

CONSUMER CREDIT INDEX KKI II/2014

Forecast - use of new consumer credit in Germany in 2014/2015

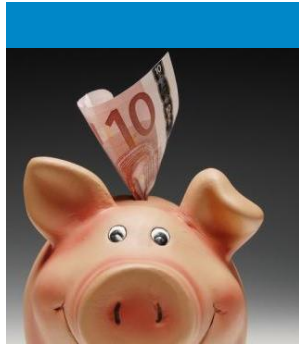
GfK Finanzmarktforschung (financial market research)
on behalf of Bankenfachverband e.V.

Content



1. Objective and study design
2. Detailed results
3. Forecast - use of new consumer credit in Germany in 2014/2015
4. Summary

Objective



Since 2008 Bankenfachverband and GfK Finanzmarktforschung have jointly carried out a regular study on consumer and motor vehicle financing.

The study aims at ascertaining the awareness of various forms of financing, of consumer attitudes and of actual consumer behaviour in terms of the use of consumer credits over time.



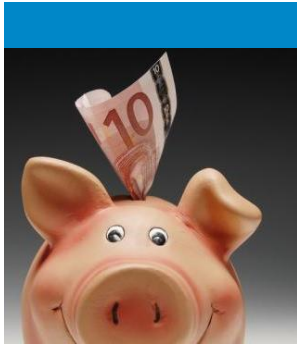
In order to deepen these objectives, a Consumer Credit Index (KKI) was established in spring 2011 on the basis of current financing behaviour. The index is suitable for gauging the future financing behaviour of end customers in respect of various forms of consumer credit.



This autumn index is based on household estimates made at the middle of the year 2014.

Study design

Sample



Survey method

written survey, supporting study: GfK financial market panel

Target group

representative sample of German households, up to 75 years of age

Survey area

Federal Republic of Germany



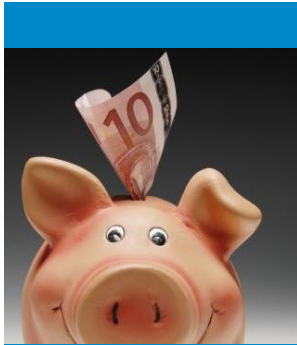
Sample

n=1,607 interviews; the results were subsequently weighted according to age, vocation, income, offspring and size of village/town/city.

Survey period

18 June 2014 to 22 July 2014





1. Actual purchases in the past 12 months

- Type of purchase (new cars, used cars, furniture, ...)
- Spontaneity of purchase (planned, unplanned)
- Credit financing of purchase
- Type of credit used for the purchase
- Credit amount for used credits



2. Planned purchases for the next 12 months

- Type of planned purchase (new cars, used cars, furniture, ...)
- Credit financing of planned purchase
- Expected type of credit for the purchase
- Expected credit total



Content



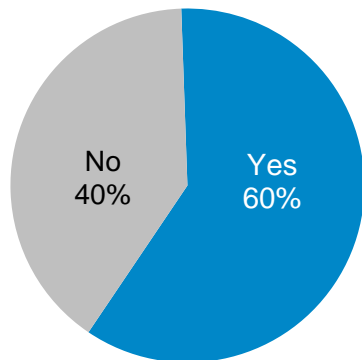
1. Objective and study design
2. **Detailed results**
3. Forecast - use of new consumer credit in Germany in 2014/2015
4. Summary

Purchases in the past 12 months

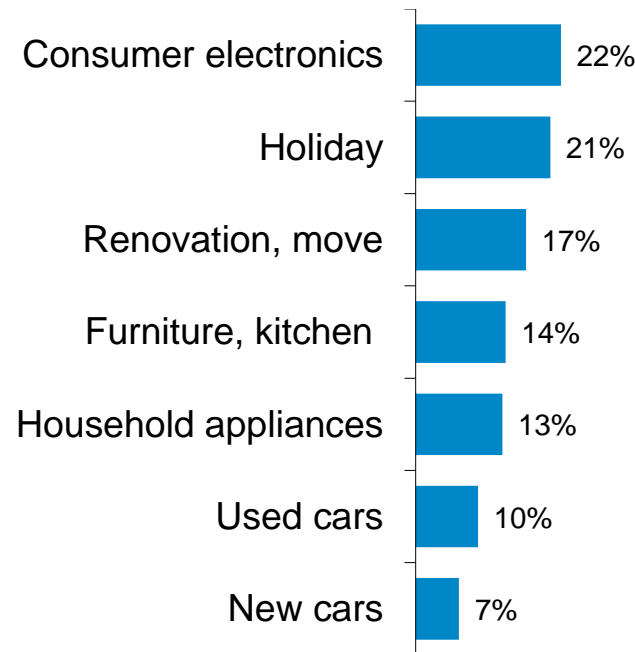
Total and for individual purchases



Purchases in the past 12 months
n = 1,607



Type of purchases in the past 12 months
n = 1,607



60% of all the respondents have made major purchases in the past 12 months.

The focus was mainly on consumer electronics and major holiday trips. The purchase of new cars, at 7%, falls considerably short of this figure.



Legend: 22% of all respondents have purchased consumer electronics in the past year.

F1a: Which of the following major purchases / expenses have you made / had in the past 12 months?
Basis: 1,607 respondents, other purchases not shown.

Purchases in the past 12 months

Annual comparison: autumn 2014 against autumn 2013

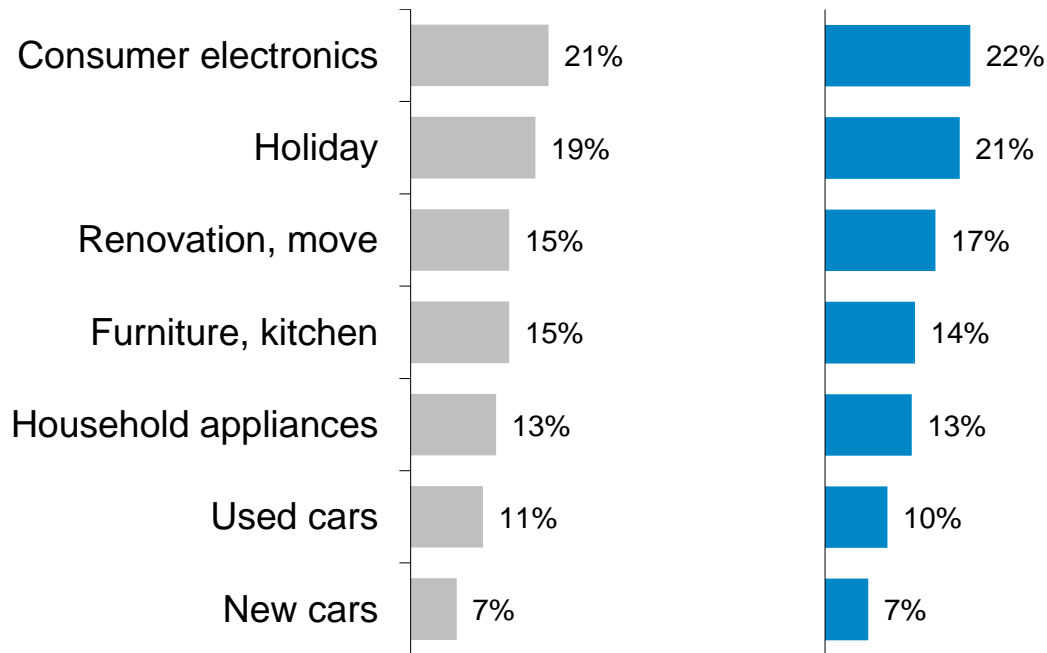


Type of purchases in the past 12 months (KKI in autumn 2013)

n = 1,811

Type of purchases in the past 12 months (KKI in autumn 2014)

n = 1,607



The level of purchases against that of the previous year is consistent.



Legend: 22% of all respondents have purchased consumer electronics in the past year. This figure is consistent with the figure for autumn 2013.

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

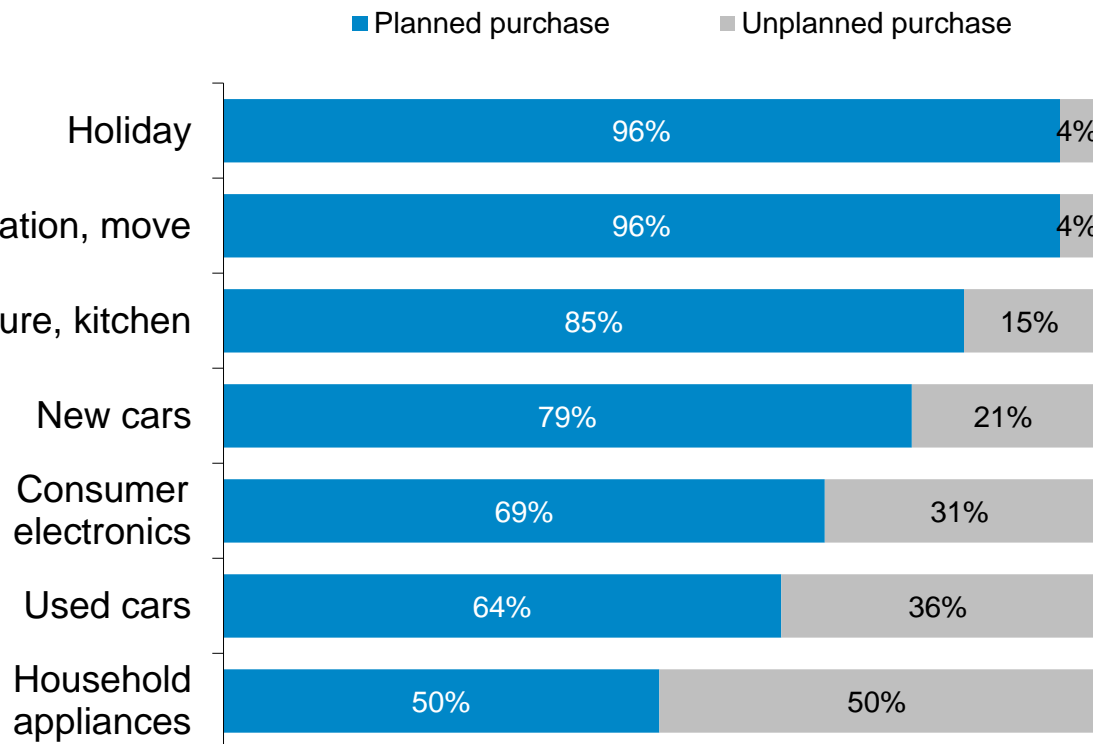
Basis: 1,607 respondents, other purchases not shown (autumn 2013: 1,811 respondents)

