

# MARKET STUDY 2015 – CONSUMER AND VEHICLE FINANCING

GfK Financial Market Research

conducted on behalf of the Bankenfachverband e.V.

(German Association of Credit Banks)

# Agenda



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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 2015.

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 and online loan agreements.





# 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 = 1,835 interviews, the results were subsequently weighted

### **Survey period**

3 July 2015 to 31 July 2015

### **Publication**

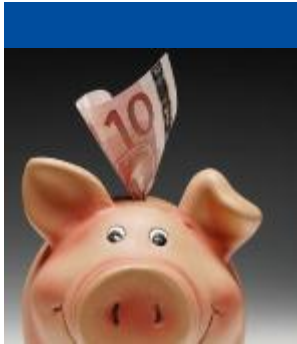
October 2015





## Study design II

### Case numbers



**n = 763 users of financing products**

all respondents who use at least one form of financing

**n = 1,072 non- users of financing products**

all respondents who do not use any form of financing

**n = 1,576 car owners**

all respondents who own at least one car



**n = 557 car owners (with financing)**

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

**n = 1,019 car owners (without financing)**

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



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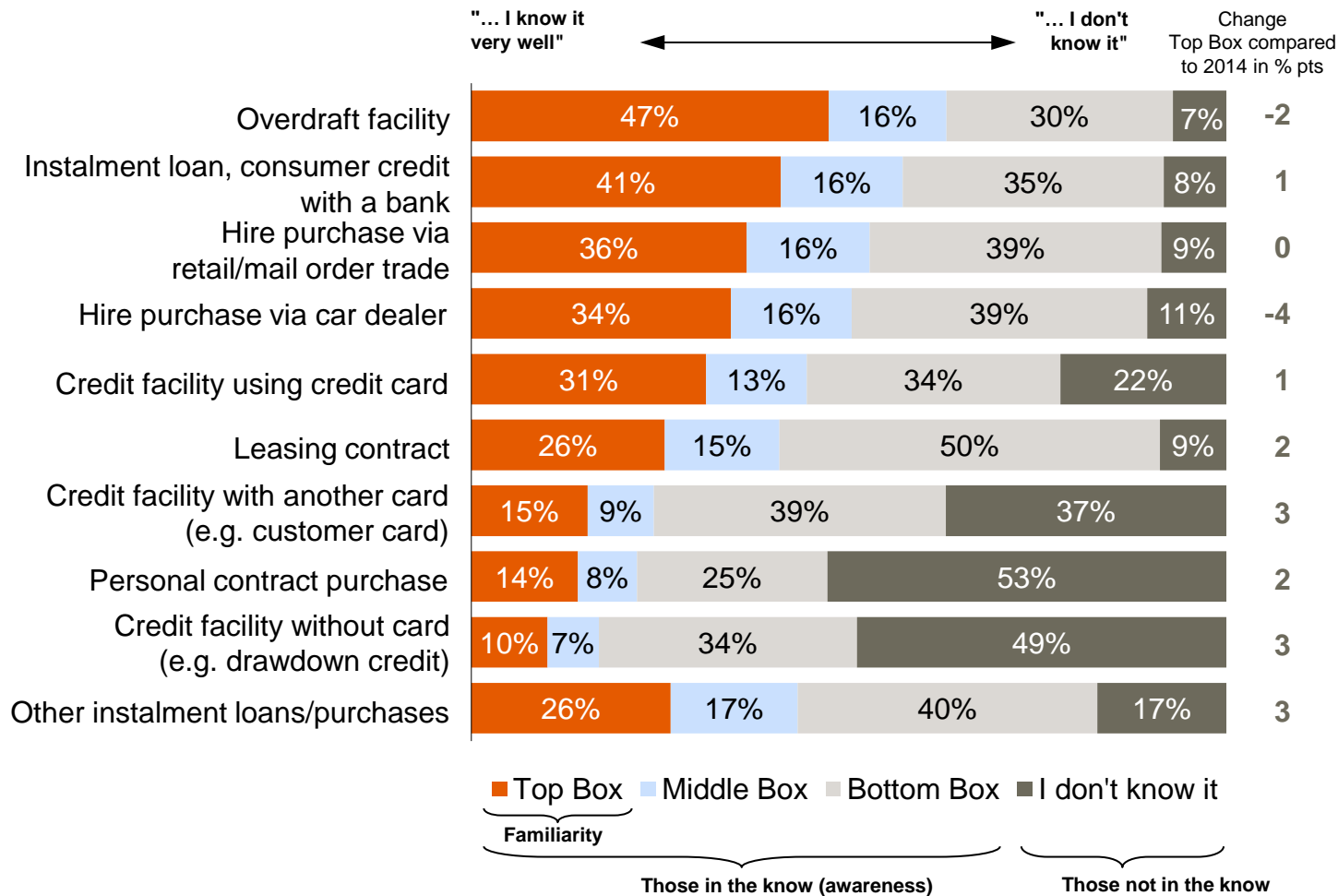


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# Awareness of and familiarity with forms of financing

## All respondents



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

**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 = 1,835 excl. no response – rounding-off differences

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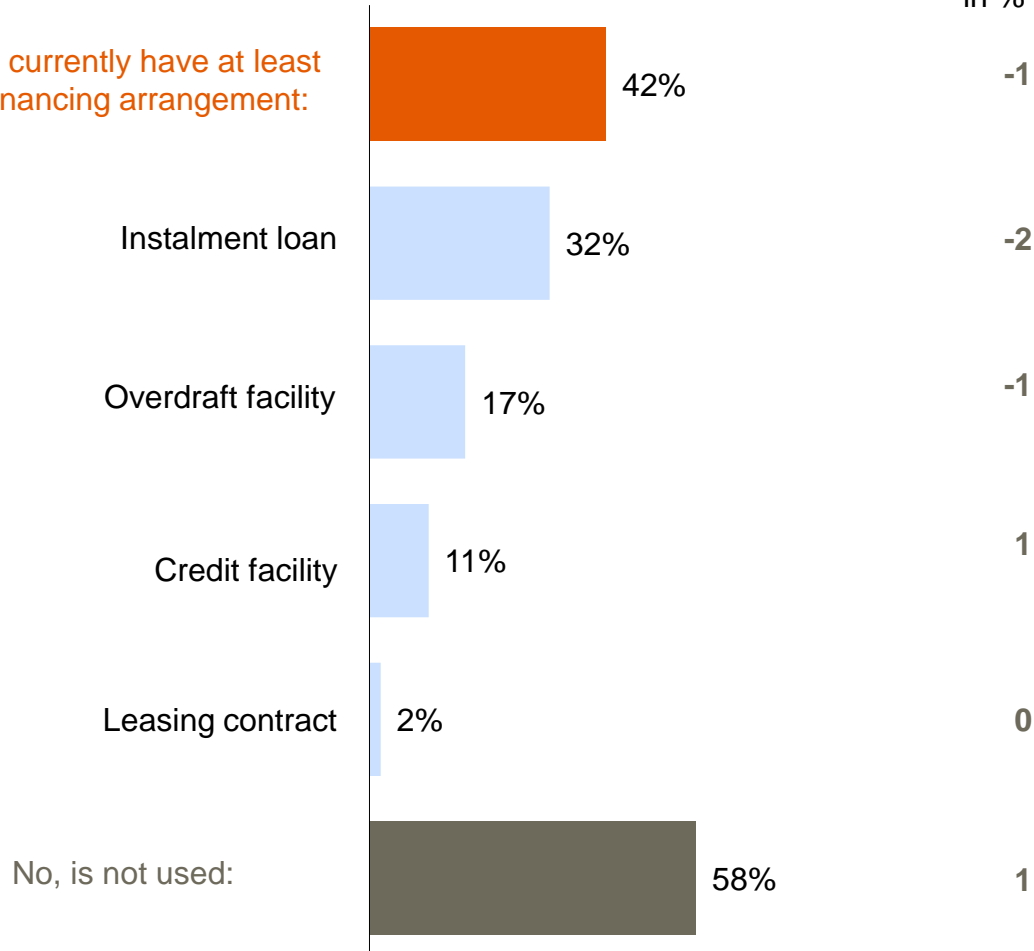


# Use of financing

## All respondents

Change compared  
to 2014  
in % pts

Yes, I currently have at least  
one financing arrangement:



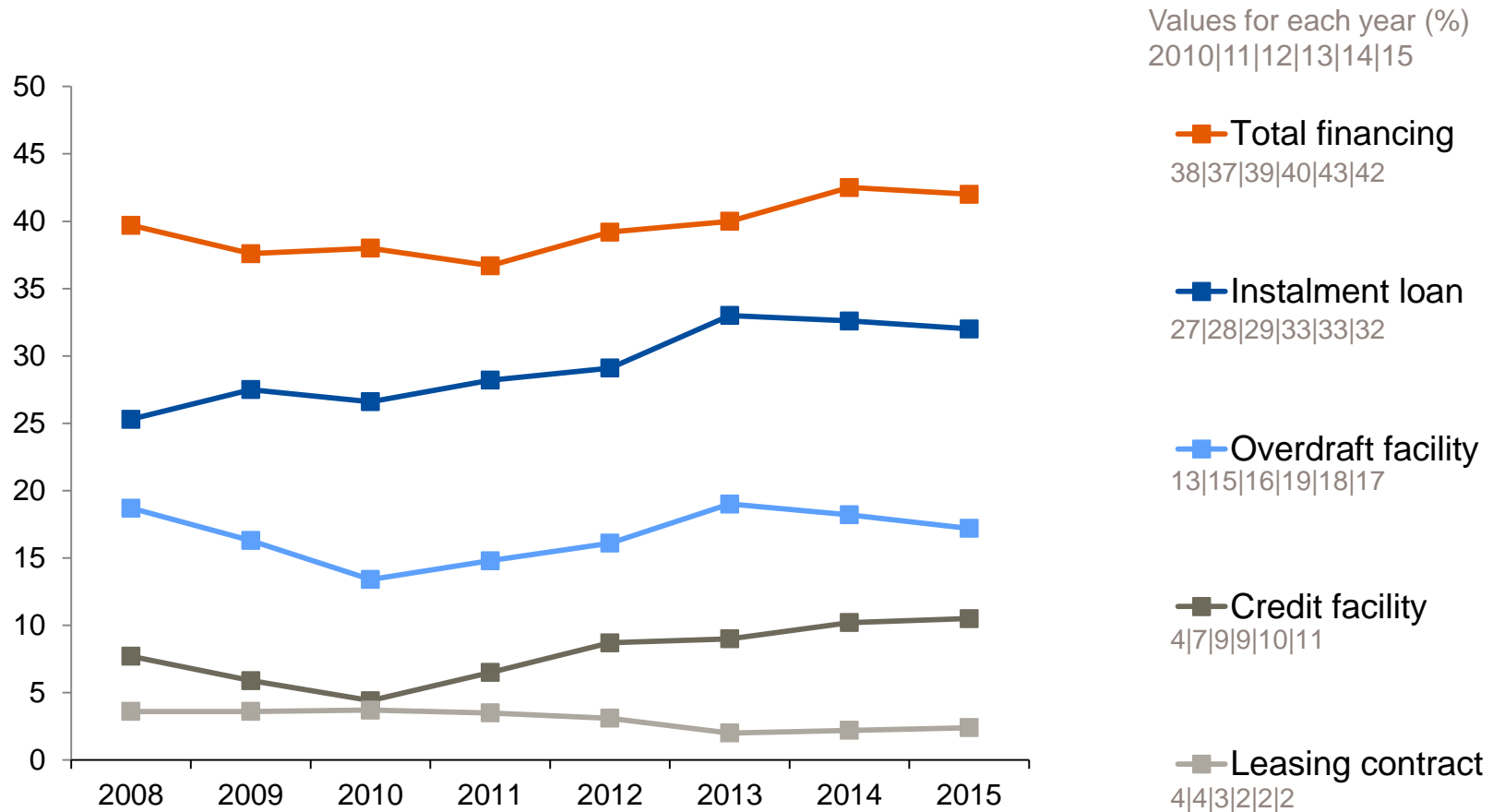
The use of instalment loans reached 32% in 2015 – there are no further detectable increases compared to the previous year.



