

CONSUMER CREDIT INDEX KKI I/2016

Forecast for Private Borrowing in Germany 2016

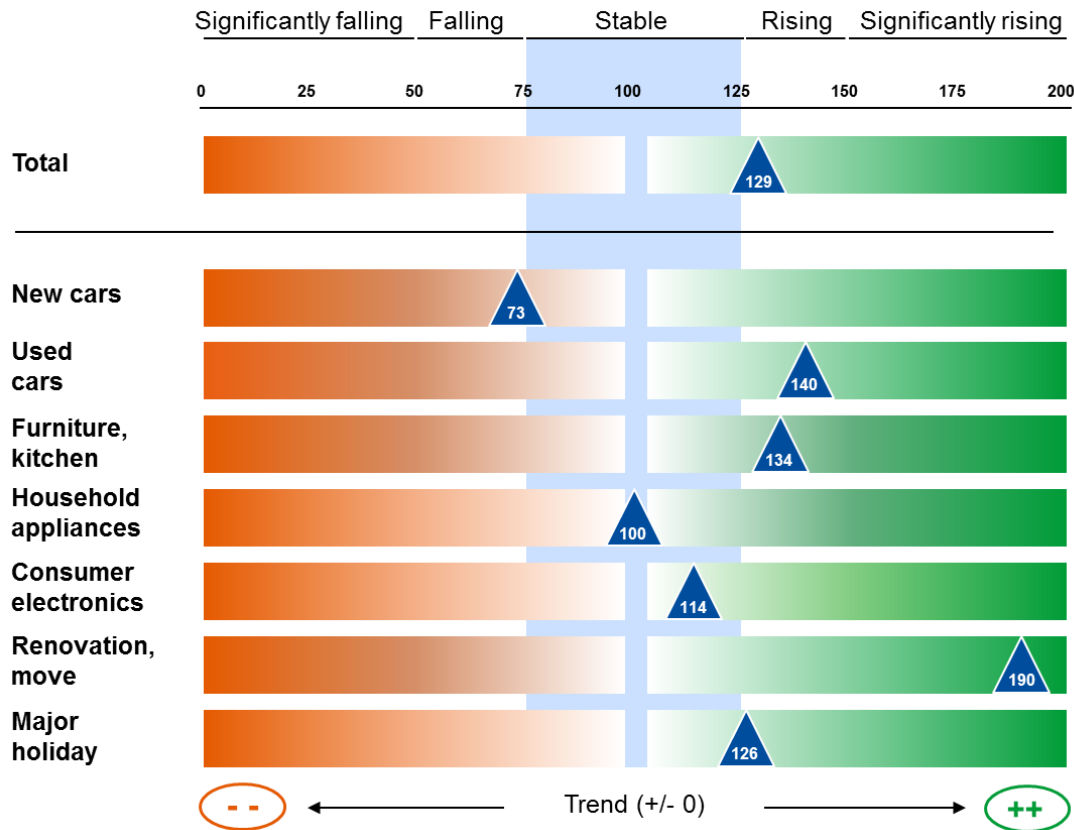
GfK Financial Market Research
on behalf of Bankenfachverband e.V.

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Summary



Consumer Credit Index I/2016

At 129 points, the Consumer Credit Index for 2016 shows an upward trend.

Accordingly, consumer borrowing is expected to increase slightly in the next 12 months.

This positive trend is primarily driven by consumers' willingness to take out more loans for renovations or moves, used car purchases, and furniture and kitchens.

Contacts:

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

Objectives



Since 2008, in conjunction with GfK Financial Market Research, the Bankenfachverband e.V. has carried out a regular study on consumption financing and automotive financing.

The objective of this study is to ascertain the levels of awareness of various forms of financing, consumer attitudes and actual consumer behaviour in relation to the use of consumer credits over time.

In order to amplify these objectives, a Consumer Credit Index (KKI) based on current financing behaviour was established from early 2011. This index is suitable for assessing the future financing behaviour of consumers for different forms of consumer credit.

The present forecast for 2016 is based on household estimates at the beginning 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

Surveyed area

Federal Republic of Germany

Sample

n = 1,904 interviews; results were weighted according to age, profession, income, child status and size of location.

Survey period

16 January 2016 to 24 February 2016



1. Actual purchases in the past 12 months

- Type of purchase (new cars, used cars, furniture, etc.)
- Spontaneity of purchase (planned, unplanned)
- Credit financing of purchase
- Form of credit used for purchase
- Amount of loans used

2. Planned purchases in the next 12 months

- Type of planned purchase (new cars, used cars, furniture, etc.)
- Credit financing of planned purchase
- Form of credit expected to be used for purchase
- Expected amount of loans



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Consumer Credit Index

Methodology



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

1. KKI – forecast for private borrowing in Germany II/2015
2. KKI – forecast for private borrowing in Germany I/2016 (current survey)
→ Hence, the Consumer Credit Index is based not only on current actual and planned values, but also on past actual and planned values.



Specifically, the following parameters from the two surveys were taken into consideration for the subsequent calculation:

1. Purchases made and planned in advance in the past 12 months
2. Credit financing used for purchases made and planned in advance in the last 12 months
3. Planned purchases in the next 12 months
4. Credit financing planned in the next 12 months



The advantage of this approach is that assessments from the past which refer to the current period of time can be included in the analysis. This makes the KKI a more meaningful index.

Consumer Credit Index

Methodology



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

For the purposes of analysis, the following assumptions were made:

1. The amounts financed per purchase remain constant in the categories considered, and will remain so in the coming period (12 months).
2. The proportions of planned purchases reflect the proportions of actual new purchases.
3. The purchases made in the last 12 months are a good indicator of future trends.
4. Assessments from the past are still valid now.

Consumer Credit Index

Methodology



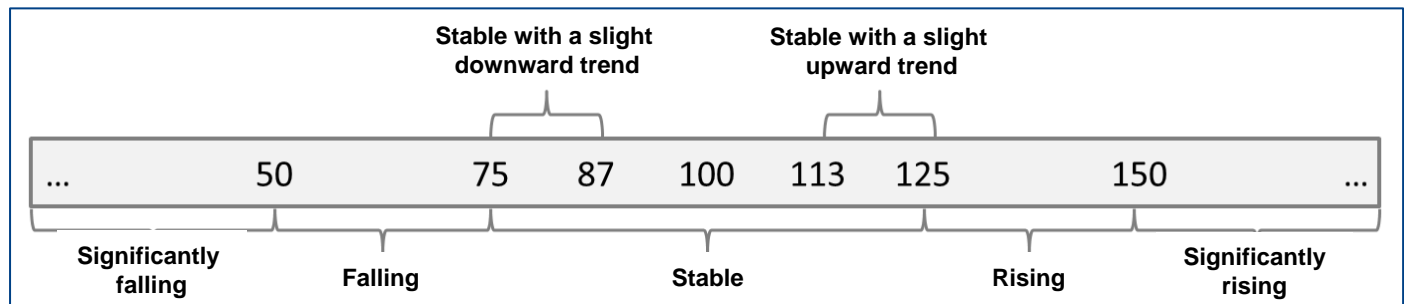
The Consumer Credit Index takes into consideration all the forms of purchase covered by the survey and consists of two fractional values:

- Purchase planning
- Financing planning

Both the individual fractional values and the Consumer Credit Index itself were weighted on the basis of the individual categories and calculated according to the volume of credit and the purchase made.

