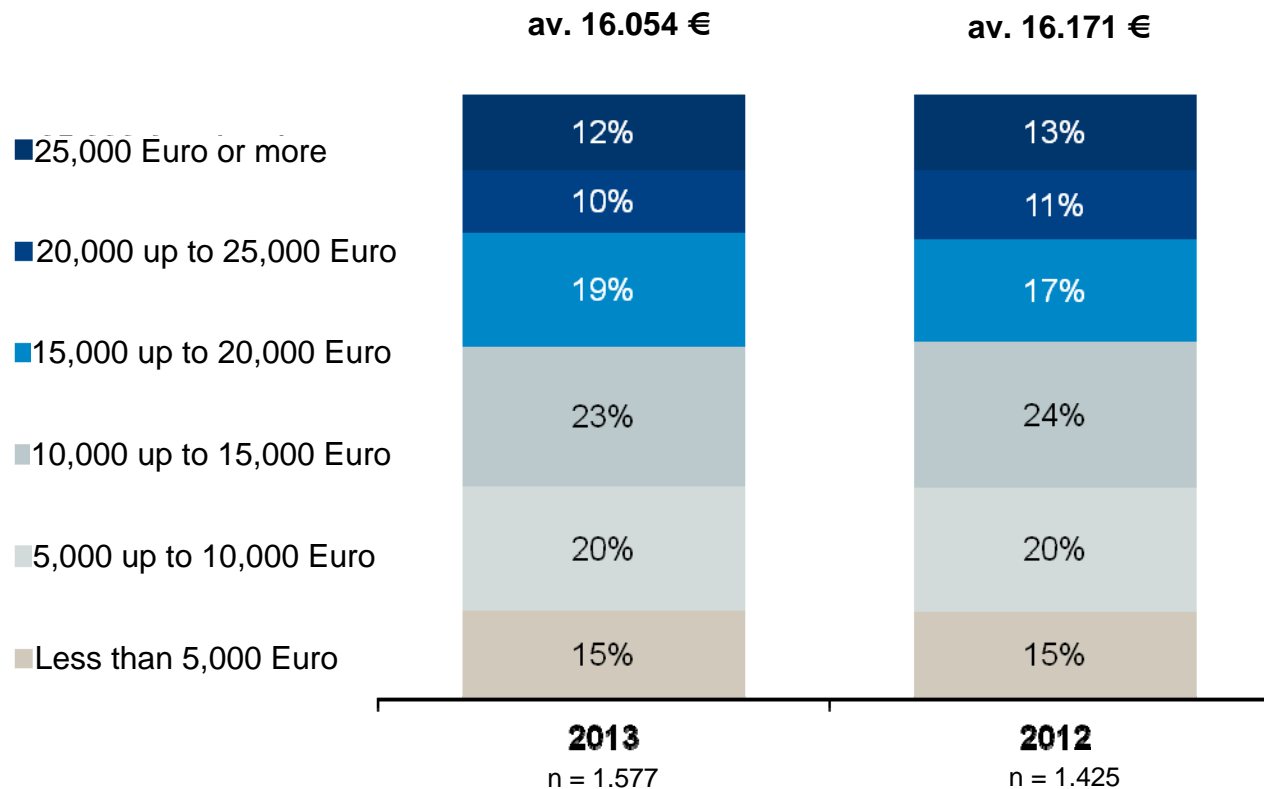
But: 13% of all households do not own any (private) car.

Q22. How many cars do you have in your household? Basis: All those surveyed, n = 1,811 excl. no response

Acquisition costs – Total

Car owners

Acquisition costs



The acquisition costs for new and used cars are very stable compared to 2012.

