

CONSUMER CREDIT INDEX KKI II/2015

Forecast for Private Borrowing in Germany (2015/2016)

GfK Financial Services

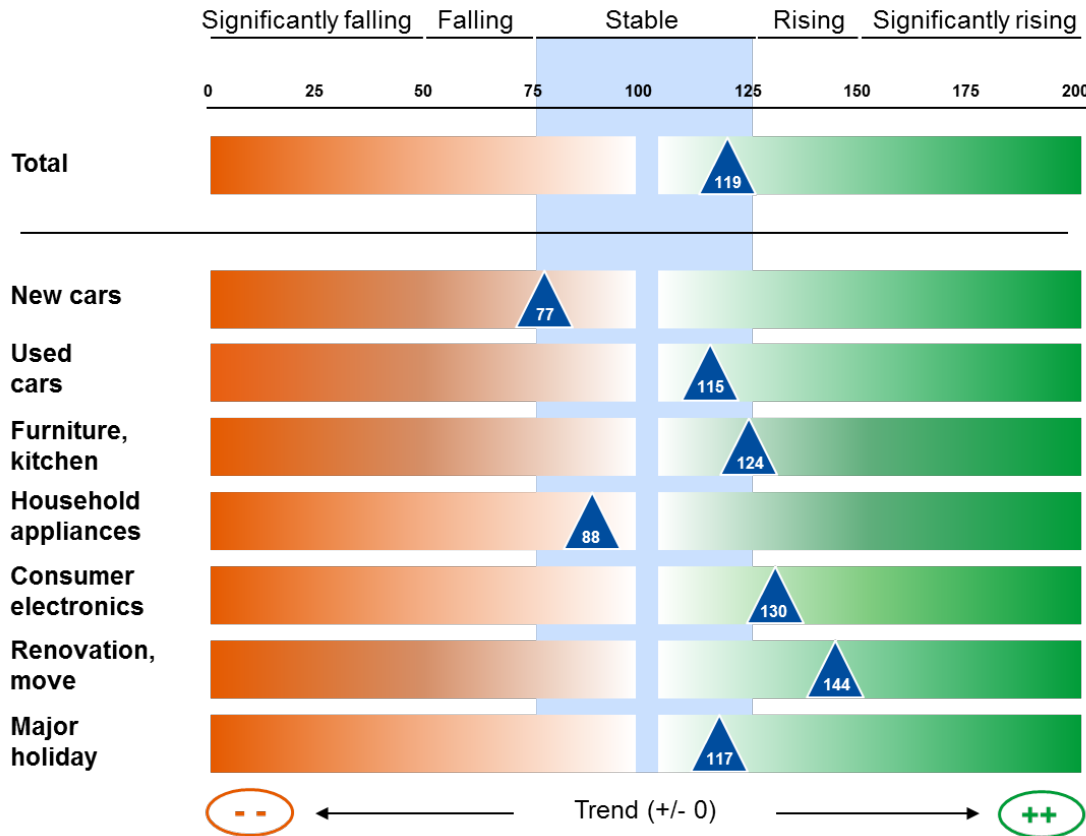
on behalf of Bankenfachverband e.V.

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Summary



Consumer Credit Index II/2015

The Consumer Credit Index for 2015/2016 shows a slightly positive trend, at 119 points. This means that consumer borrowing will likely increase minimally in the next twelve months.

This figure will mainly result from the willingness of consumers to take out more loans for renovations/moves, home electronics, and furniture and kitchen.

The positive development is somewhat curbed by a slightly more cautious approach among consumers when it comes to making new acquisitions.

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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 consumers in respect of various forms of consumer credit.

This forecast for 2015/2016 is based on household estimates made in the middle of the year.

Study Design

Sample



Survey method

Written survey, supporting study: GfK financial market panel

Target group

Representative sample of German households, up to 75 years old

Survey area

Federal Republic of Germany

Sample

n=1.835 interviews; the results were subsequently weighted according to age, vocation, income, offspring and size of village/town/city.

Survey period

3 July 2015 to 31 July 2015



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 in 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

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Consumer Credit Index

Fundamentals of the method



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

1. KKI – Forecast for Private Borrowing in Germany (I/2015)
2. KKI – Forecast for Private Borrowing in Germany (II/2015) (current survey)
→ 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 all the forms of purchase surveyed and is composed of two partial values:

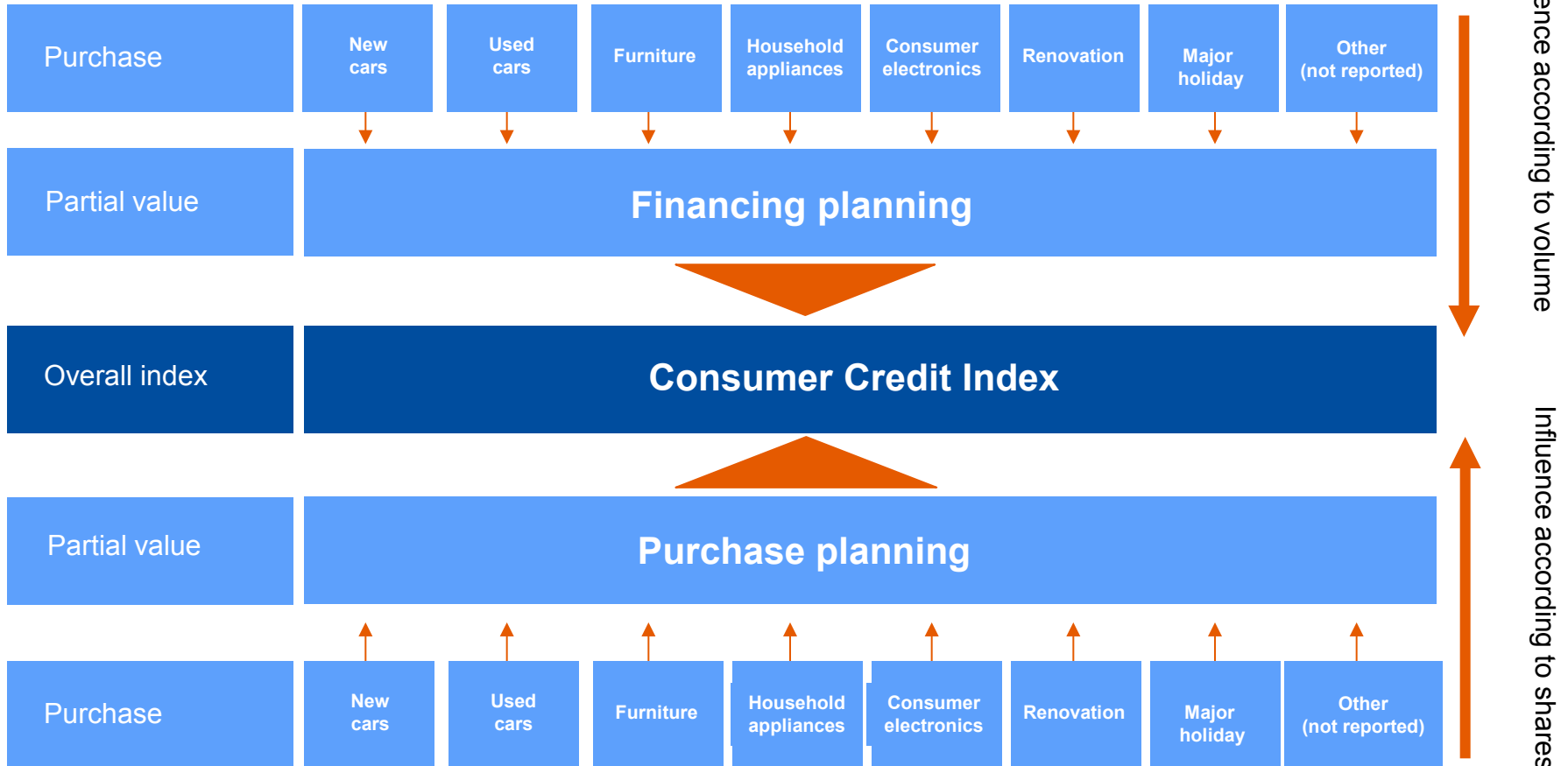
- Purchase planning
- Financing planning

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.

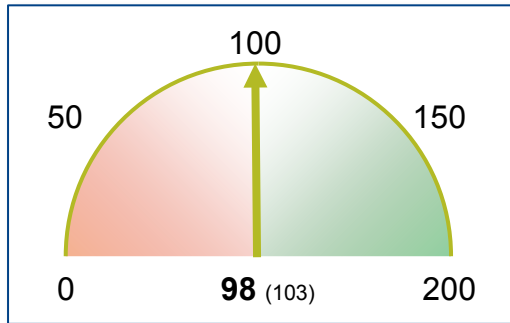
Consumer Credit Index

Schematic structure



Purchase Planning

Calculation basis



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

A current figure of 98 points is an indication of a constant level of purchases in the next 12 months.