# Use of financing

All respondents/wave comparison/selection of individual forms of financing

Use



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

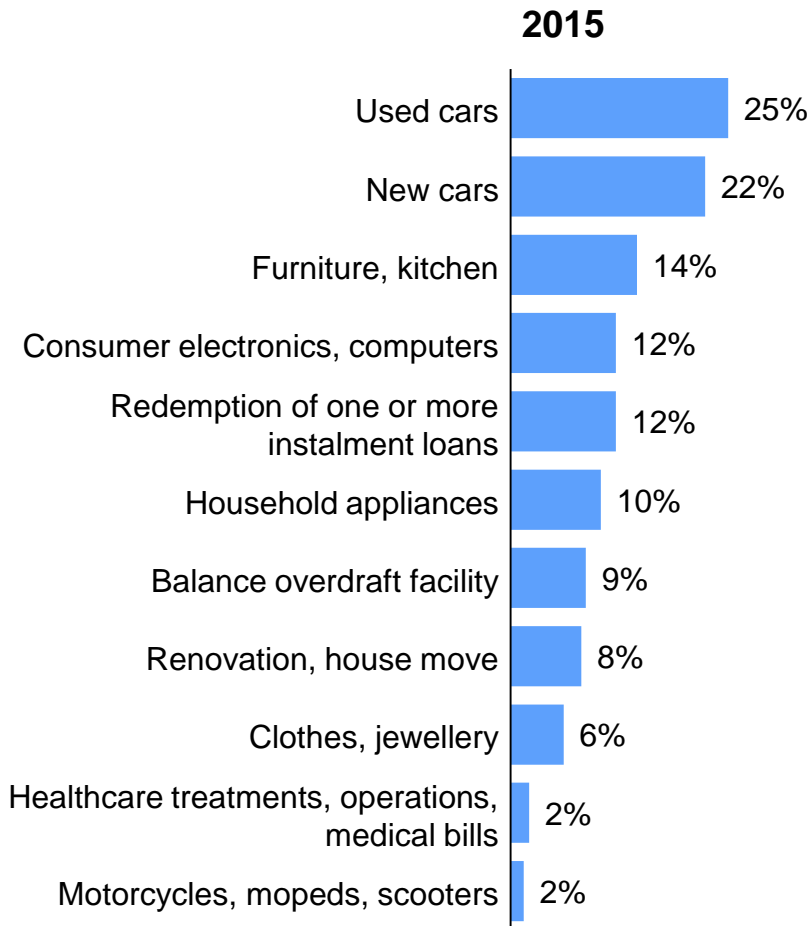
Basis: all respondents in each case, basis: n = 1,835 excl. no response.

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# Instalment loans – intended purpose

Instalment loan users – multiple answers possible



25% of instalment loan users use their instalment loans to pay for used cars.

Q3a: Are you currently using one of the following loans/forms of financing? Q3c: And what did you use your current loan for?

Basis: instalment loan users n = 547 excl. no response; it is not possible to compare different years, as the categories and the calculation used have changed since 2014.

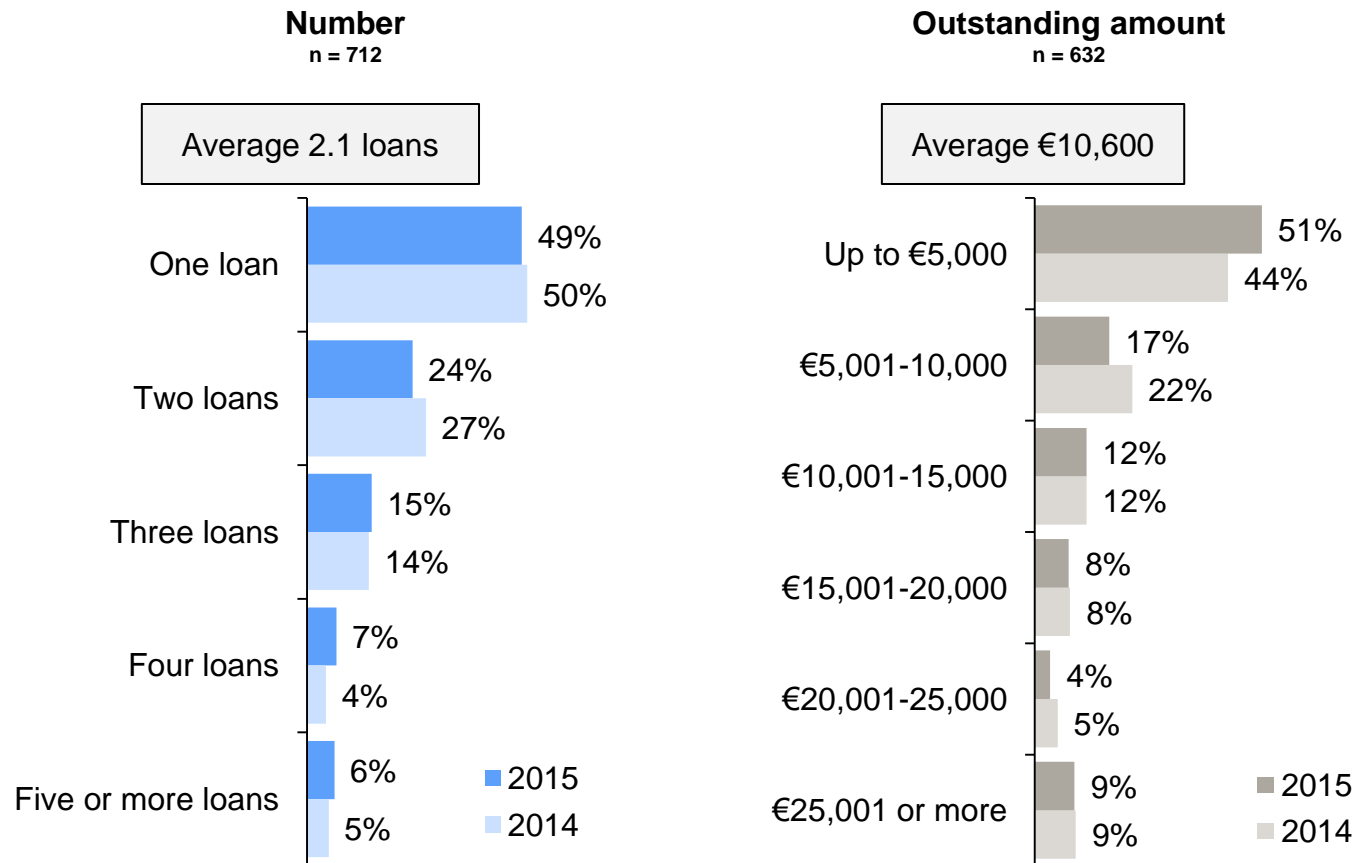
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# Loans – number and amounts outstanding

## Users of financing products

On average, each user of financing products in Germany has taken out 2.1 loans and still has an outstanding amount of €10,600 to repay.



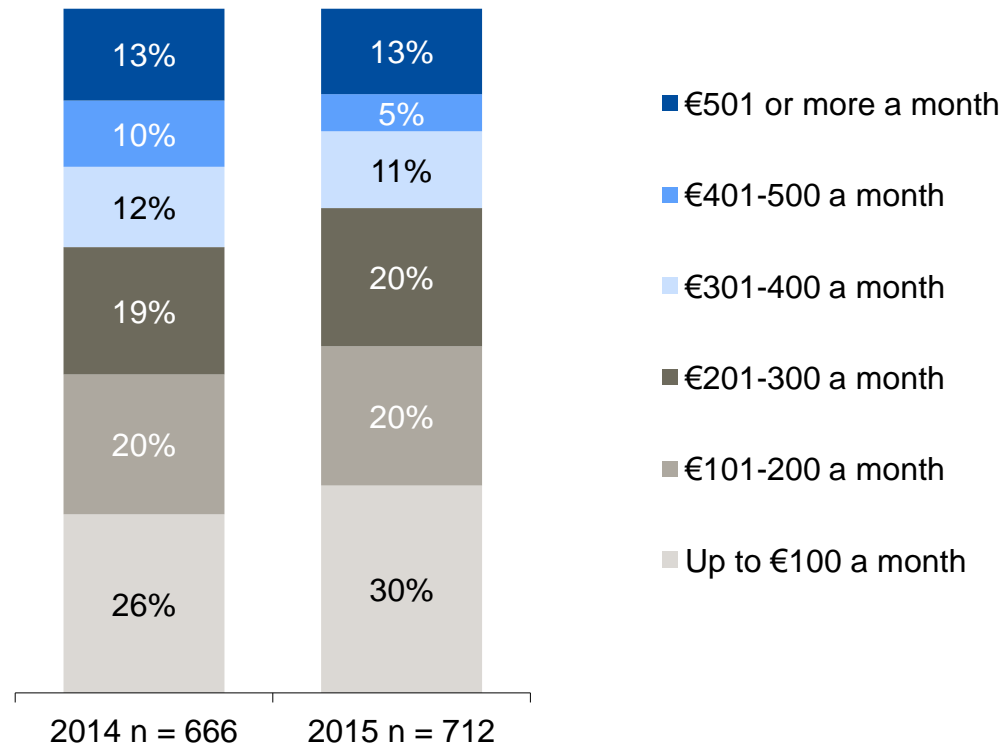
Q3b: For the forms of loan/financing that you are currently using, how many different contracts have you concluded for each form of loan/financing? Basis: excl. no response

Q3e: And what is the amount (excluding mortgage financing) that you still have to pay back for these loans? Basis: excl. no response



# Total amount of monthly payments

## Users of financing products



The average amount of monthly payments is currently €250.