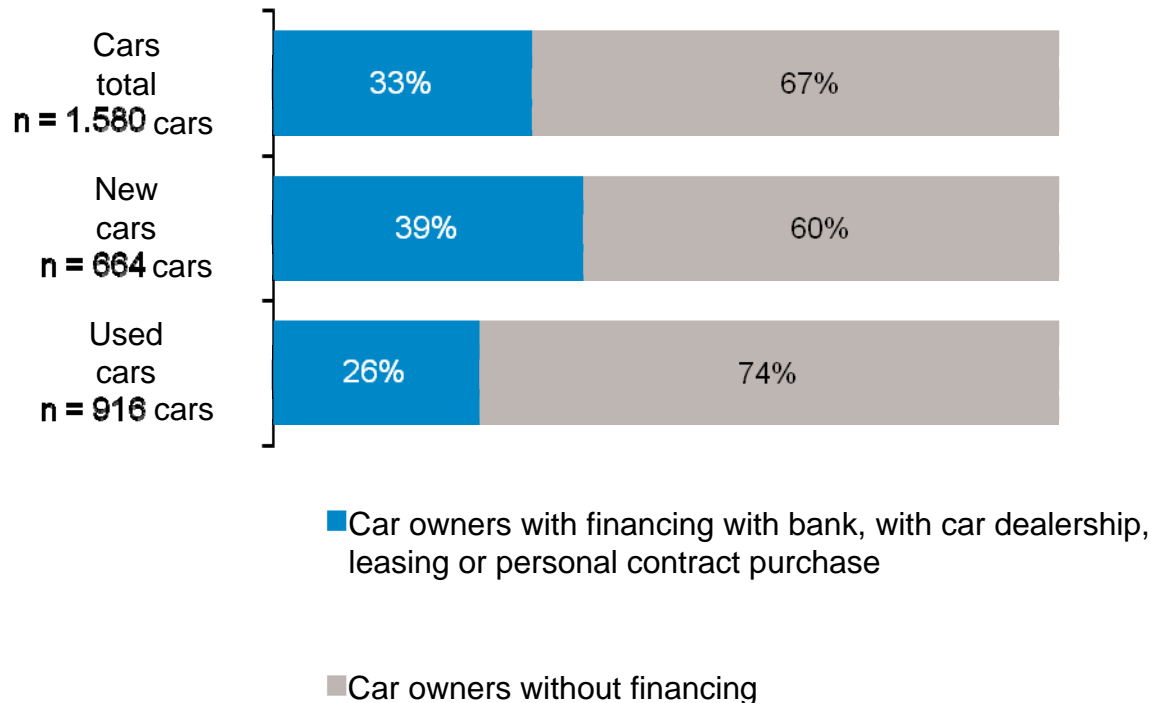
Just over 16,054 Euros are currently invested in a car.

Q25. Please state how much your car costs approximately? Basis: Car owners n = 1,488 excl. no response

Proportion of financed cars

Car owners

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



The proportion of financed vehicles has remained at 33% since 2011.

The proportion of financed new cars has decreased slightly compared to the previous year.

Proportion of financed cars:

Total/New/Used
 2011: 33%/41%/26%
 2012: 33%/43%/24%

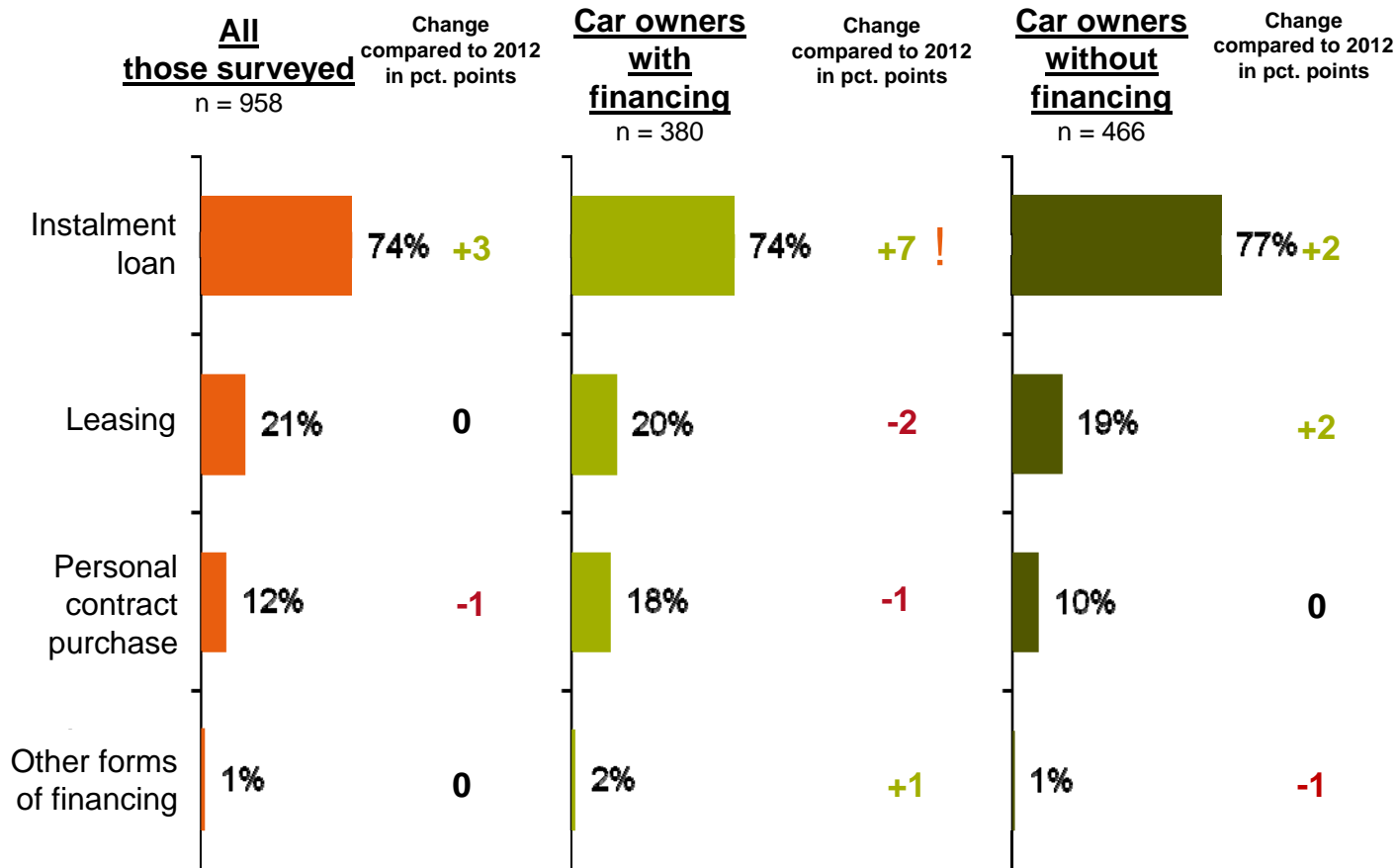
Q26: Was the car purchased by full payment in cash, partially financed, fully financed or leased? Basis excl. no response