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.

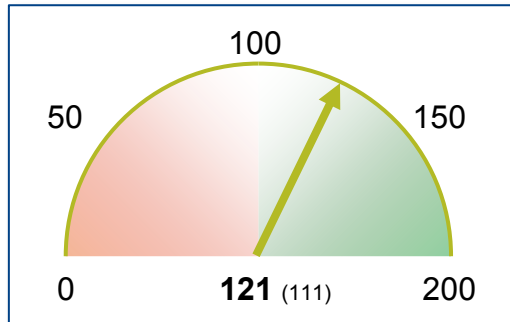
- Purchase was planned and was executed in the past 12 months = basic value
- Purchase is planned for the next 12 months = trend

Purchase planning = $(\text{trend for KKI I/2015} + \text{trend for KKI II/2015} \times 2) / 3 / \text{basic value}$
[weighted by current shares]

(in brackets: Purchase planning KKI II/ 2014)

Financing Planning

Calculation basis



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

A current figure of 121 points is an indication of a stable development and 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.

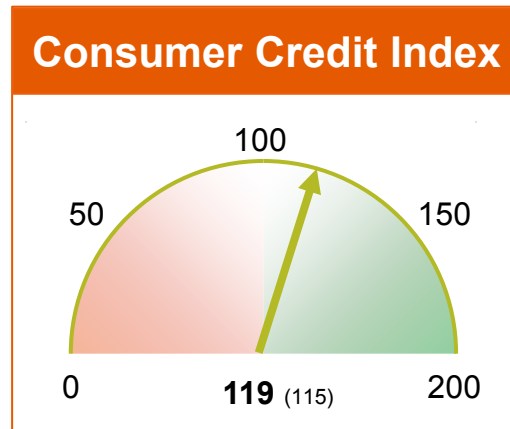
- Share of current financing in all the acquisitions for 2015 = basic value
- Share of planned financing in all planned purchases 2015 = trend

Financing planning = $(\text{trend for KKI I/2015} + \text{trend for KKI II/2015} \times 2) / 3 / \text{basic value}$
[weighted by current volume of credit]

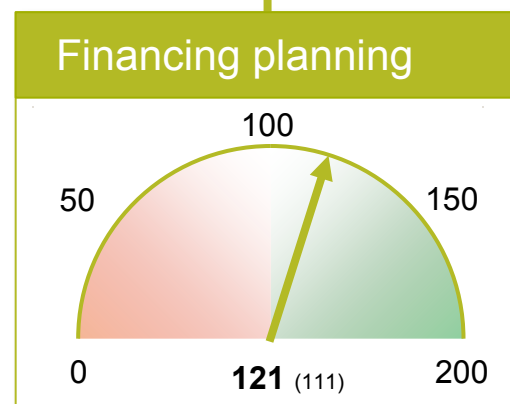
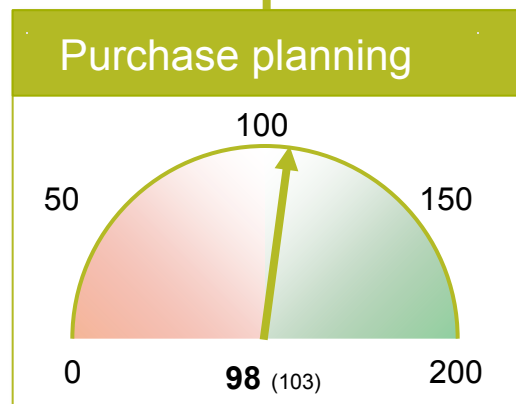
(in brackets: Financing planning for KKI II/ 2014)

Consumer Credit Index

Key figures

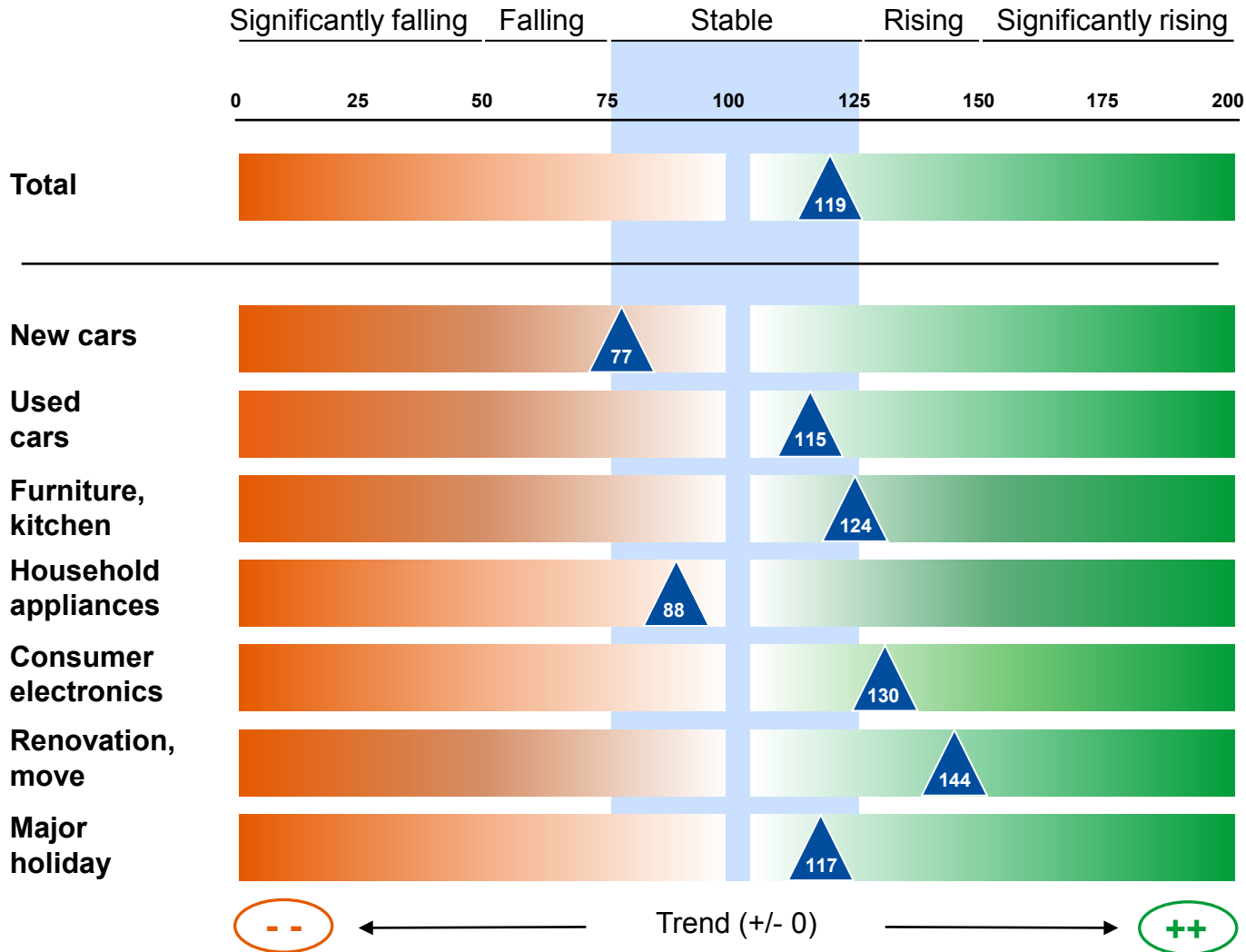


The Consumer Credit Index currently reaches 119 points.



i If both partial values are positive or negative there will be a stronger deflection in the Consumer Credit Index.
In brackets: KKI II/2014