Purchases in the past 12 months

Proportion of planned purchases



Sub-group: has purchased the product in each case



Major holiday trips, renovations or the purchases of furniture or kitchens are planned.

Planned and spontaneous purchases are currently balanced in the case of large home appliances.



Legend: 96% of all holiday trips are planned in advance, 50% of all large 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. Basis: 1,607 respondents; other purchases not shown.

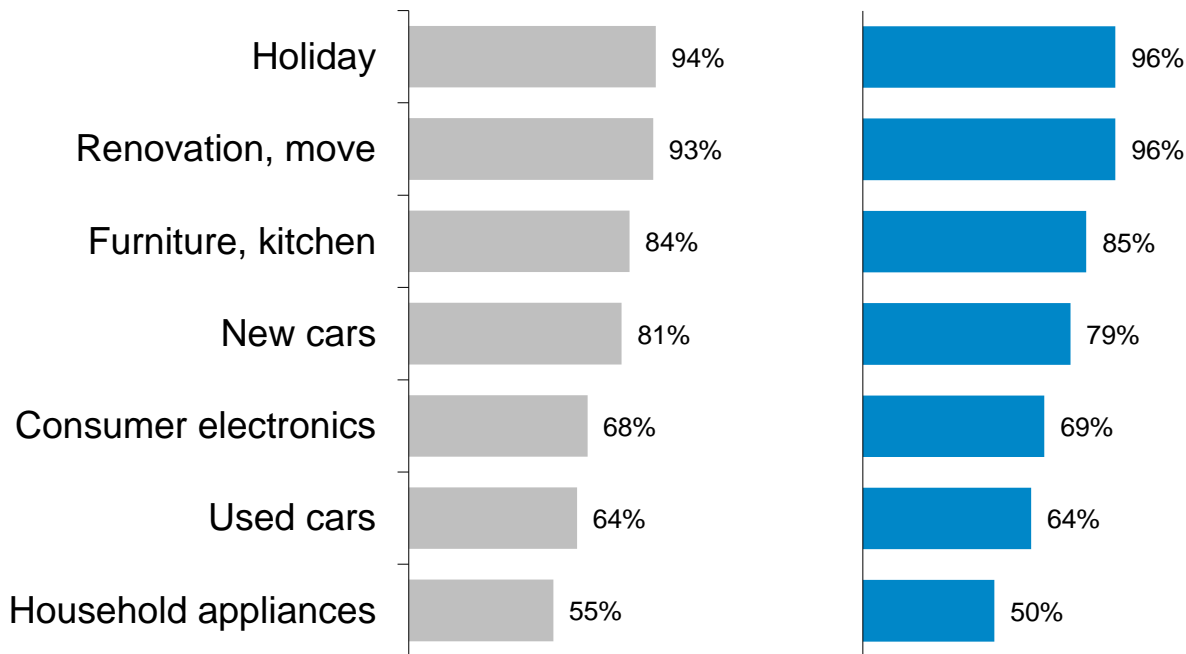
Purchases in the past 12 months

Proportion of planned purchases over time



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

**Proportion of planned purchases
(KKI in autumn 2014)**
n = 1,607



The proportions of planned purchases generally remain at a high level. 50% of large household appliance purchases were planned in advance.



Legend: 96% of all holiday trips 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.

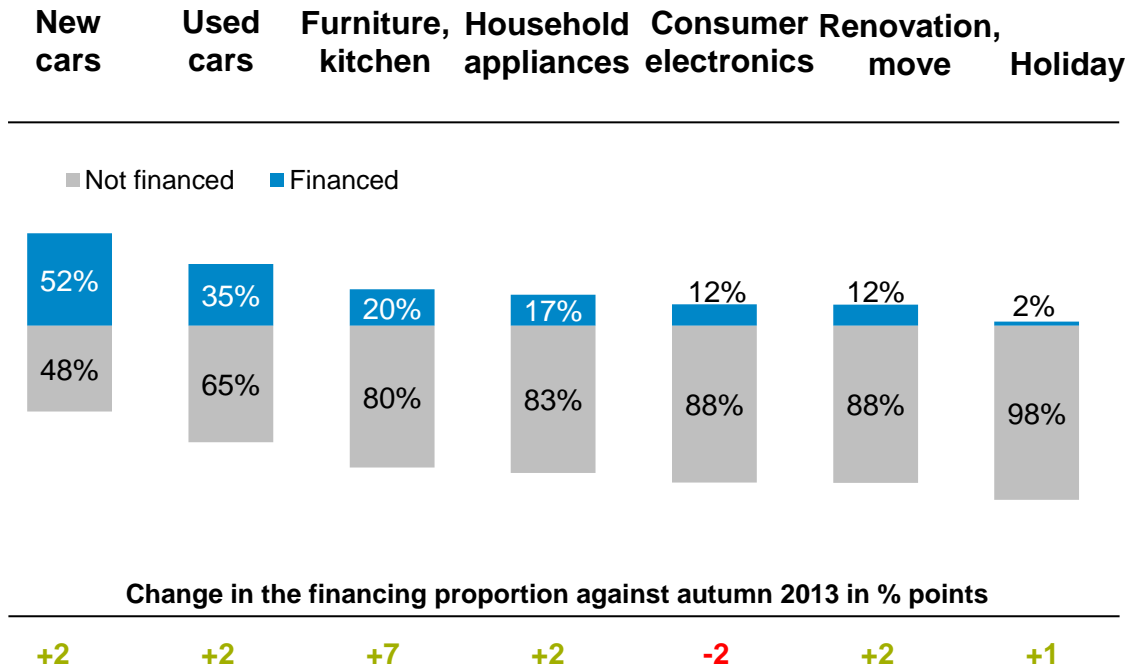
Basis: 1,607 respondents; other purchases not shown (autumn 2013: 1,811 respondents)

Purchases in the past 12 months

Financing



Purchases made in the past 12 months



52% of all new cars are currently at least partly financed. The willingness to take out loans increased slightly for nearly all the product fields in comparison to the previous year.



Legend: 52% of all those who bought new cars have financed their vehicle.

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

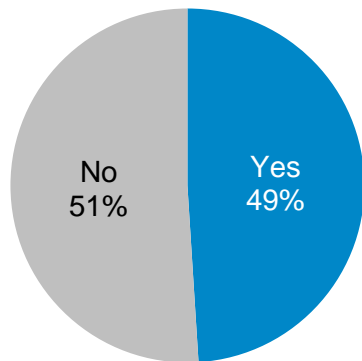
F1c: Have you taken out one of the types of loan listed below to make this purchase?

Basis: 1,607 respondents; other purchases not shown (autumn 2014: n=1,811 respondents)

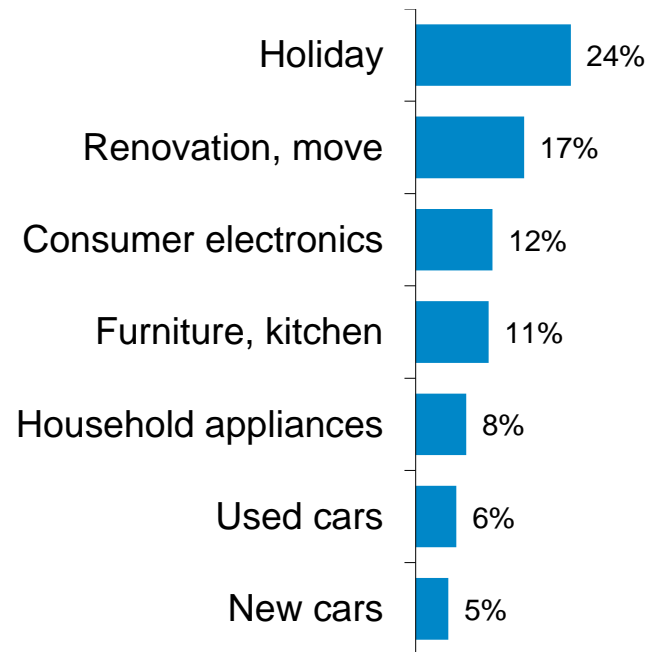
Planned purchases in the next 12 months



**Planned purchases
in the next 12 months**
n = 1,607



**Type of planned purchases
in the next 12 months**
n = 1,607



49% of all the respondents are currently planning larger purchases / expenses, with the focus on holiday trips and renovations.