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Preferred forms of financing for new cars

Selected sub-groups: excl. persons declining credit

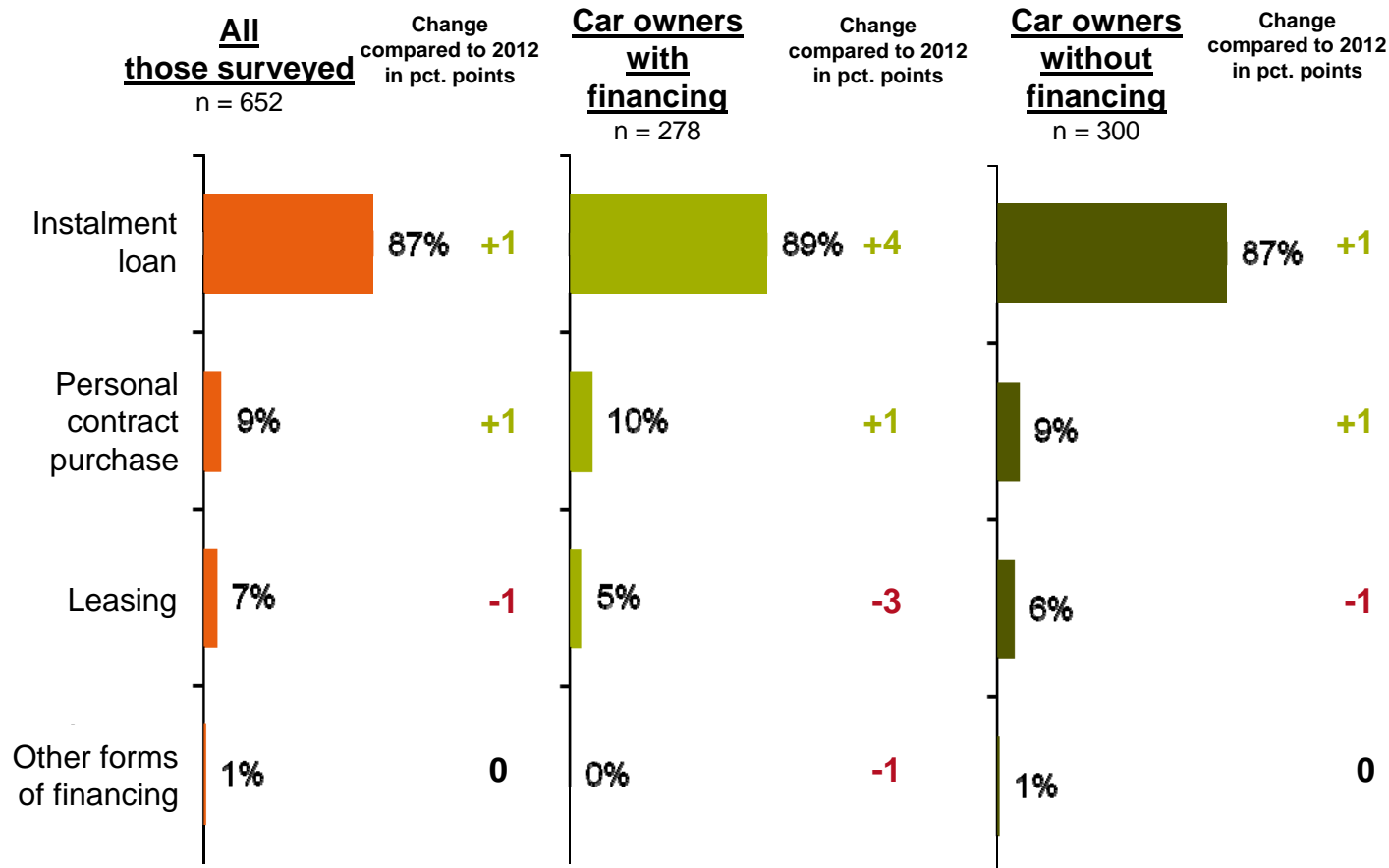


There is a preference towards financing new cars using instalment loan. The other forms of financing remain at the previous year's level.

