

MARKET STUDY 2014 - CONSUMER AND VEHICLE FINANCING

GfK Financial Market Research

conducted on behalf of the Bankenfachverband e.V.
(German Association of Credit Banks)

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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 credits for 2014.

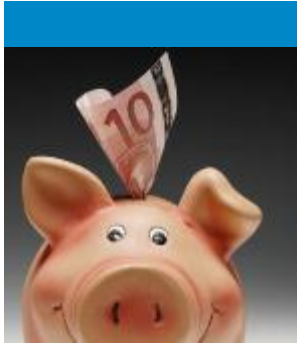
One particular focus of this will be private car financing.

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, online loan agreements and attitudes to car sharing.



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=1,607 interviews, the results were subsequently weighted

Survey period

18 June 2014 to 22 July 2014

Publication

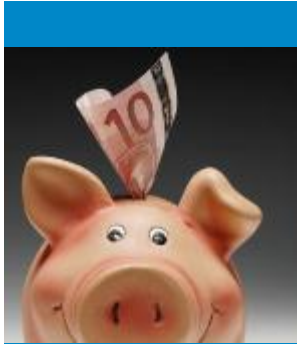
October 2014





Study design II

Case numbers



n = 683 users of financing products

all respondents who used at least one form of financing

n = 924 non-users of financing products

all respondents who did not use any form of financing

n = 1,427 car owners

all respondents who own at least one car



n = 488 car owners (with financing)

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

n = 939 car owners (without financing)

all respondents who are car owners but who did not use financing



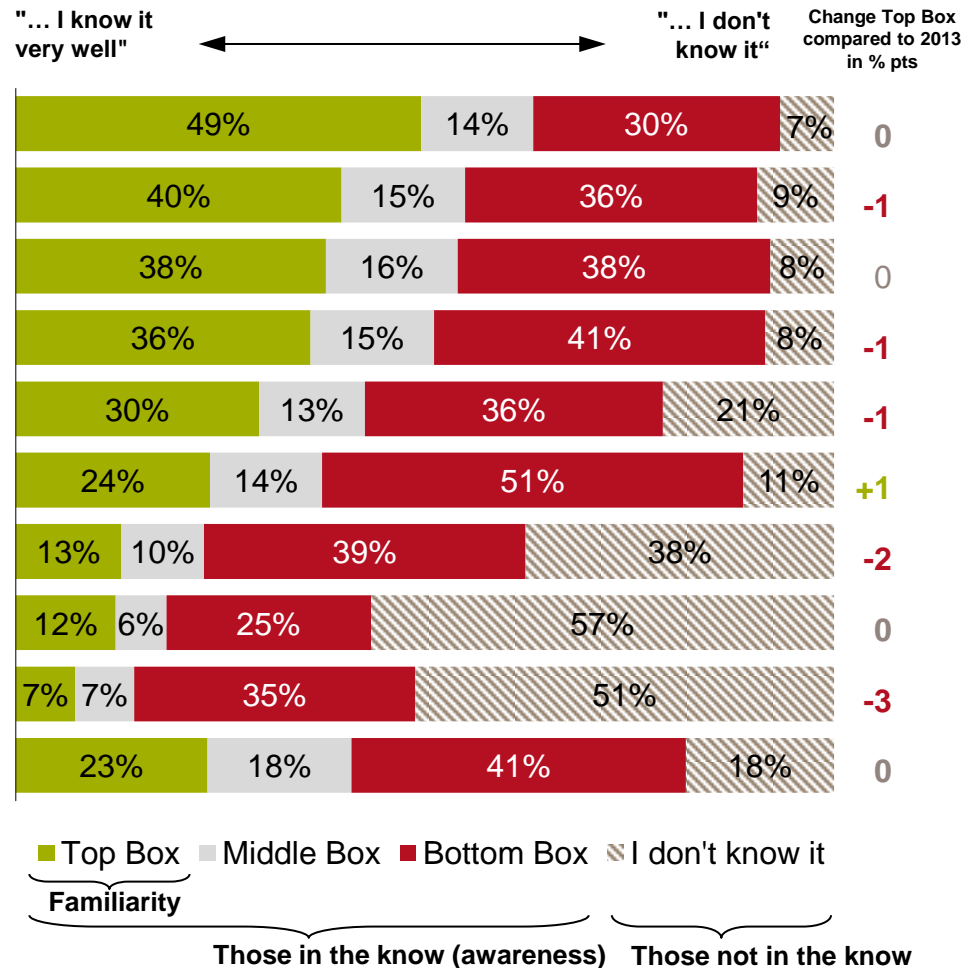
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Awareness of and familiarity with forms of financing

All respondents



The familiarity of individual forms of financing is consistent in many areas.

Traditional, established products are at least known by name to most of the respondents.

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

Familiarity = Respondents 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 respondents n = 1,811 excl. no response - rounding-off differences



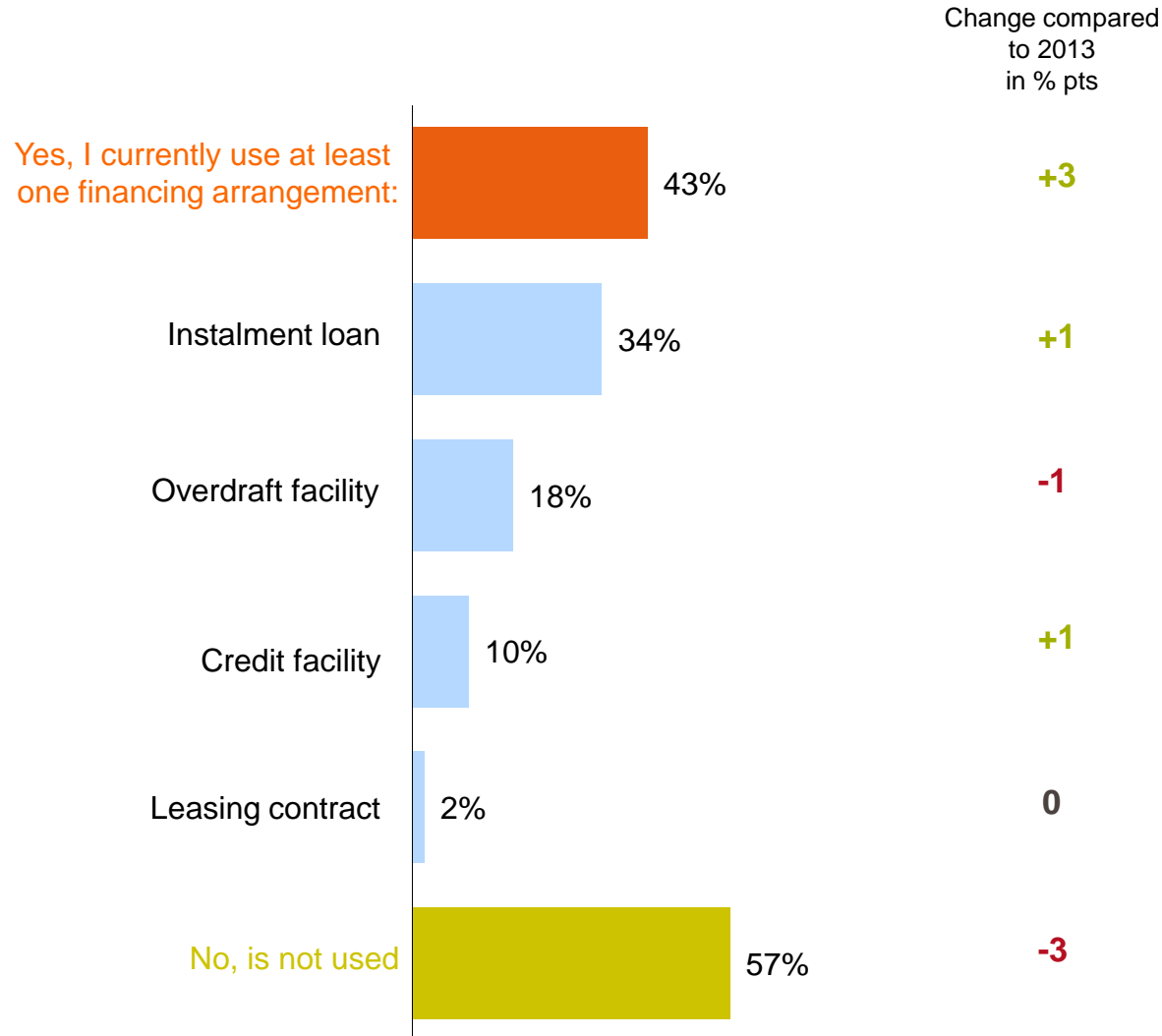
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Use of financing

All respondents



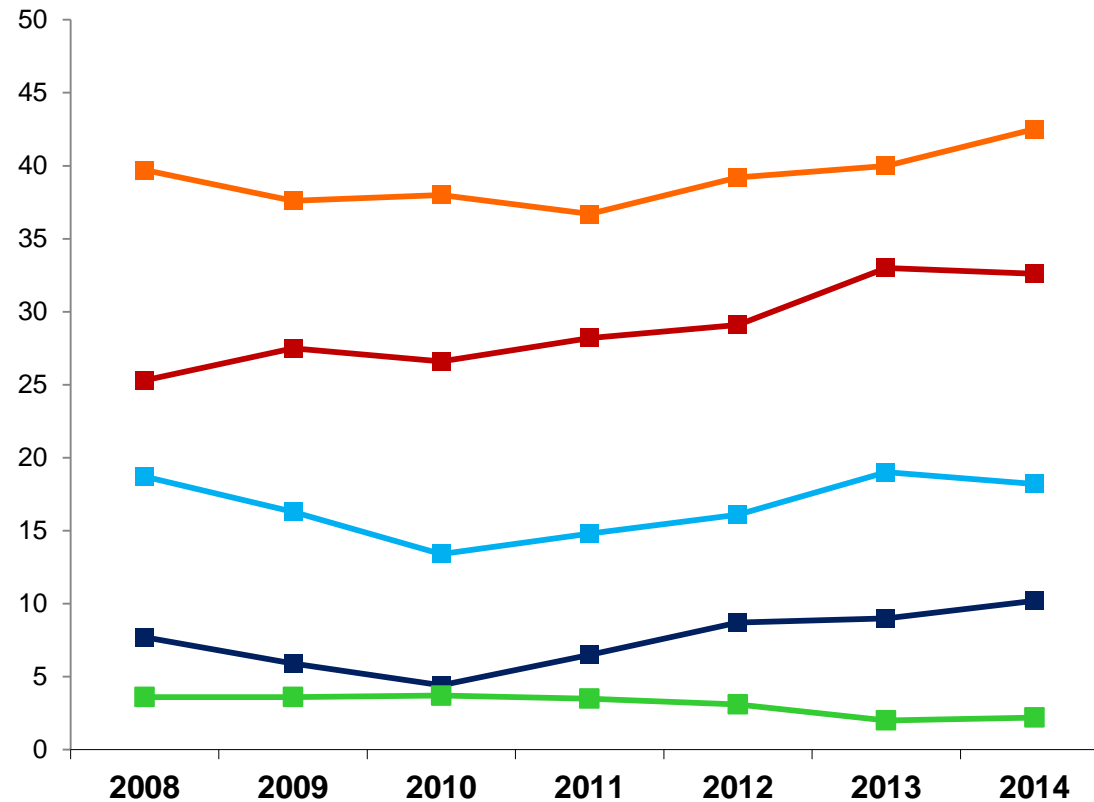
The use of financing has increased slightly overall.



Use of financing

All respondents / Wave comparison / Selection of individual forms of financing

Use (%)



Values for each year (%)
2008|09|10|11|12|13|14

- Total financing**
40|38|38|37|39|40|43
- Instalment loan**
25|28|27|28|29|33|33
- Overdraft facility**
19|16|13|15|16|19|18
- Credit facility**
8|6|4|7|9|9|10
- Leasing contract**
4|4|4|4|3|2|2

Q3a: Are you currently using one of the following credits / forms of financing?