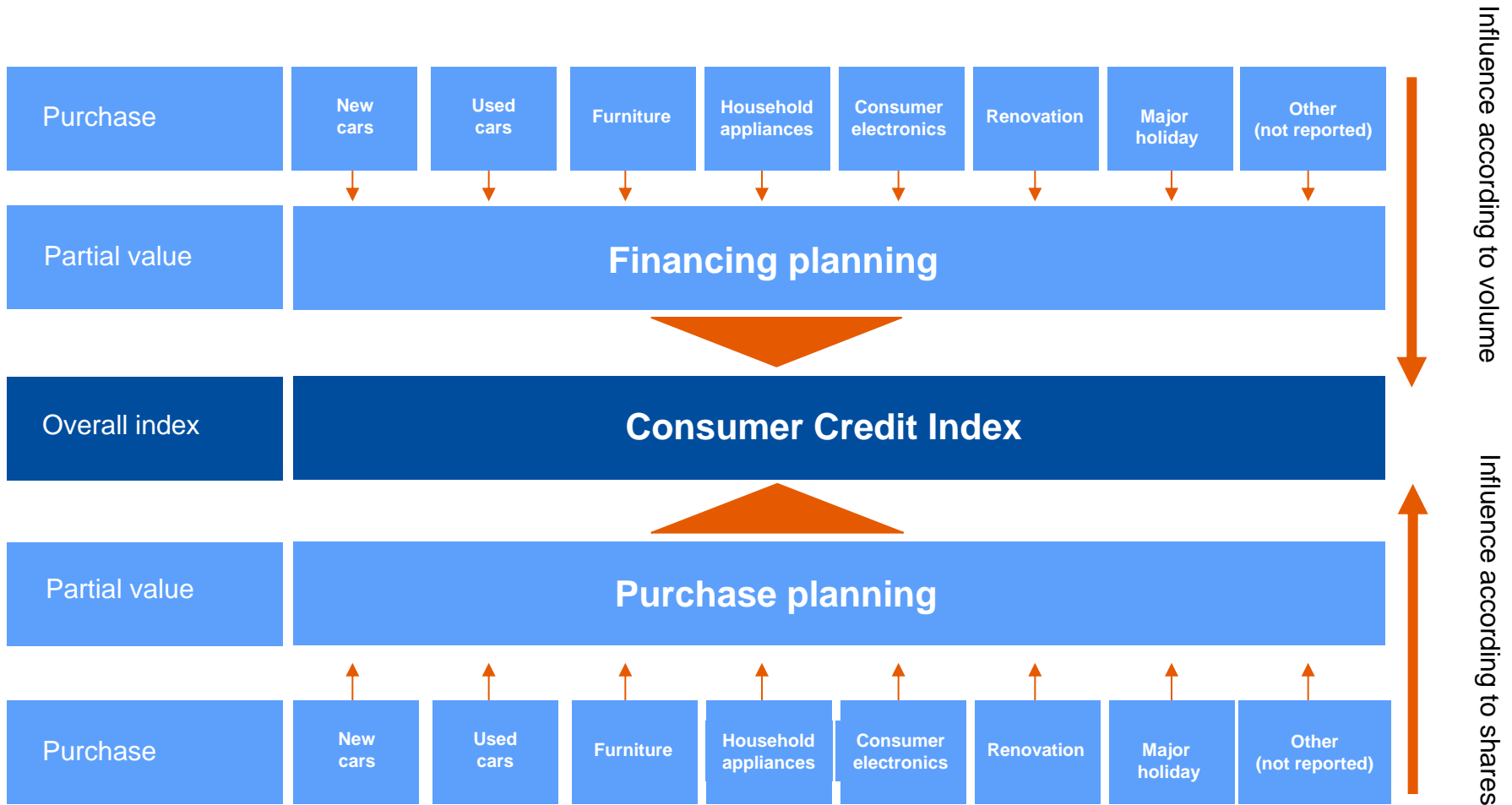
The index value shows the average changes (in %) that are to be expected in the individual segments.

Interpretation of the index value:



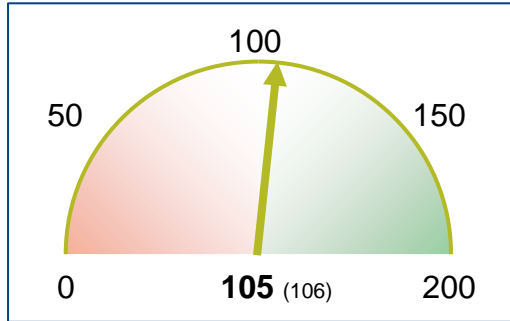
Consumer Credit Index

Schematic structure



Purchase planning

Basis of calculation



Purchase planning is a statistic that represents households' expected future purchases.

A current value of **105** points means that a stable trend is to be expected for household purchases in the next 12 months.

For calculation purposes, the following parameters of the current and previous investigations were incorporated in the calculation for planned purchases at a ratio of 2:1:

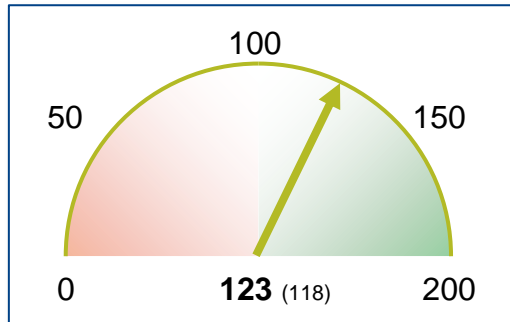
- Purchase was planned and was made in the last 12 months = baseline value
- Purchase is planned in the next 12 months = trend

Purchase planning = (trend of KKI II/2015 + trend of KKI I/2016 x 2) / 3 / baseline value
[weighted according to current proportions]

(in brackets: purchase planning KKI I/ 2015)

Financing planning

Basis of calculation



Financing planning is a statistic that represents willingness to take out loans in the future.

A current value of **123** points means that a stable, slightly upward trend is to be expected in the next 12 months.

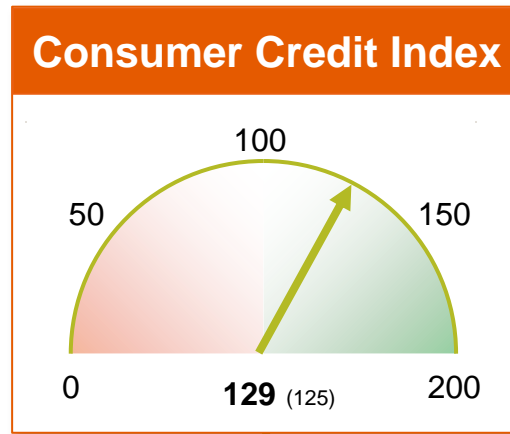
For calculation purposes, the following parameters of the current and previous investigations were incorporated in the calculation for each planned purchase at a ratio of 2:1:

- Proportion of current financing for all purchases in 2016 = baseline value
- Proportion of planned financing for all planned purchases in 2016 = trend

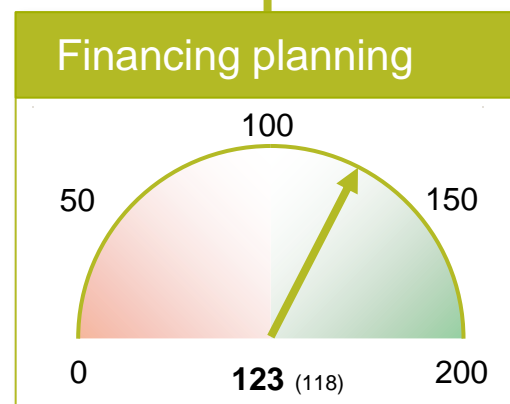
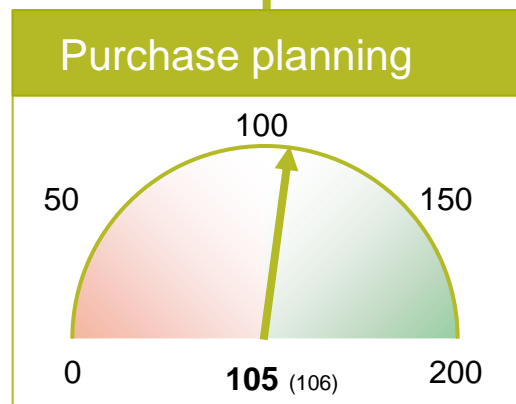
Financing planning = (trend of KKI II/2015 + trend of KKI I/2016 x 2) / 3 / baseline value
[weighted according to current volume of credit]

(in brackets: financing planning KKI I/2015)