Legend: 17% of all respondents are planning to renovate or move in the next 12 months.

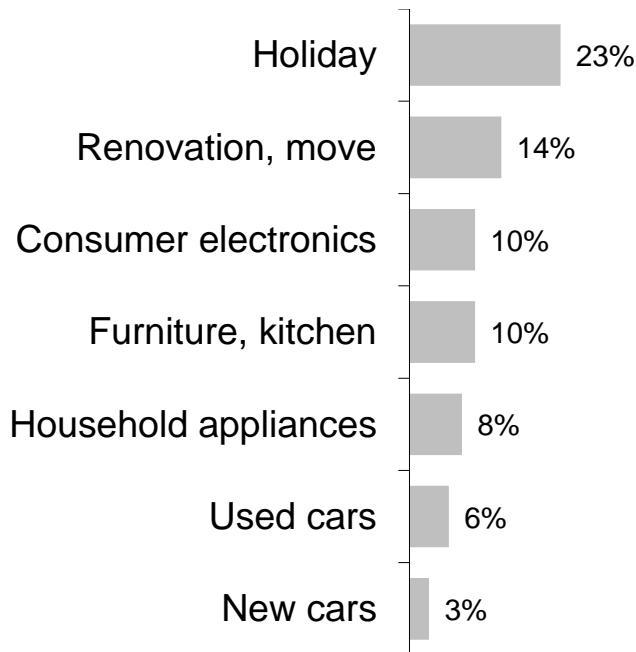
F2a: Are you planning one or more of the following purchases / expenditures in the next 12 months?
Basis: 1,607 respondents; other purchases not shown

Planned purchases in the next 12 months

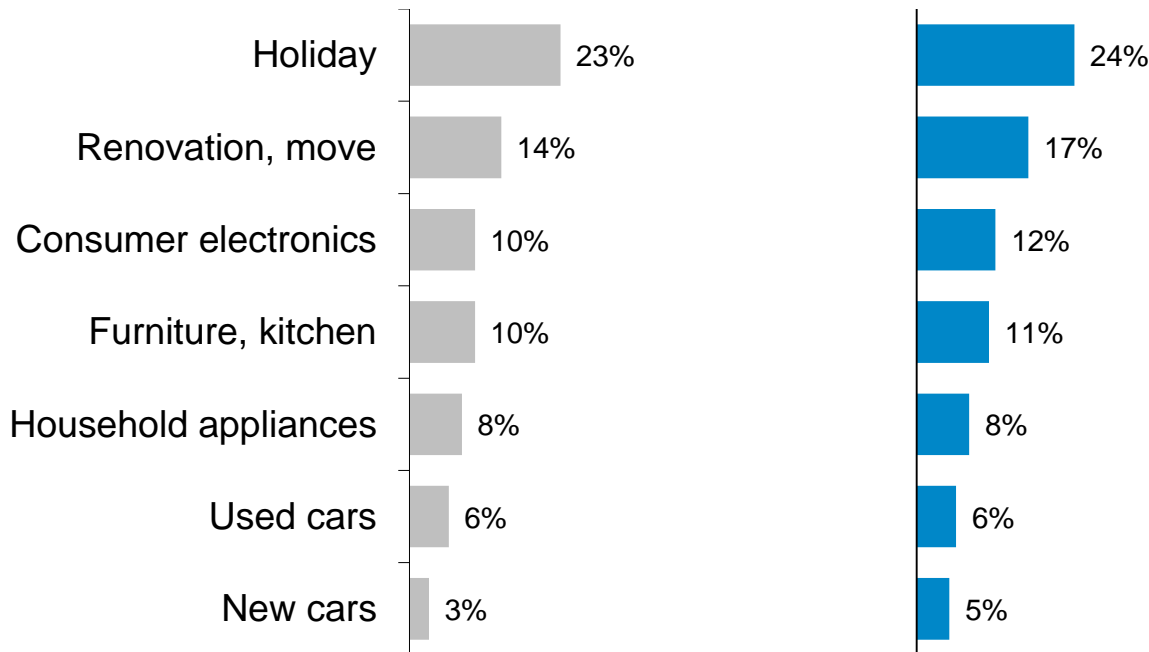
Annual comparison: autumn 2014 against autumn 2013



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



**Type of planned purchases
in the next 12 months
(KKI autumn 2014)**
n = 1,607



The propensity to buy continues to increase in some product fields. 24% of all the households are planning to go on extensive holiday trips in the next 12 months. 17% are planning to carry out major renovations or moves.



Legend: 17% of all respondents are planning to renovate or move in the next 12 months.

F2a: Are you planning one or more of the following purchases / expenditures in the next 12 months?
Basis: 1,607 respondents; other purchases not shown (autumn 2013: 1,811 respondents)

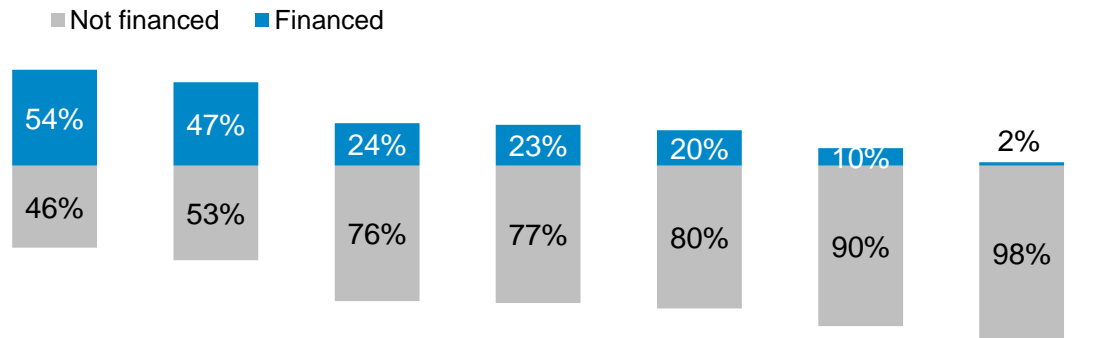
Planned purchases in the next 12 months

Financing



Credit financing conceivable – planners of the respective purchase

New cars **Used cars** **Furniture, kitchen** **Consumer electronics** **Renovation, move** **Household appliances** **Holiday**



Change in the financing proportion against autumn 2013 in % points

0 +1 +1 +2 +2 -4 -1

The willingness to take out a loan for individual products is very high; 54% of all those who plan to buy new cars believe that they may take out a loan. The quotas are relatively stable in comparison to the previous year.



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

F 2a: Are you planning one or more of the following purchases / expenditures in the next 12 months?

F 2b: Can you basically imagine taking out a loan to do so?

Basis: 1,607 respondents; other purchases not shown (autumn 2013: 1,811 respondents)

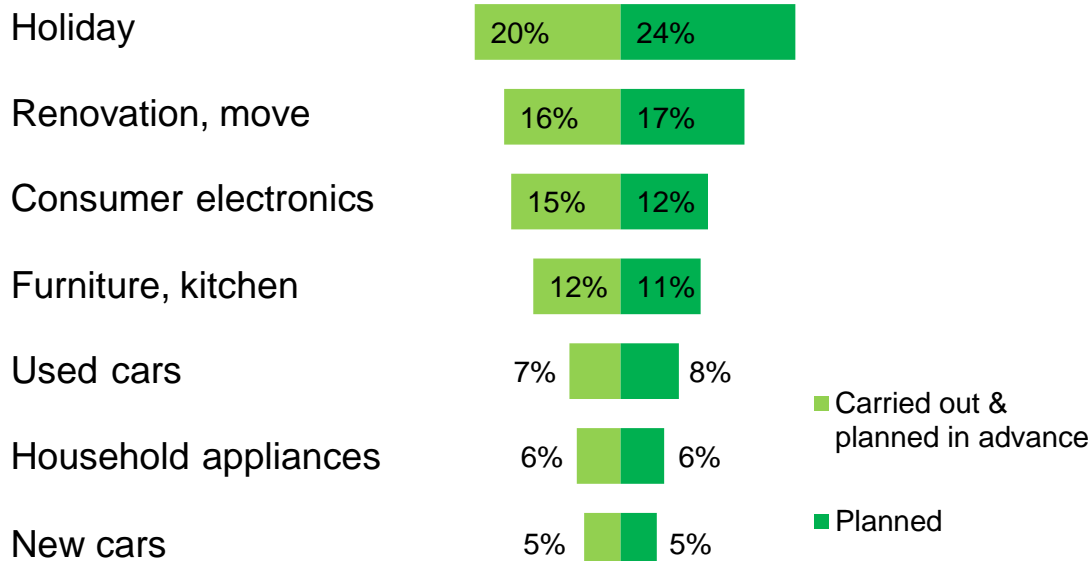
Planned purchases

In the past and in the next 12 months



**Type of planned purchase
in the past 12 months**
n=1,073 respondents

**Type of planned purchase
in the next 12 months**
n=1,607 respondents



24% of all the respondents are planning major holiday trips; 20% have been on 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: Sub-group: planned the purchase
 F2a: Are you planning one or more of the following purchases / expenditures in the next 12 months?
 Basis: 1,607 respondents, of these 1,073 planning purchases; other purchases not shown