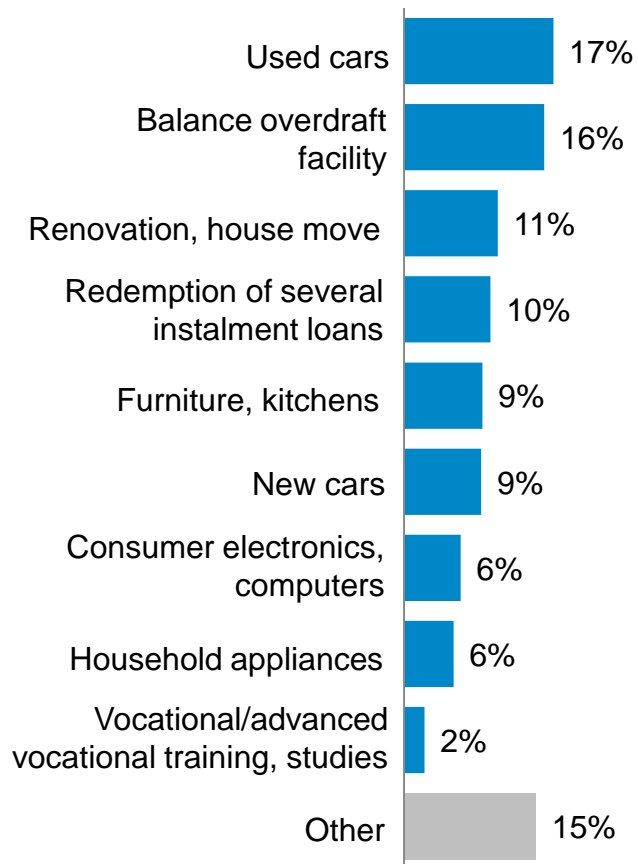
Basis: All respondents in each case, Basis: n = 1,607, excl. no response.

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Instalment loans - purpose

Instalment loan users



17% of all instalment loans are for used cars and 9% for new cars.

Q3a: Are you currently using one of the following credits / forms of financing? Q3c: And what did you use your current credit for? Sub-group: Uses instalment loan

Basis: users of financing products with a bank n=505 excl. no response

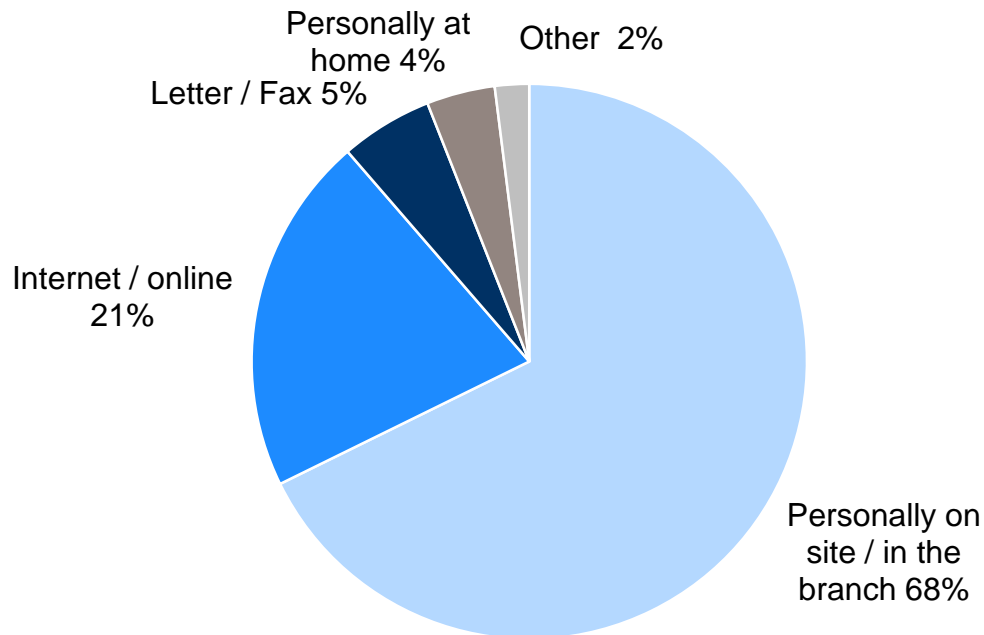
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Instalment loans – channel - 2014

Instalment loan users

21% of all instalment loans were taken out online.



Q7c: Irrespective of where you applied for this instalment loan, where did you ultimately conclude the contract?

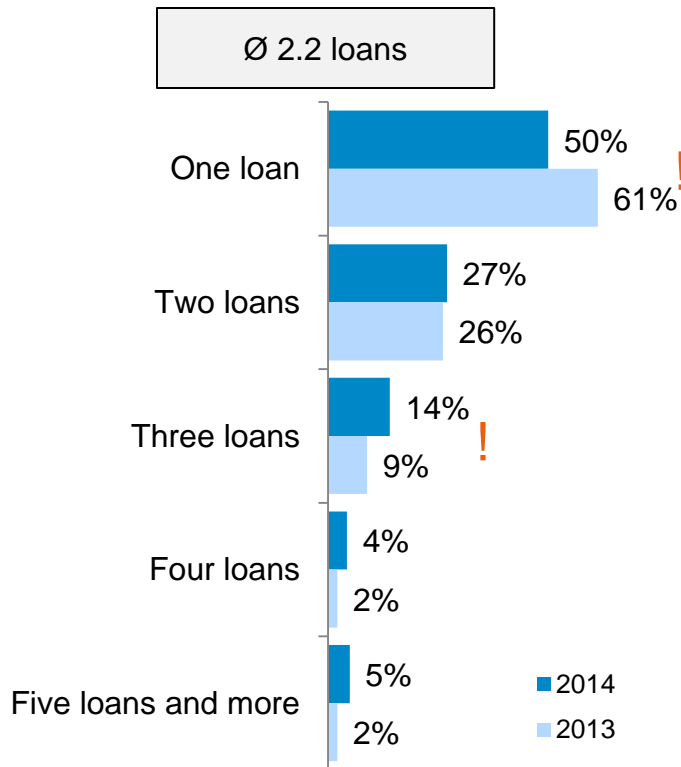
Basis: Instalment loan users n = 328 excl. no response = 100%; bank loan user sub-group



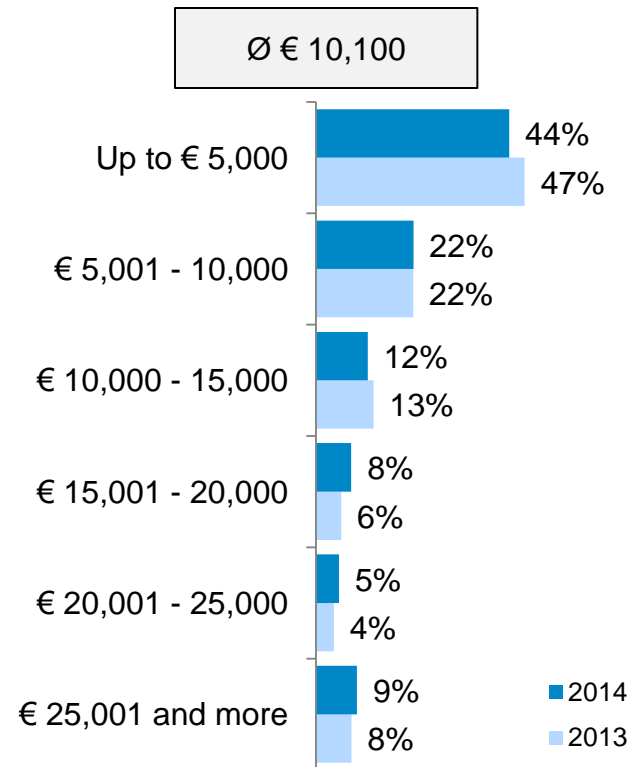
Loans – number and amounts outstanding

Users of financing products

Number
n = 609



Outstanding amount
n = 568



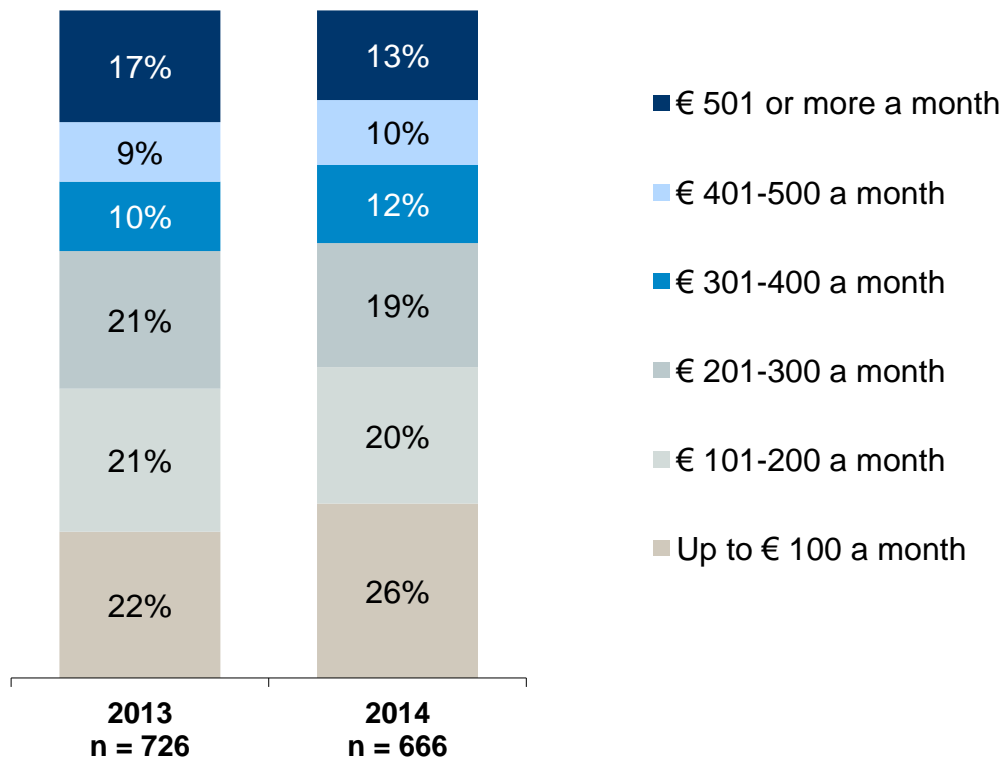
On average, users of financing products in Germany have taken out 2.2 loans (2013: 1.6). Currently, the average amount outstanding for each user of financing products is € 10,100 (2013: € 9,100). Almost half (44%) of the borrowers currently have an outstanding amount of less than € 5,000 to repay; nearly a fifth (19%) of the borrowers currently has only up to € 1,000 to repay.

Q3f: How many credits/ loans do you still have to repay? Basis: excl. no response
Q3g: And what is the amount (excluding mortgage financing) that you still have to pay back for these loans? Basis: excl. no response
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Amount of monthly payments

Users of financing products



The average amount of monthly payments is € 270, which is slightly below that of the previous year.

Amount of average monthly payments:

2014: € 270

2013: € 300

2012: € 300

Q4: Please take account of all the loans/ forms of financing (excl. mortgage financing) you are currently using (see Question 3 a.): How much do you pay altogether in monthly payments? Basis: excl. no response



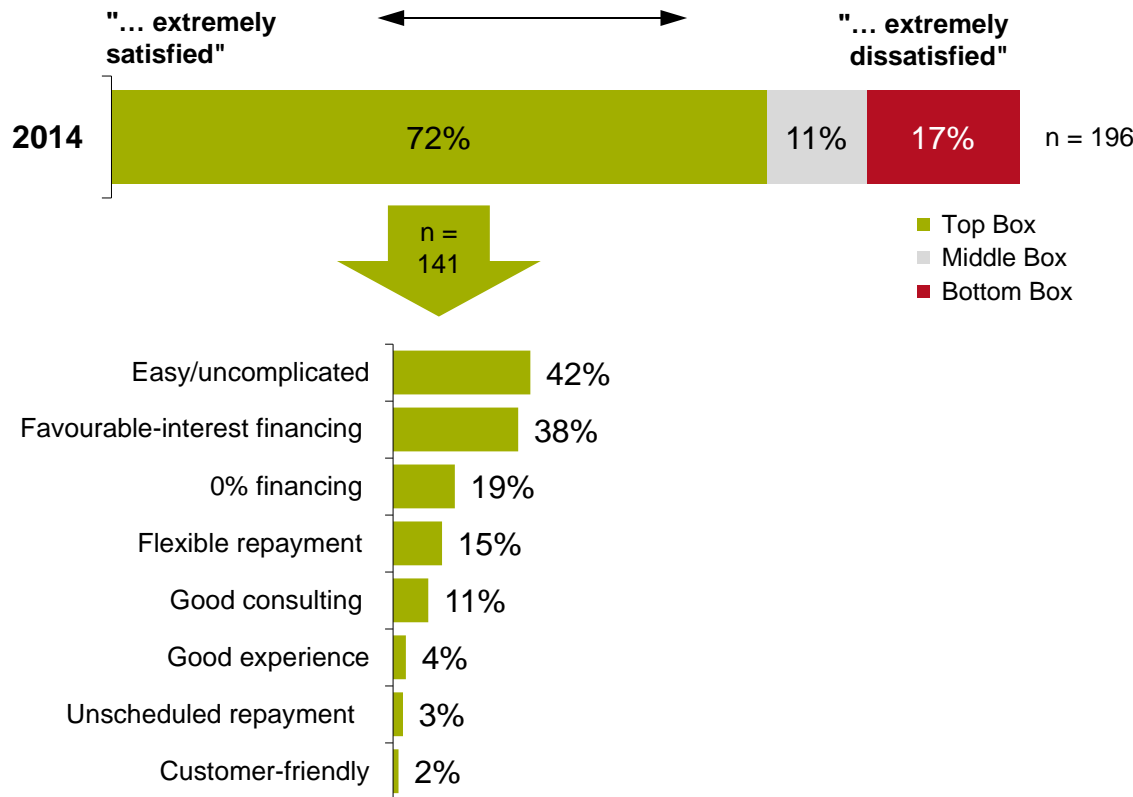
Satisfaction with financing

Users of financing products

How satisfied are you overall with the loan/loans you have taken out?