Consumer Credit Index in detail

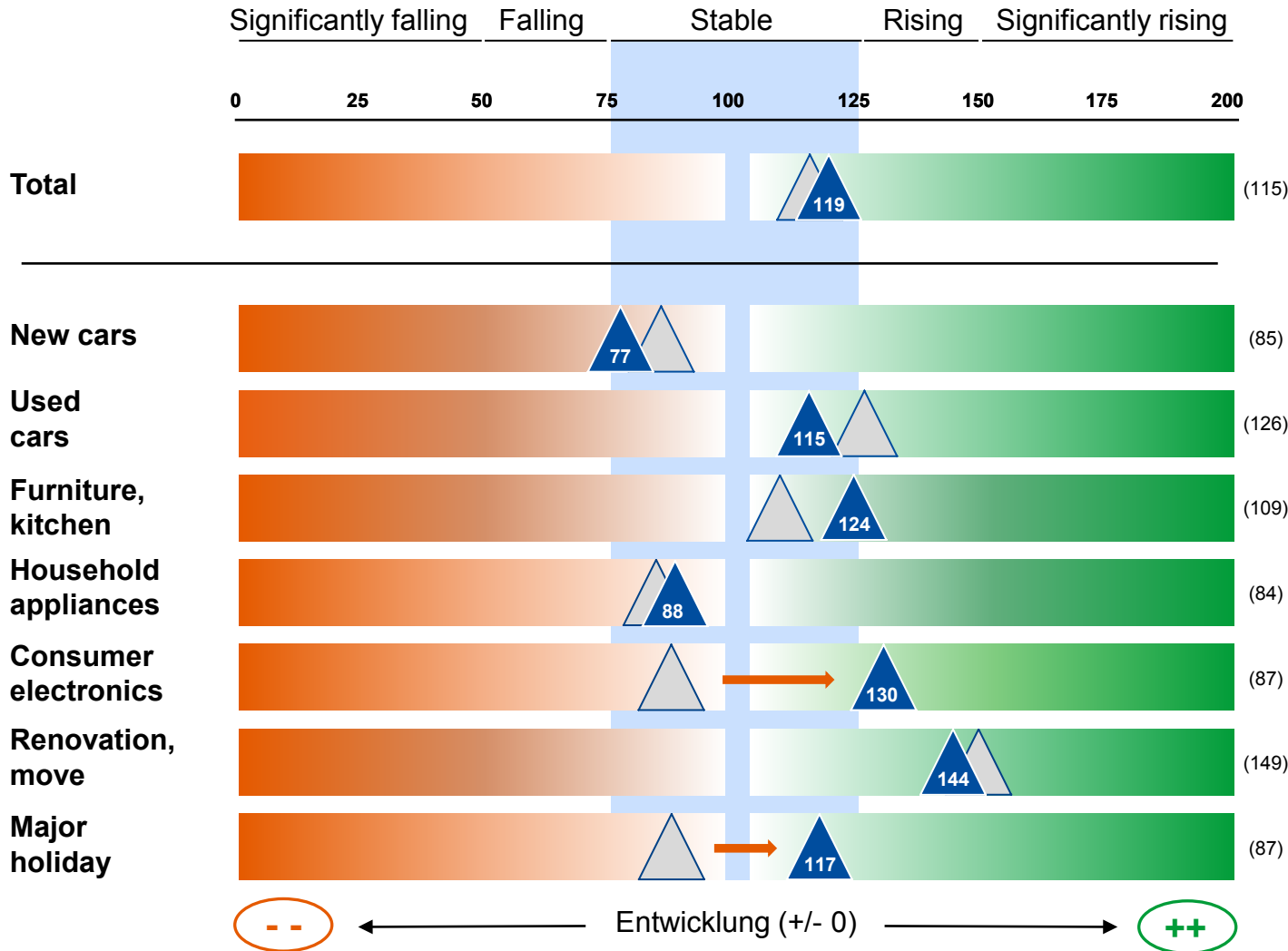


The Consumer Credit Index for 2015/2016 shows a positive trend, at 119 points.

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

Consumer Credit Index

In comparison to KKI II/2014

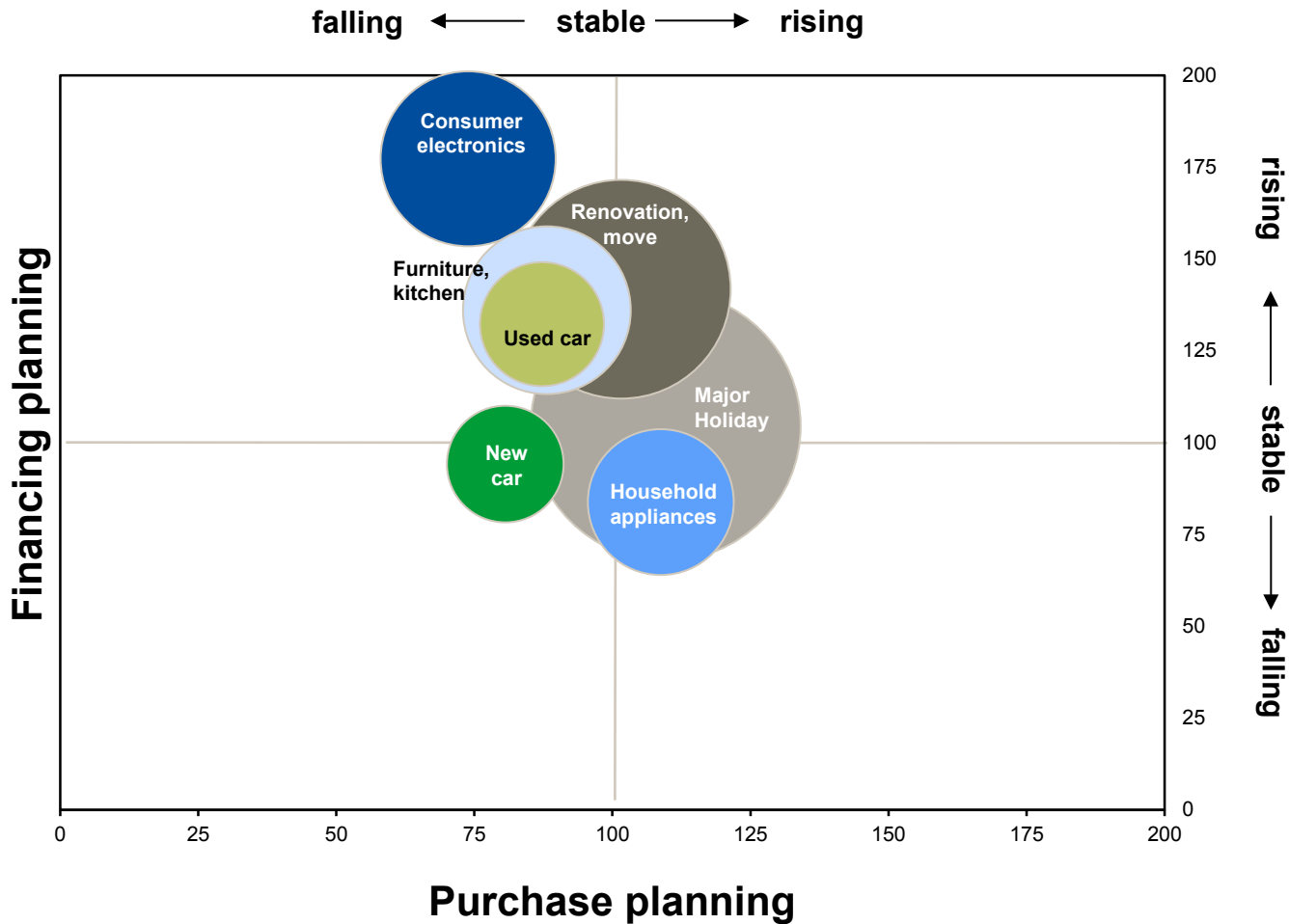


The Consumer Credit Index for 2015/2016 shows a slightly positive trend, at 119 points.

▲ KKI II/2015
 ▲ KKI II/2014
 (in brackets: KKI II/2014)