Q32a: 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.

Q32b: And what form of financing would you prefer when purchasing a used car? Basis excl. no response

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Summary I



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. Compared to the previous year, there has been a slight increase, in particular, in the awareness of credit facility (page 7).

Current use of various forms of financing

Use & purpose of the loan

- Almost 40% of all those surveyed currently use financing. The aggregate of this ratio is higher compared to the previous year. Instalment loans are currently used by 33% of respondents; of this number, 20% have instalment loans with a bank. For the latter, this means an increase of 5 percentage points (pct. points); with instalment loan use overall, this represents an increase of 4 pct. points (page 9).
- On average, credit users have 1.6 loans; the outstanding amount on the loan is on average nearly €9,100 (page 13). The average monthly instalment amount of €296 per month remains roughly at last year's level (2012: €299) (page 14).
- 78% 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 15).



Summary II

Current use of various forms of financing

Satisfaction with the loan / use of smartphone

- In total, 74% of credit users are (very) satisfied with their loan. The reasons for this are low interest or even 0% financing, but also simple and straightforward processing and flexible repayment terms (page 16).
- 16% of respondents and even 28% of Internet credit users can imagine payment in a shop via smartphone (page 17).

Saving and credit behaviour

- Currently, 61% of respondents save, by their own account. The amount of money saved varies. While 23% put away less than €100 a month, 19% of those surveyed save more than €200 (page 18).



Summary III



Payment protection insurance

- 28% of those who have taken out an instalment loan have taken out payment protection insurance alongside it – the proportion has risen slightly since last year (page 20). The payment protection insurance is usually taken out upon concluding an instalment loan at a bank or at a car dealership (page 21).
- The majority of payment protection insurance policies contains a combination of the risks "death, work incapacity and unemployment". Striking: Insuring the loan against unemployment is currently declining. This reflects the (still) positive situation in the labour market (page 22).
- Over half (58%) of payment protection insurance users are satisfied. For most, it represents a safeguard in case of emergency. Only 9% are dissatisfied (page 23).
- 37% of credit users generally consider payment protection insurance to be sensible. About every second credit user considers insuring the individual risk areas of work incapacity, unemployment and death to be sensible (page 24).

Summary IV



Financing in retail trade

- 56% of credit users have specifically enquired about financing offers from a dealer; 33% have been approached without enquiry on their part (page 26).
- The term of the loans in connection with furniture and kitchens or with consumer electronics remains at the previous year's level. The average amount of funding in the area of cars is relatively stable; in the area of consumer electronics/computers, however, it has almost doubled within two years (page 27).
- With 53% of respondents, the possibility of financing affected the decision to make a purchase. This figure has remained at last years level (page 28).

Future use of various forms of financing

- 23% of all respondents are planning a holiday within the next 12 months, 33% want to purchase clothing or jewellery, 14% can imagine renovating (page 30).

Summary V



Financing a car

- 87% of all households have at least one car in their budget; 31% have more than one. On average, a household currently owns 1.2 cars (page 32).
- The cost for new and used cars has remained almost stable compared with 2012. Currently, investment in a car runs at just over €16,000 (page 33). The proportions of financing are relatively high – 39% of all new cars are financed; for used cars, the figure is 26% (page 34).

Attitude towards financing a car

- There is a preference for instalment loans when it comes to financing new cars. Here, an increase of 7 pct. points among car owners with financing has been registered (page 36).

Summary – Overview of key figures

Extrapolation based on 33,4 million households* with 56,3 million persons



Use of credit arrangements in general

- | | |
|--|--------------|
| • Users of at least one financing arrangement: | 22,2 million |
| • Instalment loan with a bank: | 8,8 million |
| • Overdraft facility (users): | 9,2 million |
| • Hire purchase via retail trade: | 4,6 million |
| • Credit facility via a credit card: | 4,4 million |

Car financing arrangements

- | | |
|--|--------------|
| • Total current car financing arrangements in 2013: | 14,6 million |
| • Newly arranged car financing arrangements in 2013: | 1,2 million |
| - of which, new car financings: | 0,4 million |
| - of which, used car financings: | 0,8 million |