What are the reasons for this assessment of your loan?

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



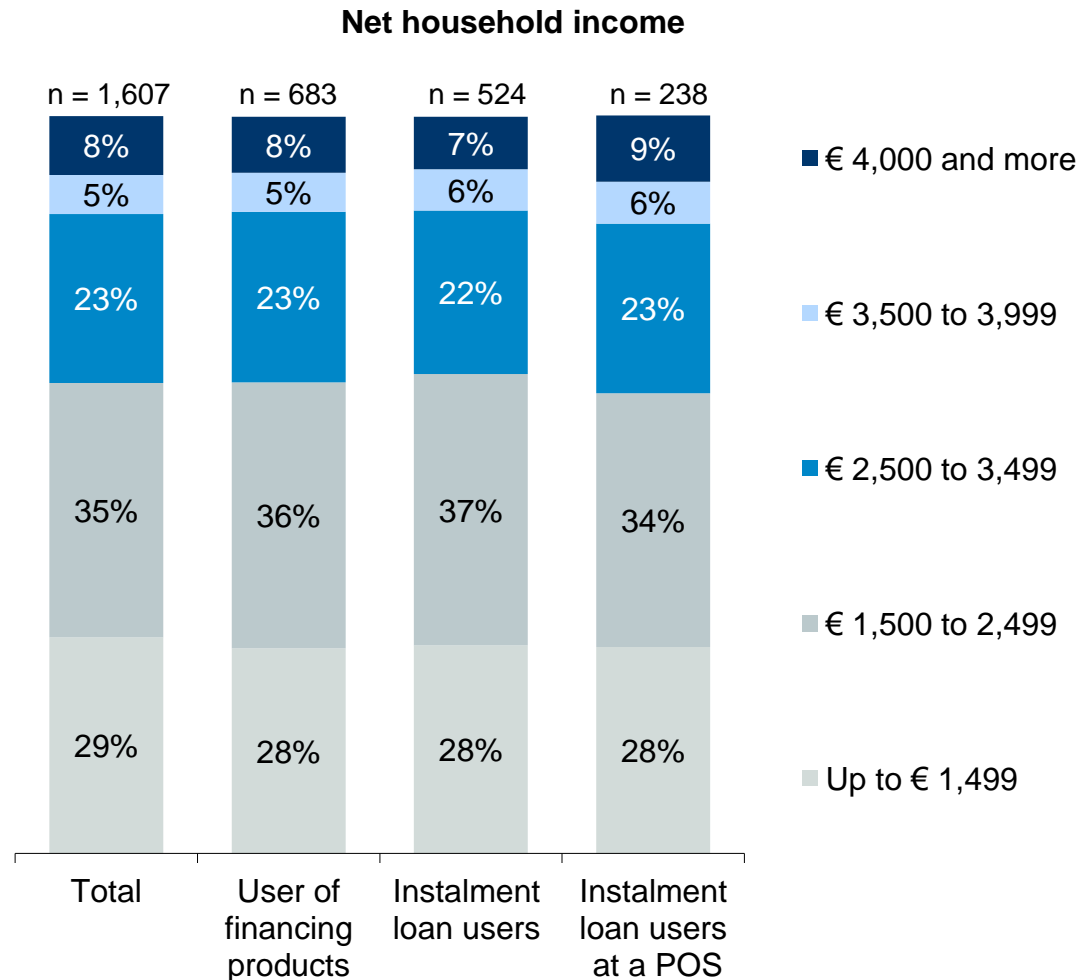
Q1e: How satisfied are you overall with the loan/loans you have taken out? Basis: users of financing products, incl. no response

Q1f: What are the reasons for this assessment of your satisfaction with your loan/ loans? Basis: users of financing products



Net household income

All respondents, users of financing products, instalment loan users, instalment loan users at a POS



The average net household income is € 2,600.

Loans are used the same by consumers in all the income classes.

Q3a: Are you currently using one of the following credits / forms of financing?

Basis: All respondents n = 1,607 excl. no response; more information available in the statistics section from Page 50

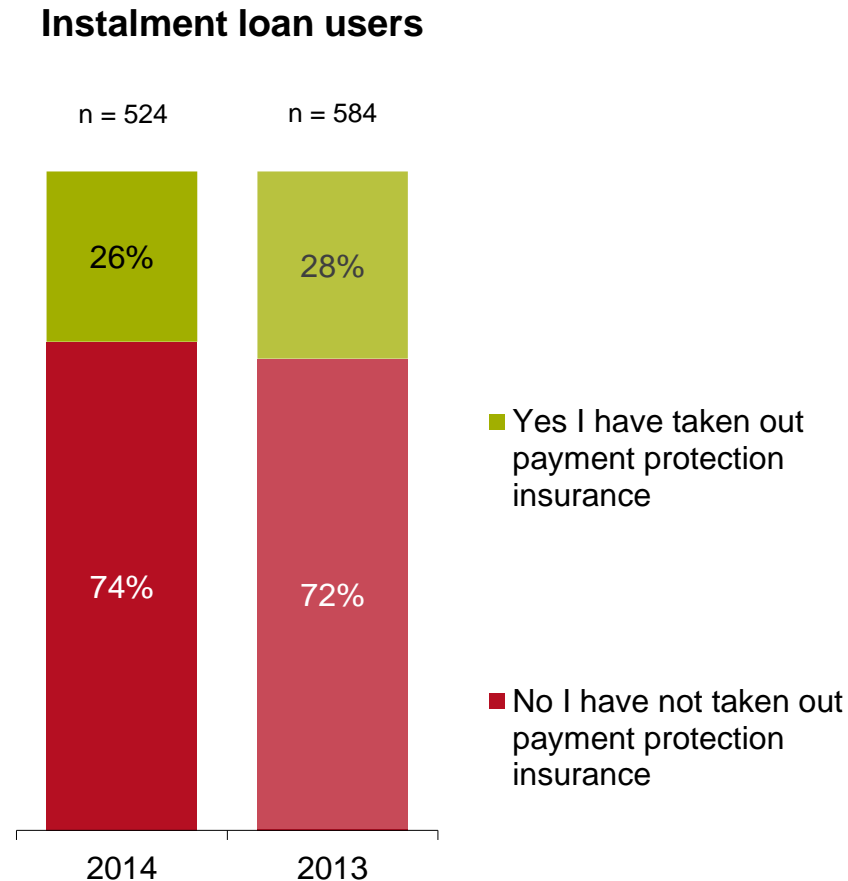
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Payment protection insurance taken out Instalment loan users



More than a quarter of all instalment loan users has taken out payment protection insurance. This figure has decreased slightly against that of the previous year.

Q12: Have you taken out payment protection insurance for your most recent instalment loan?

Basis: excl. no response

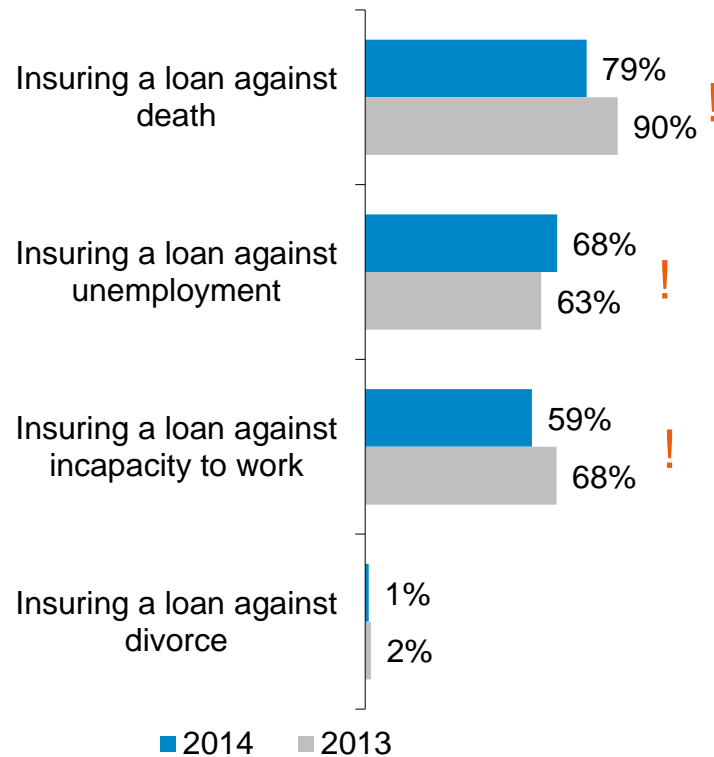
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Taking out payment protection insurance according to risk

Holders of payment protection insurance

**Covered risks
in total**
n = 158



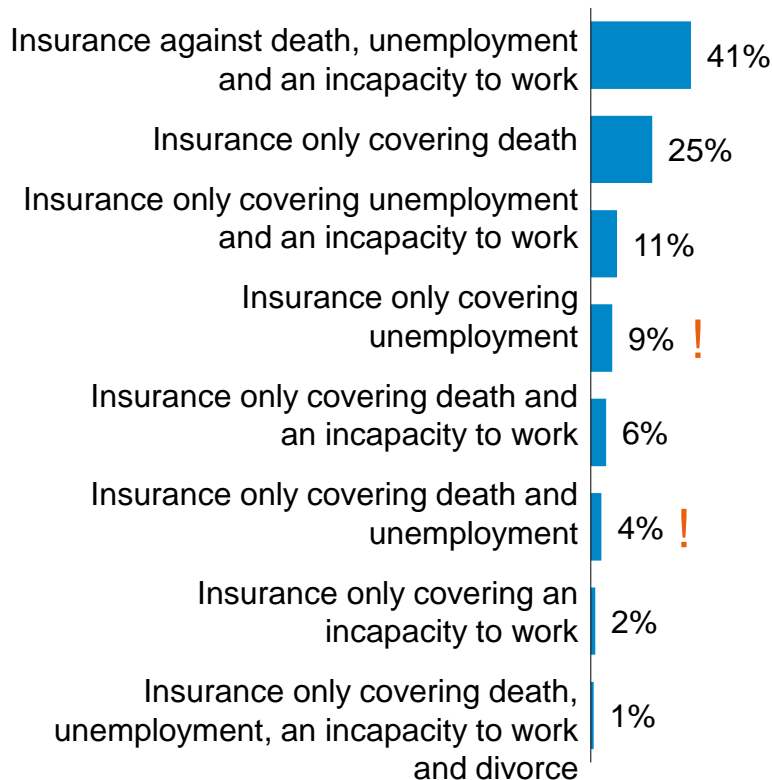
Securing a loan for the event of death and incapacity to work has declined considerably, while it has risen for unemployment.