### Amount of average monthly payments:

2015: €250  
2014: €270  
2013: €300  
2012: €300

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

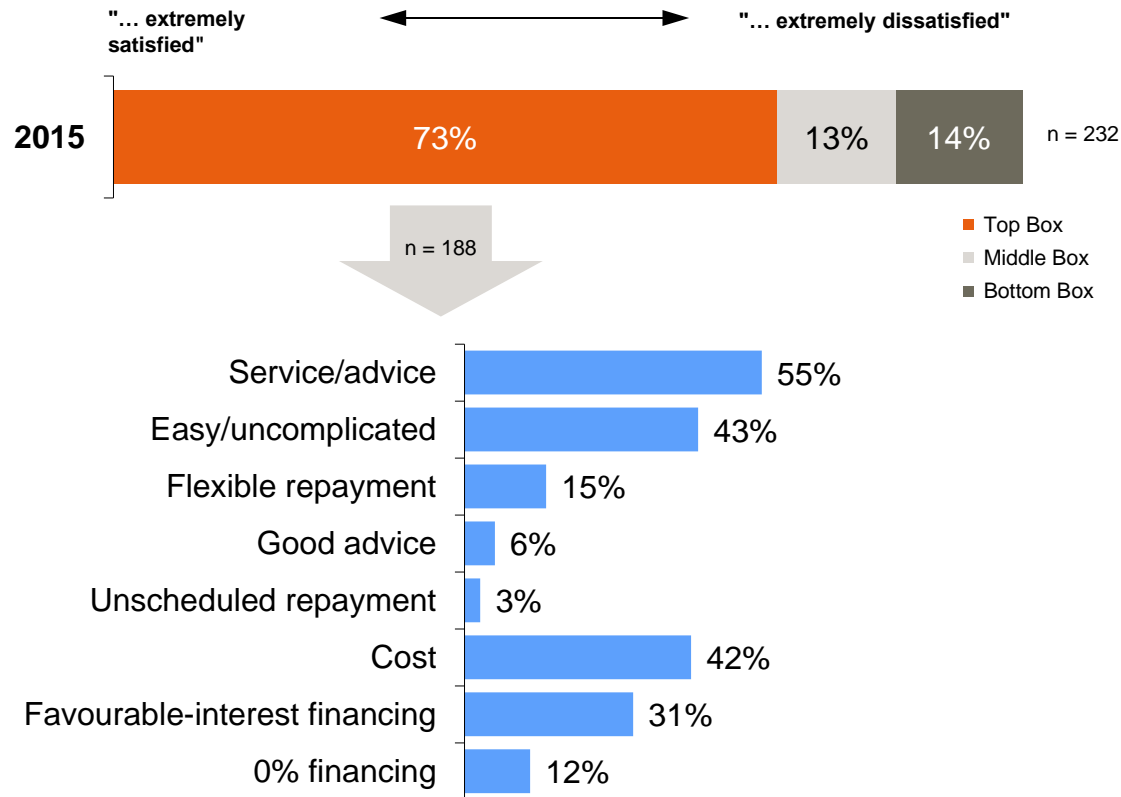


# Satisfaction with financing

## Users of financing products

### Respondents' assessment and reasons for satisfaction

73% of all respondents are either extremely satisfied or very satisfied with their financing (2014: 72%). Above all, the service provided by the lender and the cost of the financing are currently regarded favourably by the respondents.



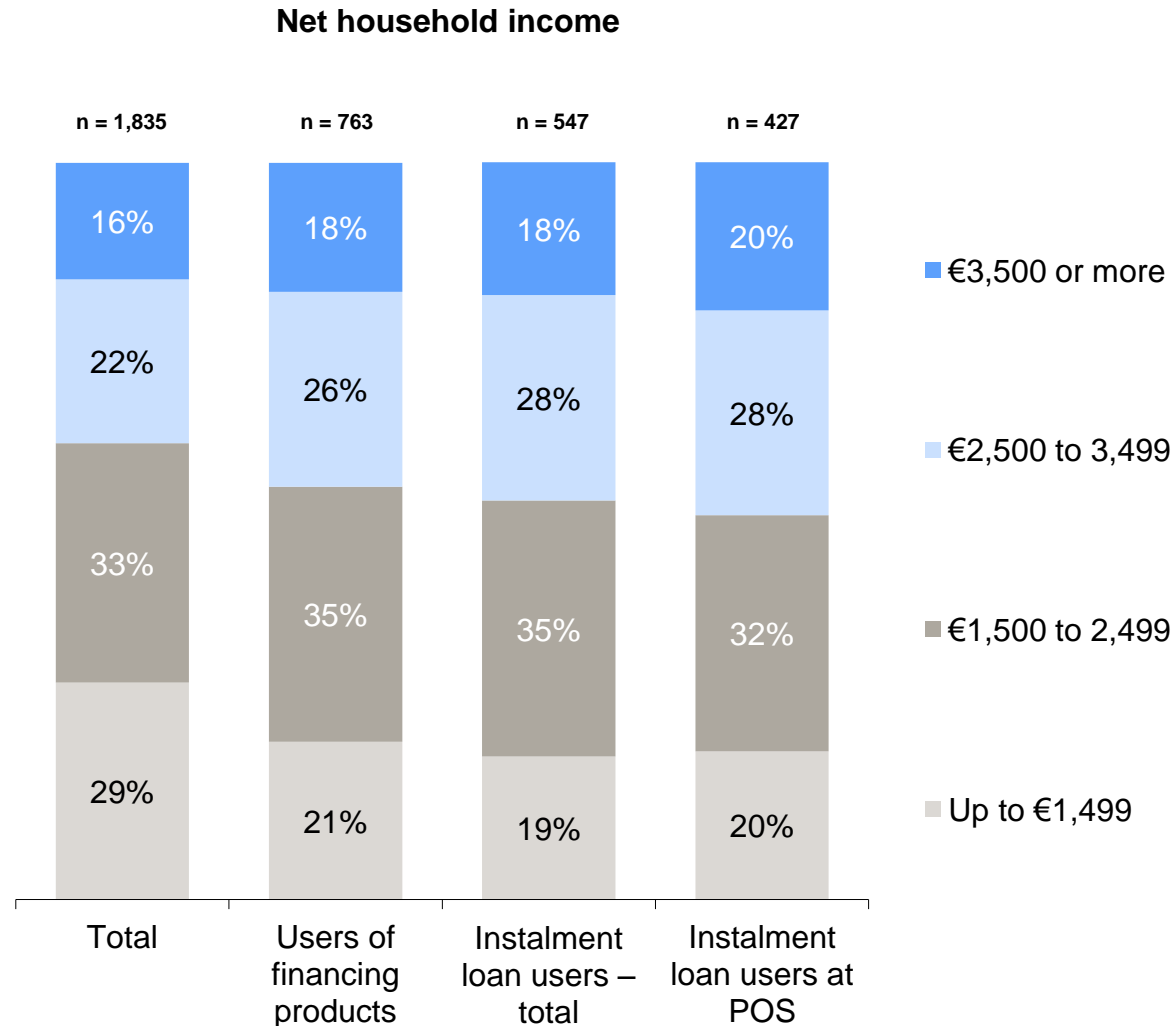
Q1e: How satisfied are you overall with the loan/loans you have taken out? Basis: users of financing products excl. no response

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



# Statistics: net household income

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



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

Basis: all respondents n = 1,835 excl. no response

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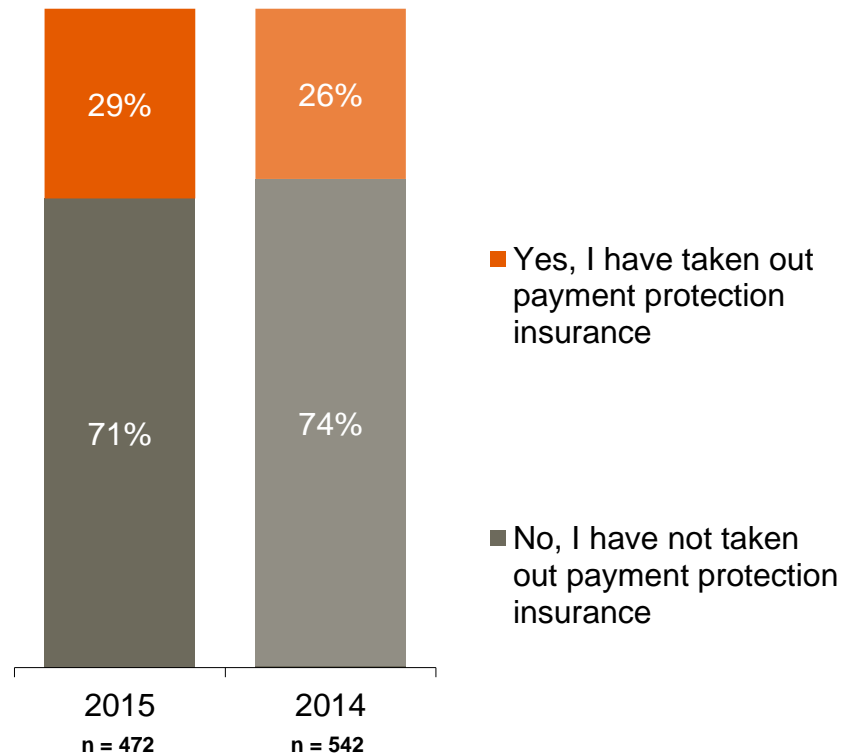
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# Payment protection insurance (PPI) taken out Instalment loan users

29% of all instalment loan users have taken out payment protection insurance.



Q11: Have you taken out payment protection insurance for your most recent instalment loan?

Basis: excl. no response

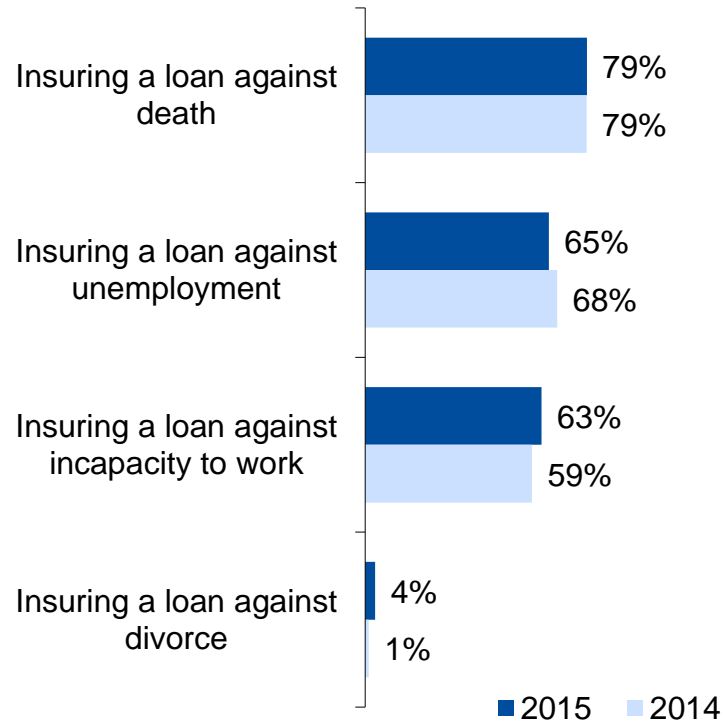
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# PPI taken out according to risk

## Instalment loan users with payment protection insurance

**Covered risks  
in total**  
n = 136



Insuring a loan against death is the most frequently covered risk.