Consumer Credit Index

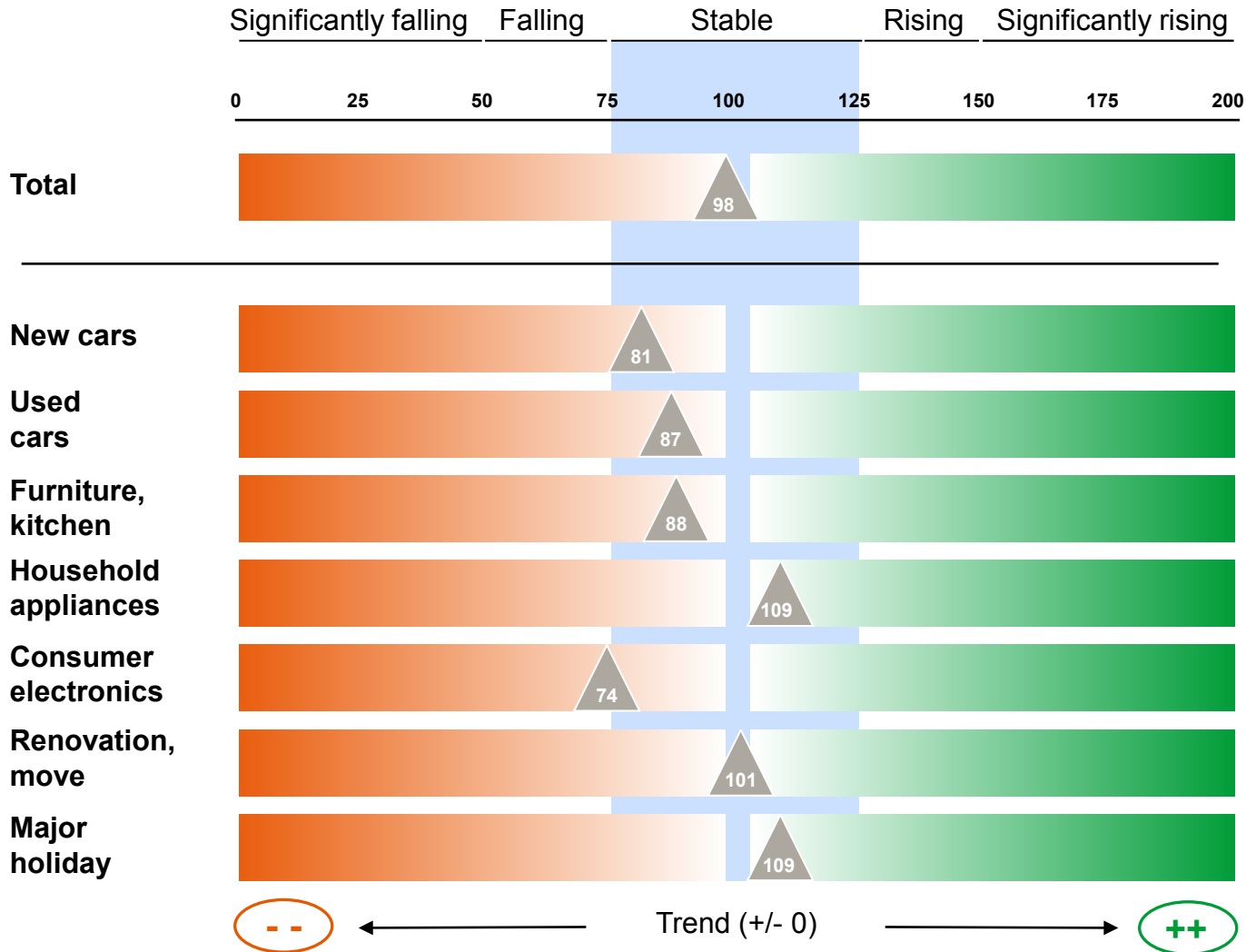
An overview



Holidays and household appliances currently tend to be planned above-average. A rising intention to take out loans can be identified for renovations, furniture, consumer electronics and used cars.

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

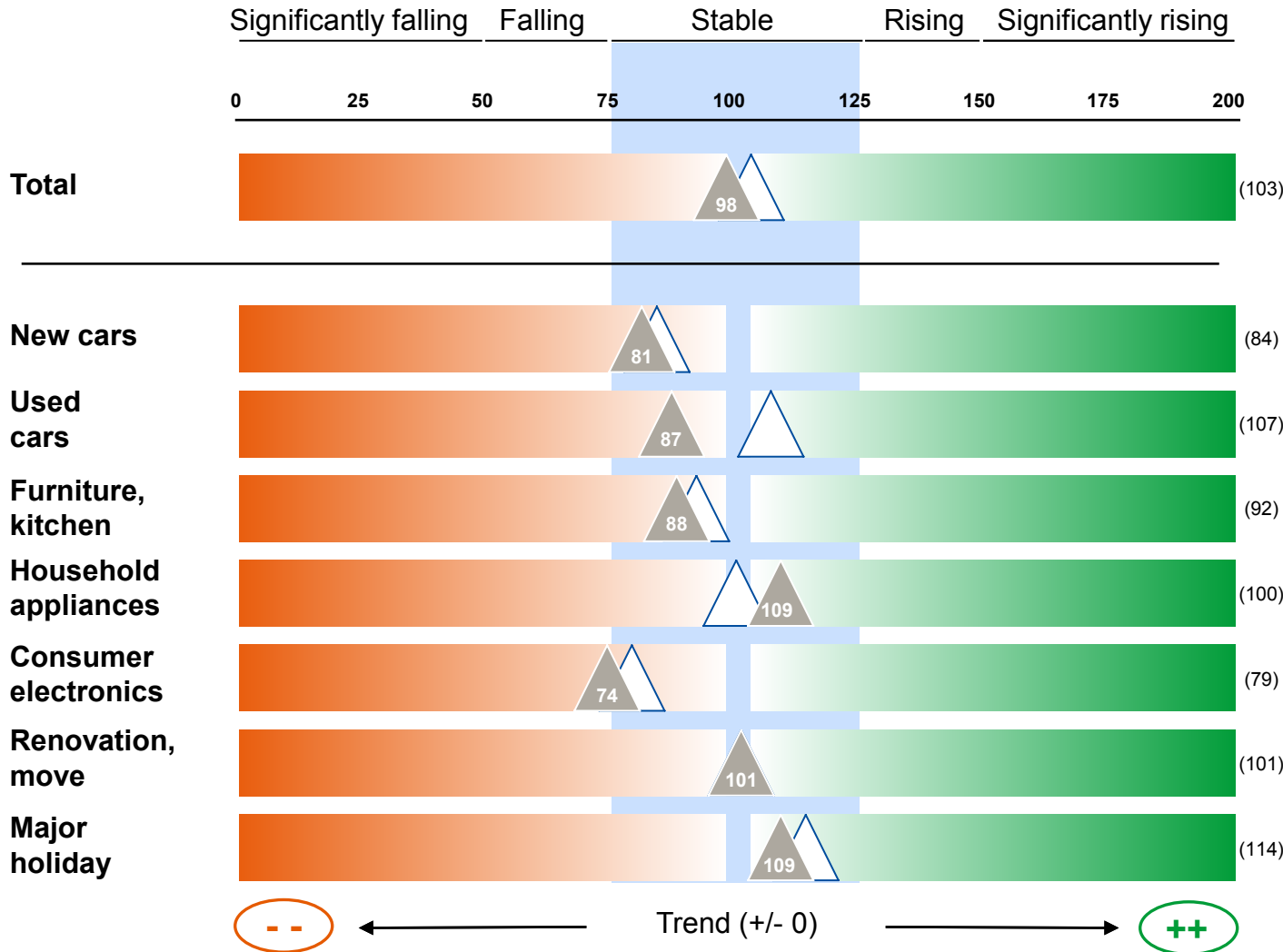
Purchase Planning in detail



Purchase planning is stable across all the product groups with a slightly negative trend for consumer electronics.