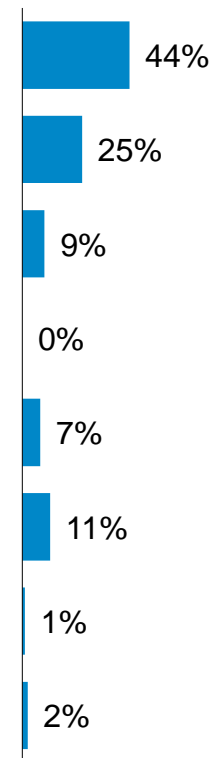
Taking out payment protection insurance according to risk

Holders of payment protection insurance

**Covered risks
2014 in detail**
n = 158



**Covered risks
2013 in detail**
n = 174



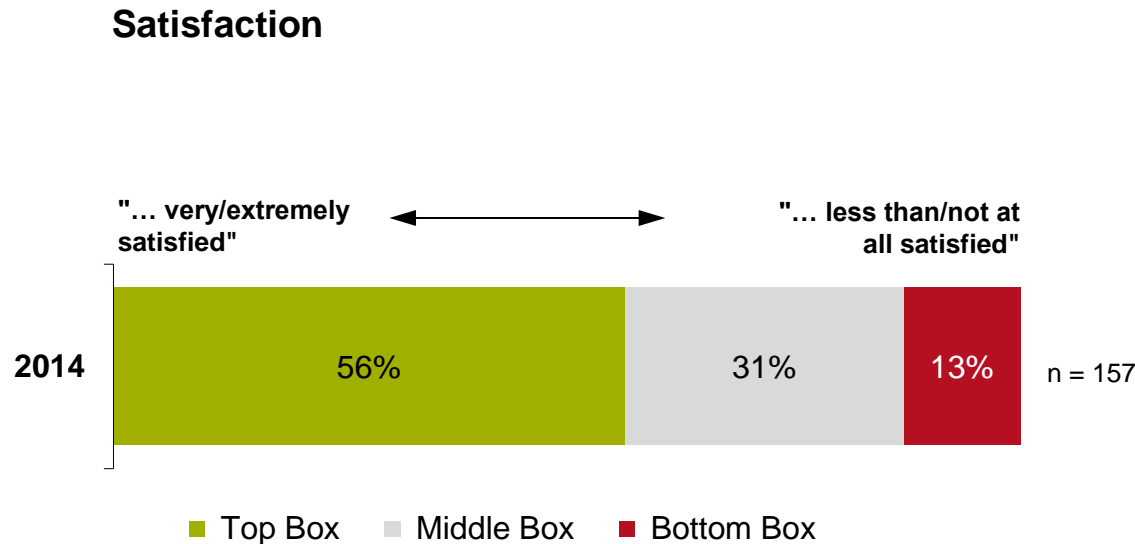
Most payment protection insurances contain a combination of "death, incapacity to work and unemployment" risks.



Satisfaction with payment protection insurance

Holders of payment protection insurance

The majority of payment protection insurance holders is (extremely) satisfied with their insurance; only 13% are (extremely) dissatisfied.

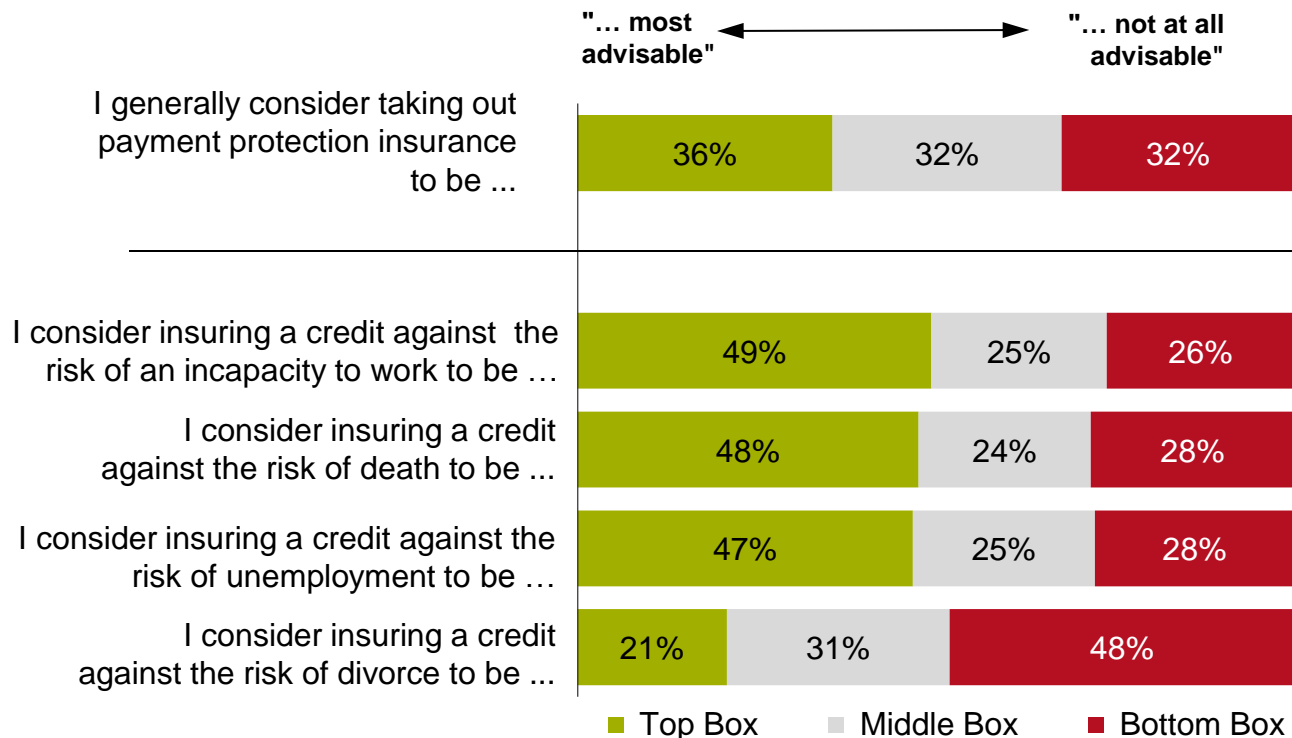


Q15a: If you have taken out payment protection insurance: How satisfied are you overall with your payment protection insurance?
Basis: excl. no response



Payment protection insurance taken out - statements

Users of financing products



36% of users of financing products generally consider payment protection insurance to be advisable. As many as around every second user of financing products considers insuring the individual risks of work incapacity, unemployment and death to be advisable.

Q16a: How advisable do you think it is to take out payment protection insurance in general and how advisable do you consider it is to cover the following specific risks with payment protection insurance? Basis: n = 683 excl. no response



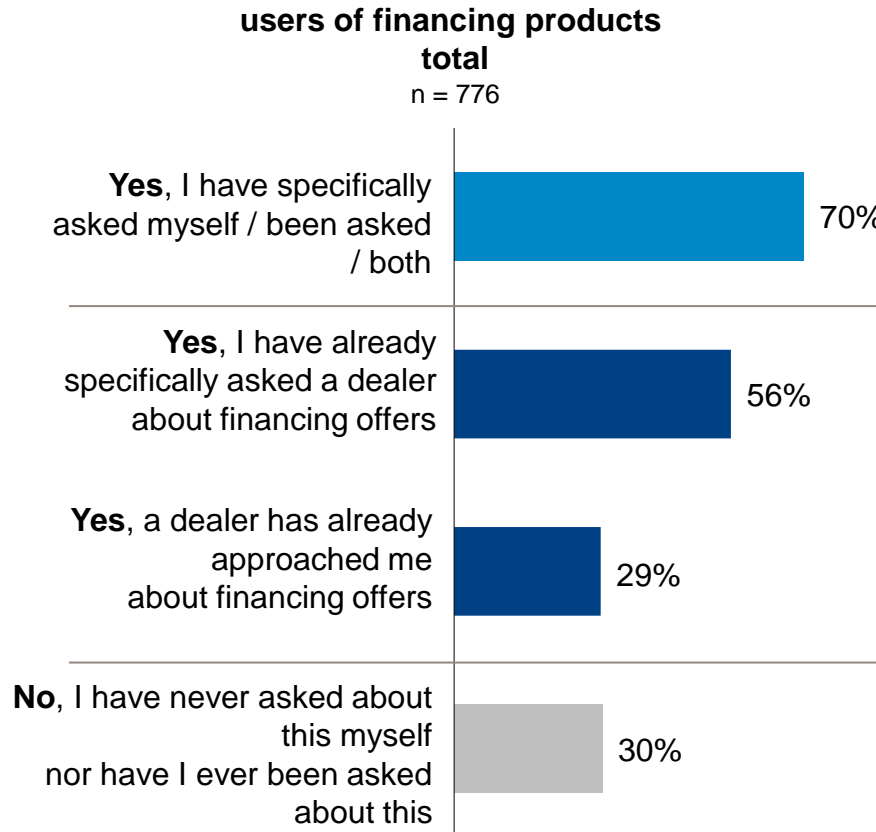
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Financing in retail trade

Raising the question of financing offers; selected sub-groups



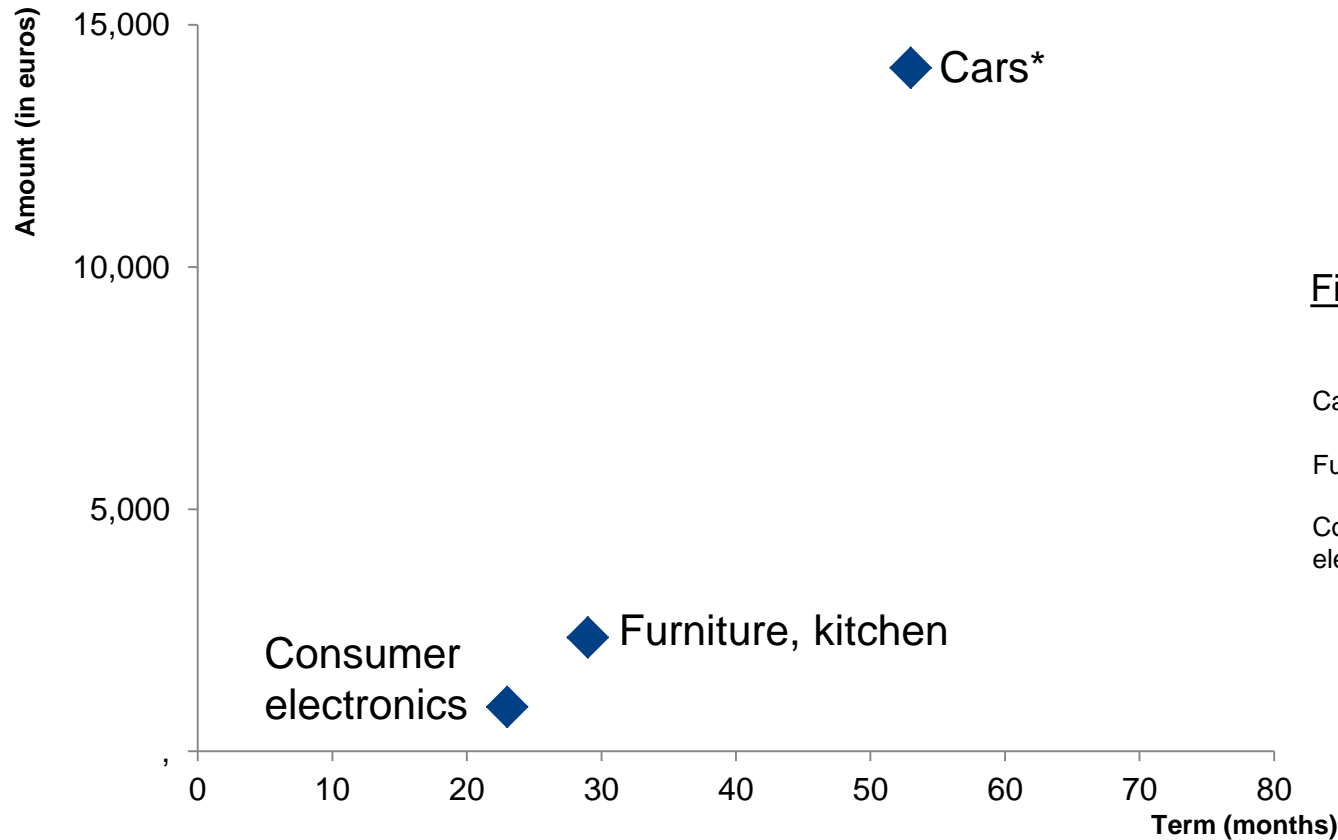
56% (2013: 56%) of all users of financing products have already specifically asked a dealer about financing offers.

Q17: When making the following purchases, have you ever specifically asked a dealer about financing offers, or has a dealer ever asked you about such offers? Net amount; Basis excl. no response



Financing in retail trade – amounts and terms

Users of financing products



Financing:
 New cars:
 € 15,500 (52 months)
 Used cars:
 € 11,900 (53 months)

Figures in detail:

	Term	Amt.
Cars	53	14,100
Furniture, kitchen	29	2,400
Consumer electronics	23	920

*Average for new and used cars

Q18.a. Do you currently have loans for one or more purchases made by mail order /at retail outlets or car dealers (see Question 9a.)? Please state whether you have financed the following purchases. Q18.c. If you have: what amount was financed in each case?