Consumer Credit Index Parameters



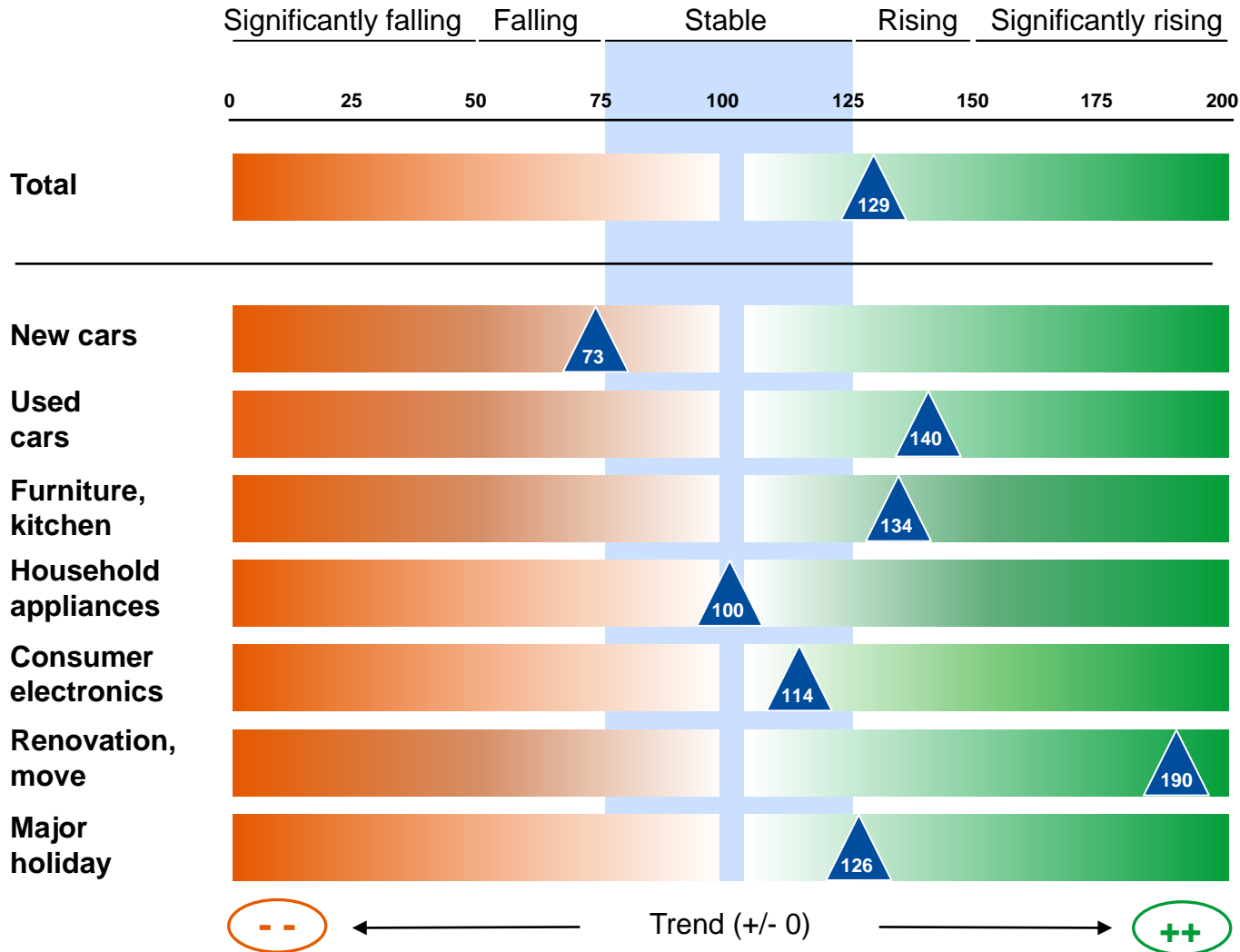
The Consumer Credit Index currently amounts to **129** points.



i If both fractional values are positive or negative, this results in a greater change in the Consumer Credit Index.
in brackets: KKI I/2015

Consumer Credit Index

In detail

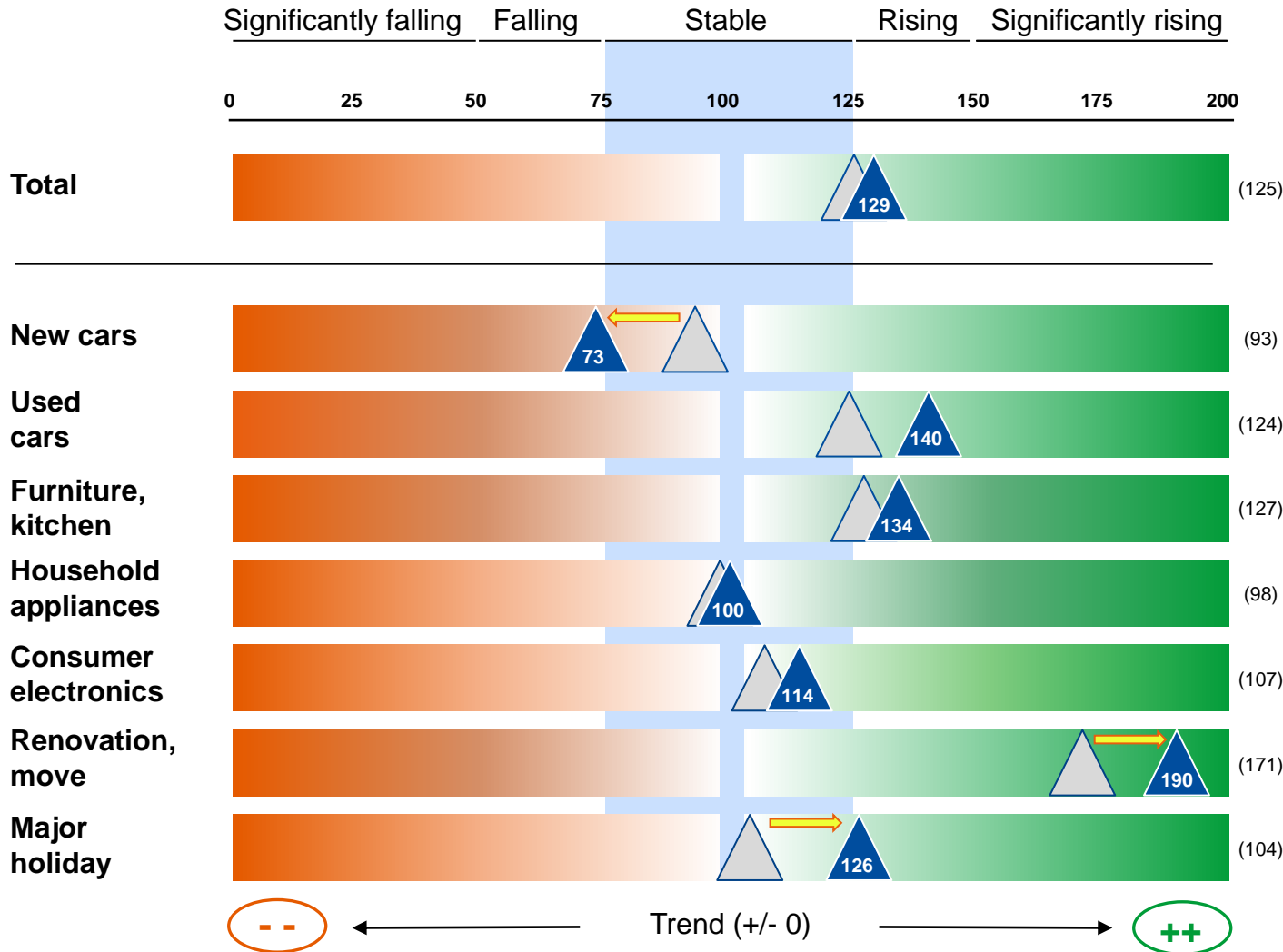


At **129** points, the Consumer Credit Index for 2016 shows an upward trend.

This value is driven primarily by the willingness of consumers to take out more loans for renovations, used cars and furniture.