Purchase Planning

In comparison to KKI II/2014

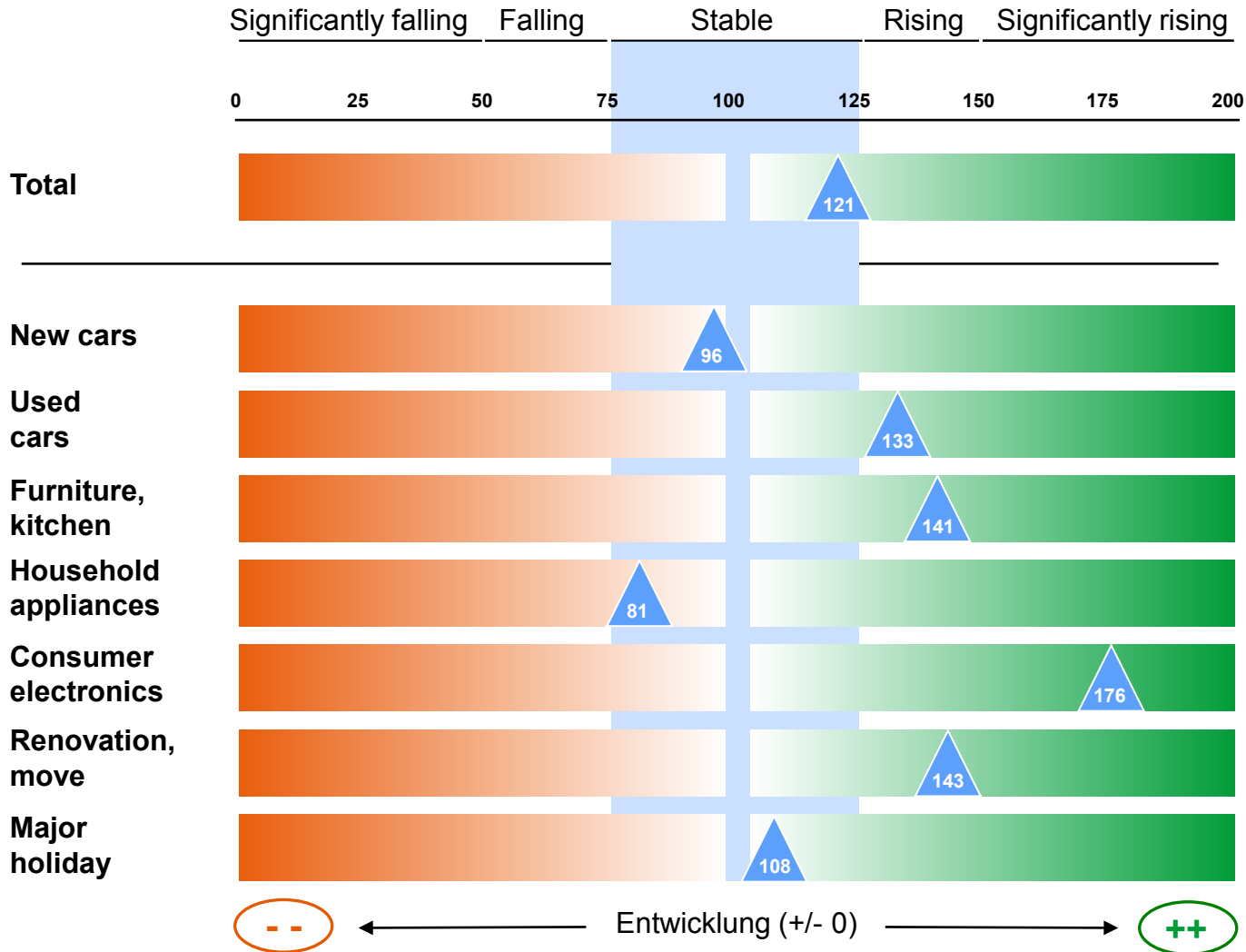


In comparison to the forecast for 2014, purchase planning is declining slightly in many areas.

▲ KKI II/2015
 ▲ KKI II/2014
 (in brackets: KKI II/2014)

Financing Planning

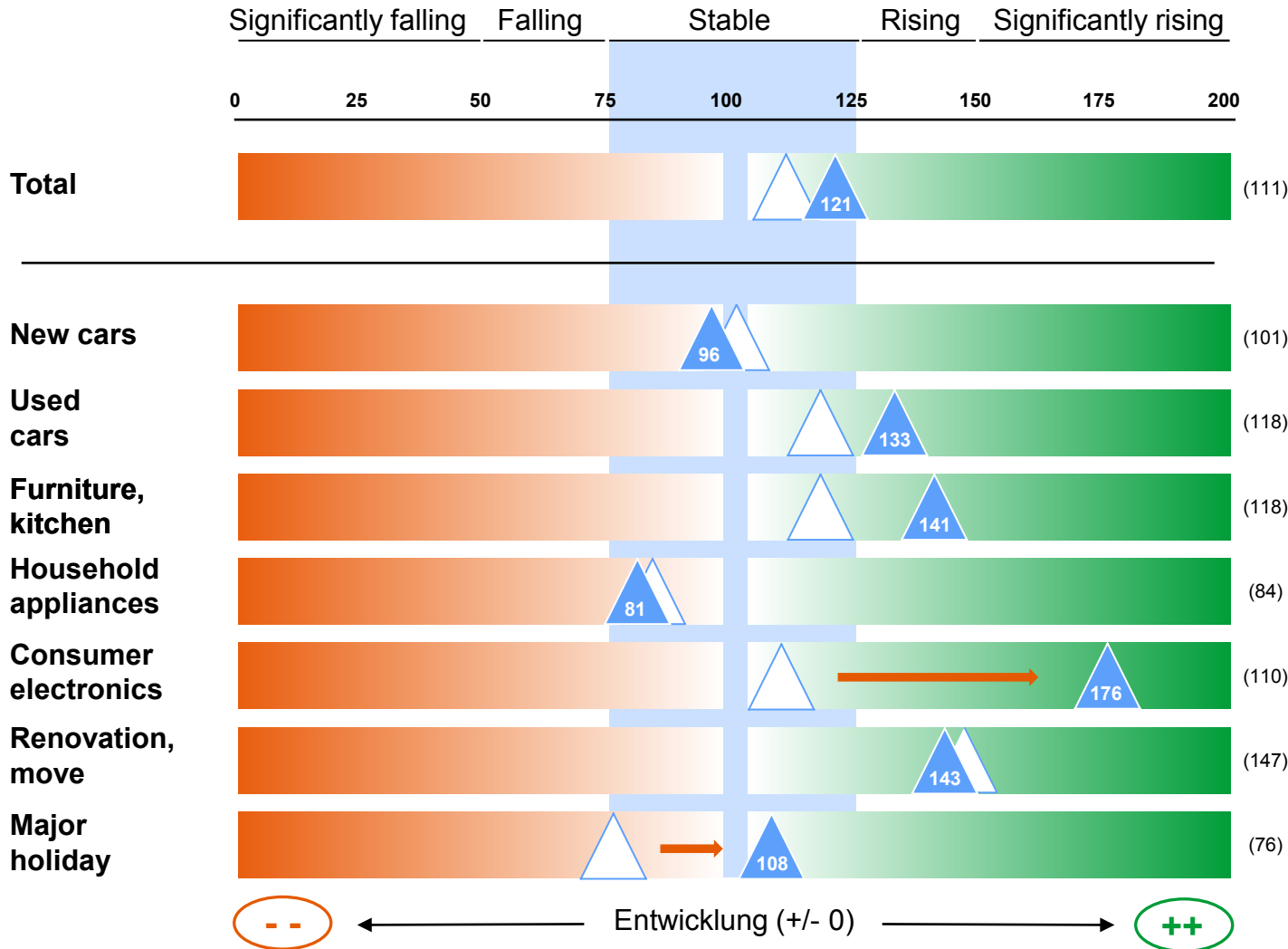
In detail



The willingness to take out loans for purchases is stable, and the trend is positive. Financing planning for consumer electronics, renovations/moves, furniture, kitchens and used cars is increasing.

Financing Planning

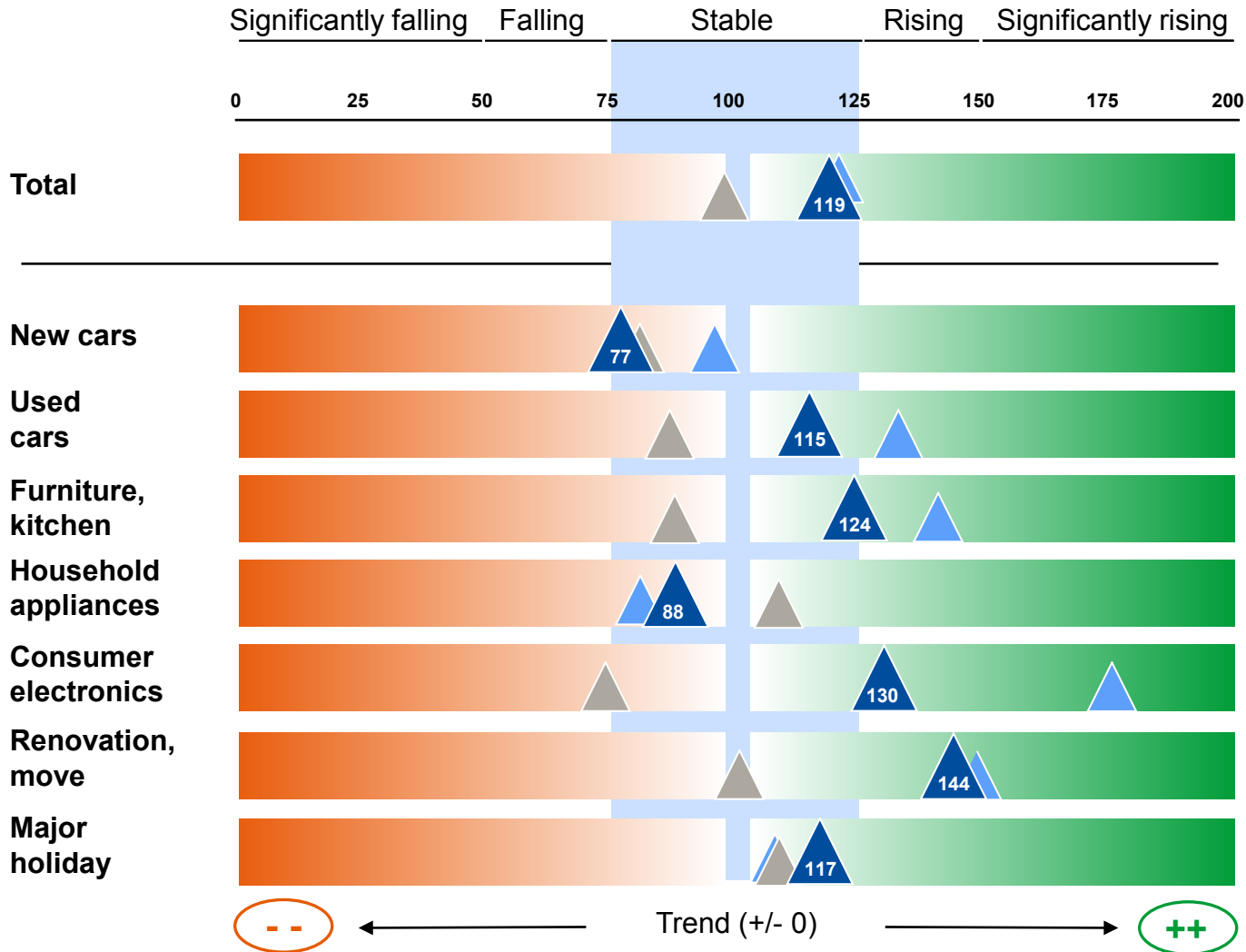
In comparison to KKI II/2014



In comparison to the forecast for the previous year, the willingness to finance a holiday, consumer electronics or a kitchen has risen.