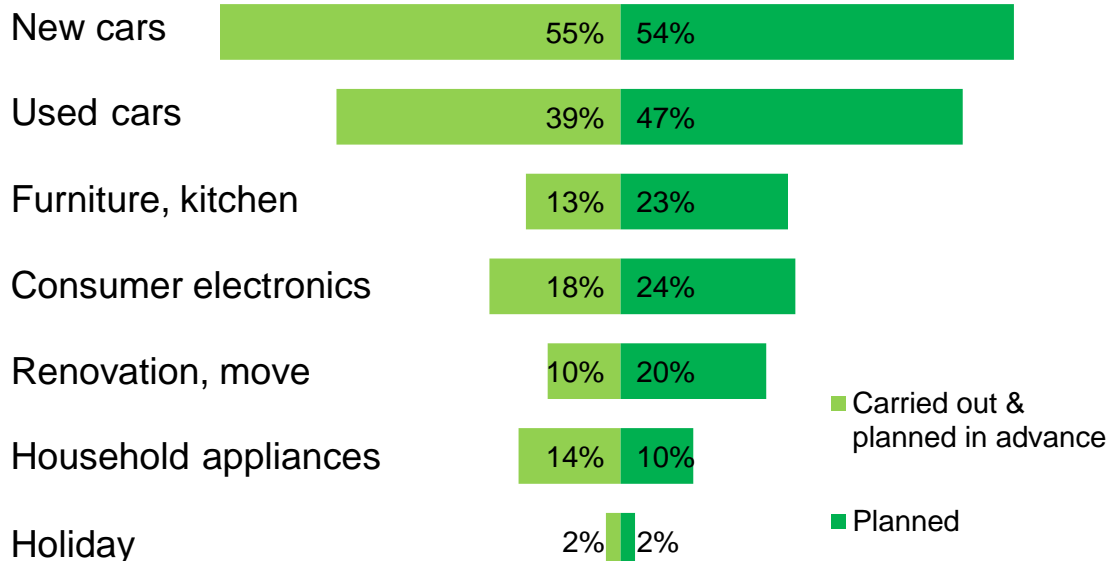


Effected and conceivable financing

Sub-group: planned purchases in the past and in the next 12 months

Credit financiers in the past 12 months
Sub-group: planners*

Expected credit financiers in the next 12 months



54% of all the new cars purchased and 47% of all the used cars purchased are to be financed in the next 12 months.



Legend: 10% of all the planned household appliances are to be financed.

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

F2b: Can you in principle imagine taking out a loan to make this purchase?

Sub-group: planners *The purchase was planned.

Basis: 1,073 respondents planning purchases; other purchases not shown

Content



1. Objective and study design
2. Detailed results
3. **Forecast - use of new consumer credit in Germany in 2014/2015**
4. Summary

Consumer Credit Index

Fundamentals of the method



A Consumer Credit Index is based on the results of several studies:

1. KKI – Forecast 2014
2. KKI – Forecast - use of new consumer credit in 2014/2015 (current survey = autumn)

→ The Consumer Credit Index is thus based on current actual and planned figures and on actual and planned figures from the past.

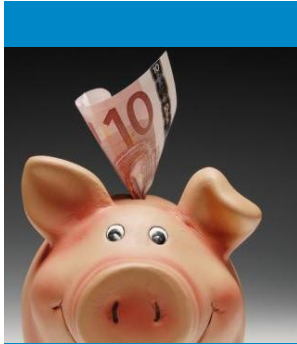
The following key figures from both studies are taken into account in the subsequent calculation in each case:

1. Effected and previously planned purchases in the past 12 months
2. Credit financing for effected and planned purchases in the past 12 months
3. Planned purchases in the next 12 months
4. Planned credit financing in the next 12 months

This has the advantage of also integrating assessments from the past which nevertheless relate to the current time horizon, in an analysis. This enhances the validity of the KKI.

Consumer Credit Index

Fundamentals of the method



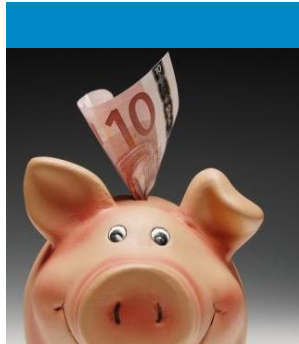
The Consumer Credit Index is based on the planned activities of households in the individual financing area.

The following assumptions were made as part of the analyses:

1. The amounts financed for each purchase remain constant in the categories studied, also for the coming period (12 months).
2. The shares of planned purchases also reflect the shares of actual new business.
3. Purchases made in the past 12 months are a good indicator of future trends.
4. Assessments made in the past remain valid.

Consumer Credit Index

Fundamentals of the method



The Consumer Credit Index takes into account forms of purchase surveyed and is composed of two partial two partial values:

- Purchase planning
- Financing planning



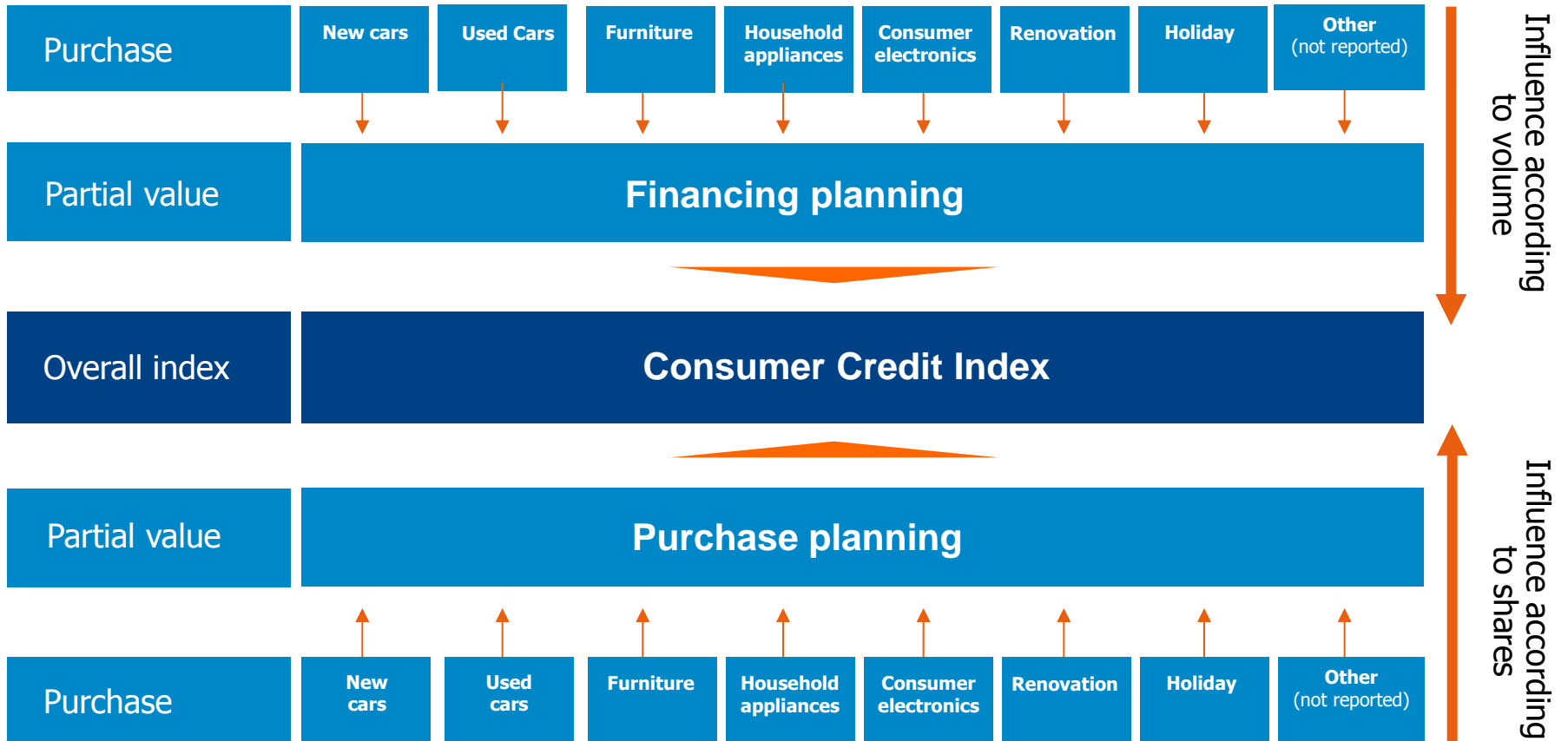
The partial values and the Consumer Credit Index itself were both weighted on the basis of the individual categories and calculated according to the volume of credit and purchases made.

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



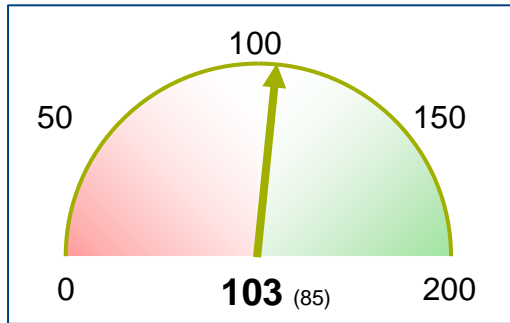
Consumer Credit Index

Schematic structure



Purchase planning

Calculation basis



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

A current figure of 103 points is an indication of a constant level of purchases in autumn 2014.