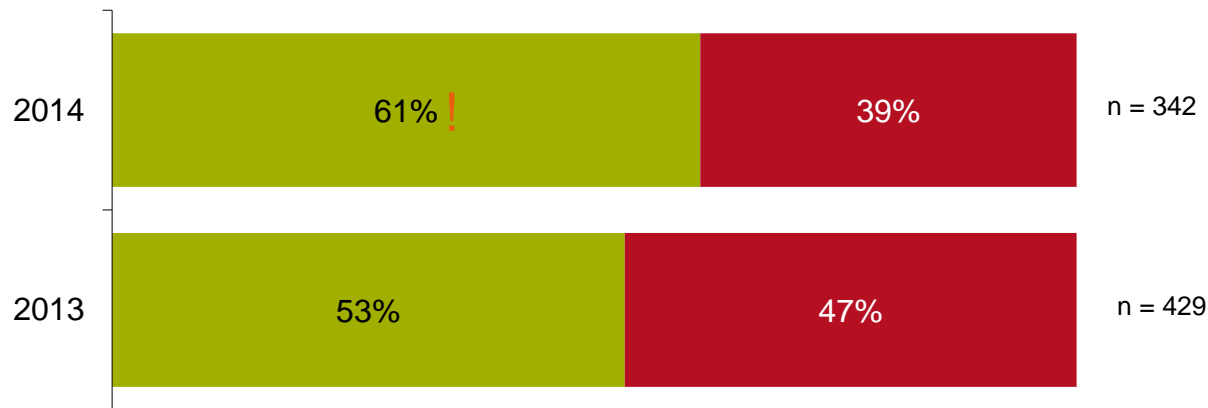
Q18.d. And how many months does the loan period comprise? Basis n = 683, excl. no response; "other" not shown

Financing in retail trade – influence on purchase decision

Users of financing products



Did the option of financing influence your purchase decision?



- Yes, I would not have bought it otherwise
- No, I would still have bought it

Without financing options in retail outlets, 61% of financed purchases would not have been made.

Q18e: Did the option of financing influence your purchase decision, i.e. your decision to buy the product or not?

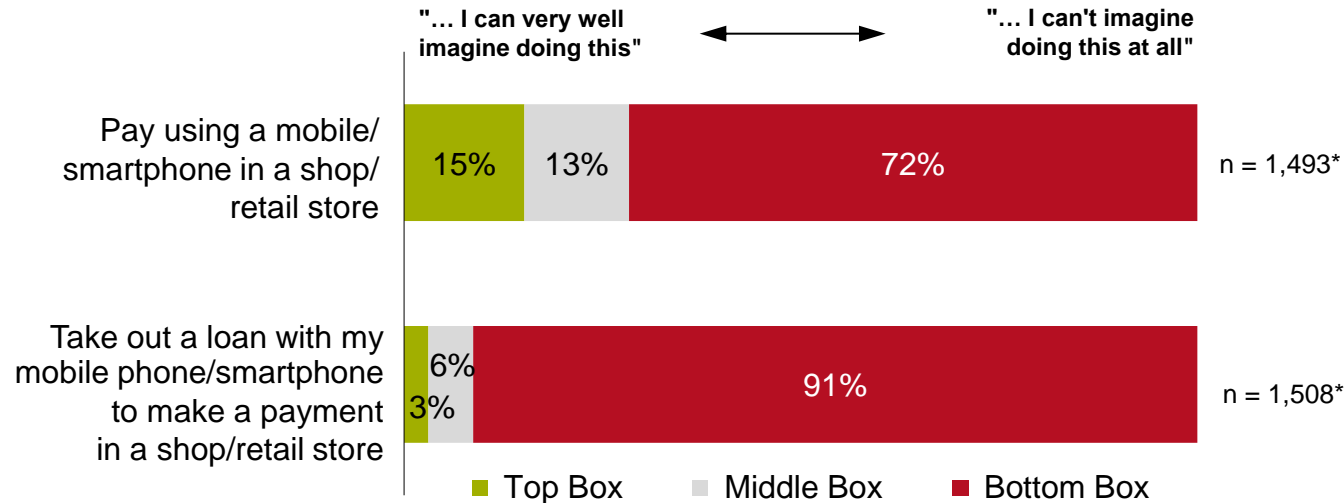
Sub-groups of n<30 not shown; Basis excl. no response



Payment by mobile phone/smartphone

All respondents

In some shops / retail stores it is already possible to pay using a mobile phone /smartphone. To what extent would the following options be conceivable to you?



For 15% of the respondents, payment using a mobile phone or smartphone is conceivable.

On the other hand, taking out a loan using a mobile phone or smartphone is conceivable for only a few respondents.

Q11a: In some shops / retail stores it is already possible to pay using a mobile phone / smartphone. To what extent would the following options be conceivable to you? Basis: excl. no response; * excl. "don't know"



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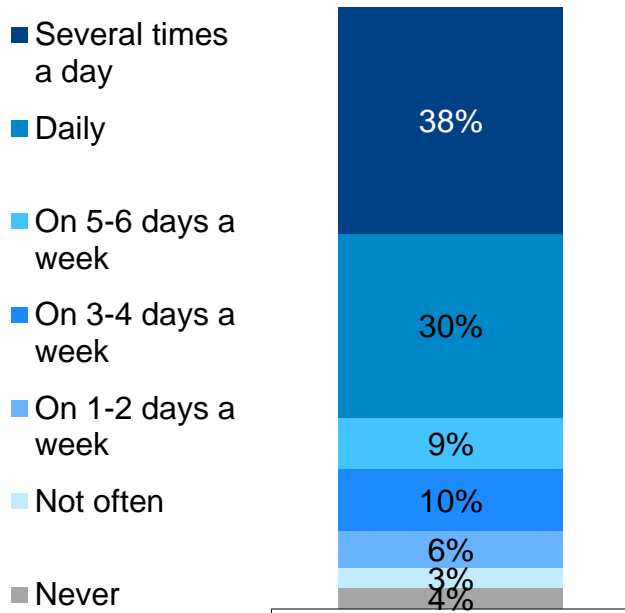


Use of the Internet and buying behaviour in the Internet

All respondents

Private use of the Internet

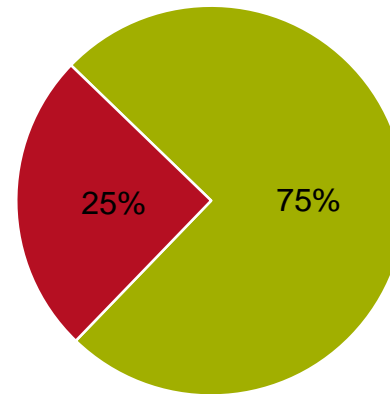
n = 1,607



2014

Online buying behaviour

n = 1,548



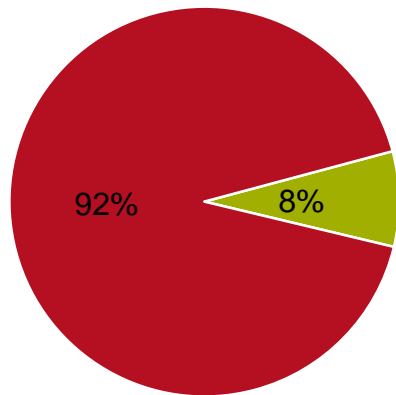
- I have shopped online in the past 12 months
- I have not shopped online in the past 12 months eingekauft

96% of the respondents use the Internet, 75% of whom have made a purchase online in the past 12 months.



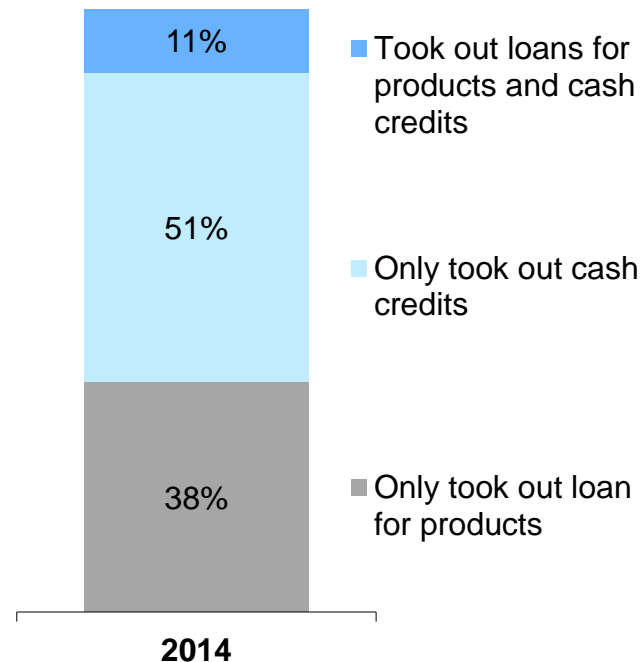
Purchases made online and intended purpose of financing Internet users

Taking out a loan online
n = 1,549



- Yes, I have taken out a loan online
- No, I have never taken out a loan online

Intended purpose
n = 122



users of financing products account for 42 % of all the Internet users.

8% of the respondent Internet users have already taken out a loan online – usually these loans are cash credits (for unrestricted use).

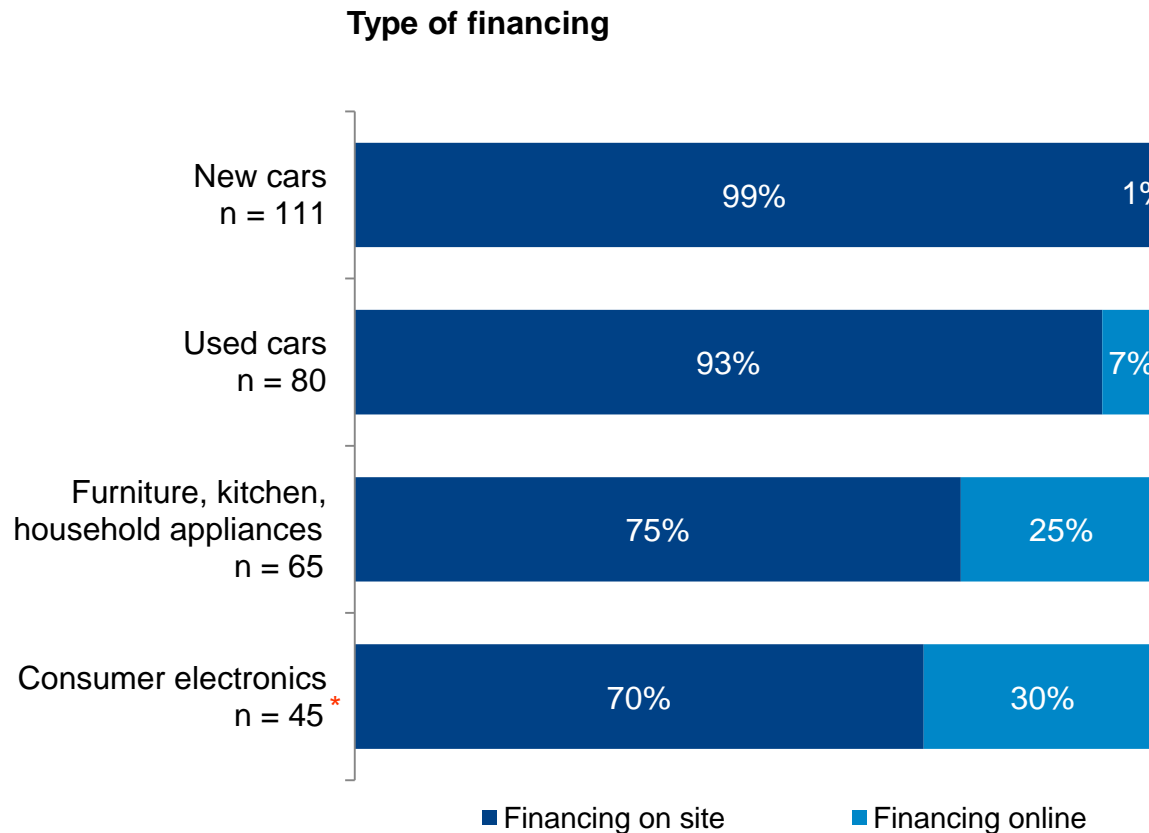
Q21a: Have you taken out a loan online before? Basis: excl. no response

Q21b: Were these online loans taken out for specific products or were they available at your free disposal, i.e. cash credits? Basis: excl. no response



Objects financed by channel

Users of financing products



30% of all financed consumer electronics are financed by dealers in the Internet (25% for furniture, kitchen and household appliances).

*Tendency statement due to lower basis

Q18b: If you have financed purchases: Was the financing concluded at a local dealer or at an online dealer?