Consumer Credit Index

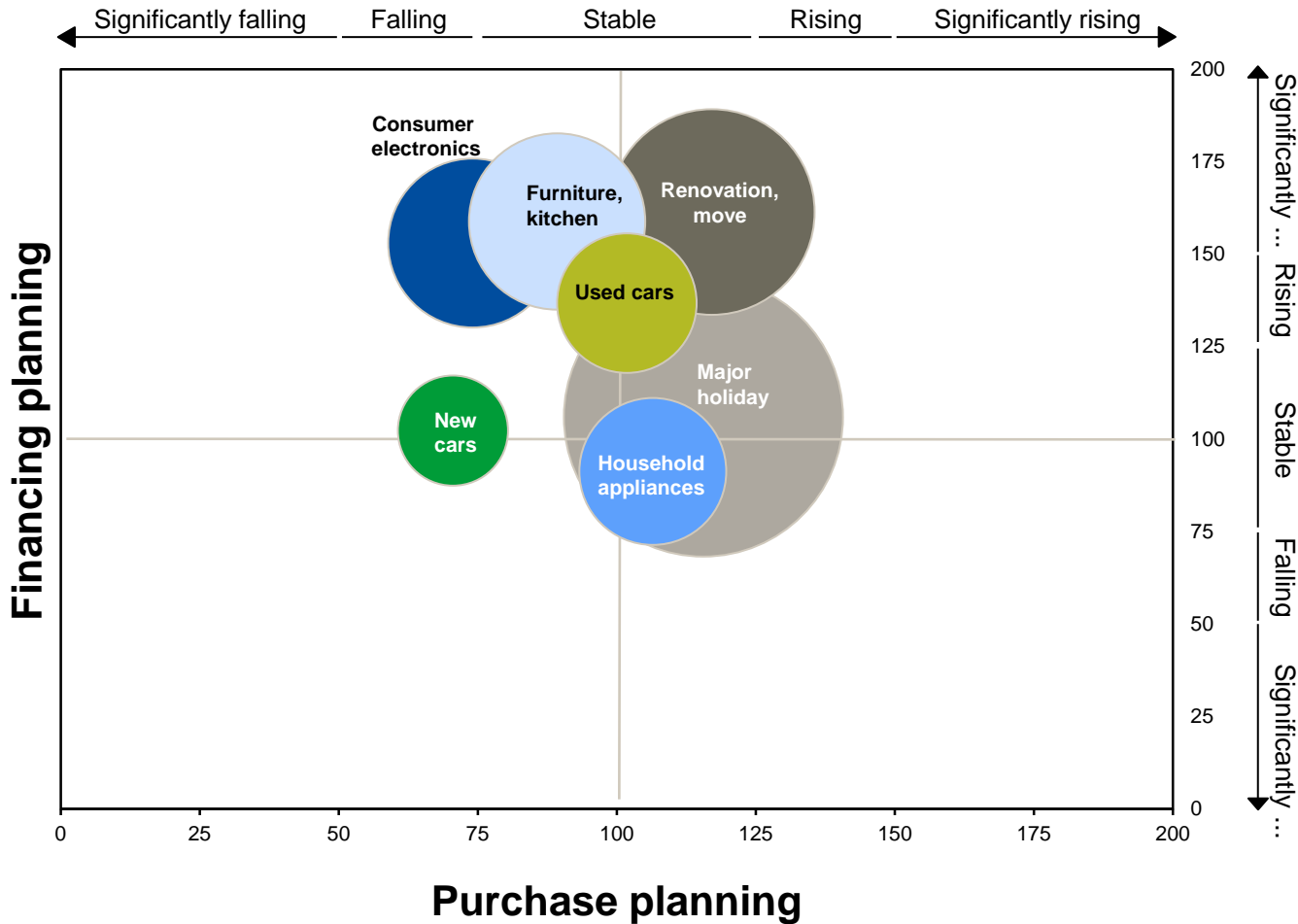
Compared with KKI I/2015



At 129 points, the Consumer Credit Index for 2016 shows an upward trend.

Increases were recorded for two index values: from 104 to 126 points for major holidays, and from 171 to 190 points for renovations or moves. In contrast, at 73 points, the index value for new cars shows a downward trend (previous year: 93 points).

Consumer Credit Index Overview



Planned holidays and planned renovations or moves are currently showing a slight upward trend.

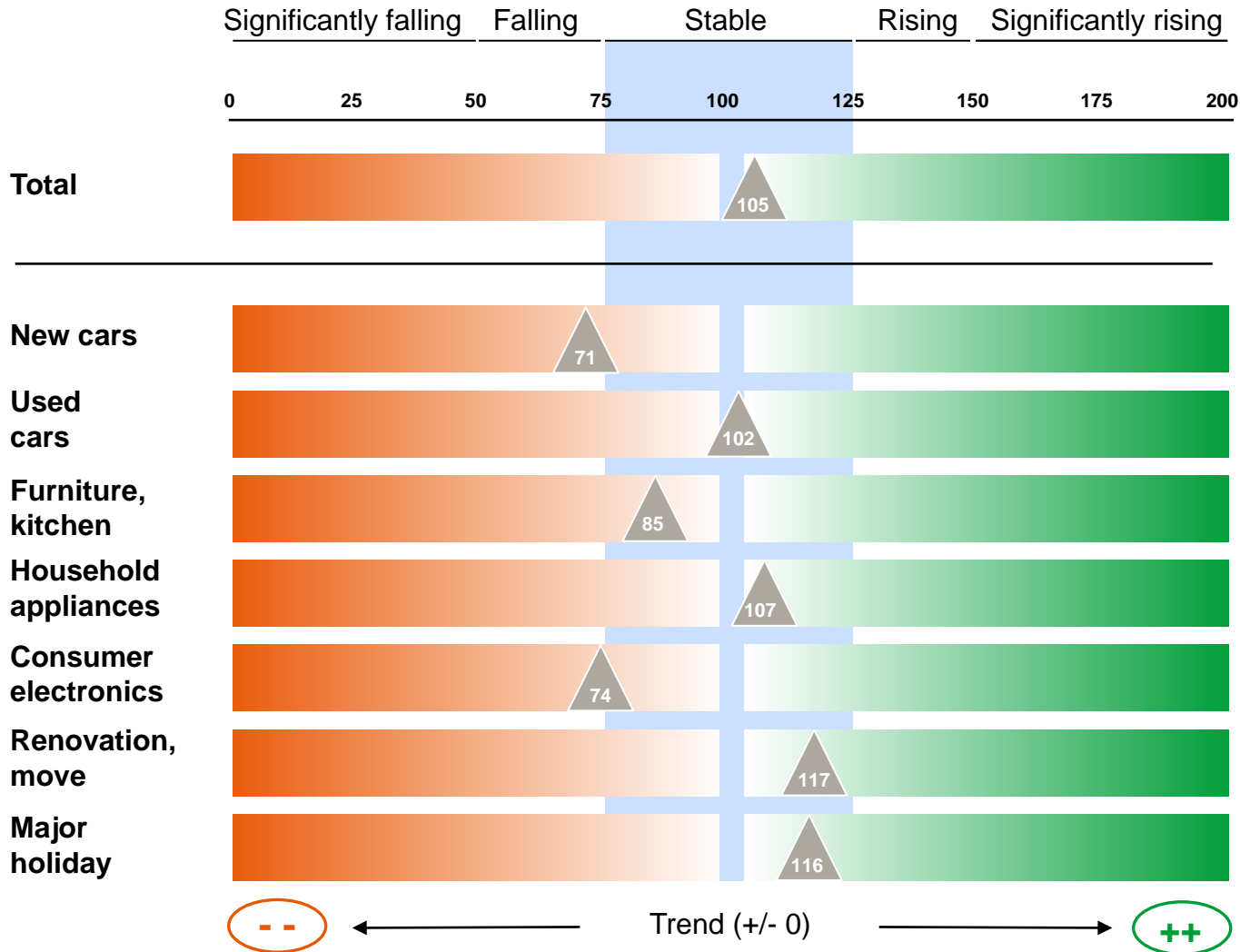
Moreover, a significant upward trend can be identified with regard to planned financing for renovations, furniture and consumer electronics.



The size of each circle reflects the size of the respective market segment.