The following key figures from the current and from previous studies were incorporated in the calculation of planned purchases at a ratio of 2:1.

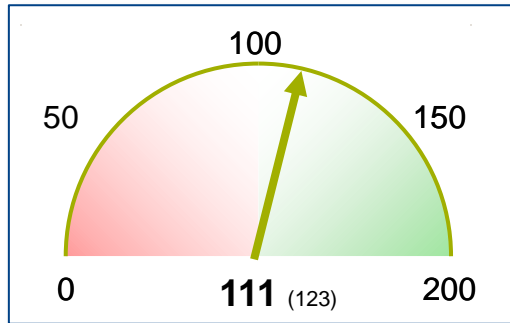
- Purchase was planned and was executed in the past 12 months = basic value
- Purchase is planned for the next 12 months = trend

Purchase planning = (trend in spring 2014 + trend in autumn 2014 x 2) / 3 / basic value
[weighted by current shares]

(in brackets: purchase planning for autumn 2013)

Financing planning

Calculation basis



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

A current figure of 111 points is an indication of a positive trend.

The following key figures from the current and from previous studies were incorporated in the calculation of each planned purchase at a ratio of 2:1.

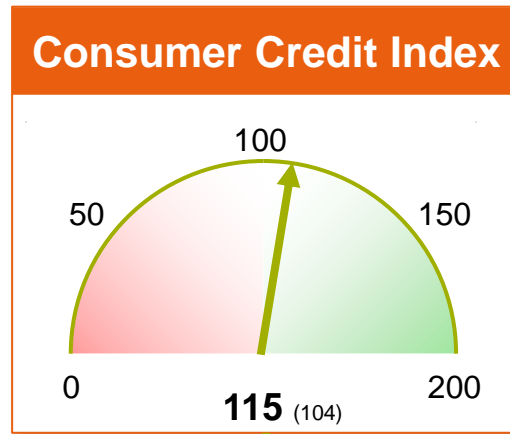
- Share of current financing in all purchases 2014 = basic value
- Share of planned financing in all planned purchases 2014 = trend

Financing planning = (trend in spring 2014 + trend in autumn 2014 x 2) / 3 / basic value
[weighted by current volume of credit]

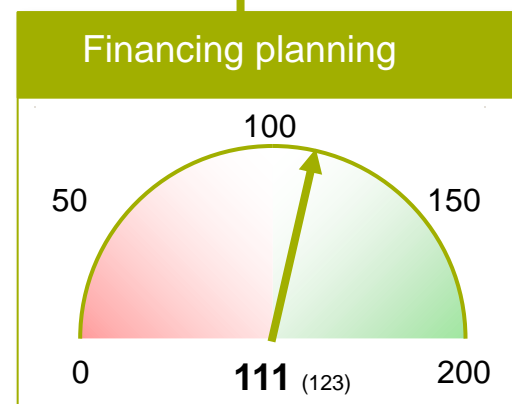
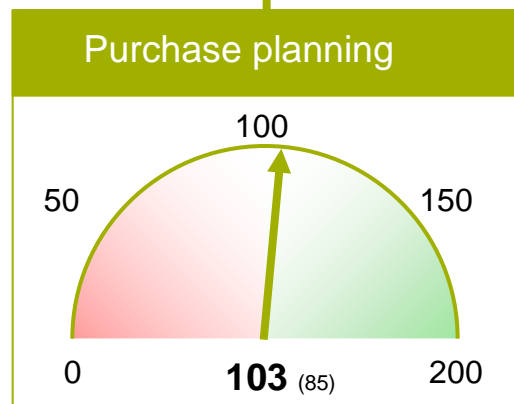
(in brackets: financing planning for autumn 2013)

Consumer Credit Index

Key figures



The Consumer Credit Index currently reaches 115 points.

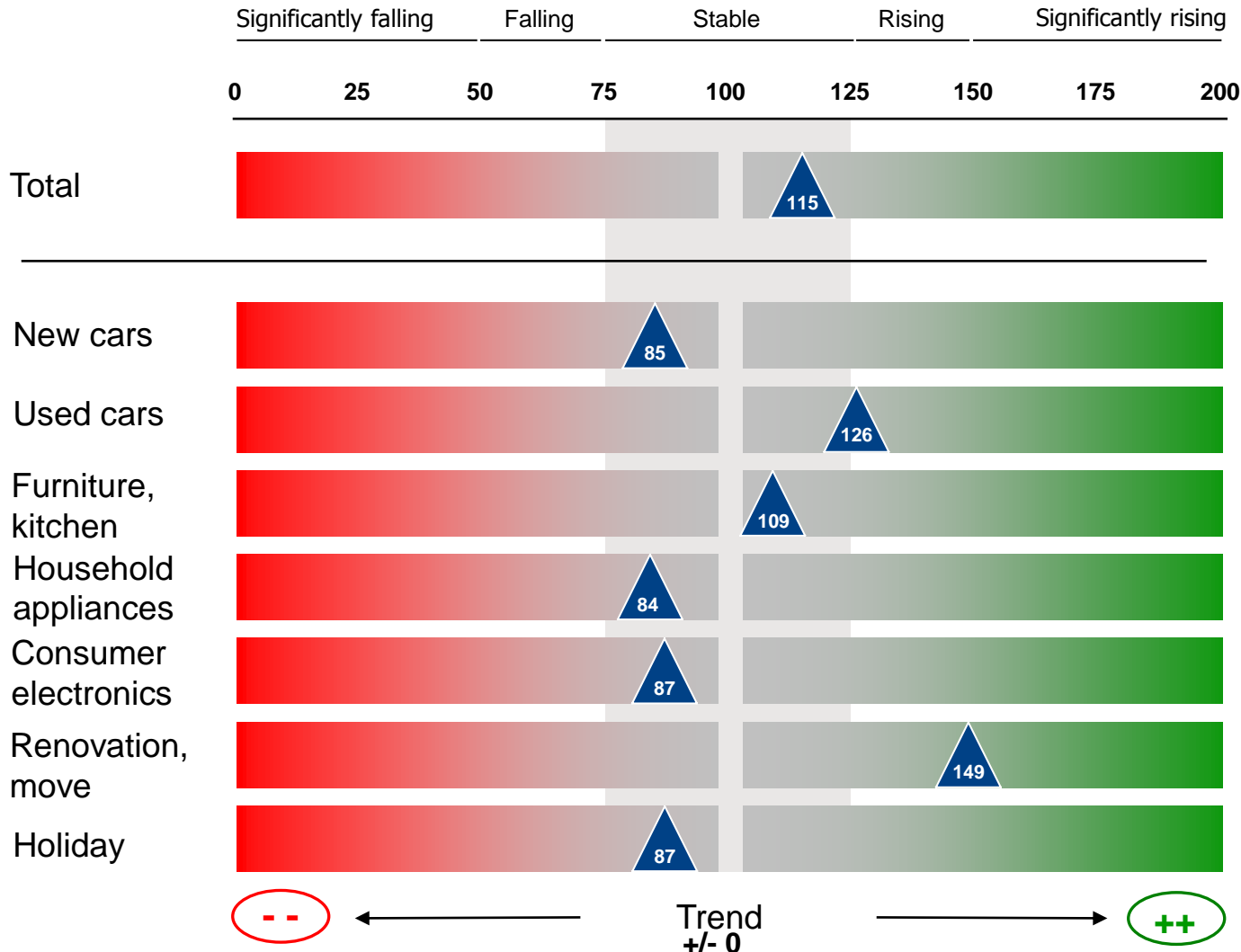


i If both partial values are positive or negative there will be a stronger deflection in the Consumer Credit Index.