Basis: excl. no response; sub-groups with n<30 not shown

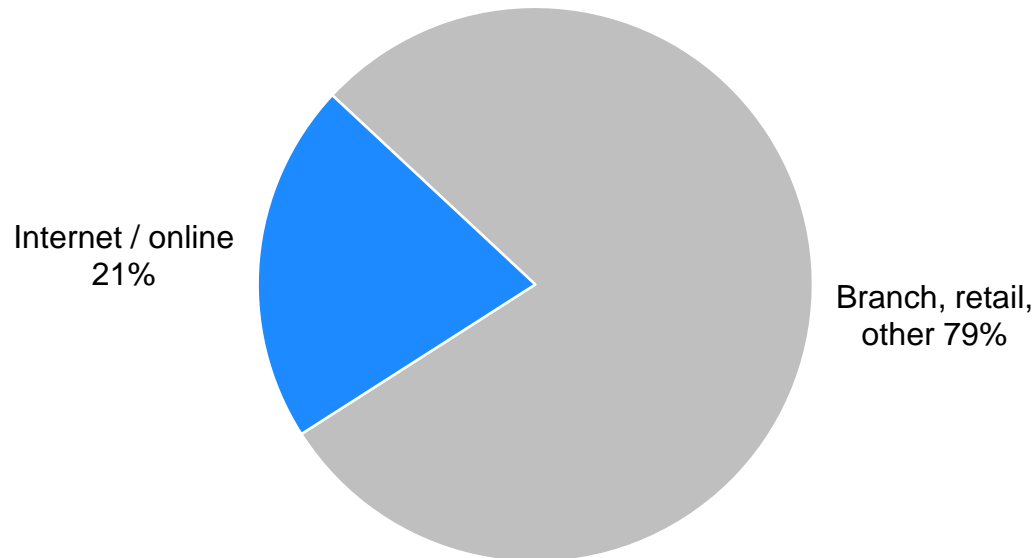
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Instalment loans – channel

Instalment loan users

21% of all instalment loans are taken out online.



Q7c: Irrespective of where you applied for this instalment loan, where did you ultimately conclude the contract?

Basis: Instalment loan users n = 328 excl. no response = 100%; bank loan user sub-group

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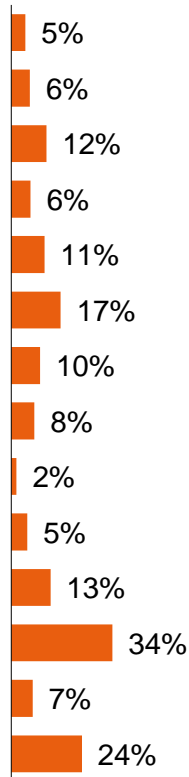
Planned purchases / expenses and loans taken out in the next **12 months**

Planners of purchase concerned

Planned purchases

All respondents

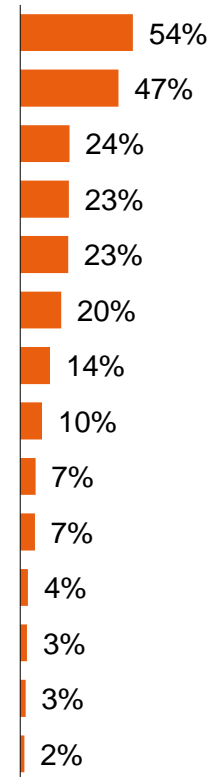
n = 1,607



of which

New cars
Used cars
Consumer electronics, computer
Training, studies
Furniture, kitchens
Renovat., house move
Med. treatment, OPs, doctors' bills
Household appliances
Driving licence
DIY/garden tools
Family occ./ celebration
Clothing, jewellery
Sport equipment/membership
Holiday

Planned borrowing



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

Q28a: Are you planning one or more of the following purchases/ expenses in the next 12 months? Q28b: If you are planning an purchases/expenses: Can you in principle image using a loan (e.g. an installment loan or a credit facility, overdraft facility)? Basis: Planners in the respective group, excl. no response

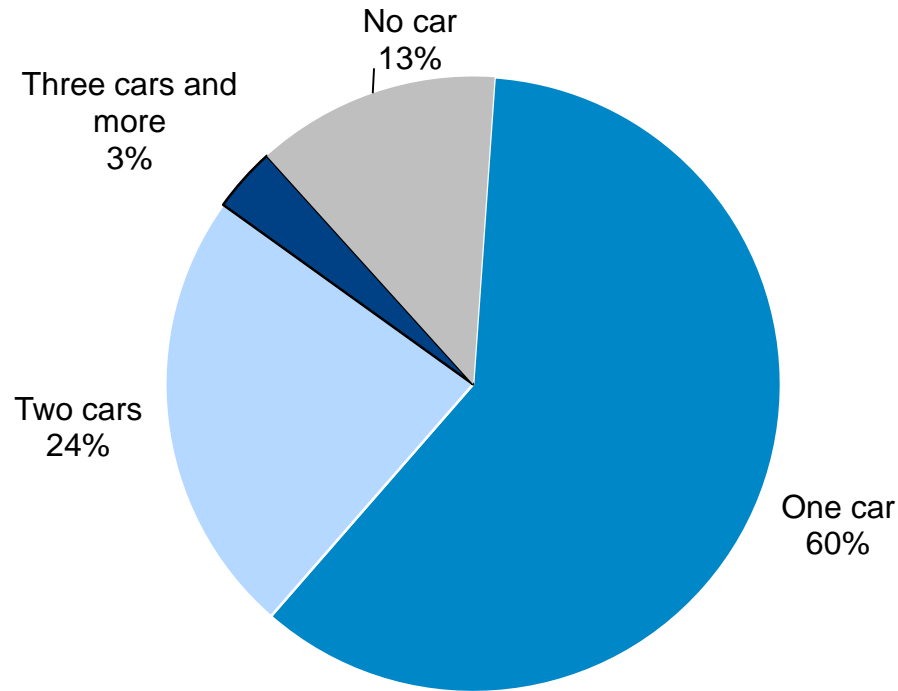
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Car ownership

All respondents



A German household on average currently owns 1.2 cars.

Over half of the households (60%) own one car.

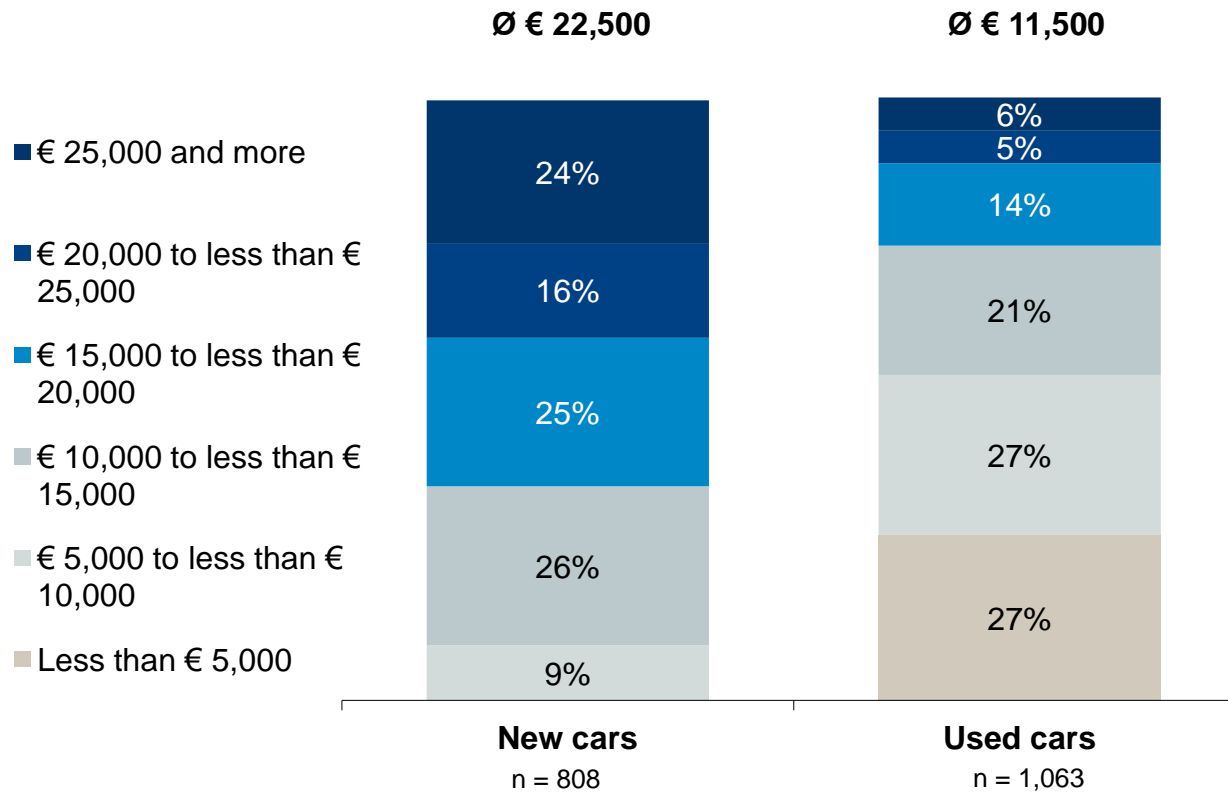
But: 13% of all households do not own any (private) car.



Acquisition costs - all respondents

Car owners

Acquisition costs



In total, an average of € 16,100 is spent on a car.

The average acquisition cost for a new car is € 22,500, and the average cost for a used car is € 11,500.

Q34. Please indicate approximately how much you paid for your car.

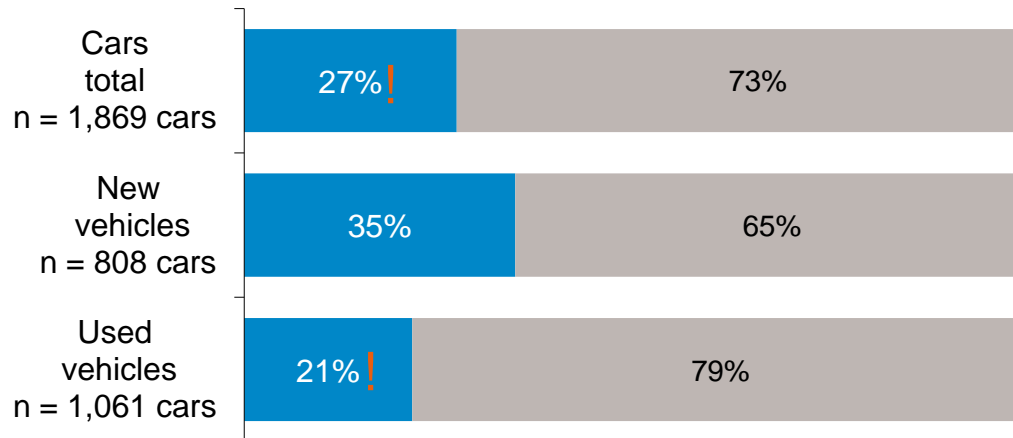
Basis: all cars n = 1.871, excl. no response



Proportion of financed cars

Car owners

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



- Car owner with a loan from a bank, a car dealer, leasing or personal contract purchase
- Car owner without financing

27% of vehicles are financed.

The proportion of financed used cars has decreased slightly in comparison to the previous year.

Proportion of financed vehicles:

All respondents/New/Used
2012: 33%/43%/24%
2013: 33%/39%/26%

Q35: Was the car paid in full in cash, or was it partly financed, fully financed or leased when it was purchased?