Consumer Credit Index, Purchase Planning and Financing Planning

In detail



The Consumer Credit Index currently reaches 119 points. The trend is thus slightly positive.

- Legend:
- Consumer Credit-Index
 - Purchase planning
 - Financing planning

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

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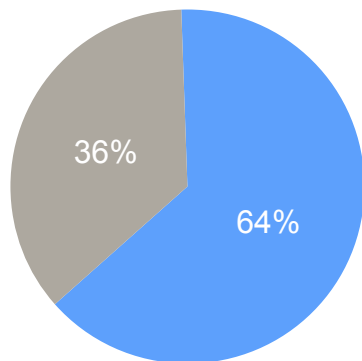
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Purchases in the Past 12 Months

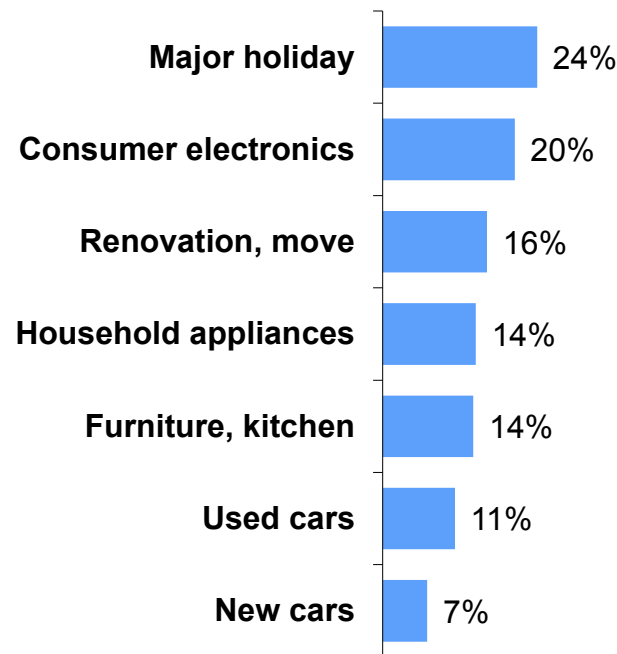
Total and for individual purchases



Purchase in the past 12 months
n = 1,835



Type of purchases in the past 12 months
n = 1,835



64% of all respondents have made major purchases in the past 12 months.

The focus was mainly on major holiday trips and consumer electronics.



Legend: 20% 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: 1,835 respondents; other purchases not shown.

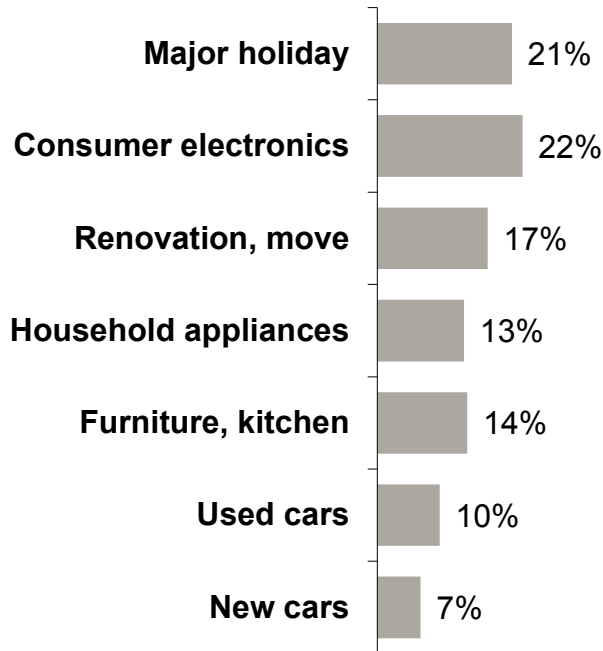
Purchases in the Past 12 Months

Annual comparison



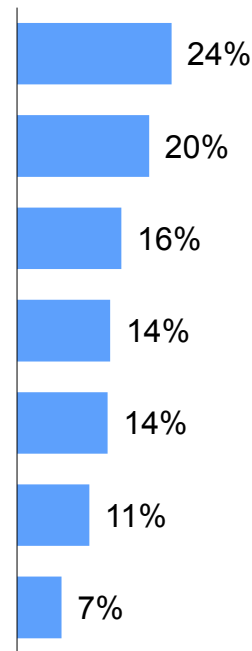
Type of purchases in the past 12 months (KKI II/2014)

n = 1,607



Type of purchases in the past 12 months (KKI II/2015)

n = 1,835



The level of purchases against that of the previous year is relatively consistent. Holiday trips have increased slightly.



Legend: 20% of all respondents have purchased consumer electronics in the past year. This figure has decreased by 2% points compared to KKI II/2014.

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

Basis: 1,835 respondents, other purchases not shown (KKI II/2014: 1,607 respondents)

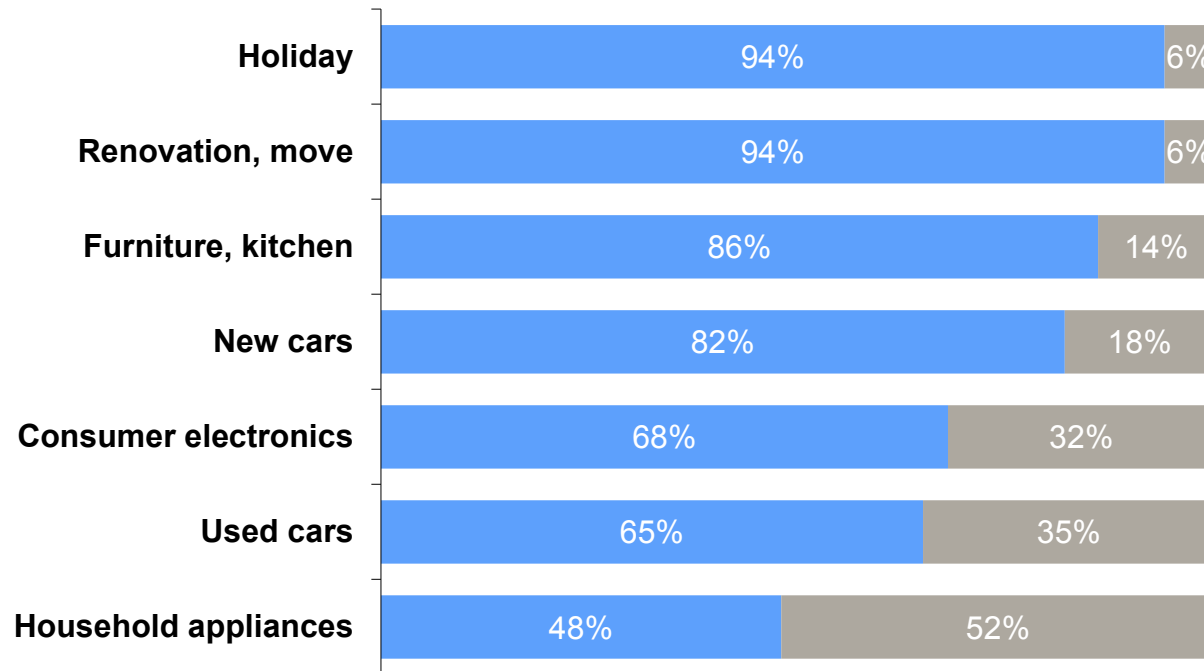
Purchases in the Past 12 Months

Proportion of planned purchases



Sub-group: has purchased the product in each case

■ Planned purchase ■ Unplanned purchase



Holiday trips, renovations or purchases of furniture or kitchens are rather planned than carried out spontaneously.

Planned and spontaneous purchases are virtually balanced in the case of large household appliances.



Legend: 94% of all major holiday trips are planned in advance, 48% of all large household appliances are purchased spontaneously.