In brackets: figures for autumn 2013

Consumer Credit Index

In detail

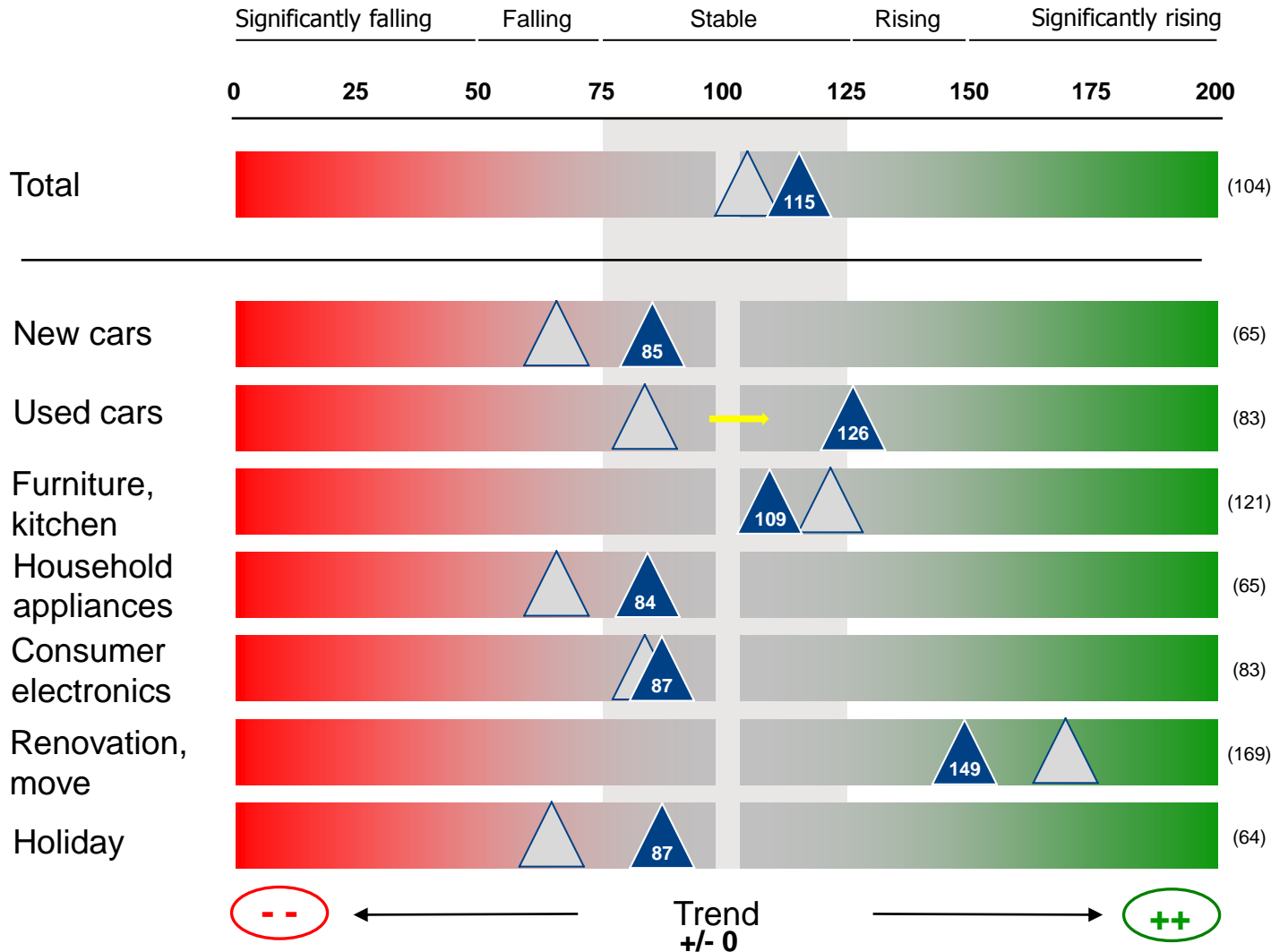


The Consumer Credit Index for 2014/2015 shows a positive trend, at 115 points.

This figure mainly results from the willingness of consumers to take out more loans for renovations and used cars.

Consumer Credit Index

In comparison to autumn 2013

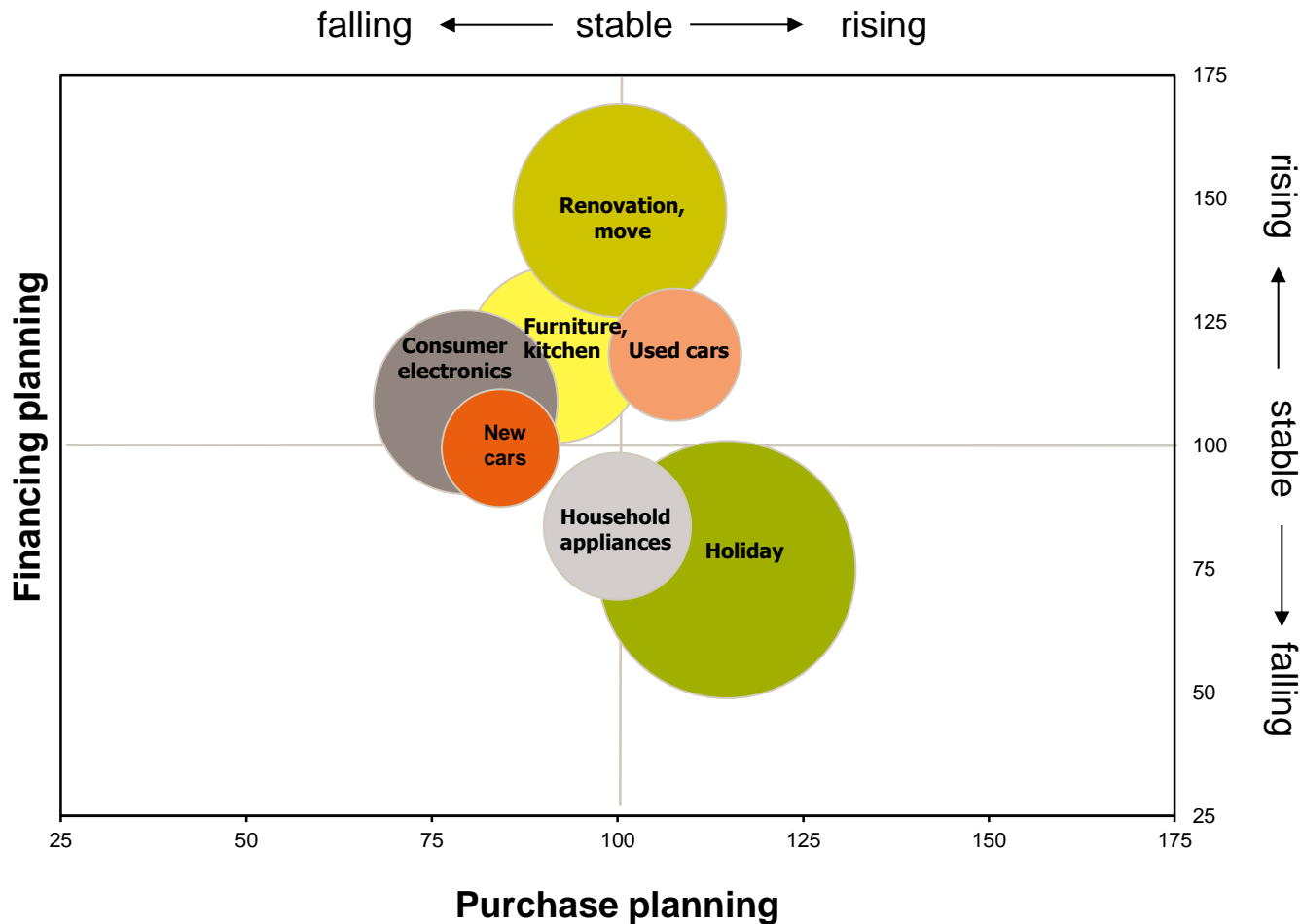


At 115 points, the Consumer Credit Index for 2014 shows a positive trend - stronger deflections become clear on a single product level.

(in brackets: figures for autumn 2013)

Consumer Credit Index

An overview



Planning holiday trips and purchases of used cars is currently above-average.

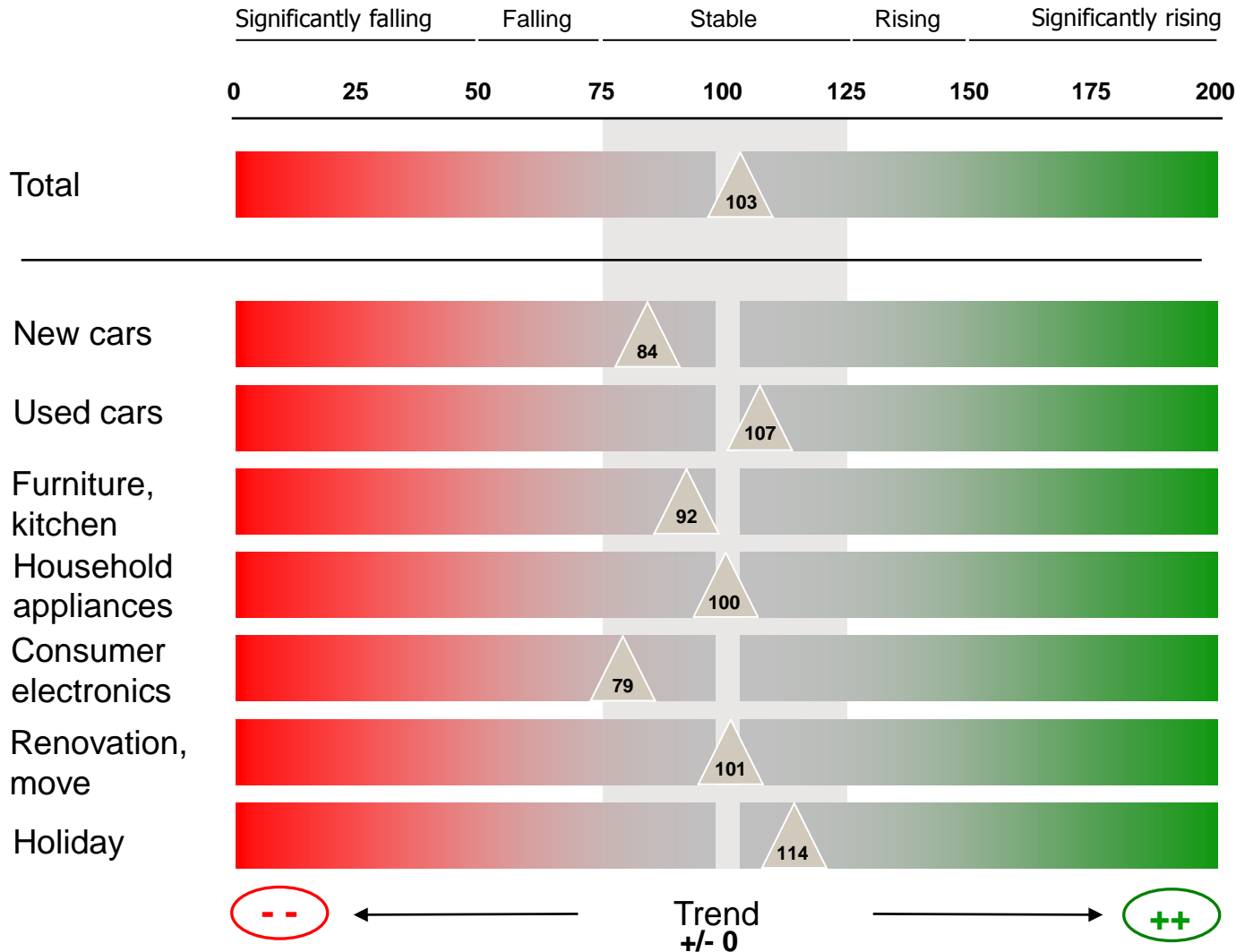
A rising intention to take out loans can be identified for renovations, furniture and used cars.