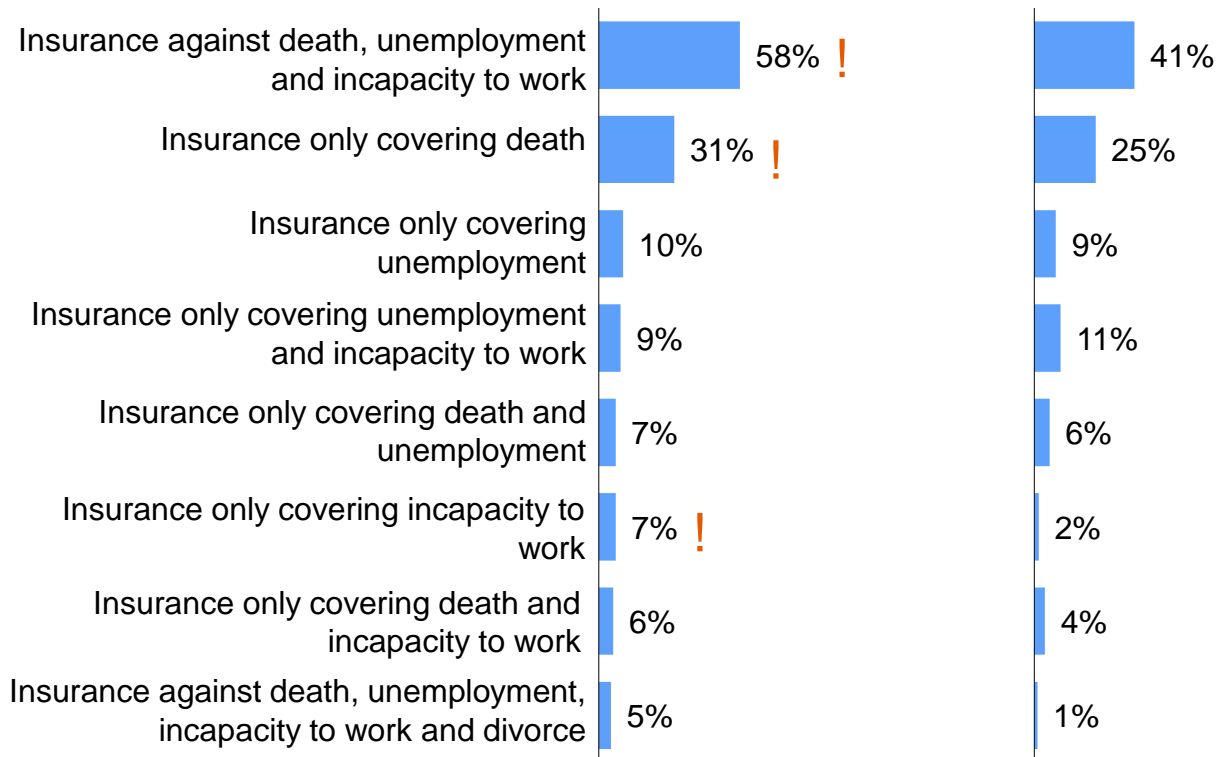


# PPI taken out according to risk

## Instalment loan users with payment protection insurance

**Covered risks  
2015 in detail**  
n = 136

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



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

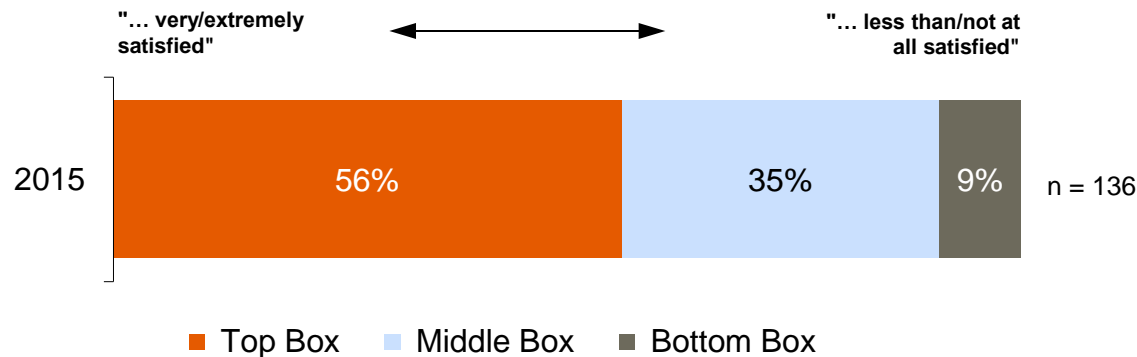


# Satisfaction with payment protection insurance

## Instalment loan users with payment protection insurance

### Satisfaction

The majority of instalment loan users with payment protection insurance are (extremely) satisfied with their insurance; only 9% are dissatisfied.



Q14: How satisfied are you overall with your payment protection insurance?

Basis: excl. no response

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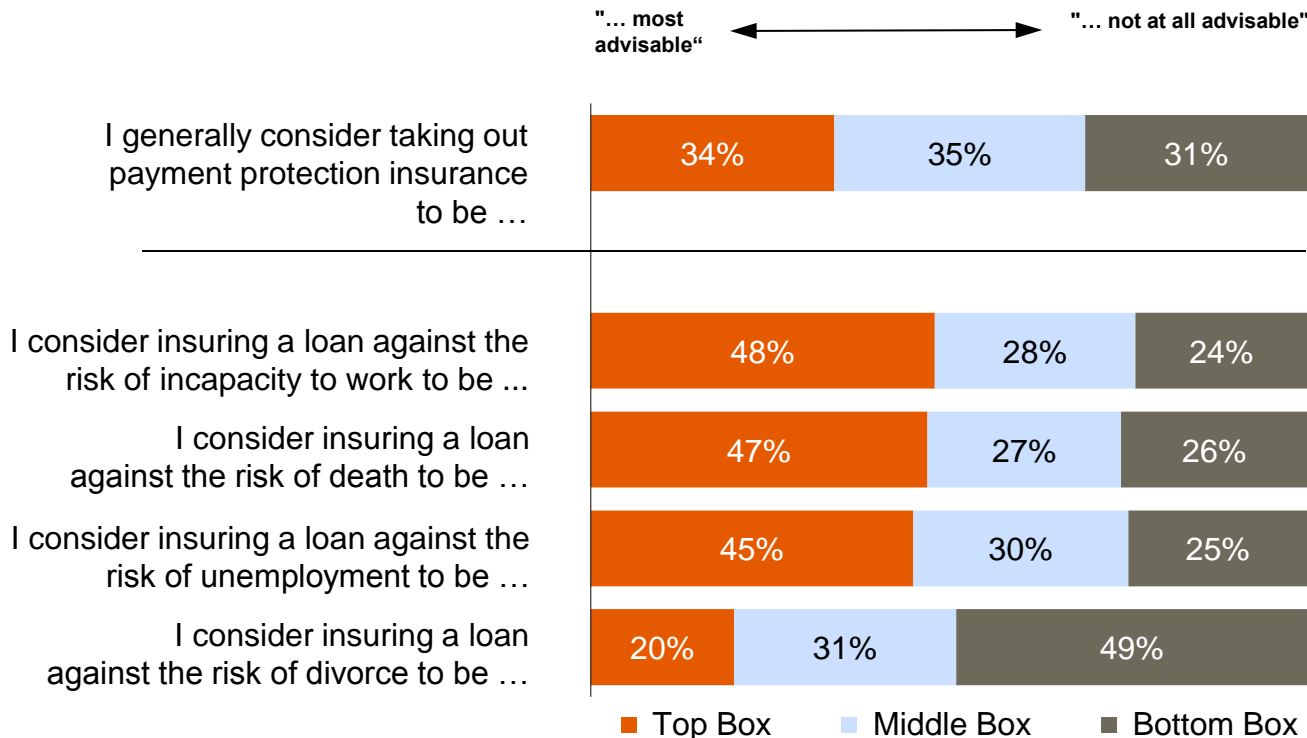


# Taking out payment protection insurance

## Users of financing products

### Statements

34% of users of financing products generally consider payment protection insurance 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 = 713 excl. no response

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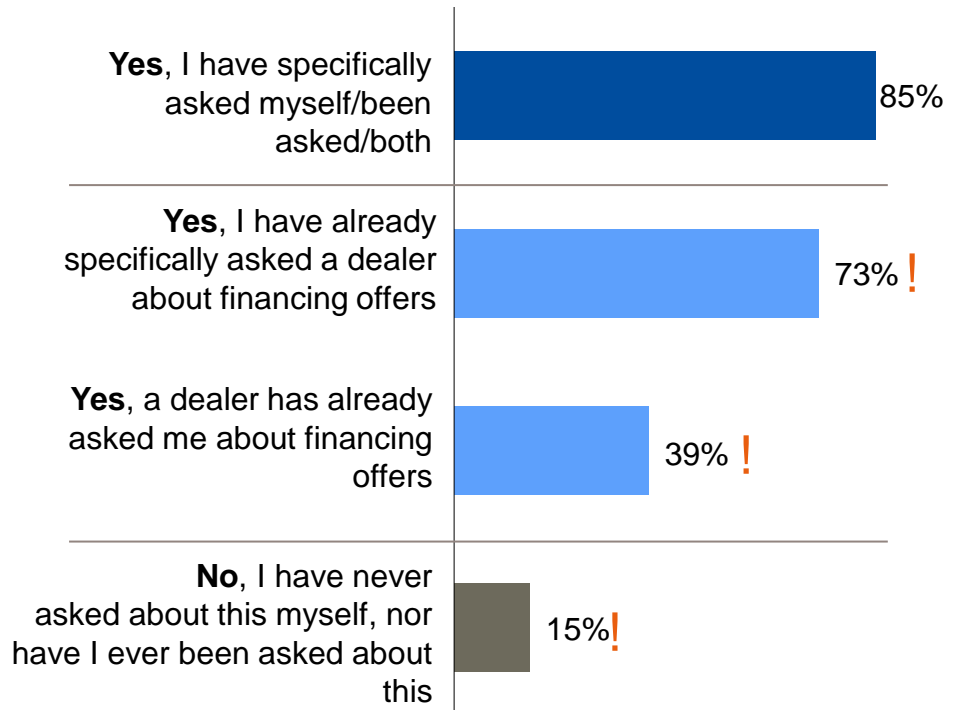
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# Financing in retail trade

## Raising the question of financing offers

**Users of financing products  
in retail trade**  
n = 427



73% of all users of financing products in retail trade have already specifically asked a dealer about financing offers.

### Information:

Financing in retail trade 2014:

**Yes, I have specifically asked myself/been asked/both:** 70%

**Yes, I have already specifically asked a dealer about financing offers:** 56%

**Yes, a dealer has already asked me about financing offers:** 29%

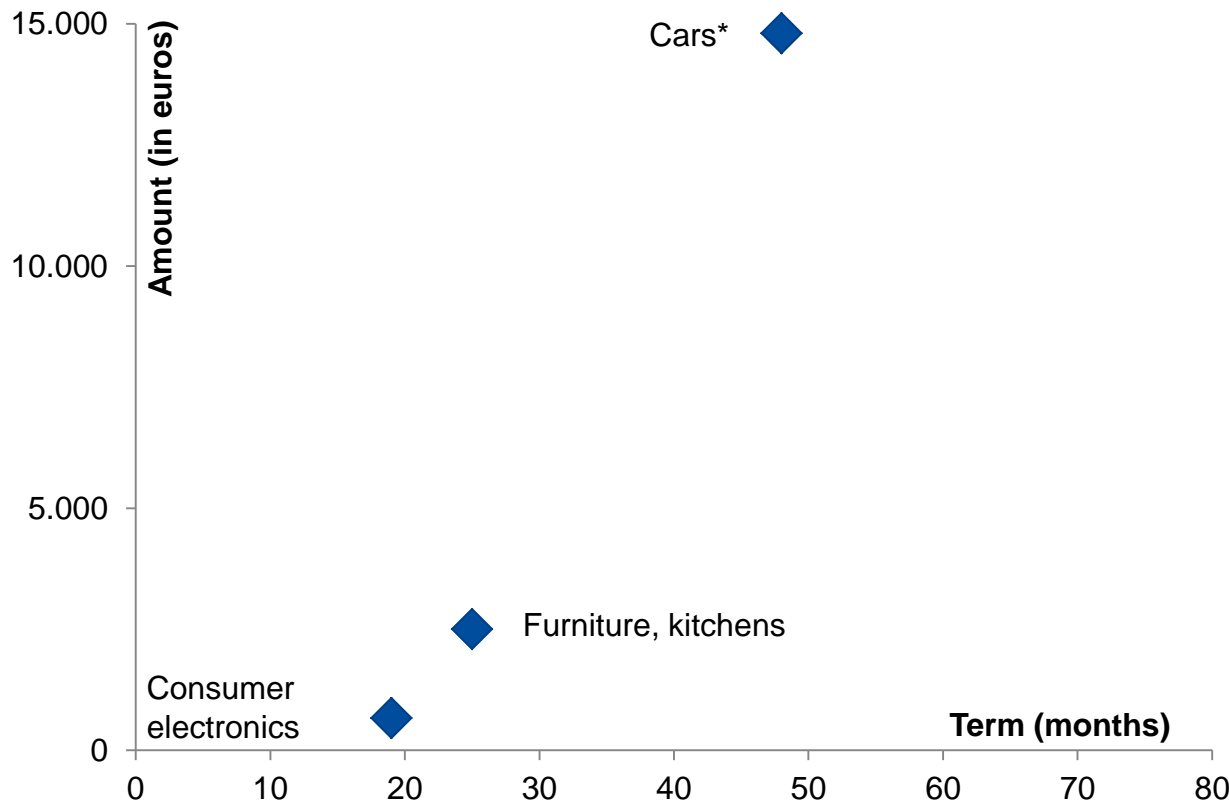
**No, I have never asked about this myself, nor have I ever been asked about this:** 30%

Q16: 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 in retail trade



Financing:  
New cars:  
€17,500 (47 months)  
Used cars:  
€11,400 (50 months)

### Figures in detail:

	Term	Amount
Cars	48	14,800
Furniture, kitchen	25	2,500
Consumer electronics	19	670

\*Average for new and used cars

Q17.a. Do you currently have loans for one or more purchases made by mail order/at retail outlets or car dealers? Please state whether you have financed the following purchases. Q17.c. If you have, what amount was financed in each case?