Basis: excl. no response

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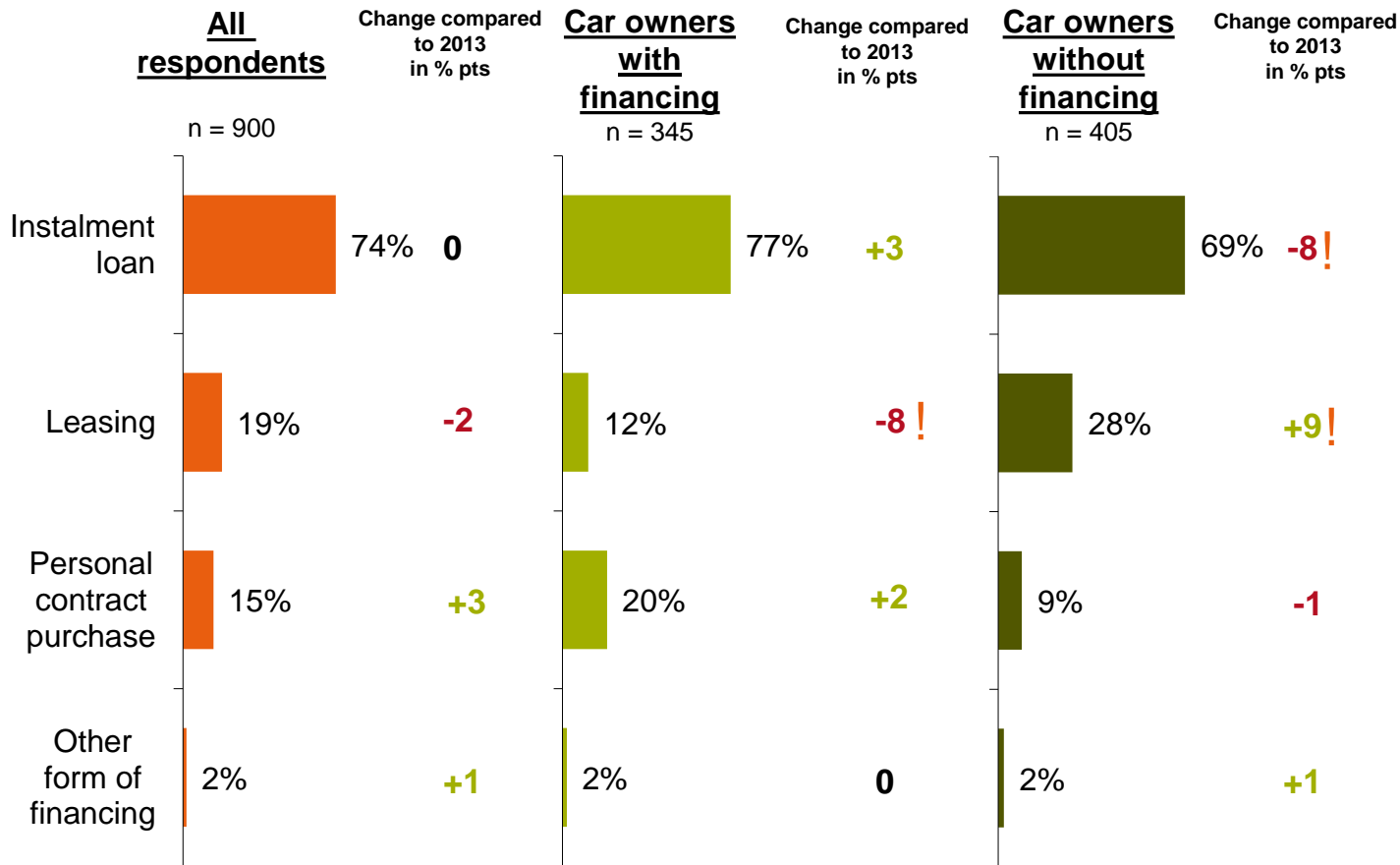


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Preferred forms of financing for new cars

Selected sub-group: excl. persons declining credit



Preference is given to instalment loans when financing new cars.

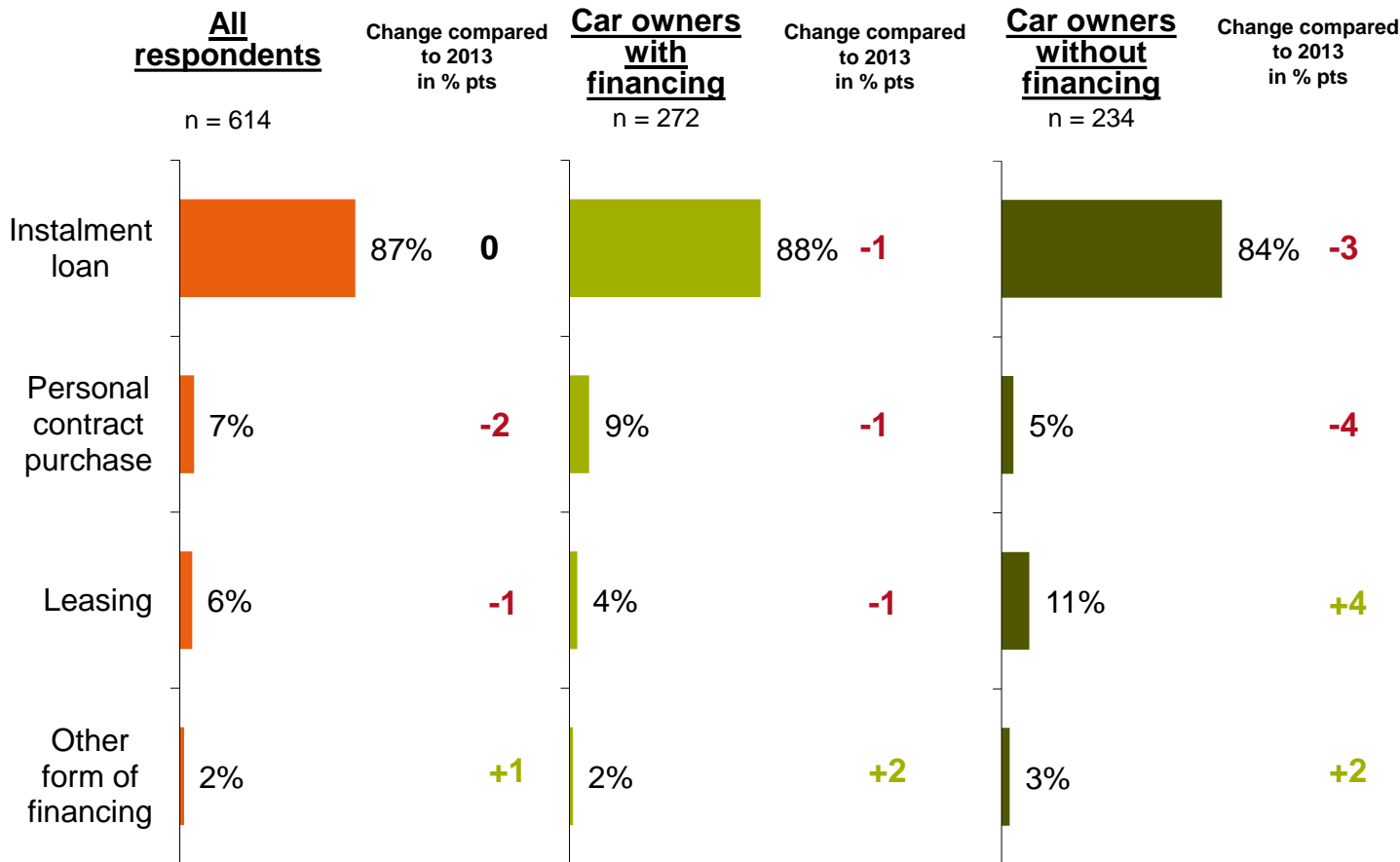
Q41a: Imagine for a moment that you are planning to purchase a new car. What form of financing would you prefer in this case?

Basis: excl. no response



Preferred forms of financing for used cars

Selected sub-group: excl. persons declining credit



Preference is given to instalment loans when financing used cars.

Q41b: And which form of financing would you prefer when purchasing a used car?

Basis: excl. no response

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Summary – forms of financing



Awareness of various forms of financing

- Compared to the previous year, awareness of the various forms of financing has remained stable (page 7).

Current use of various forms of financing

- 43% of All respondents currently have a loan. 34% of the respondents currently have instalment loans. Their use has increased slightly overall in comparison to the previous year (page 9).
- Financing is used most for new and used cars. The figures have remained consistent in comparison to the previous year (page 11).
- On average, users of financing products have 2.2 contracts (page 13). The average amount of monthly payments is € 270, which is slightly below that of the previous year (page 14).
- In total, 72% of the users of financing products are (extremely) satisfied with their loans (page 15).
- Loans are used the same by consumers in all the income classes (page 16).



Summary – payment protection insurance

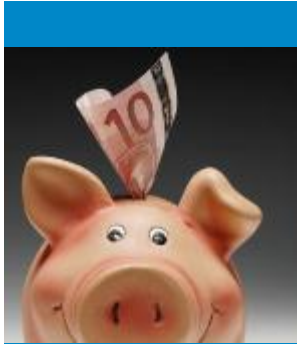


Payment protection insurance

- 26% of those who have taken out an instalment loan have taken out payment protection insurance alongside the loan – the proportion has decreased slightly since last year (page 18).
- Most payment protection insurances are for a combination of "death, incapacity to work and unemployment" risks. Securing a loan for the event of death and incapacity to work has declined considerably, while it has risen for unemployment (page 19).
- The vast majority of holders of payment protection insurance are very satisfied with their insurance. Only 13% are less satisfied and almost one third is impartial (page 21).
- 36% of users of financing products generally consider payment protection insurance to be advisable. As many as around every second user of financing products considers insuring the individual risks of work incapacity, unemployment and death to be advisable (page 22).



Summary – financing in retail trade



Financing in retail trade

- 56% of users of financing products have specifically enquired themselves about financing offers from a dealer; dealers have approached 29% of users of financing products (page 24).
- For 61% of the respondents, the possibility of financing affected the decision to make a purchase (page 25).



Purchasing and financing online

- 96% of the respondents use the Internet, 75% of whom have made a purchase online in the past 12 months (page 29). 8% of the respondent Internet users have already used financing online – usually these loans are cash credits for unrestricted use (61%) (page 30). 21% of all instalment loans are taken out online (page 32).



Future use of financing

- Many customers can imagine taking out loans for new and used cars more than anything else. More than half of the customers intending to purchase a new car within the next 12 months can already imagine taking out a loan in order to do so (page 34).



Summary – financing current cars



Financing a private car

- 87% of all households own at least one car; 26% even have more than one (page 36).
- The cost for new and used private cars has remained stable compared with 2013. An average of € 16,100 is currently invested in a car. The cost for a new car is approximately € 22,500, for used cars the average cost is around € 11,500 (page 37).
- 35% of all privately used new cars are financed; for used cars, the figure is 21% (page 38).

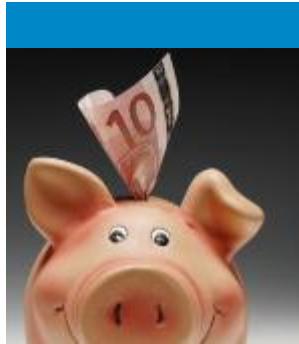
Attitude to financing a private car

- Consumers would give preference to an instalment loan when financing a new car. The number of car owners with a loan is reported to have grown by 3 percentage points (page 40).



Summary – overview of key figures

Extrapolation based on 32.9 million households* with 55.2 million persons



Use of financing in general

- | | |
|---|--------------|
| • Users of at least one financing product: | 23.5 million |
| • Instalment loan, consumer credit with a bank: | 11.3 million |
| • Overdraft facility: | 10.0 million |
| • Hire purchase via retail/mail order trade: | 4.7 million |
| • Credit facility via a credit card: | 5.0 million |



Car financing

- | | |
|---|--------------|
| • Total number of existing car financing in 2014: | 14.9 million |
| • Newly concluded car financing in 2014: | 1.1 million |
| - of which for new car financing: | 0.4 million |
| - of which for used car financing: | 0.7 million |