Purchase planning

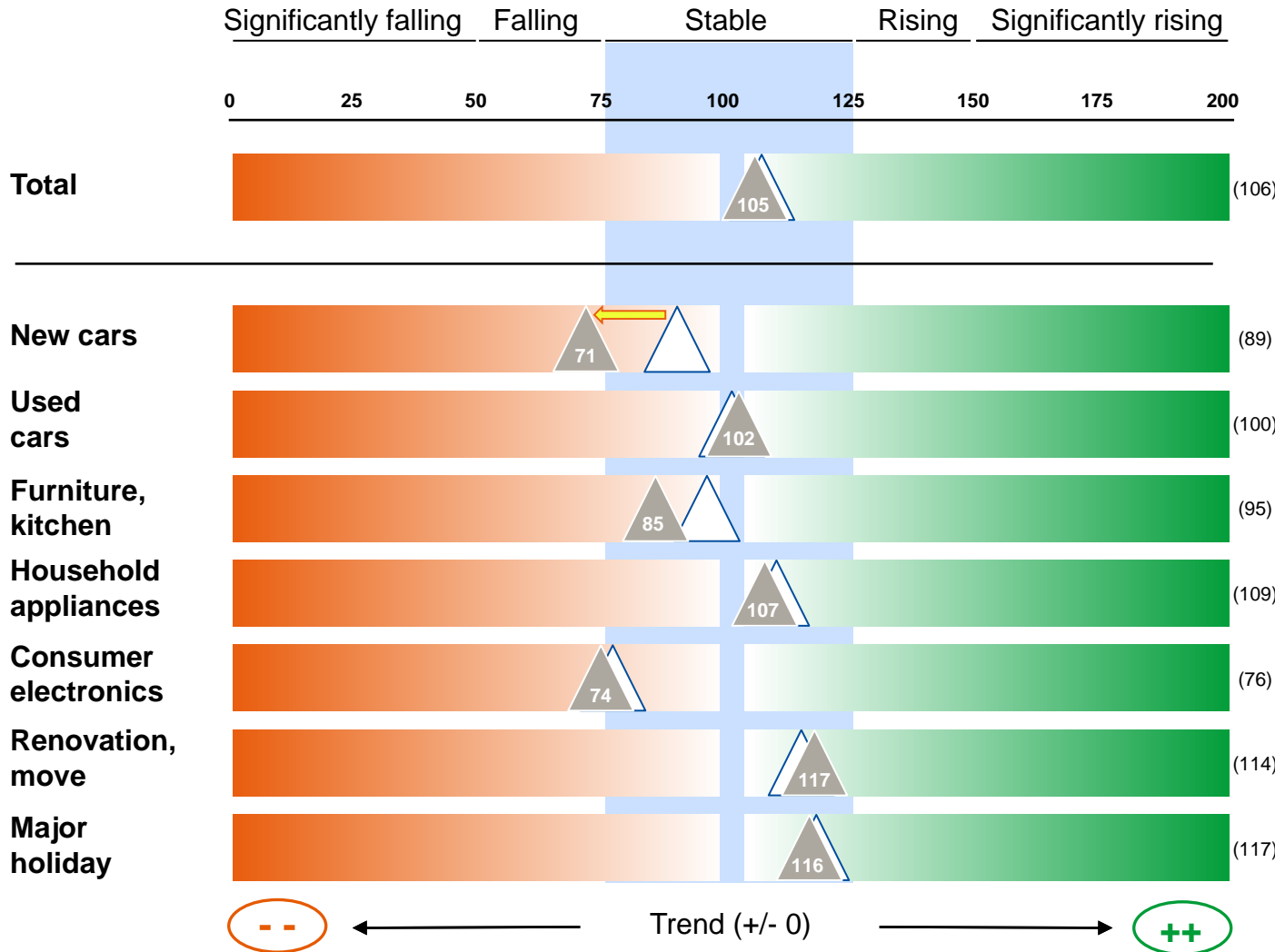
In detail



Purchase planning is stable across many product groups. However, purchase planning for new cars and consumer electronics currently shows a downward trend.

Purchase planning

Compared with KKI I/2015

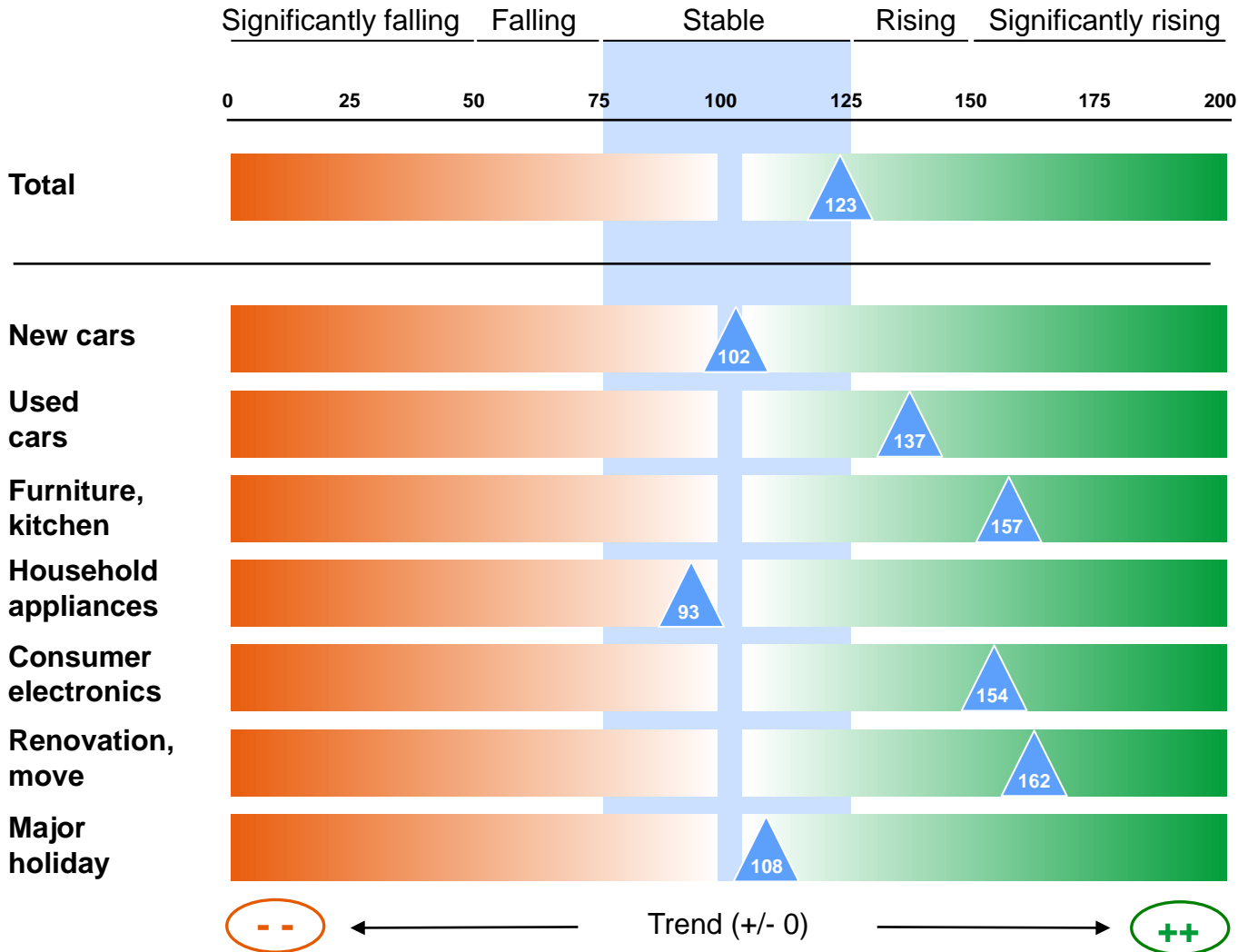


Compared with the forecast for 2015, purchase planning is similarly high in many areas. In contrast, planned purchases of new cars show a downward trend.

▲ KKI I/2016
 ▲ KKI I/2015
 (in brackets: KKI I/2015)