Q17.d. And how many months does the loan period comprise? Basis: n = 427 excl. no response; "other" not shown



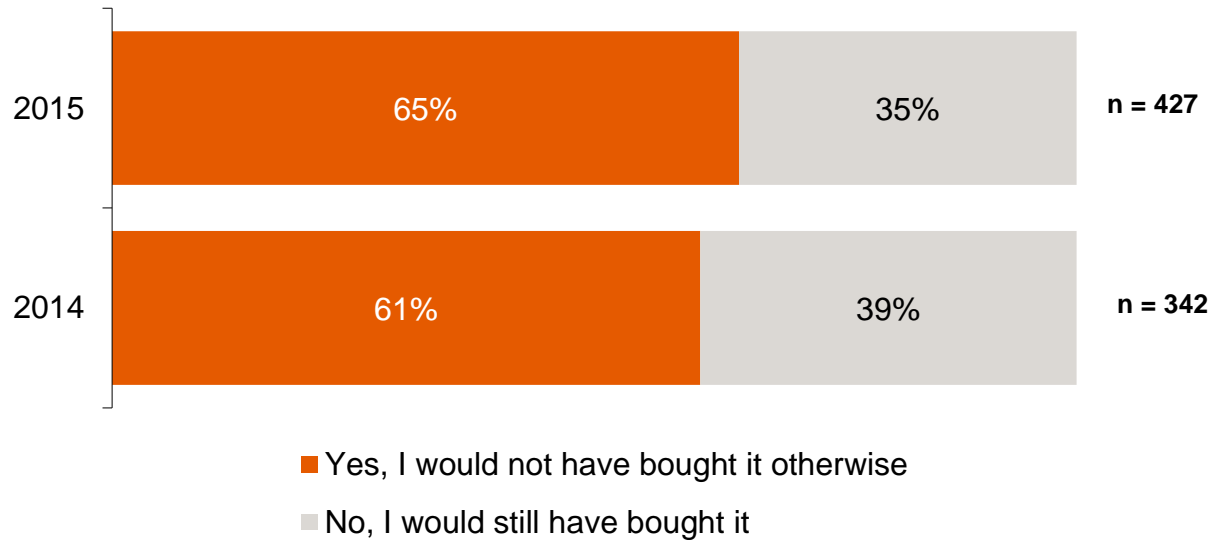


# Financing in retail trade – influence on purchase decision

## Users of financing products in retail trade

### Influence on purchase decision

Without financing options in retail outlets, 65% of financed purchases would not have been made.



Q17e: Did the option of financing influence your purchase decision, i.e. your decision to buy the product or not?

Basis: excl. no response

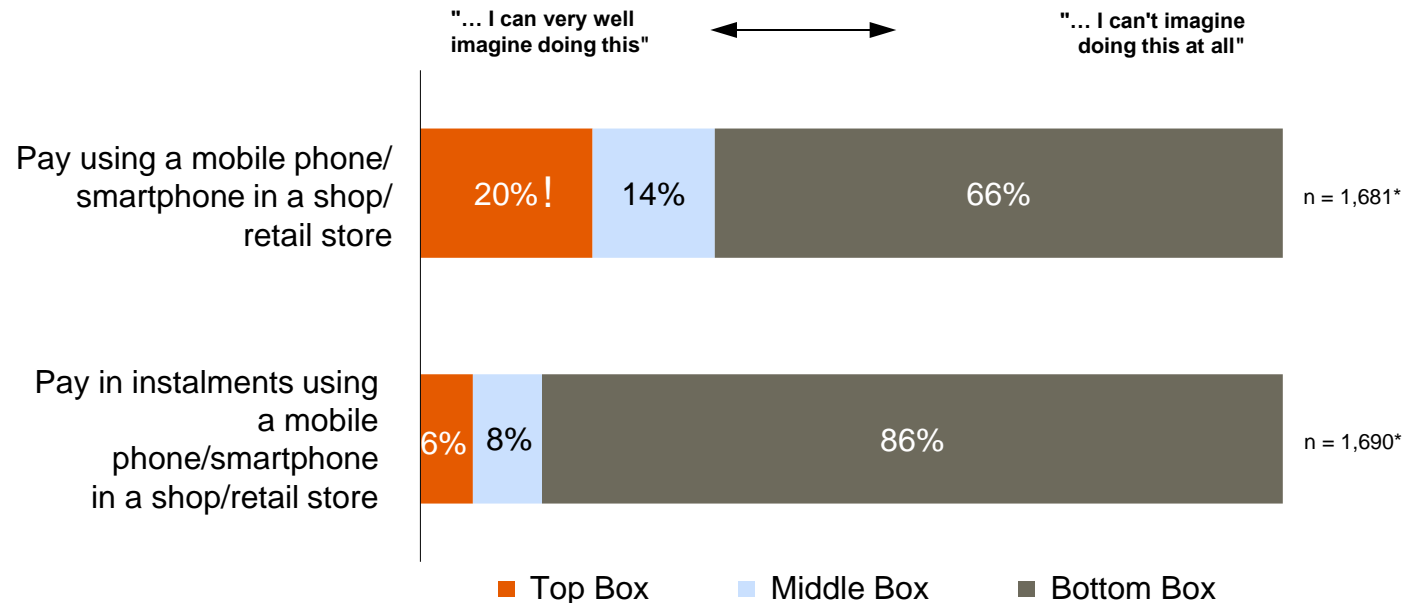


# Payment using a mobile phone/smartphone

All respondents

## Respondents' assessment

For one in five respondents, it is conceivable in principle that, in the future, they will pay using a smartphone in a retail store (2014: 15%).



Q10a: 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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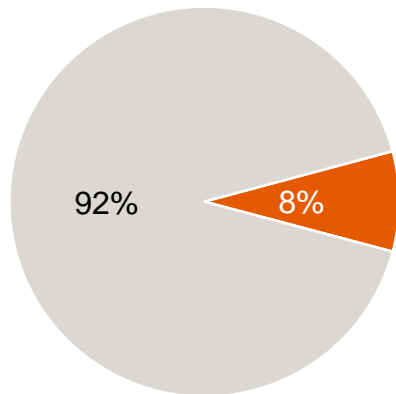
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# Loans taken out online and intended purpose of financing Internet users

## Taking out a loan online

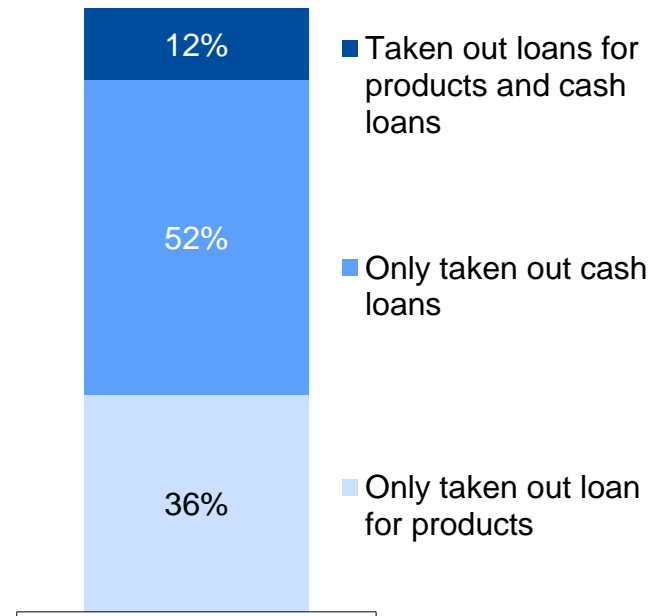
n = 1,735



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

## Intended purpose

n = 143



8% of the respondents who are Internet users have already taken out a loan online.

**Note:** 32% of all respondents use an instalment loan. Of these respondents, 21% took out their instalment loan online.

Q18a: Have you taken out a loan online before? Basis: excl. no response

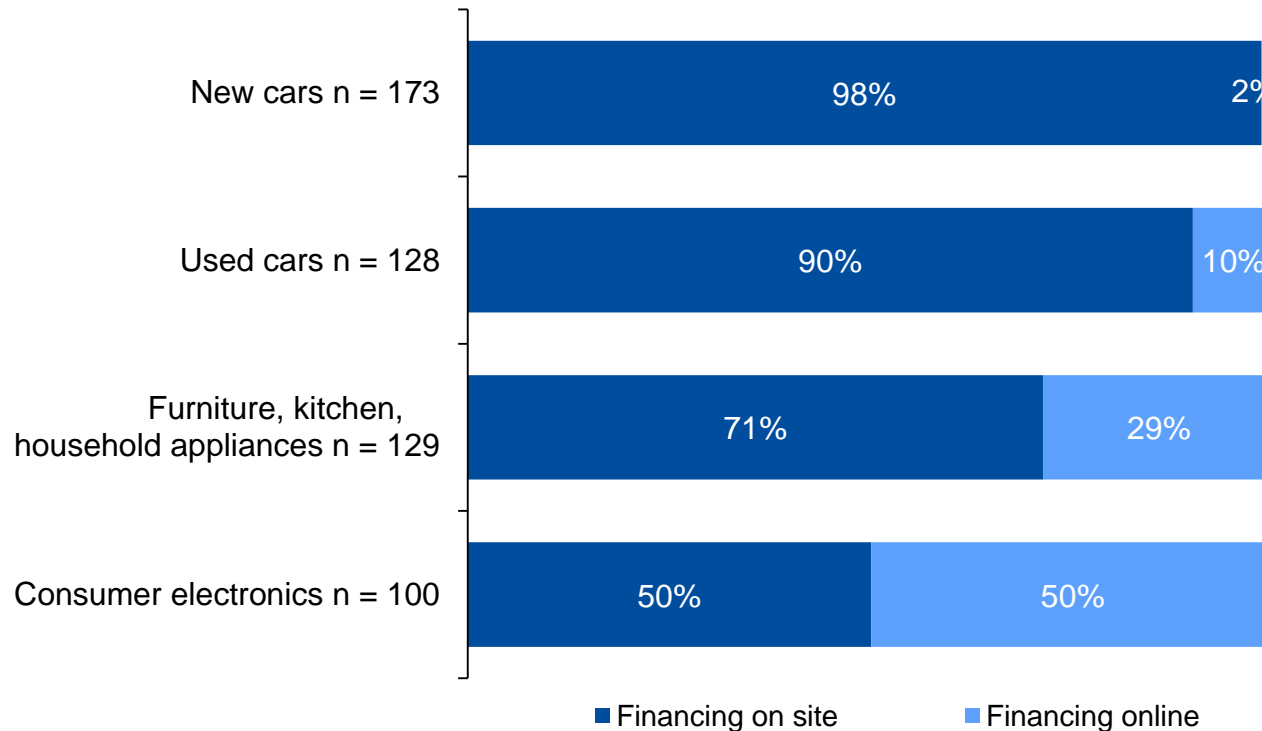
Q18b: Were these loans taken out for specific products, or were they available for unrestricted use, i.e. cash loans? Basis: excl. no response



# Objects financed by channel

## Users of financing products in retail trade

### Type of financing



50% of all financed consumer electronics are financed by dealers online; for furniture, kitchens and household appliances, the figure is 29%.