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

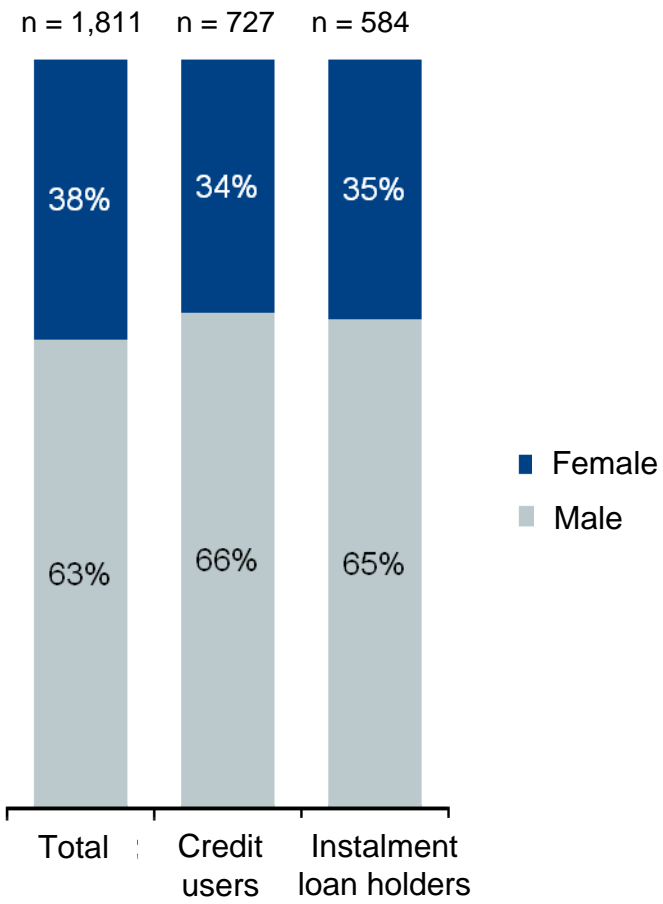
Agenda

1. Background and objectives of the study, study design	Page 3
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 20
D. Financing in retail trade	Page 26
E. Future use of various forms of financing	Page 30
F. Financing of current cars	Page 32
G. Attitude to financing a passenger car	Page 36
3. Summary of the results	Page 39
4. Statistics	Page 46