The size of the circles reflects the dimension of the market segment.

Purchase planning

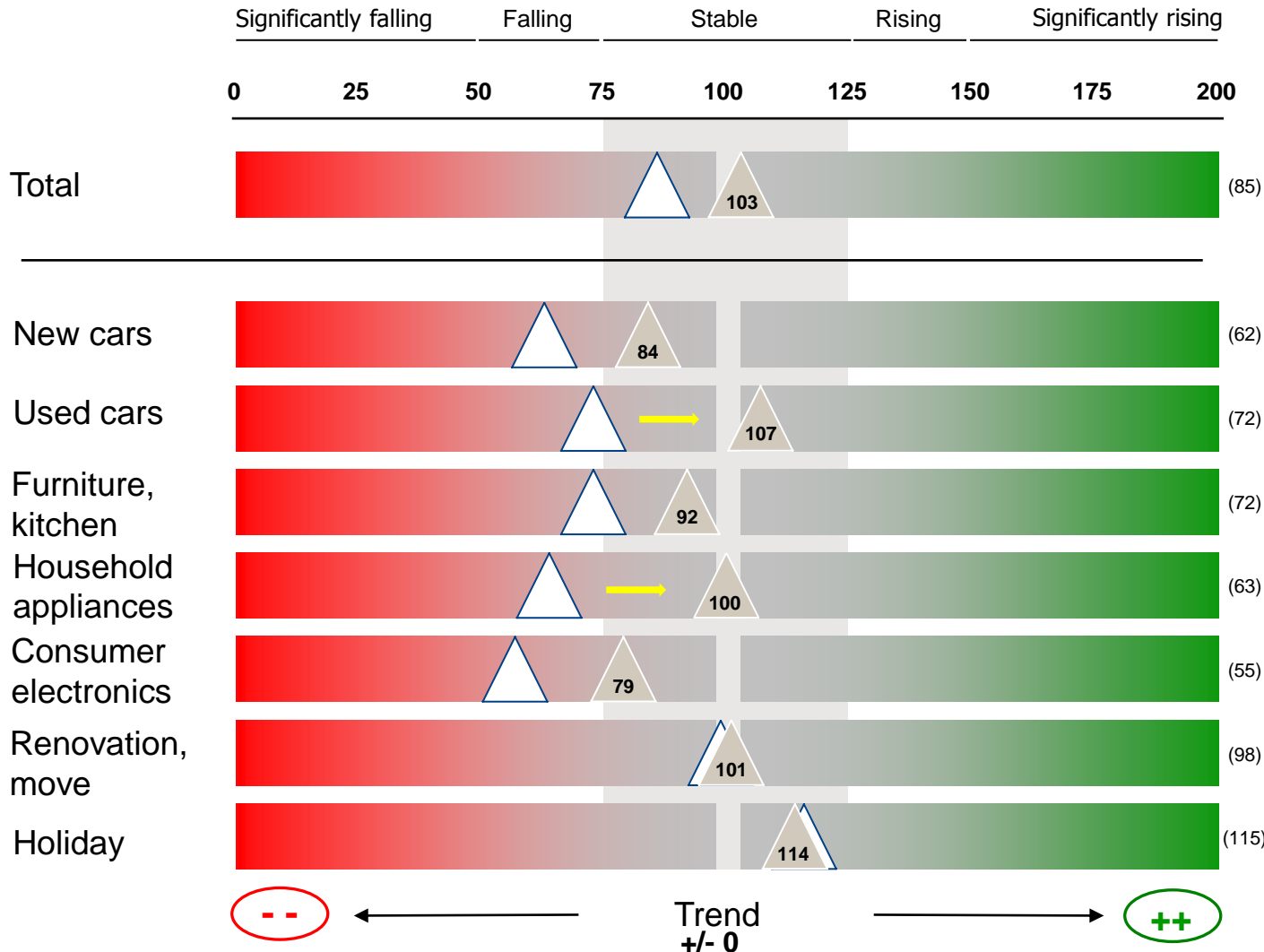
In detail



Purchase planning in general remains at a high level. There are slightly positive trends for major holiday trips.

Purchase planning

In comparison to autumn 2013

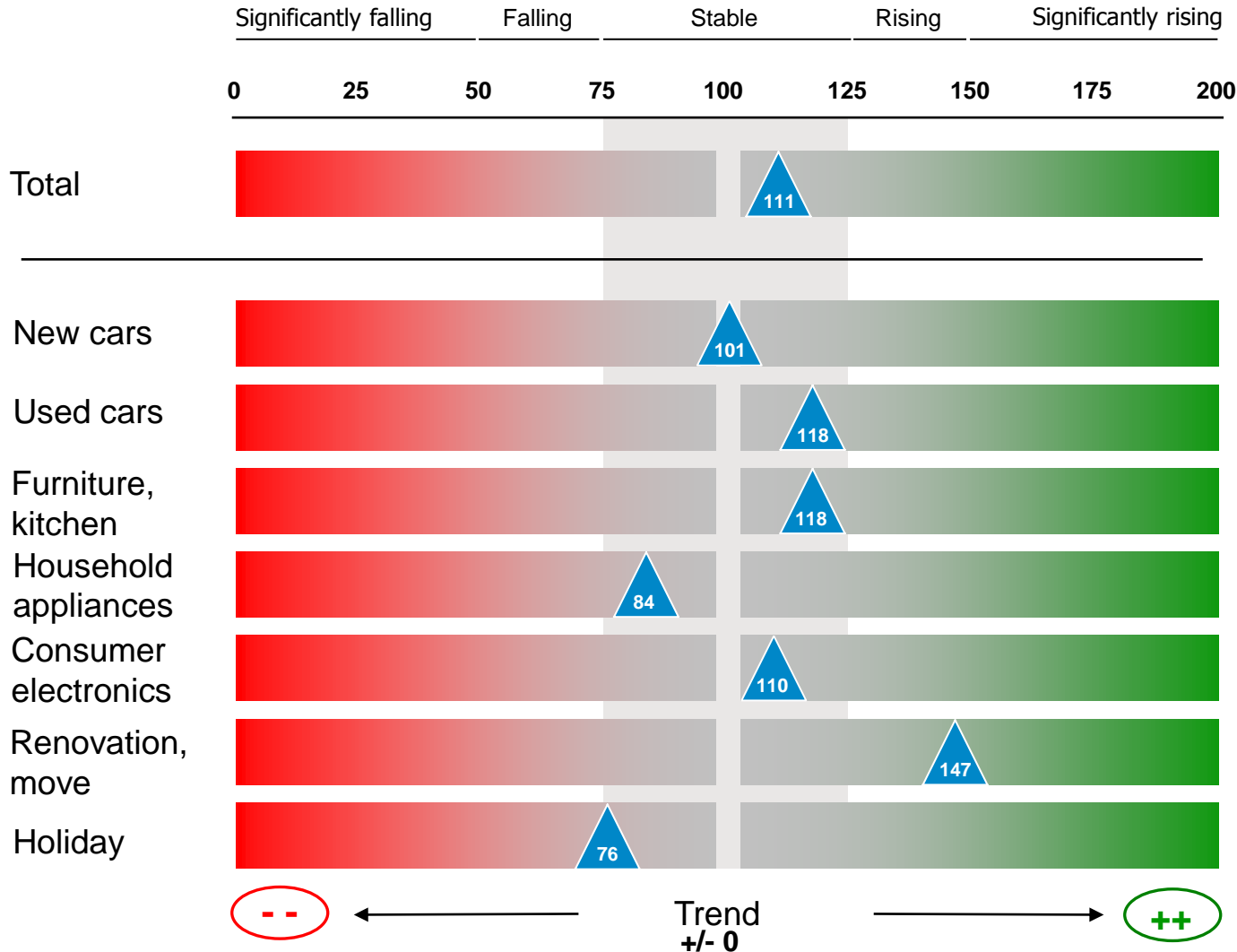


The index value for purchase planning is higher in many areas in comparison to autumn 2013.