Q17b: If you have financed purchases, was the financing arranged with a dealer on site or online?

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

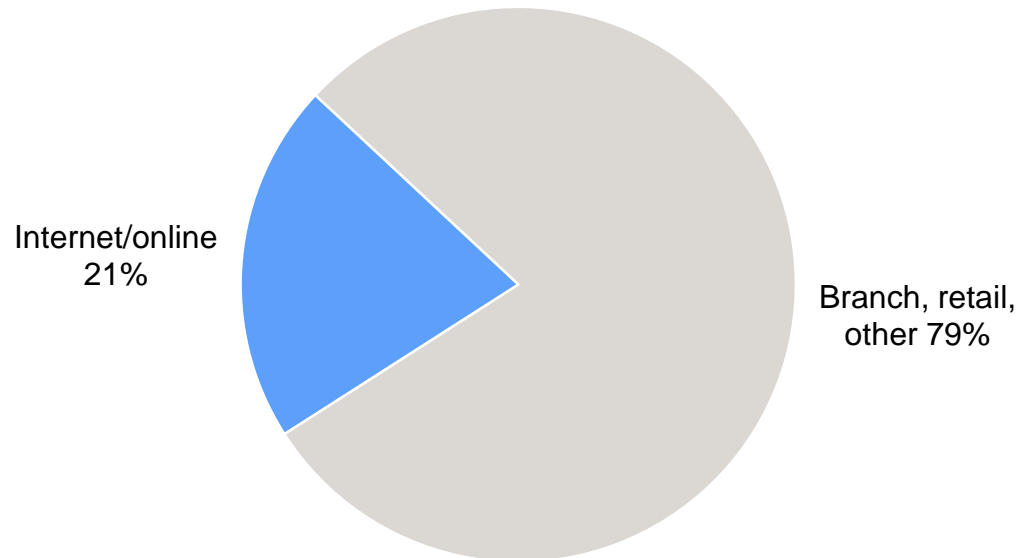
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# Instalment loans – channel

## Instalment loan users

21% of all instalment loans 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 = 489 excl. no response = 100%; bank loan user sub-group

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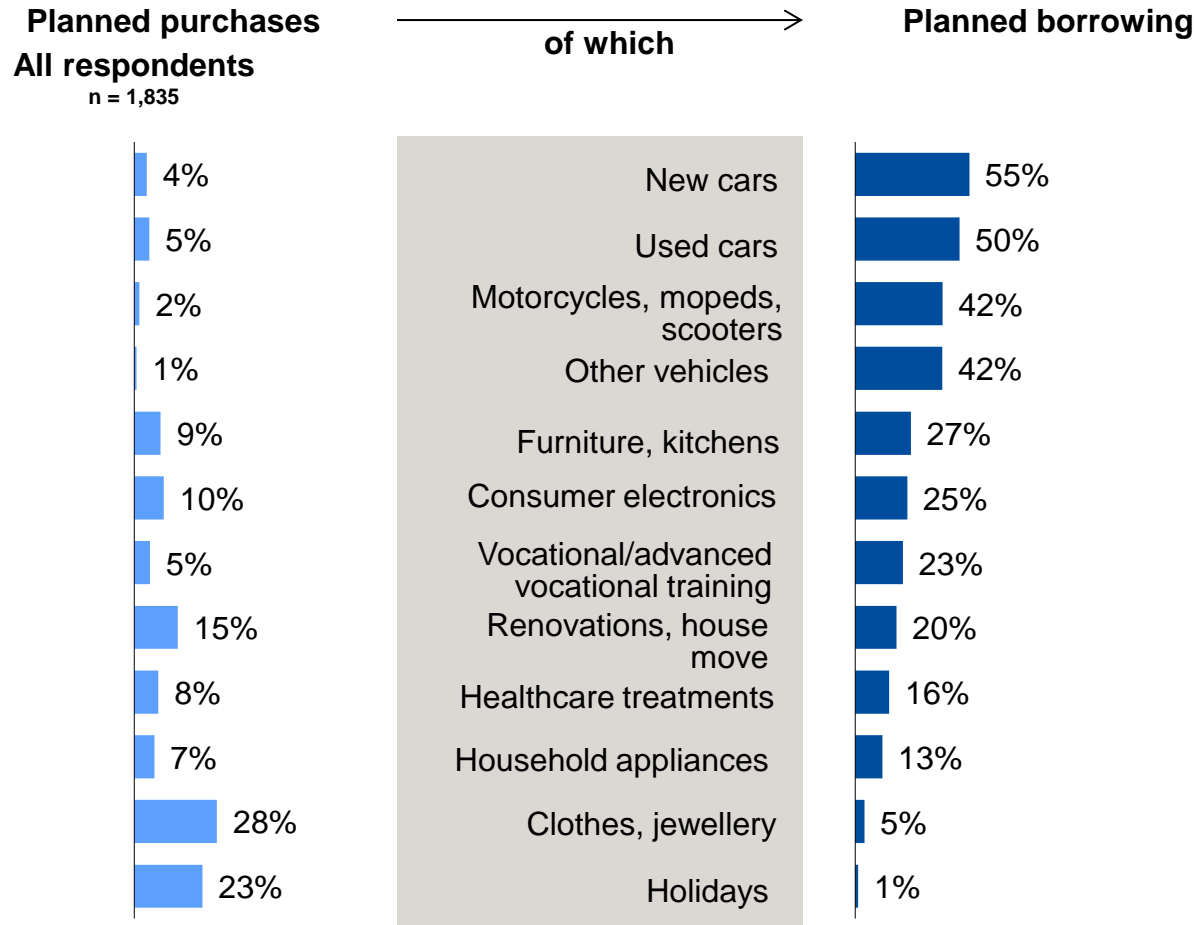


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# Planned purchases/forms of expenditure and loans taken out in the next 12 months

Planners of purchase concerned



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

Q21a: Are you planning one or more of the following purchases/forms of expenditure in the next 12 months? Q21b: If you are planning any purchases/forms of expenditure, in principle, can you imagine using a loan (e.g. an instalment loan, credit facility or overdraft facility) for this purpose? Basis: planners in the respective group, excl. no response



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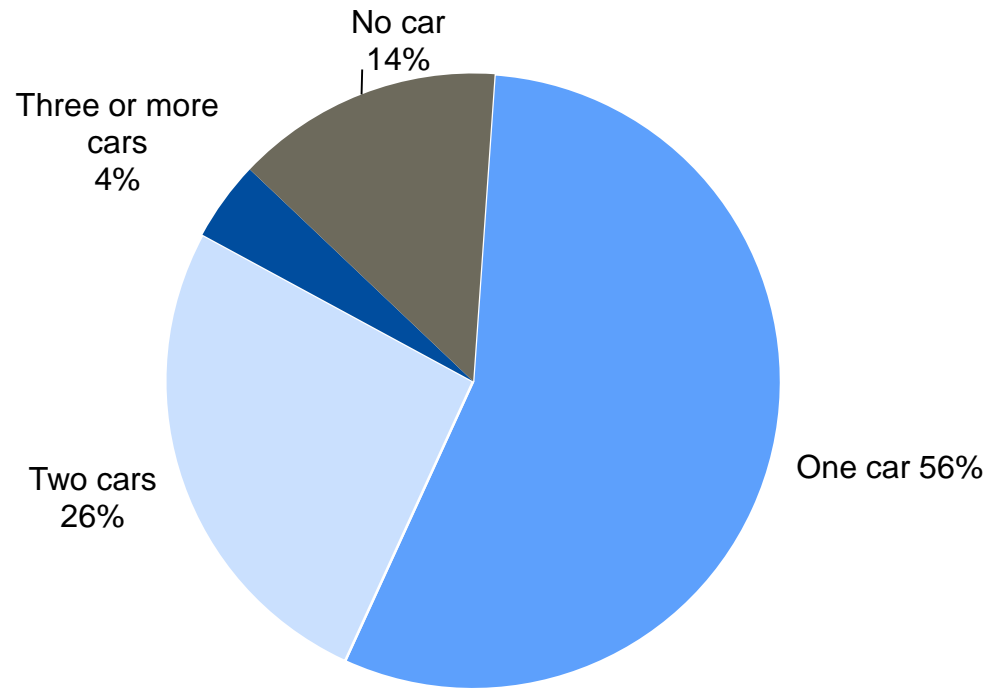


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# Car ownership

All respondents



On average, a German household owns 1.2 cars – this rate has remained very stable over time.

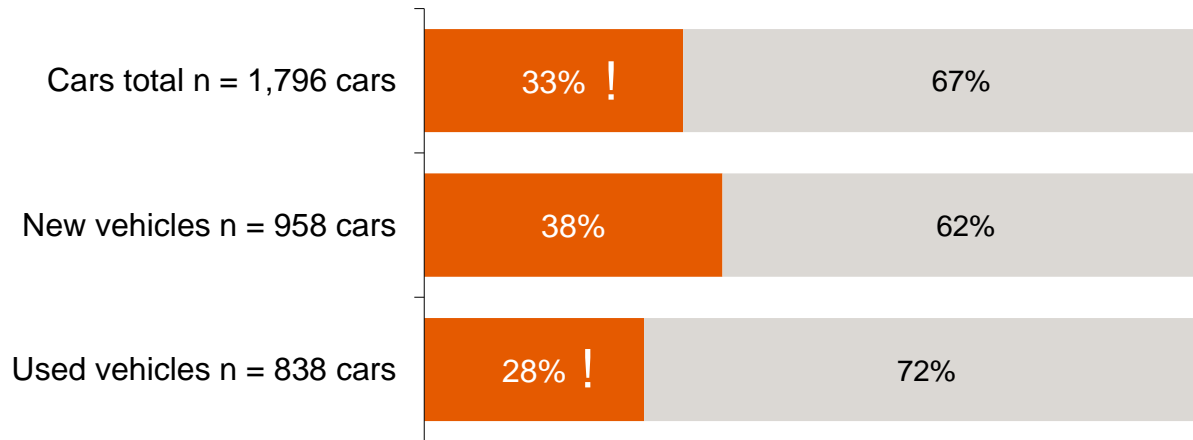


# Proportion of financed cars

## Car owners

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

The proportion of financed cars is 33%.



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

### Proportion of financed cars:

All cars/new/used

2012: 33%/43%/24%

2013: 33%/39%/26%

2014: 27%/35%/21%

Q27: Was this car paid for in full in cash when it was purchased, or was it partly financed, fully financed or leased?