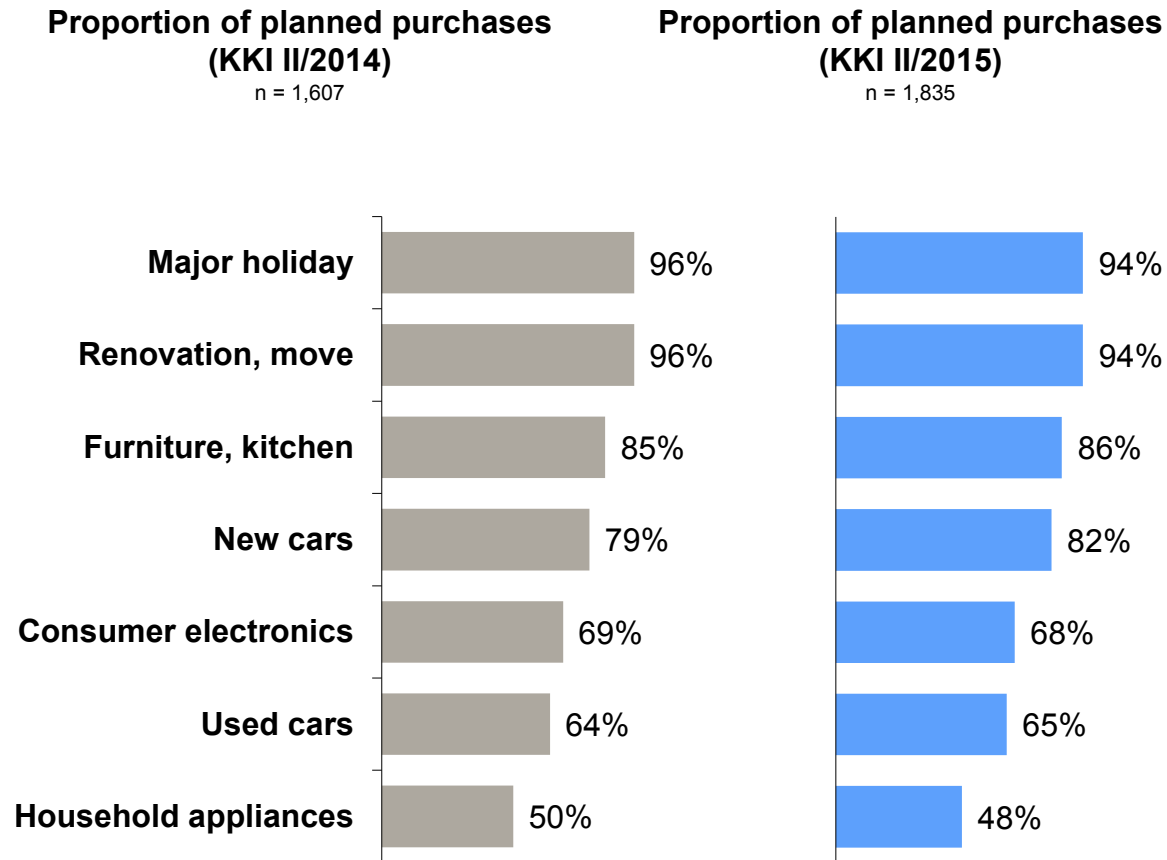
F1a: Which of the following major purchases / expenses have you made / had in your household in the past 12 months?

F1b: Please specify for all purchases / expenditures whether they were planned. Basis: 1,835 respondents; other purchases not shown.

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Purchases in the Past 12 Months

Proportion of planned purchases over time



The proportions of planned purchases/acquisitions generally remain at a high level.



Legend: 94% of all major 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: 1,835 respondents, other purchases not shown (KKI II/2014: 1,607 respondents)

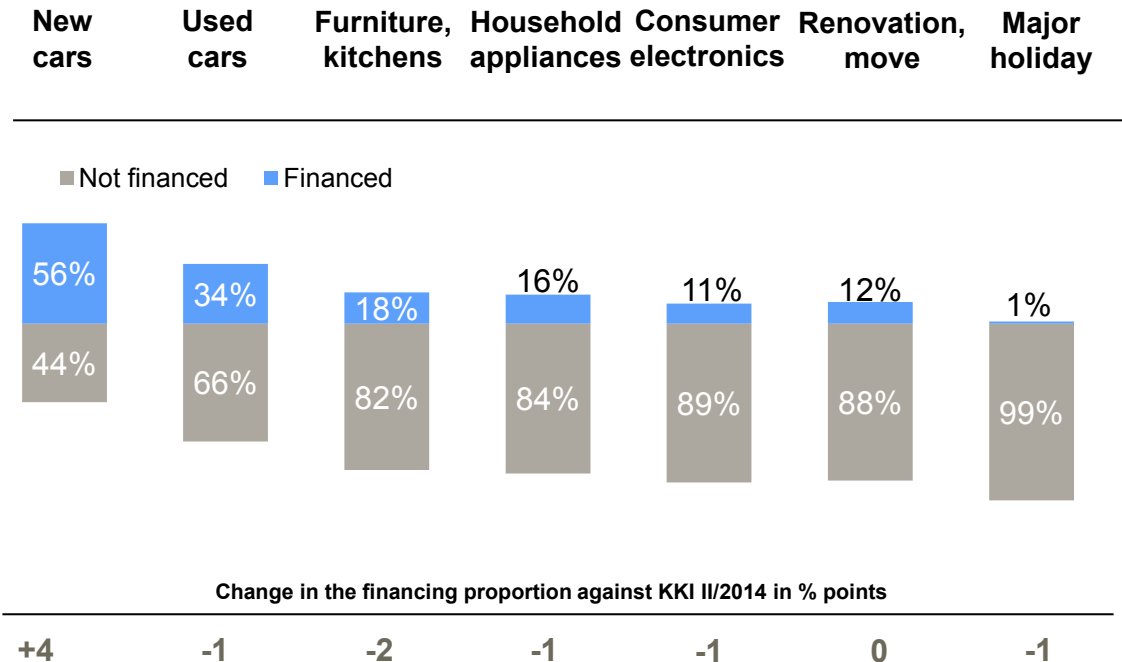
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Purchases in the Past 12 Months

Financing



Purchases in the past 12 months



56% of all new cars are currently at least partly financed. A marked increase is noted in purchases of new cars in comparison to the previous year.



Legend: 56% of all those who bought new cars have financed their vehicle.

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? Basis:

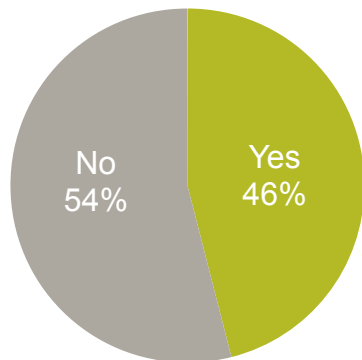
1,835 respondents, other purchases not shown (KKI II/2014: n=1,607 respondents)

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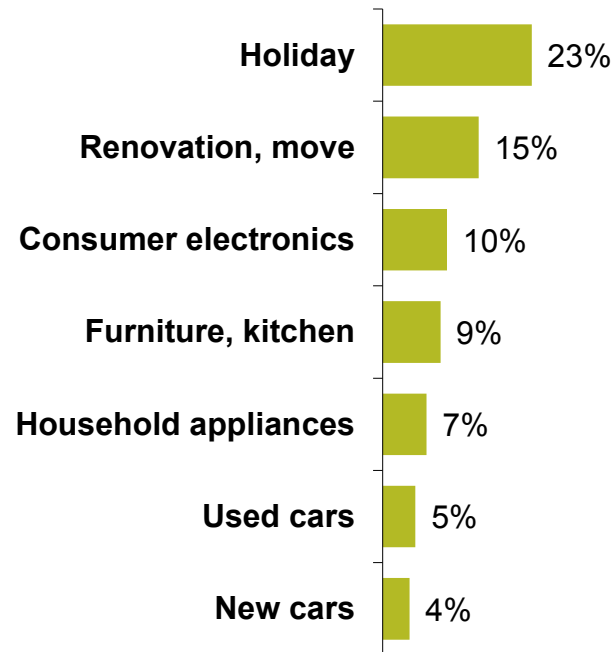
Planned Purchases in the Next 12 Months



**Planned purchases
in the next 12 months**
n = 1,835



**Type of planned purchases
in the next 12 months**
n = 1,835



46% of all respondents are currently planning larger purchases/expenses, with the focus on holiday trips.



Legend: 15% 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?