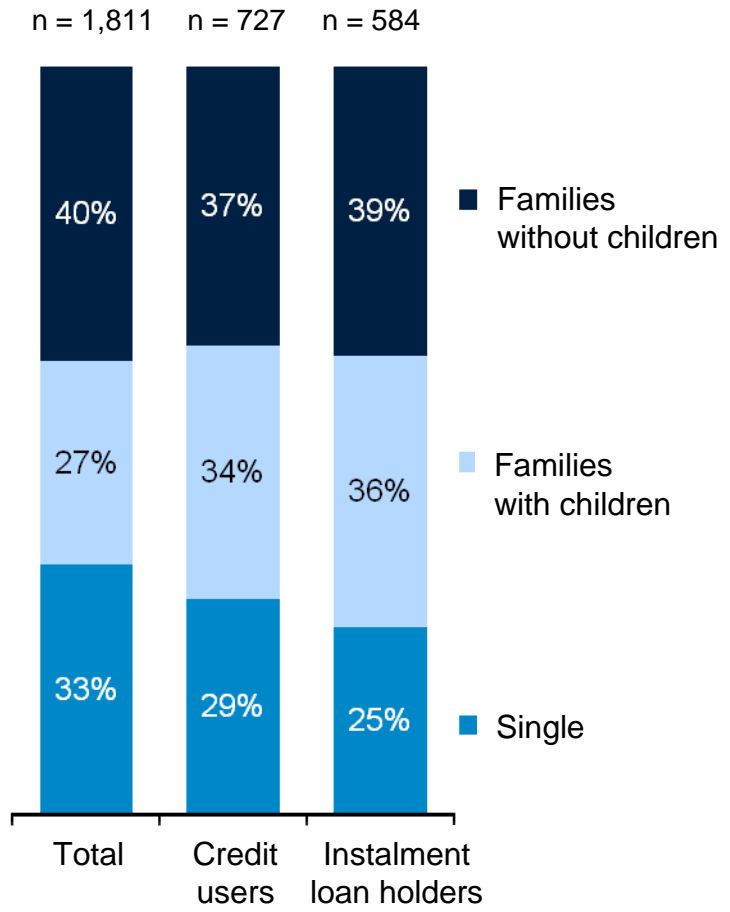
Statistics – Gender and marital status

Credit users, total, instalment loan holders

Gender of head of household



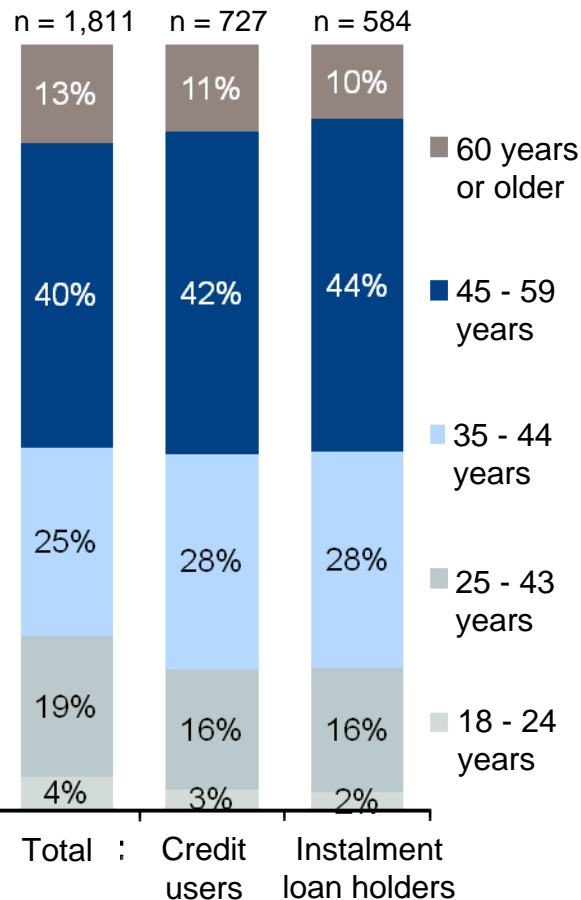
Life cycle type



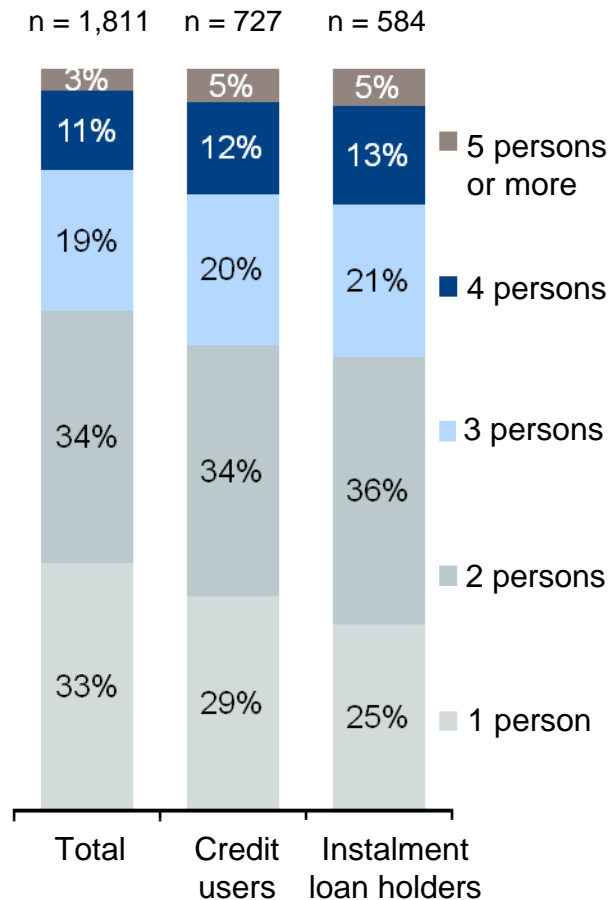
Statistics – Age, size of household, number of children in household