Basis: excl. no response

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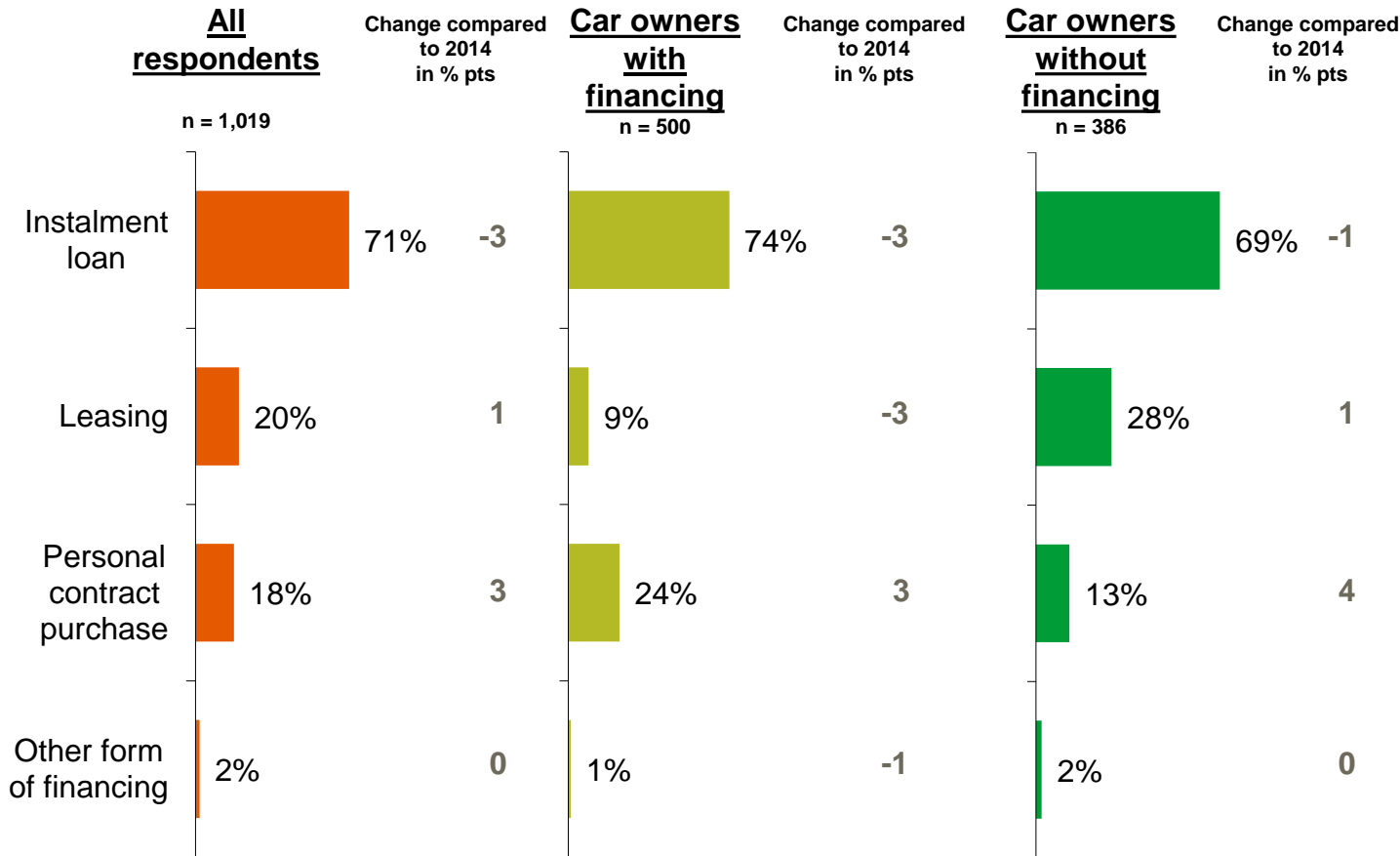
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# Preferred forms of financing for new cars

Selected sub-groups: excl. persons declining credit

Preference is given to instalment loans when financing new cars.



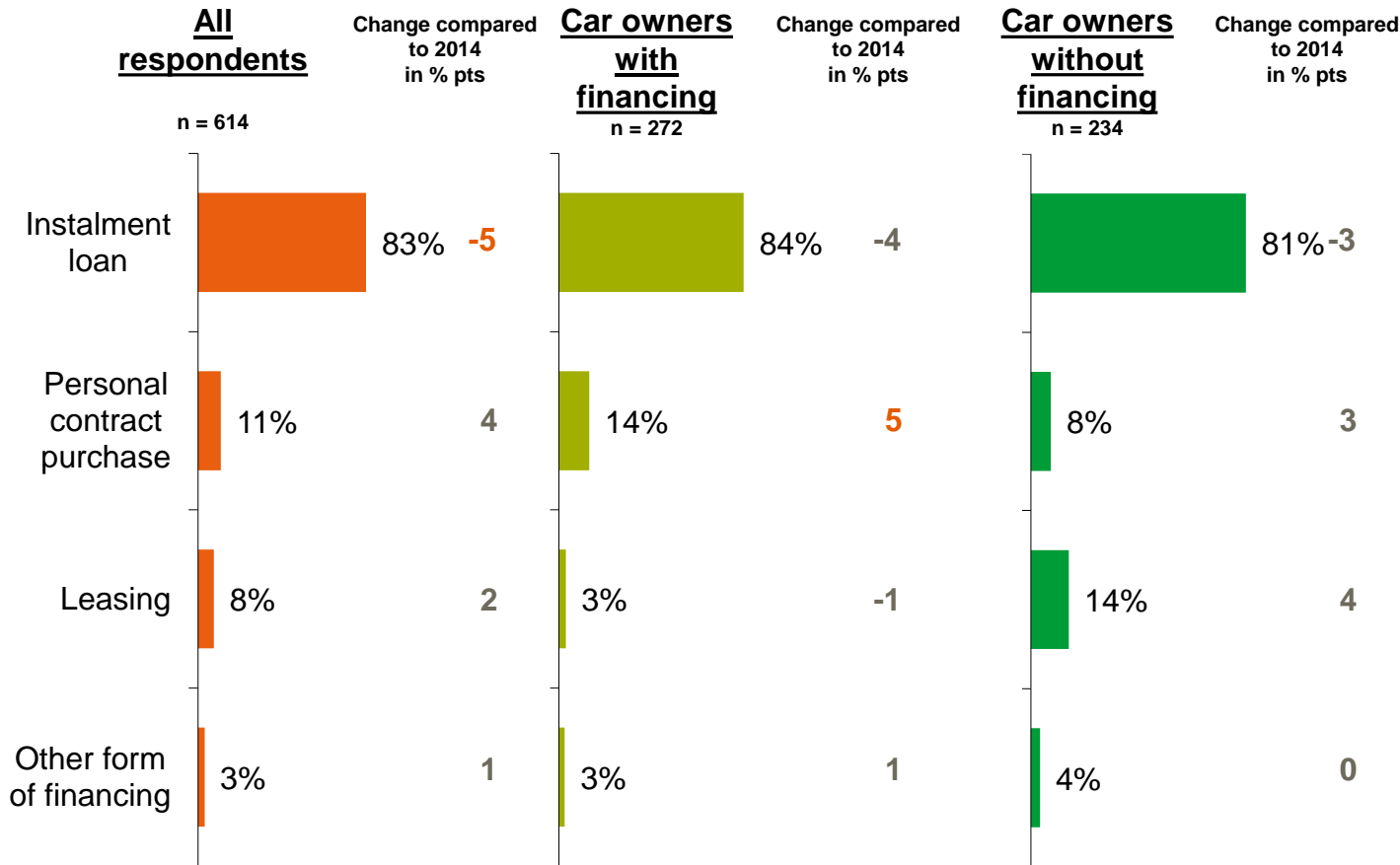
Q33a: Please imagine that you are planning to buy a new car. Which form of financing would you prefer in this case?

Basis: excl. no response – multiple answers possible



# Preferred forms of financing for used cars

Selected sub-groups: excl. persons declining credit



In contrast to instalment loans, personal contract purchases have become more important when it comes to buying used cars.

Q33b : And which form of financing would you prefer when purchasing a used car?

Basis: excl. no response

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# Summary of the results



## 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

### Use and intended purpose of financing

- 42% of all respondents currently have a financing arrangement. 32% of respondents currently have instalment loans. Overall, their use has remained stable compared to the previous year (page 9).
- 25% of all instalment loan users used at least one of their loans for a used car, and 22% used at least one of their loans for a new car. 12% used at least one of their loans to redeem one or more instalment loans or to balance an overdraft facility (page 11).
- On average, each user of financing products in Germany has taken out 2.1 loans and still has an outstanding amount of €10,600 to repay (page 12). The average amount of monthly repayments is currently €250 (page 13).

### Satisfaction with financing

- In total, 73% of users of financing products are (extremely) satisfied with their loans. The reasons for their satisfaction are easy and uncomplicated loans, flexible repayment, favourable interest rates or 0% financing (page 14).



# Summary of the results



## Payment protection insurance

- 29% of instalment loan users have taken out payment protection insurance alongside their loans (page 17).
- Most payment protection insurance policies contain a combination of the risks of "death, incapacity to work and unemployment" (page 19/20).
- 34% of users of financing products generally consider payment protection insurance to be advisable. Approximately every second user of financing products considers it advisable to insure a loan against the individual risks of "incapacity to work, unemployment and death" (page 21).
- The majority of holders of payment protection insurance are satisfied with their insurance. Only 9% are less than satisfied, and almost one third are neutral (page 20).



# Summary of the results



## Financing in retail trade

- 73% of users of financing products have specifically asked a dealer about financing offers, and 39% have been asked about them (page 23).
- On average, new cars are financed for 47 months, and used cars are financed for 50 months. The average total amount of financing for cars is €14,800. On average, €2,500 of financing is used for a term of 25 months for furniture and kitchens, while €670 is borrowed for a term of 19 months for consumer electronics (page 24).
- For 65% of respondents, the availability of financing affected their decision to make a purchase (page 25).

## Purchasing and loans online

- 8% of the respondents who are Internet users have already taken out financing online – the loans in question are mostly cash loans for unrestricted use (52%) (page 28).
- 21% of all instalment loans were taken out online (page 30).

# Summary of the results



## Future use of various forms of financing

- Many customers can imagine taking out a loan for new and used cars more than anything else. More than half of the customers intending to purchase a new car in the next 12 months can already imagine using a loan in order to do so (page 32).

## Financing a private car

- 86% of all households own at least one car; 30% own more than one (page 34).
- 38% of all privately used new cars are financed; for used cars, the figure is 28% (page 35).

## Attitude to financing a private car

- Consumers would give preference to instalment loans when financing both new and used cars (page 37/38).