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



Agenda

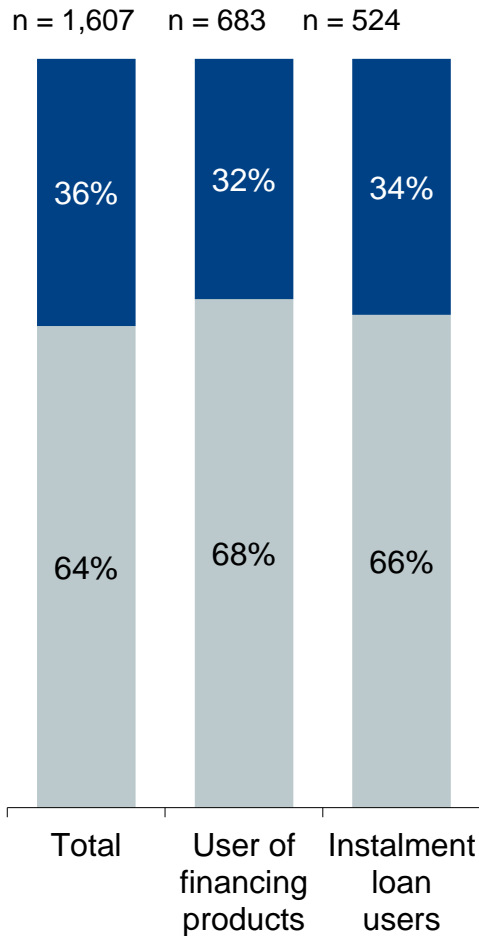
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2. Study results	
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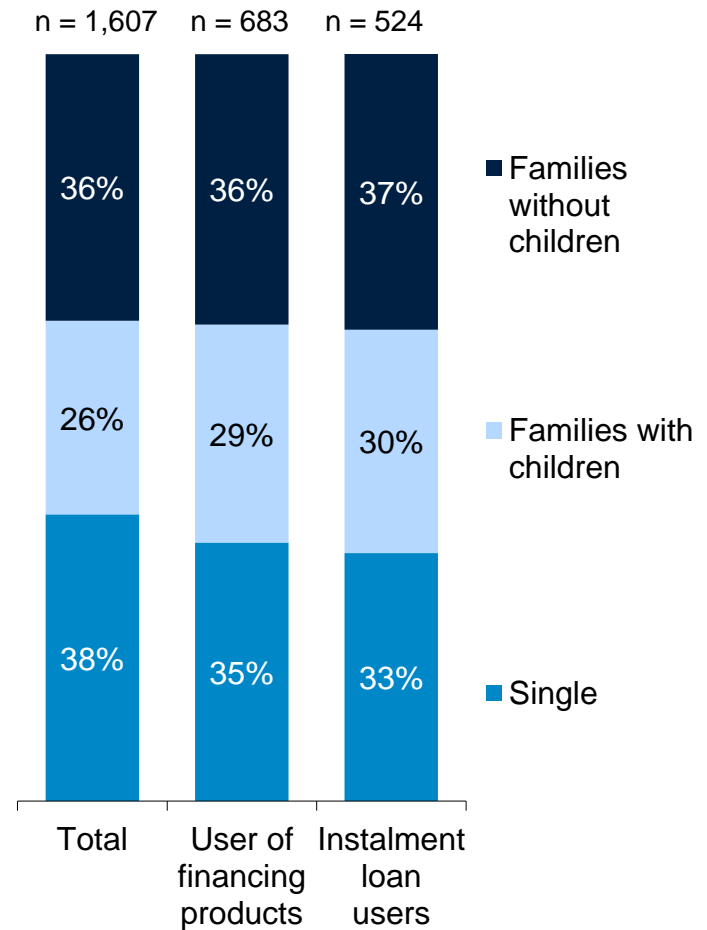
Statistics – gender and marital status

All respondents, users of financing products, instalment loan users

Gender of head of household



Life cycle type

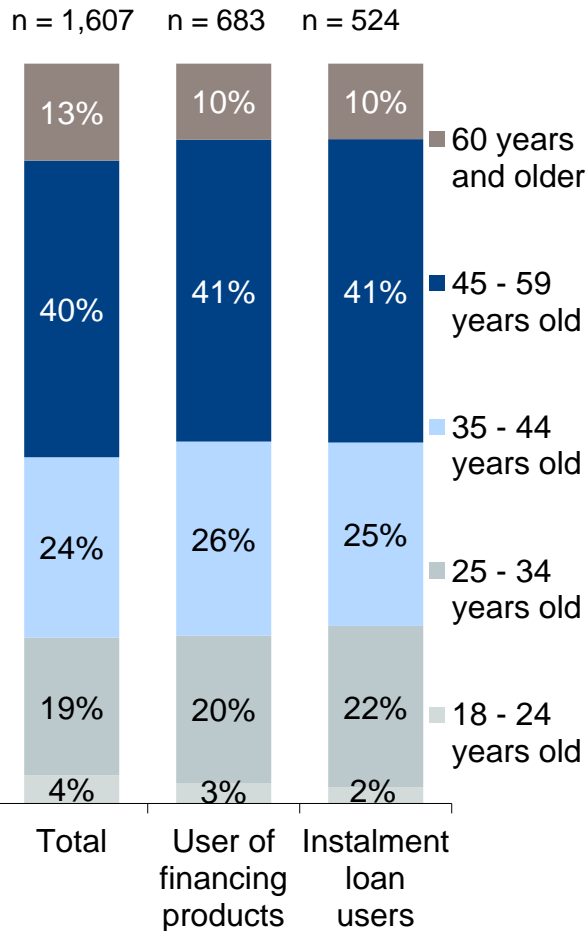




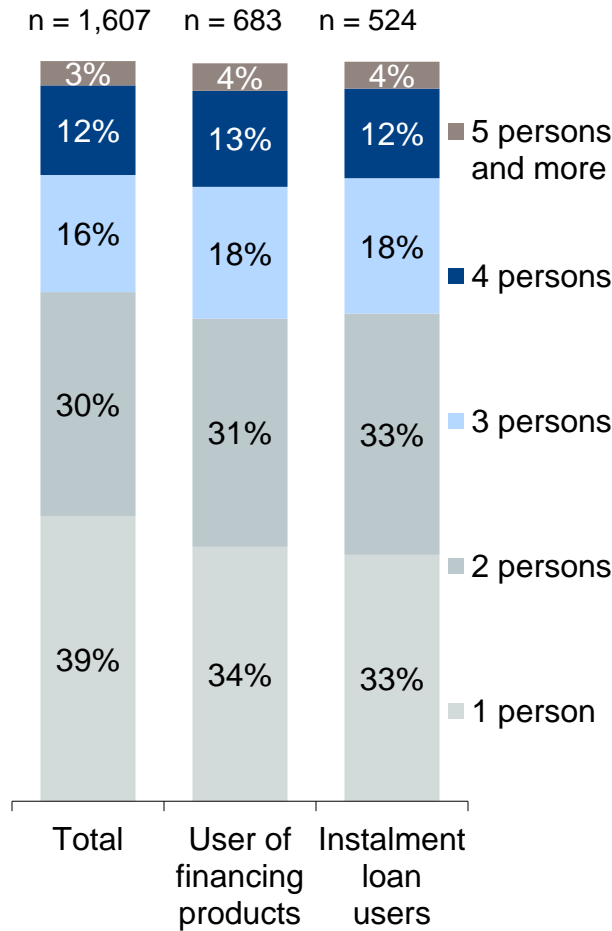
Statistics – age, size of household, number of children in household

All respondents, users of financing products, instalment loan users

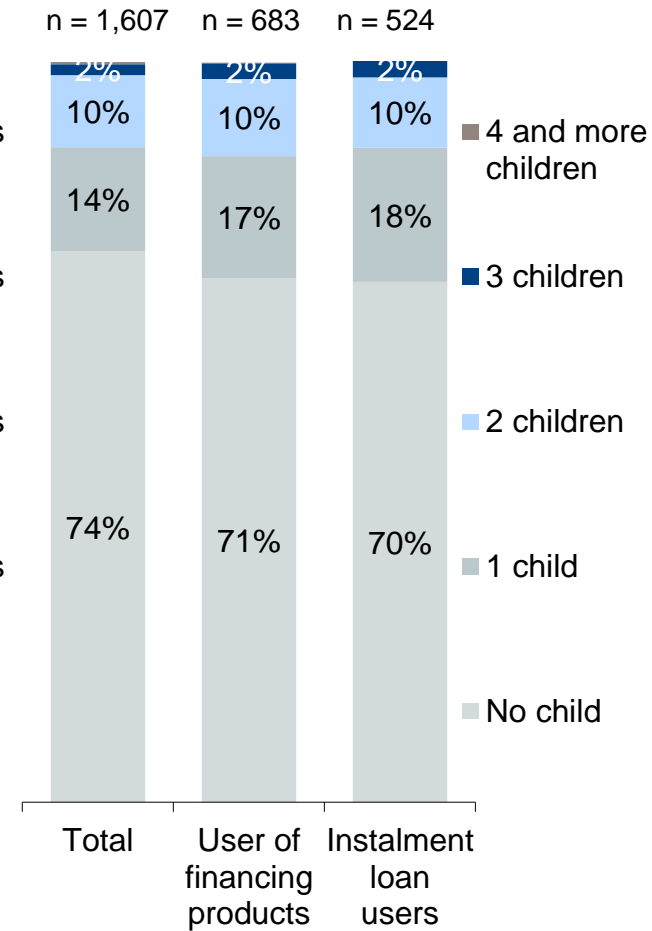
Age



Size of household



Number of children in household

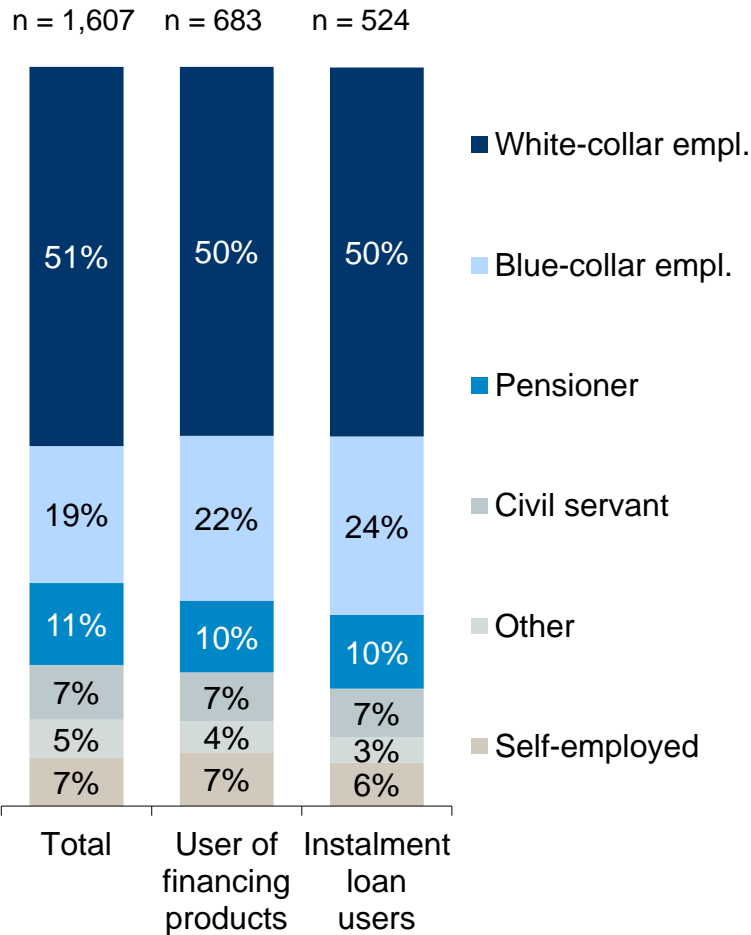




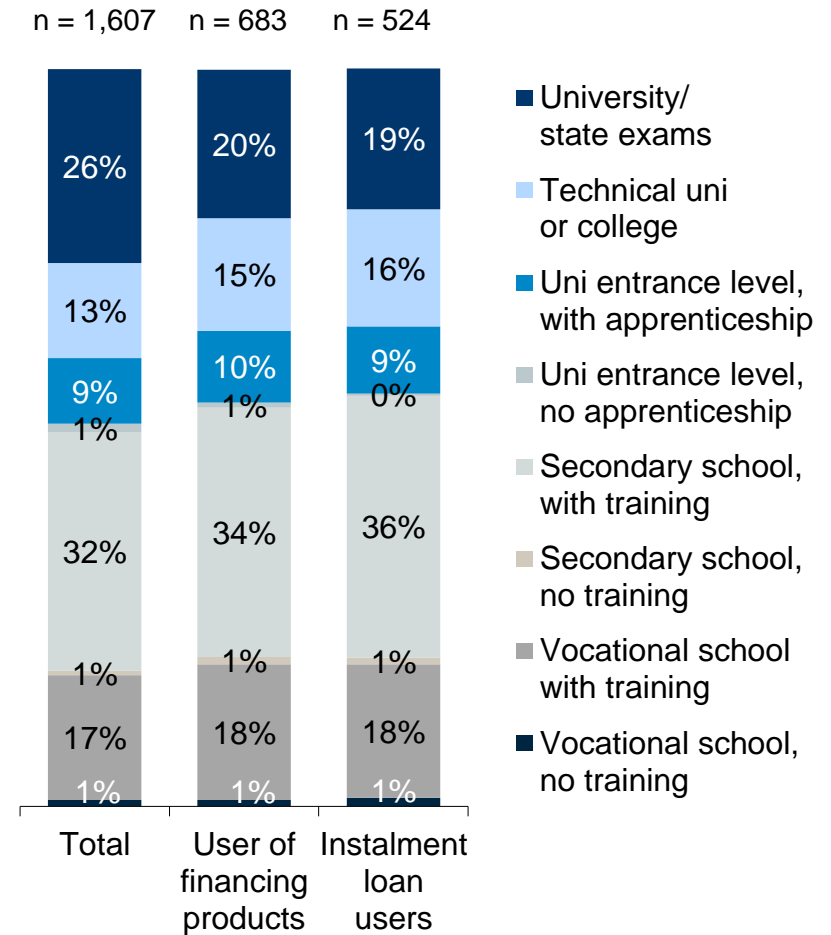
Statistics – occupation and educational attainment

All respondents, users of financing products, instalment loan users

Occupation



Educational attainment



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