Credit users, total, instalment loan holders

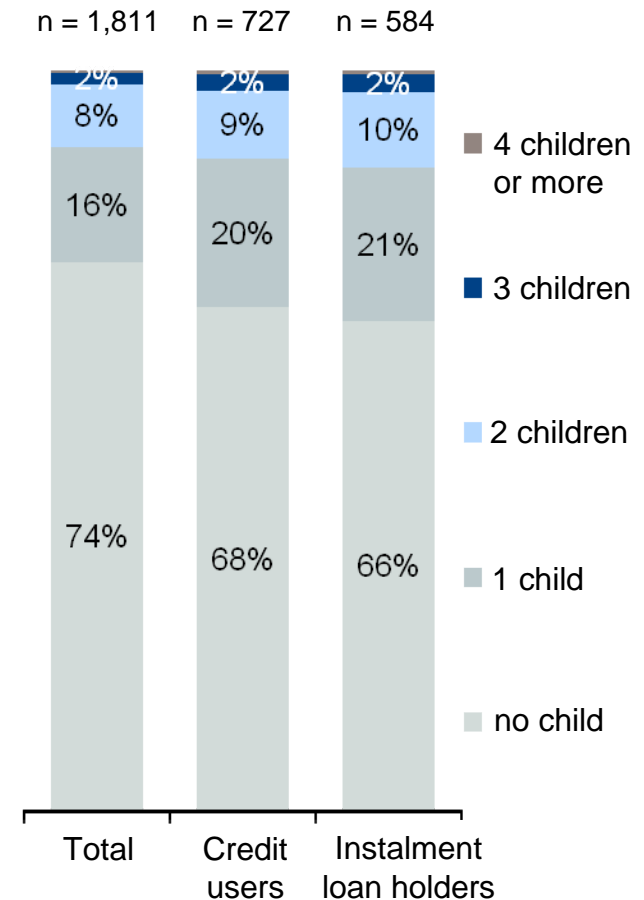
Age



Size of household



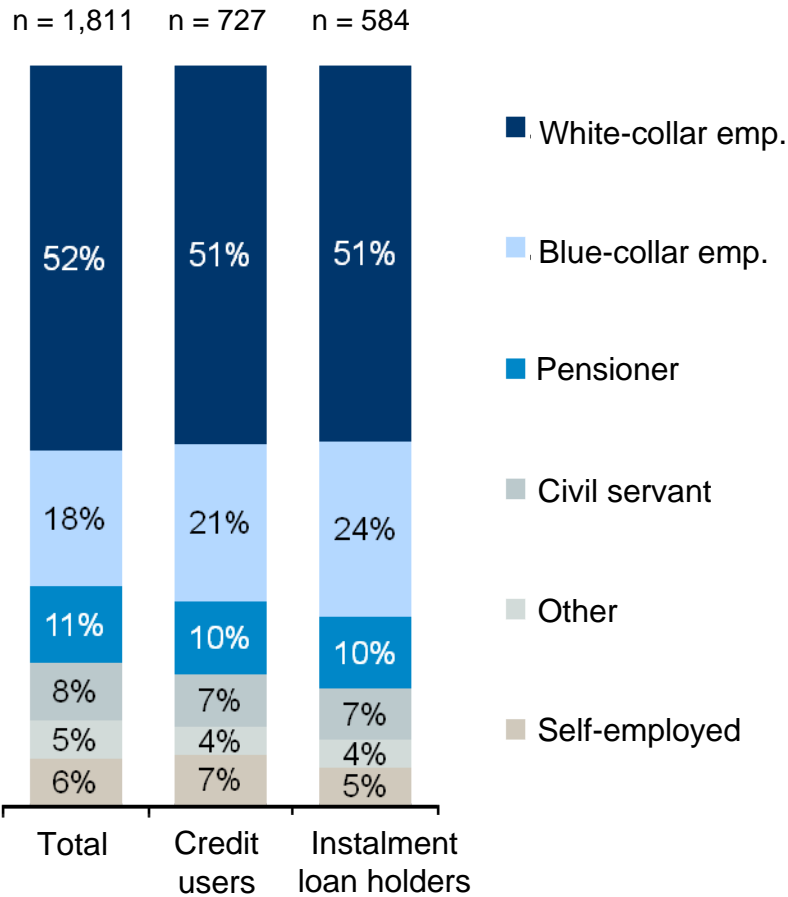
Number of children in household



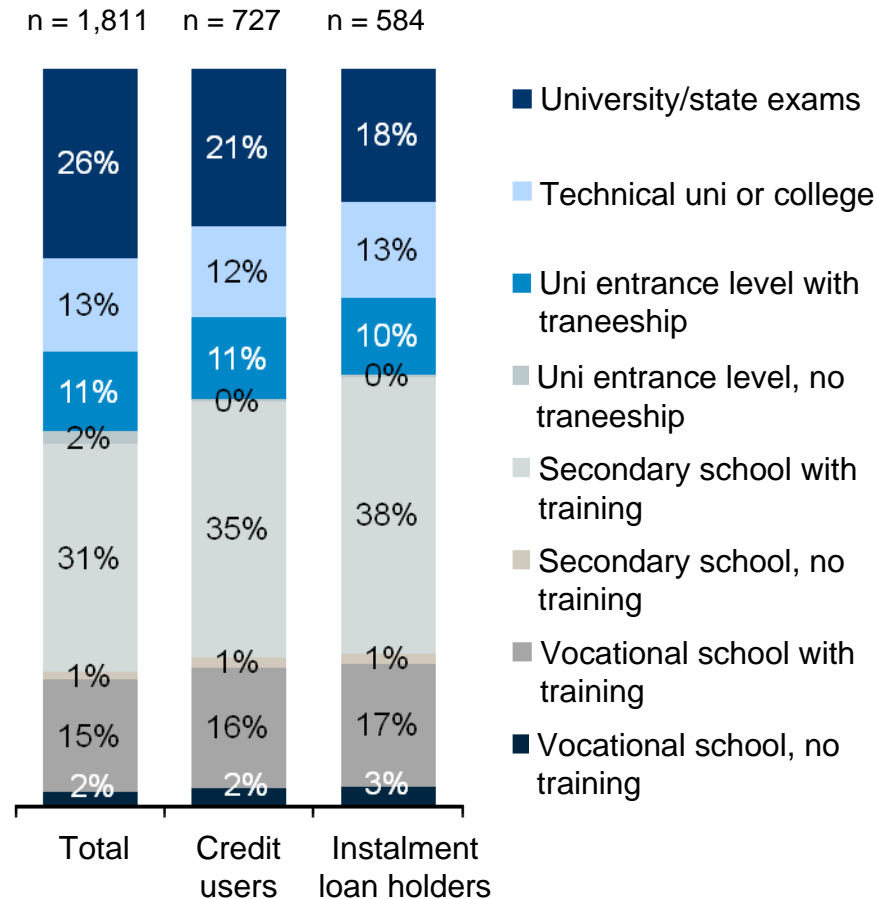
Statistics – Occupation and education