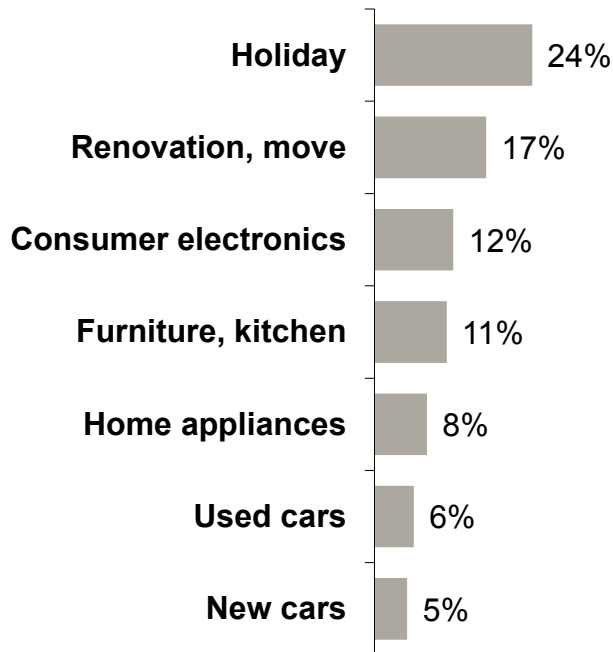
Basis: 1,835 respondents; other purchases not shown

Planned Purchases in the Next 12 Months

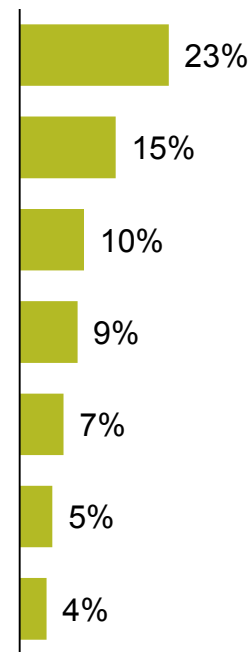
Annual comparison



**Type of planned purchases
in the next 12 Months
(KKI II/2014)**
n = 1,607



**Type of planned purchases
in the next 12 Months
(KKI II/2015)**
n = 1,835



The propensity to buy stagnated extensively. 23% of all the households are planning to go on extensive holiday trips in the next 12 months; 7% are planning to purchase household appliances.



Legend: 15% 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: 1,835 respondents, other purchases not shown (KKI II/2014: 1,607 respondents)

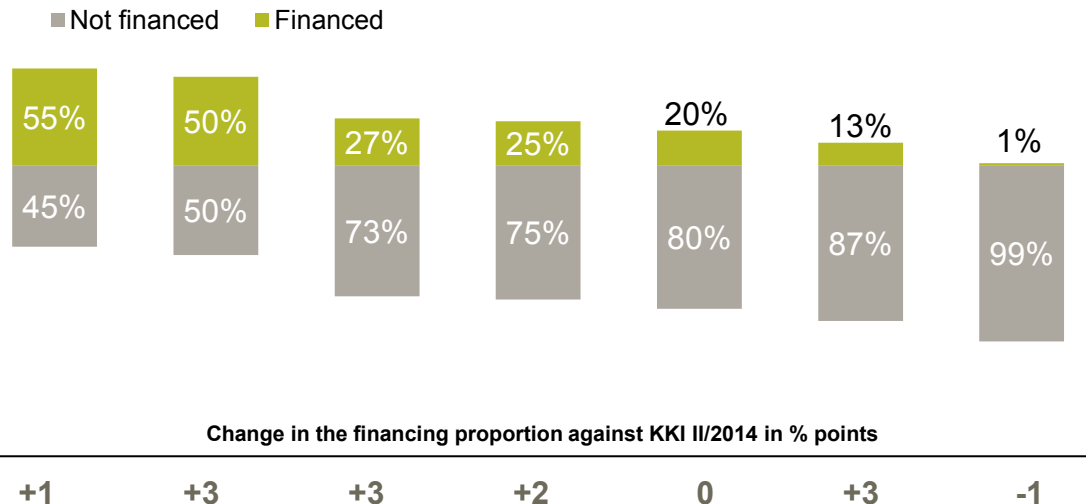
Planned Purchases in the Next 12 Months

Financing



Credit financing conceivable – planners of the respective purchase

New cars **Used cars** **Furniture, kitchens** **Consumer electronics** **Renovation, move** **Household appliances** **Major holiday**



The willingness to finance is increasing slightly.



Legend: 55% 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 in principle imagine taking out a loan to make this purchase?

Basis: 1,835 respondents, other purchases not shown (KKI II/2014: 1,607 respondents)

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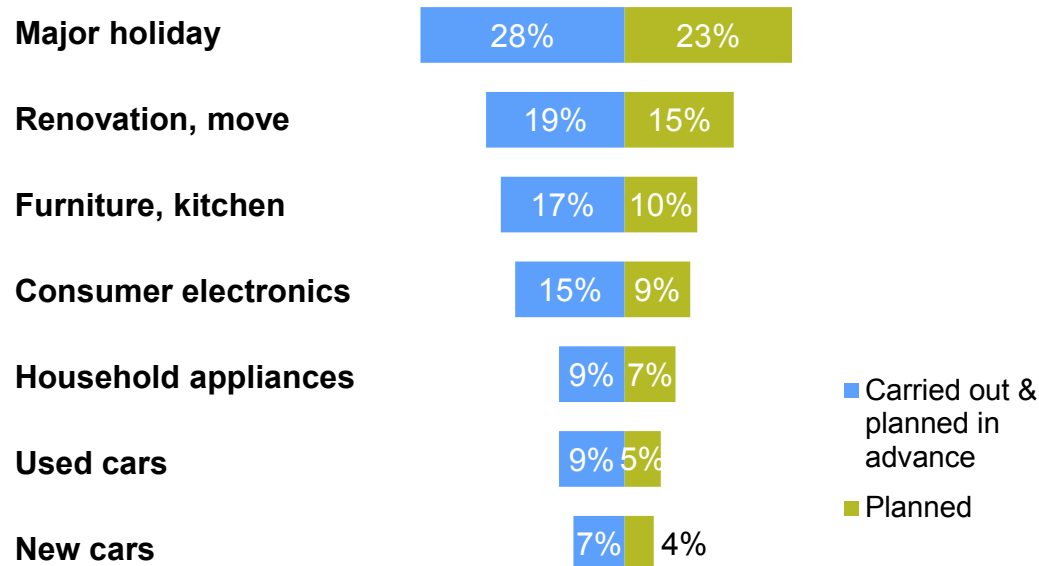
Planned Purchases in the Past and in the next 12 Months



Type of planned purchase in the past 12 months
n = 1,226 respondents

Type of planned purchase in the next 12 months
n = 1,835 respondents

23% of the respondents are planning major holiday trips; 28% have been on a planned holiday trip in the past 12 months.



F1a: Which of the following 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: 1,835 respondents, of these 1,268 planning purchases; other purchases not shown

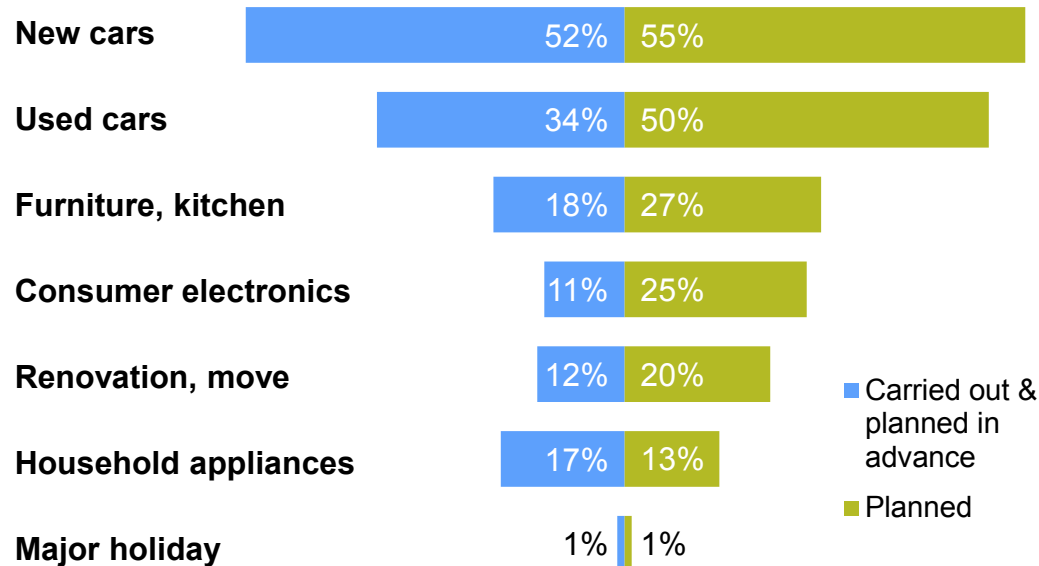


Effected and Conceivable Financing

Sub-group: Planned purchase 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



55% of all planned purchases of new cars and 50% of all planned used car purchases are to be financed in the next 12 months.

A big increase is noted in used cars, furniture and kitchens and in consumer electronics and renovations.



Legend: 13% 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: 999 respondents planning purchases; other purchases not shown

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