Financing planning

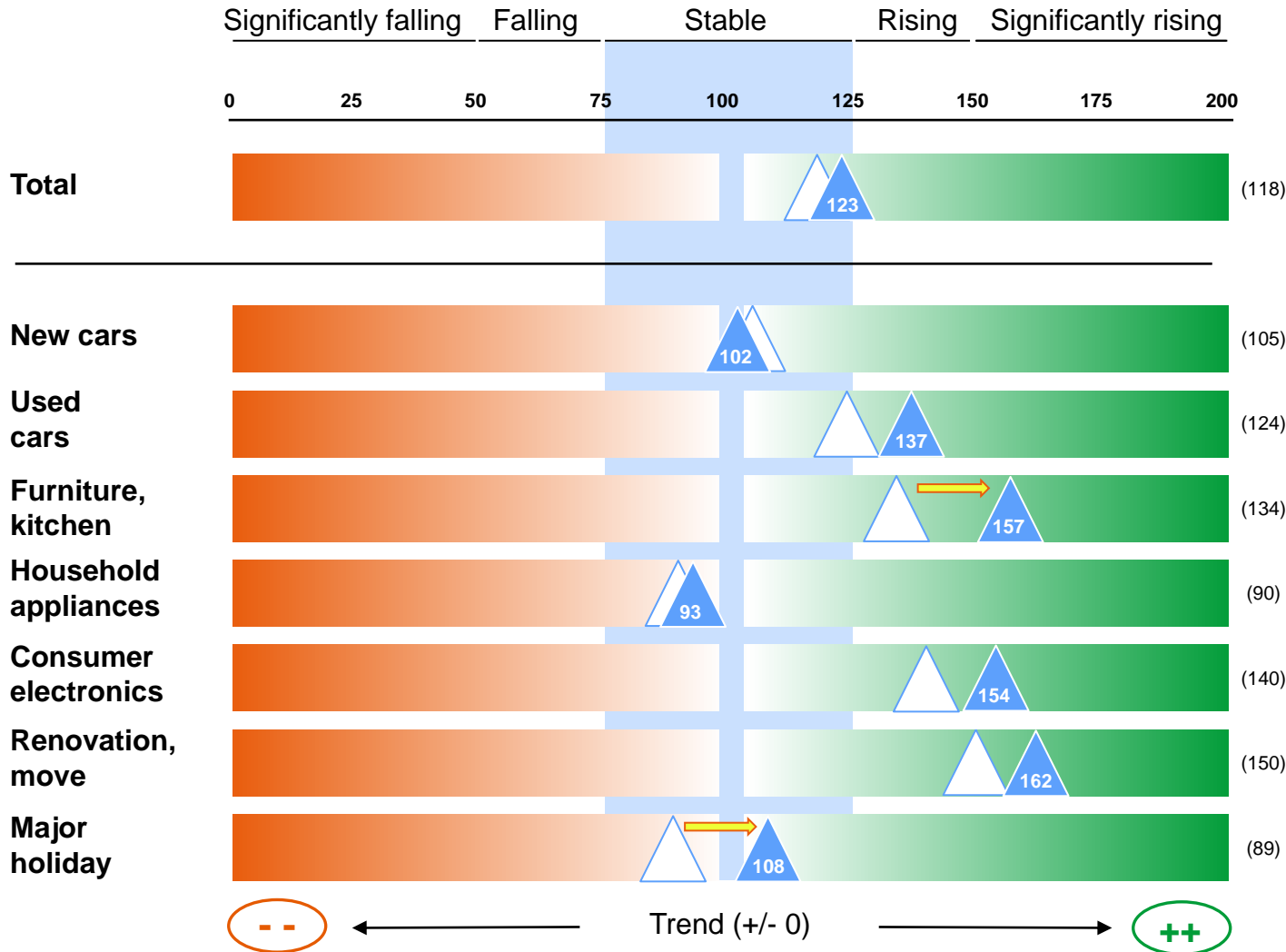
In detail



Overall, willingness to take out loans for purchases is stable and shows a slight upward trend. Financing planning shows an upward trend for used cars, and a significant upward trend for renovations or moves, furniture and kitchens, consumer electronics and used cars.

Financing planning

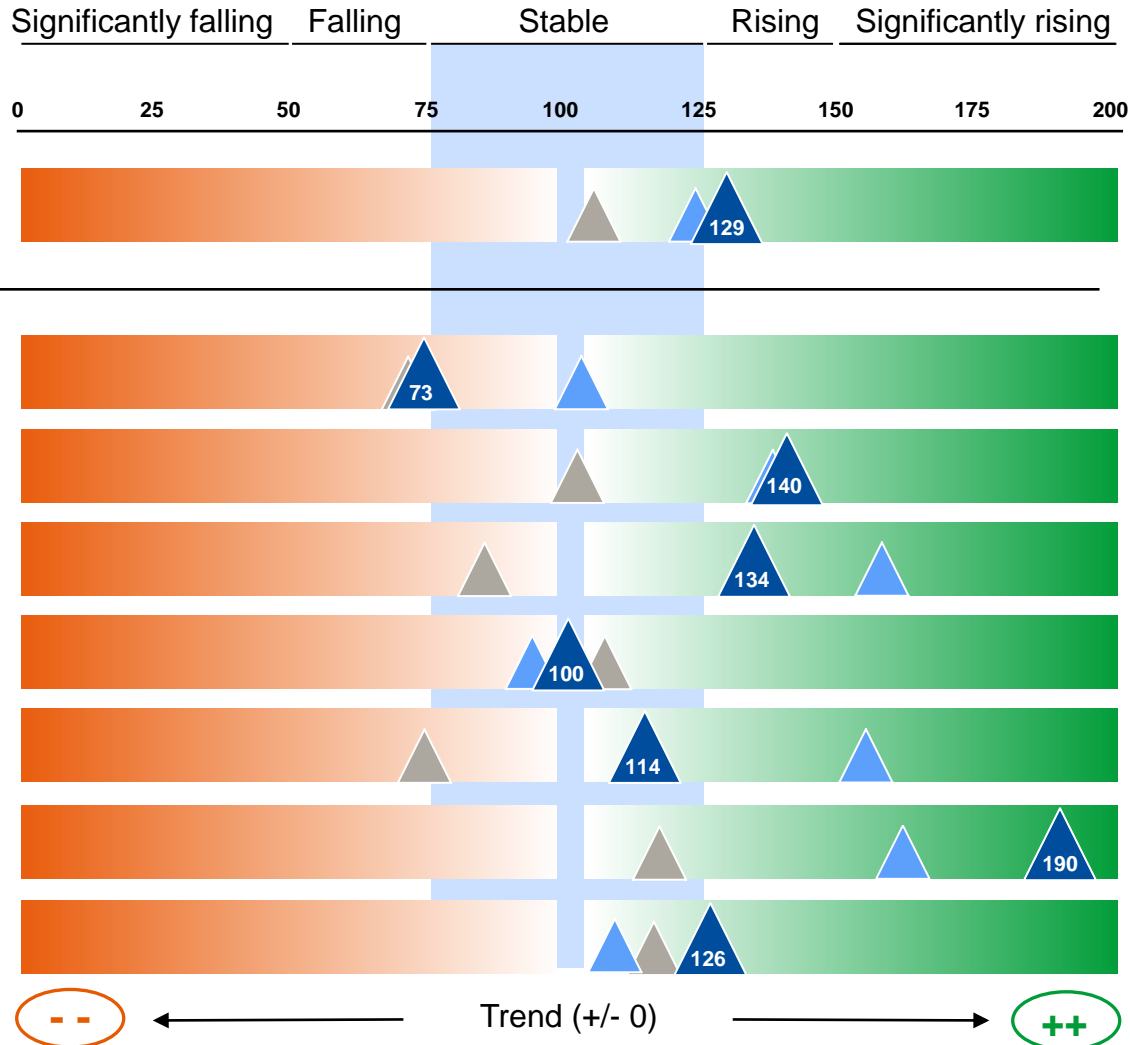
Compared with KKI I/2015



Compared with the previous year's forecast, willingness to finance furniture and kitchens or a major holiday on credit has increased.

Consumer Credit Index, purchase planning and financing planning

In detail



At 129 points, the Consumer Credit Index for 2016 shows an upward trend.



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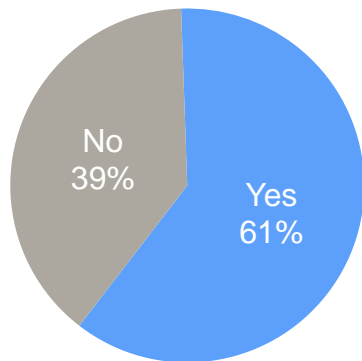
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Purchases in the last 12 months

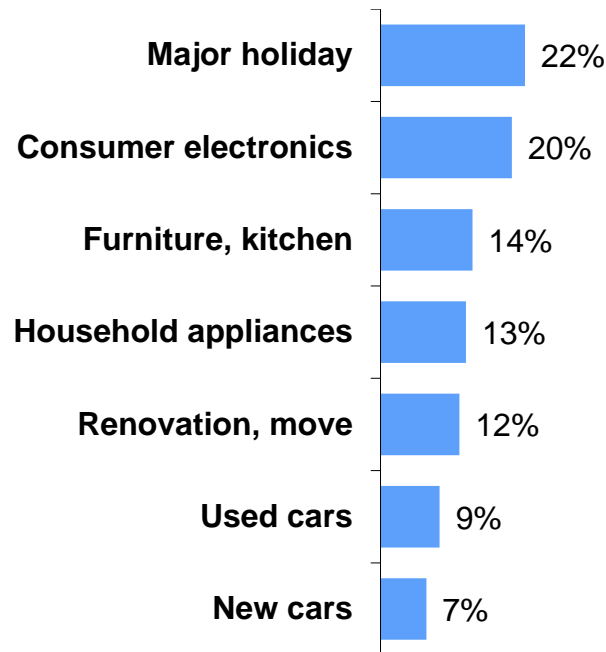
Overall and according to individual purchases



Purchase in the last 12 months
n = 1,904



Type of purchase in the last 12 months
n = 1,904



61% of all people surveyed have made major purchases in the last 12 months.

These purchases were primarily in the areas of major holidays and consumer electronics.



Selected example: 20% of all people surveyed have purchased consumer electronics in the last year.

Q1a: Which of the following major purchases/forms of expenditure have you made/paid for in your household in the last 12 months?