Credit users, total, instalment loan holders

Occupation

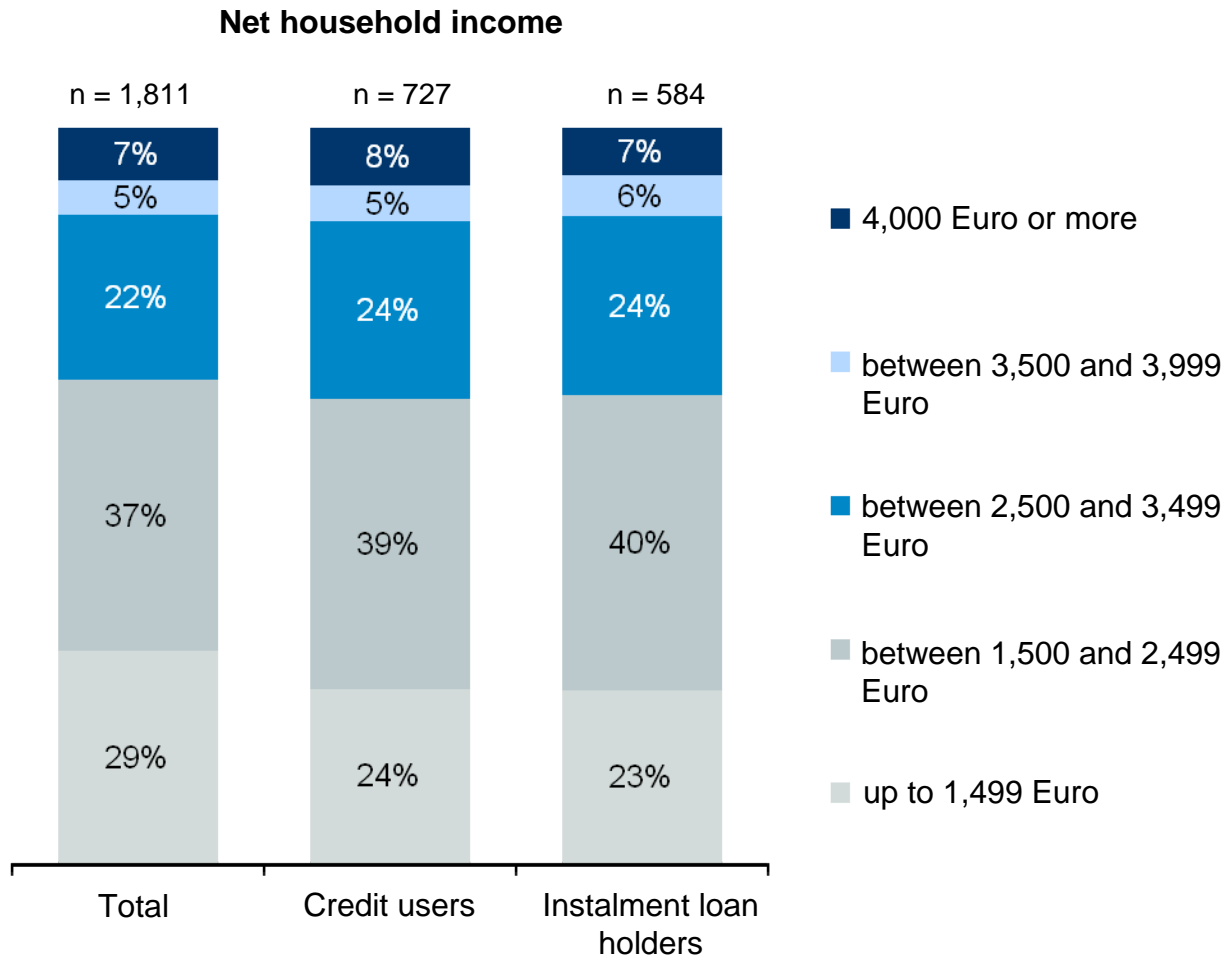


Education



Statistics – Net household income

Credit users, total, instalment loan holders



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