▲ autumn 2014
 ▲ autumn 2013
 (in brackets: figures for autumn 2013)

Financing planning

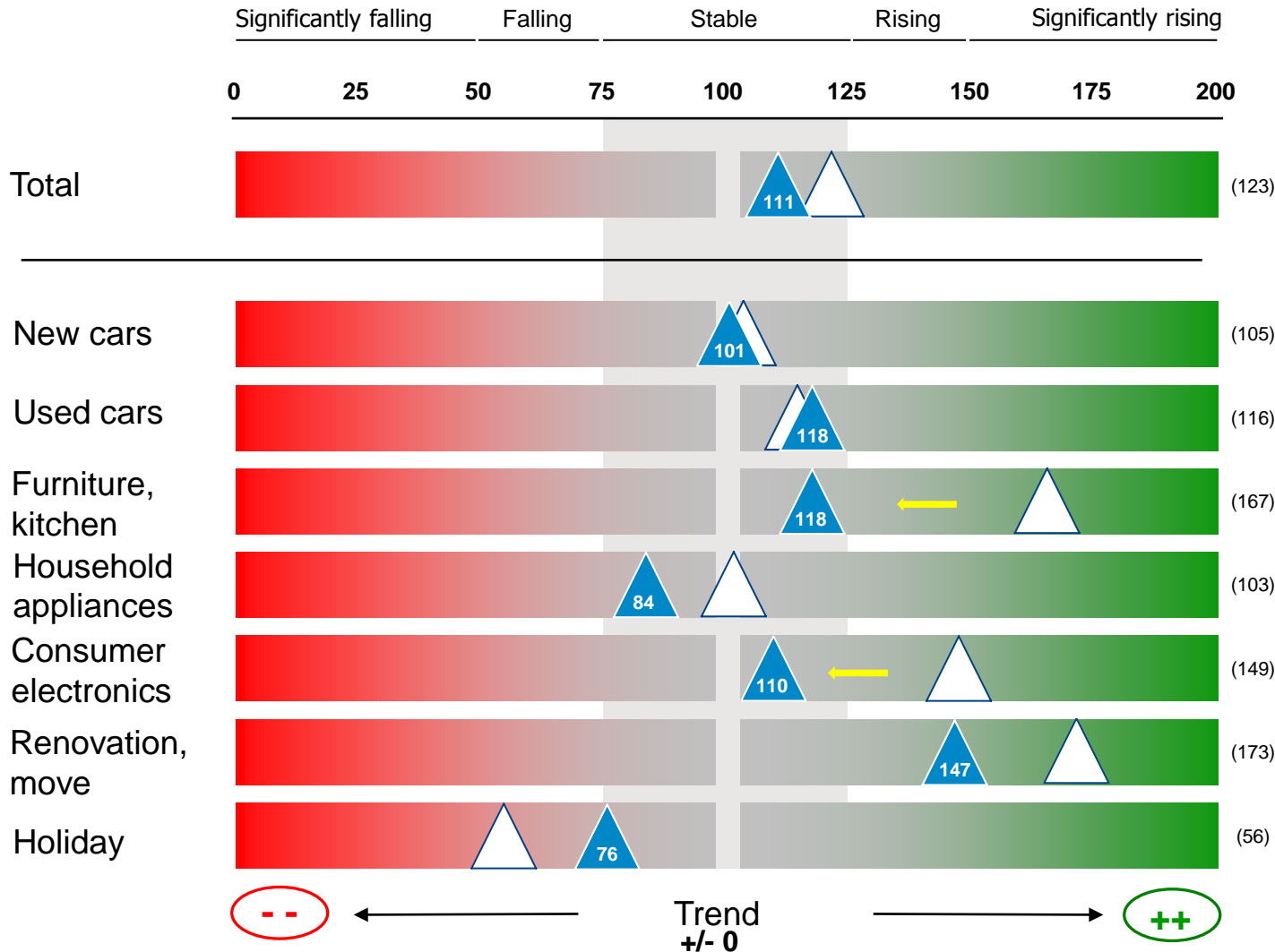
In detail



The willingness to take out loans for purchases remains considerable. The focus in this case is primarily on renovations, furniture and used cars.

Financing planning

In comparison to autumn 2013

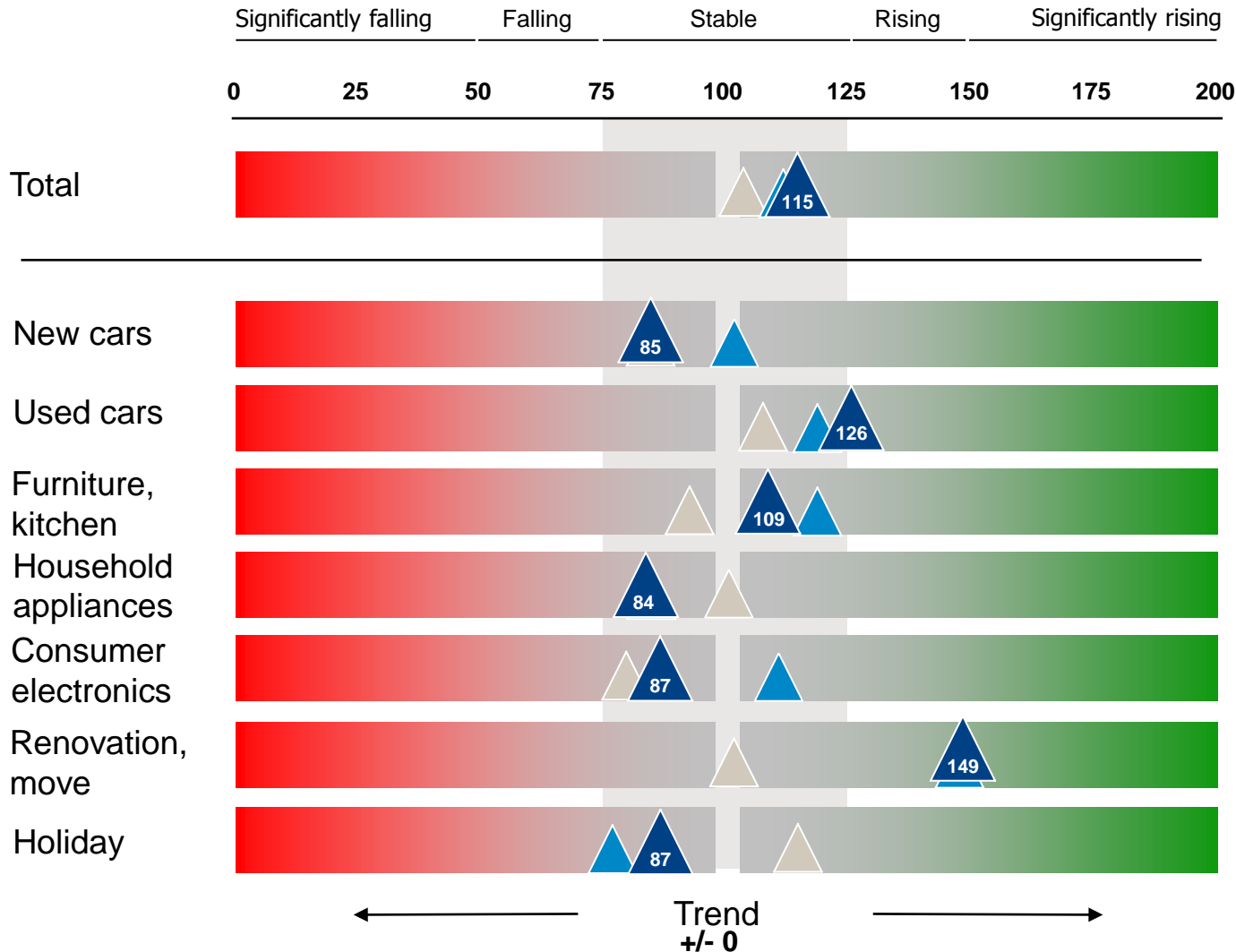


In comparison to autumn 2013, the willingness to finance furniture and kitchens, and also consumer electronics, with a loan has declined.

▲ autumn 2014
 △ autumn 2013
 (in brackets: figures for autumn 2013)

Consumer Credit Index, purchase planning and financing planning

In detail



The Consumer Credit Index currently reaches 115 points.

Legend:

- Consumer Credit Index
- Purchase planning
- Financing planning



If both partial values are positive or negative there will be a stronger deflection in the Consumer Credit Index.

Content



1. Objective and study design
2. Detailed results
3. Forecast - use of new consumer credit in Germany in 2014/2015
4. **Summary**

Summary



Consumer Credit Index (page 25)

The Consumer Credit Index for 2014/2015 shows a positive trend, at 115 points. Loans taken out by consumers are therefor likely to continue to increase slightly in the next twelve months.

Loans for personal renovation measures or for used cars are still expected to continue to rise. Loans taken out for other consumer goods are expected to be relatively stable.

Purchase planning (page 28)

The willingness of consumers to make purchases will remain stable on average for the next 12 months as well (index figure: 103 points). A slightly positive trend can be seen for used cars and holiday trips. Purchase planning for consumer electronics and new cars tend to be cautious.

Financing planning (page 30)

Consumers planning purchases can also well imagine taking out loans for these purchases in the coming few months (index figure: 111 points). The focus in this case is on potential loans for renovation measures, furniture and kitchens and for used cars.

Do you have any questions?



Your contact:

Stephan Moll
Head of Market and PR
Bankenfachverband e. V.

Tel. +49 30 2462596 14
stephan.moll@bfach.de

Markus Schmidt
Account Director
GfK SE

Tel. +49 911 395 3160
markus.schmidt@gfk.com