Basis: 1,904 people surveyed; other purchases not shown

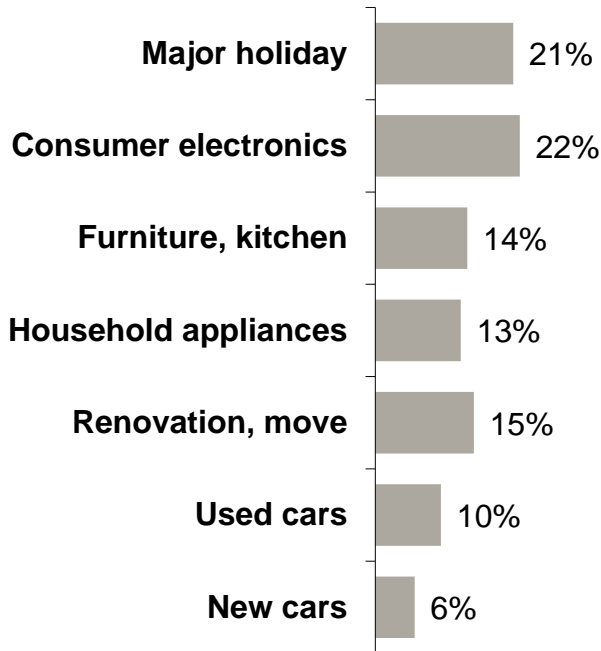
Purchases in the last 12 months

Annual comparison



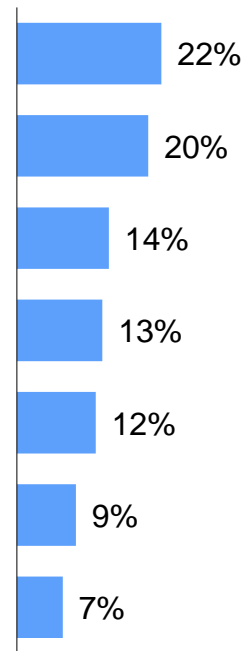
**Type of purchase in the last
12 months (KKI I/2015)**

n = 1,917



**Type of purchase in the last
12 months (KKI I/2016)**

n = 1,904



The level of purchasing is relatively stable compared with the previous year. However, people carried out renovations and moved rather less frequently.



Selected example: 20% of all people surveyed have purchased consumer electronics in the last year. This value has fallen by 2 percentage points compared with KKI I/2015 (but only changes of 5% or higher are regarded as significant).

Q1a: Which of the following major purchases/forms of expenditure have you made/paid for in your household in the last 12 months?

Basis: 1,904 people surveyed; other purchases not shown (KKI I/2015: 1,917 people surveyed)

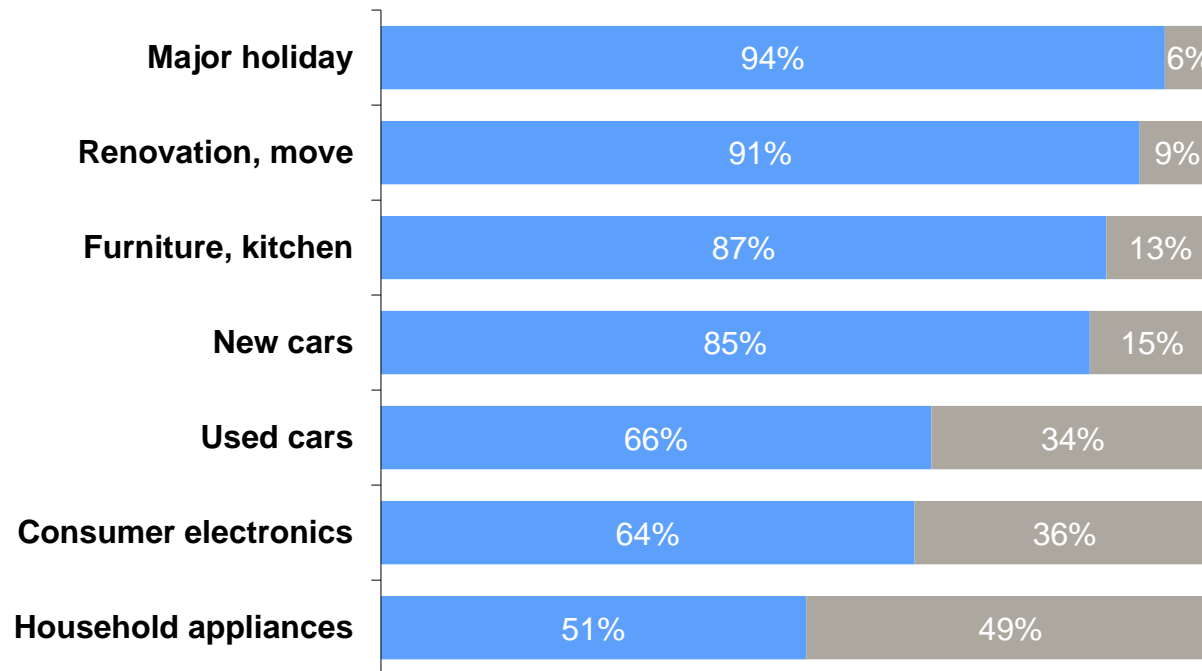
Purchases in the last 12 months

Proportion of planned purchases



Subgroup: purchased the relevant product

■ Planned purchase ■ Unplanned purchase



Major holidays, renovations and purchases of furniture or kitchens and new cars are generally planned rather than spontaneous.

In contrast, the levels of planned and spontaneous purchases are virtually equal for household appliances.



Selected example: 94% of all major holidays are planned in advance, while 49% of all household appliances are purchased spontaneously.

Q1a: Which major purchases/forms of expenditure have you made/paid for in your household in the last 12 months?

Q1b: For all purchases made/forms of expenditure, please state whether or not these were planned. Basis: 1,904 people surveyed; other purchases not shown

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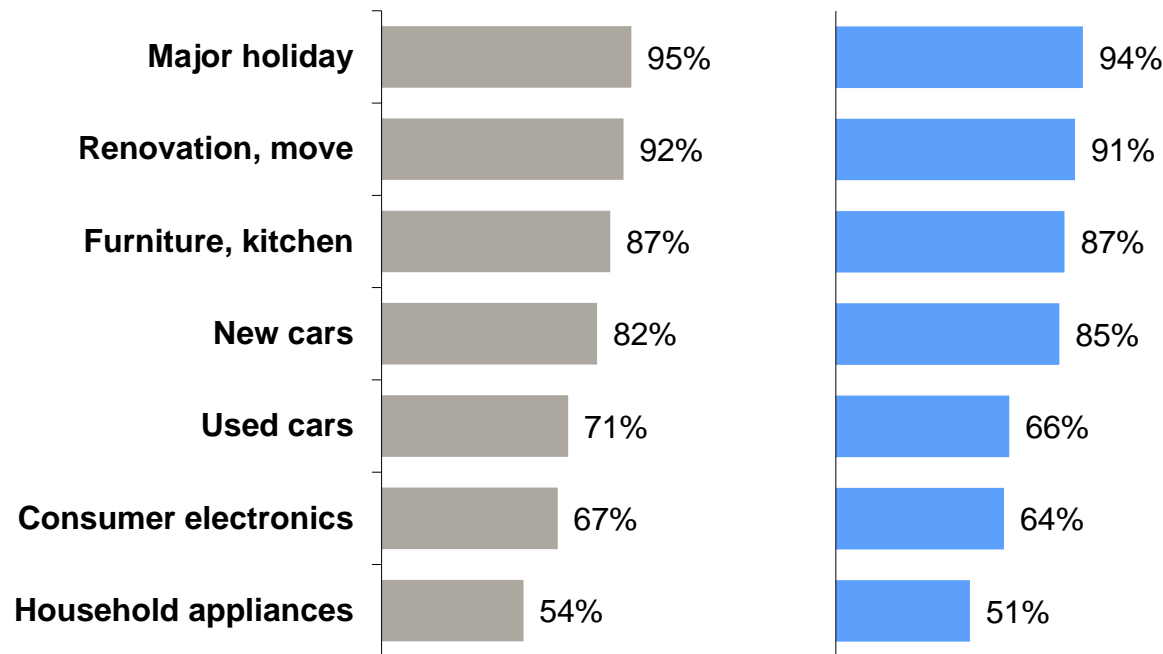
Purchases in the last 12 months

Proportion of planned purchases over time



Proportion of planned purchases (KKI I/2015)
n = 1,917

Proportion of planned purchases (KKI I/2016)
n = 1,904



Overall, the proportions of planned purchases are still at a high level.