# Agenda



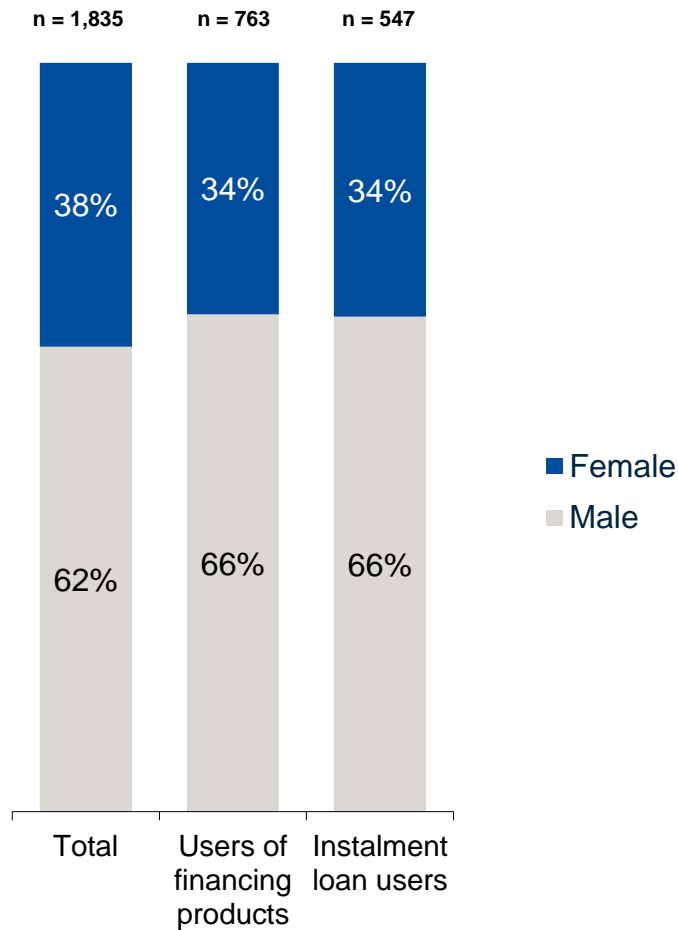
1.	Background and objectives of the study, study design	Page	3
2.	Study results		
	A. Awareness of various forms of financing	Page	7
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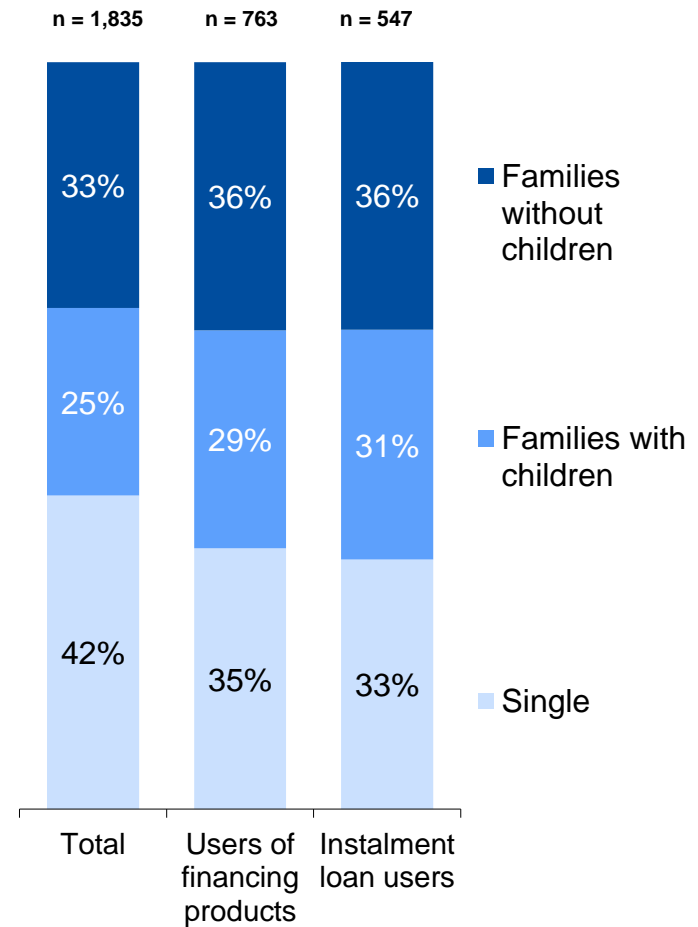
# Statistics – gender and marital status

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

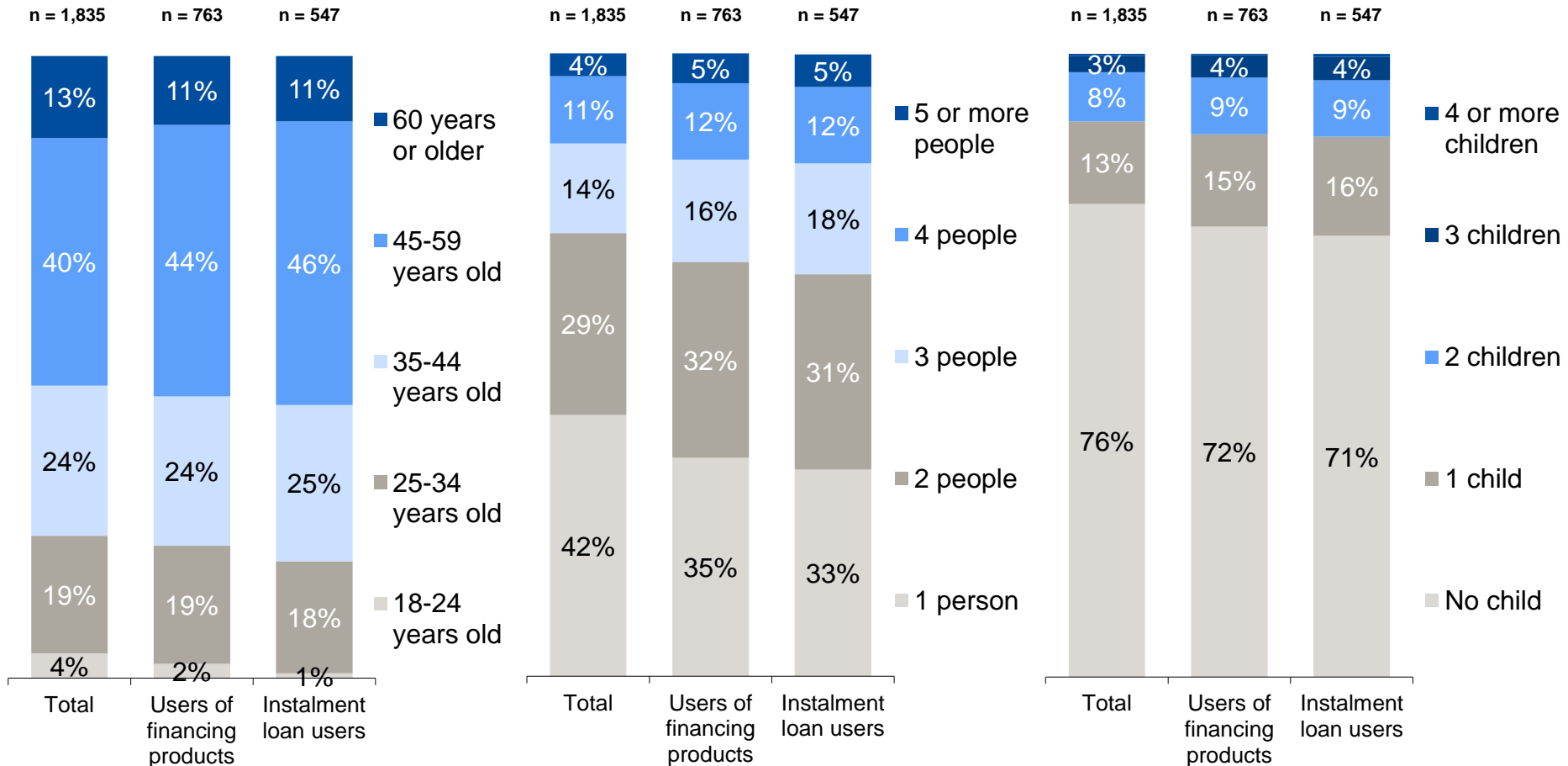


All respondents, users of financing products, instalment loan users

Age

Size of household

Number of children in household

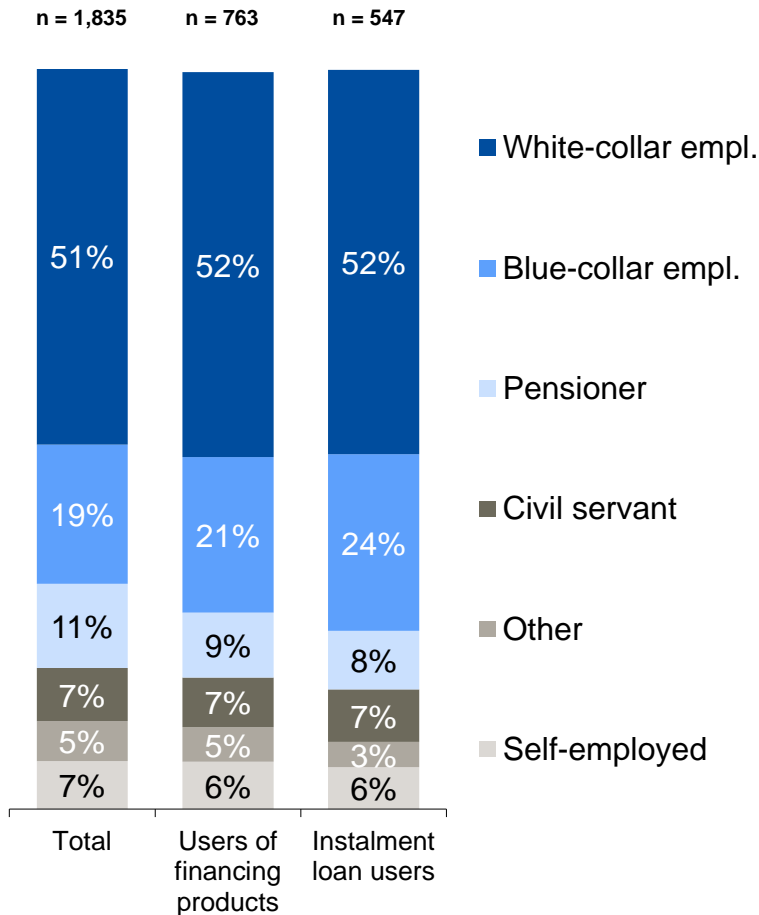




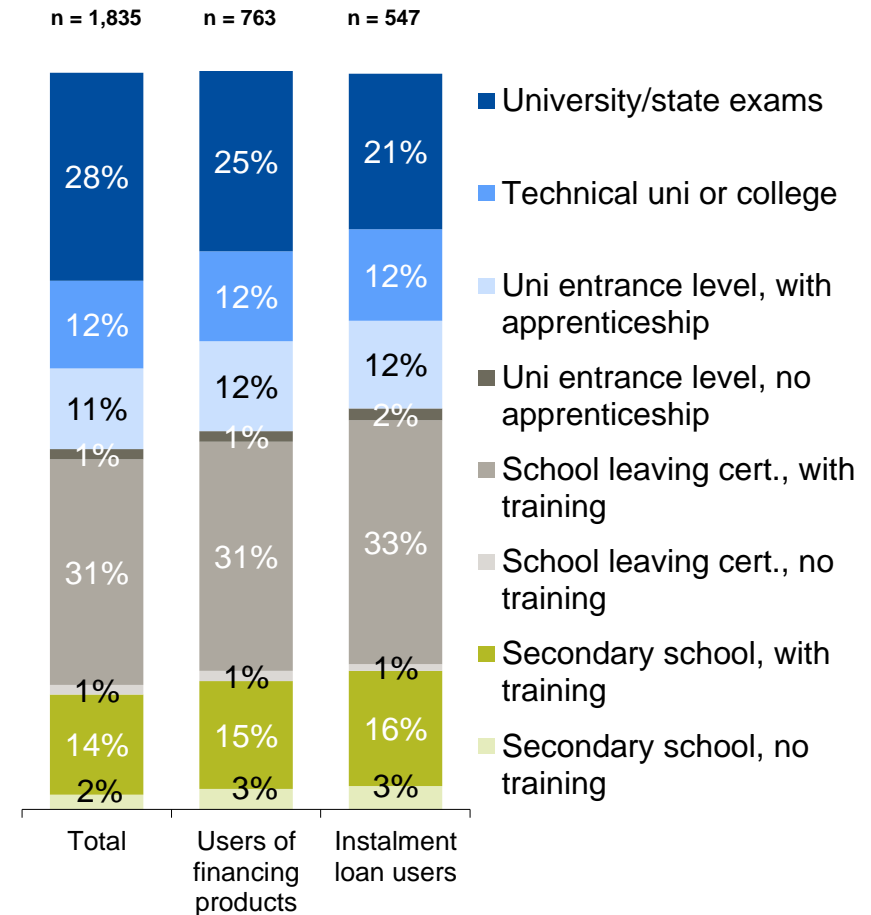
# Statistics – occupation and educational attainment

All respondents, users of financing products, instalment loan users

## Occupation



## Educational attainment



# Contact



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