Selected example: 66% of all used car purchases are planned in advance. This proportion represents a fall of 5 percentage points compared with the previous year.

Q1a: Which major purchases/forms of expenditure have you made/paid for in your household in the last 12 months?

Q1b: For all purchases made/forms of expenditure, please state whether or not these were planned.

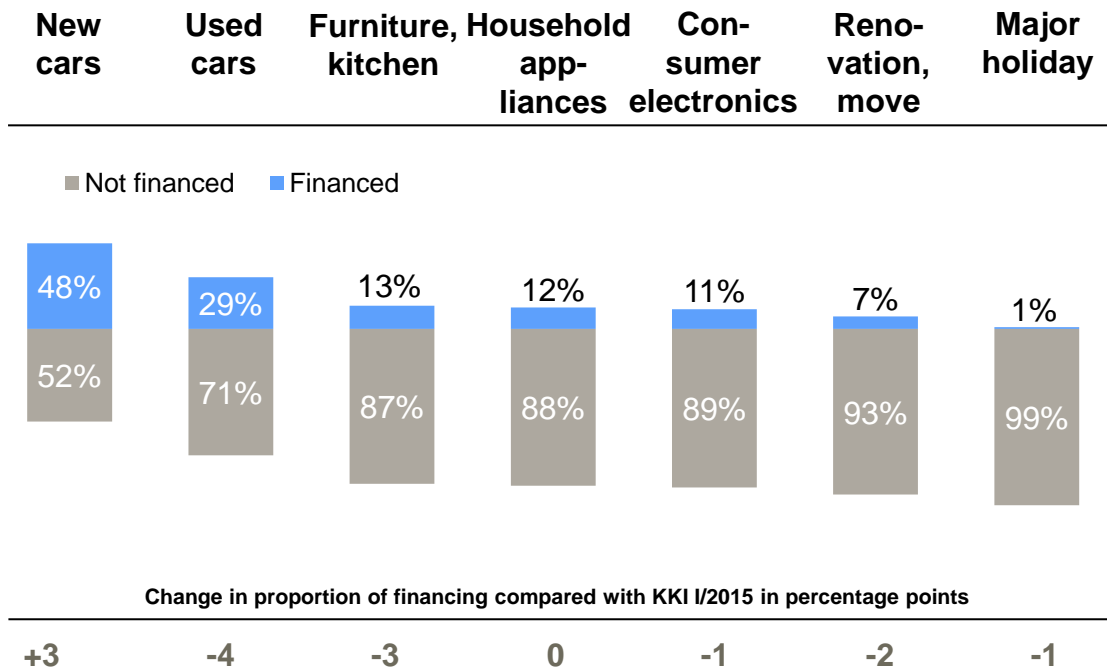
Basis: 1,904 people surveyed; other purchases not shown (KKI I/2015: 1,917 people surveyed)

Purchases in the last 12 months

Financing



Purchase made in the last 12 months



48% of all new cars purchased in the last 12 months are currently at least partially financed. In addition, there has been a slight increase in new car purchases compared with the previous year.



Selected example: 48% of all new car buyers financed their vehicle.

Q1a: Which major purchases/forms of expenditure have you made/paid for in your household in the last 12 months?

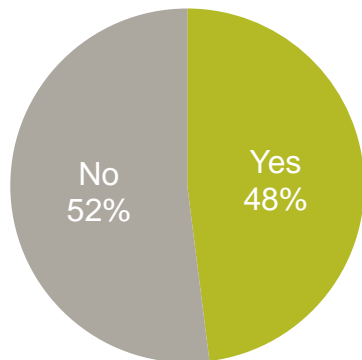
Q1c: Did you take out any of the loans listed below for this purpose? Basis: 1,904 people surveyed; other purchases not shown (KKI I/2015: n = 1,917 people surveyed)

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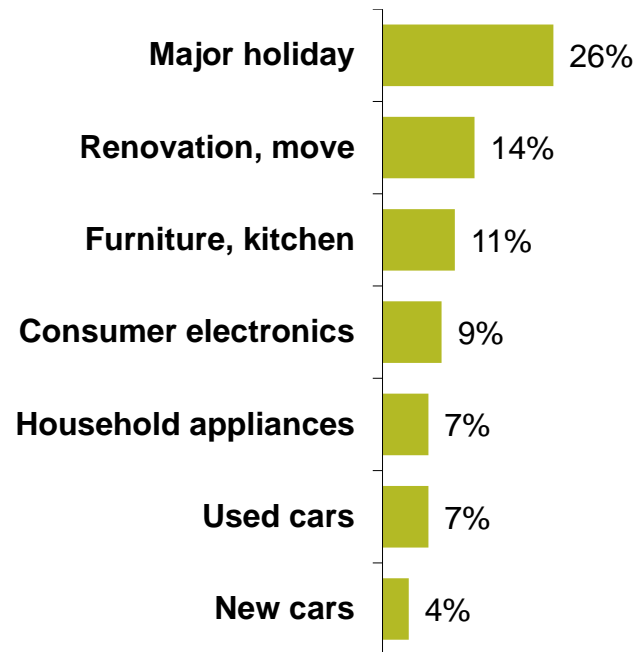


Planned purchases in the next 12 months

**Planned purchases
in the next 12 months**
n = 1,904



**Type of planned purchases
in the next 12 months**
n = 1,904



48% of all people surveyed are currently planning to make major purchases/pay for major forms of expenditure, with the focus on major holidays.



Selected example: 14% of all people surveyed are planning to carry out renovations or to move in the next 12 months.

Q2a: Are you planning one or more of the following purchases/forms of expenditure in the next 12 months?
Basis: 1,904 people surveyed; other purchases not shown

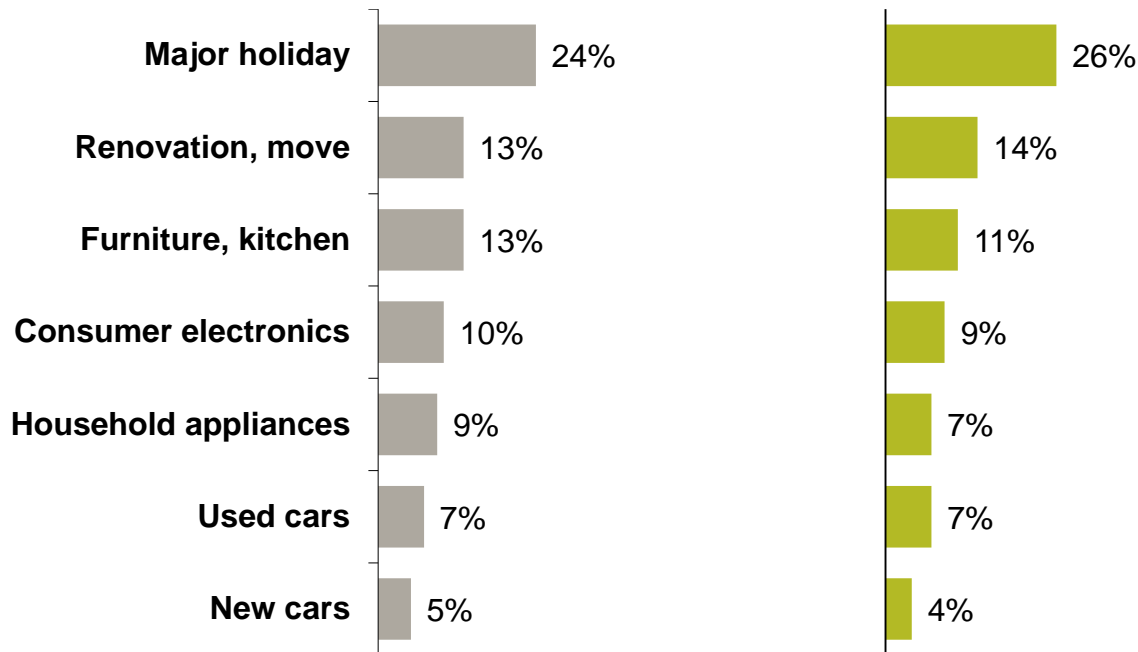
Planned purchases in the next 12 months

Annual comparison



**Type of planned purchases
in the next 12 months
(KKI I/2015)**
n = 1,917

**Type of planned purchases
in the next 12 months
(KKI I/2016)**
n = 1,904



Propensity to buy has largely remained static and is still at a high level. 26% of all households are planning to take major holidays in the next 12 months, and 14% are planning to carry out renovations or to move.



Selected example: 14% of all people surveyed are planning to carry out renovations or to move in the next 12 months.

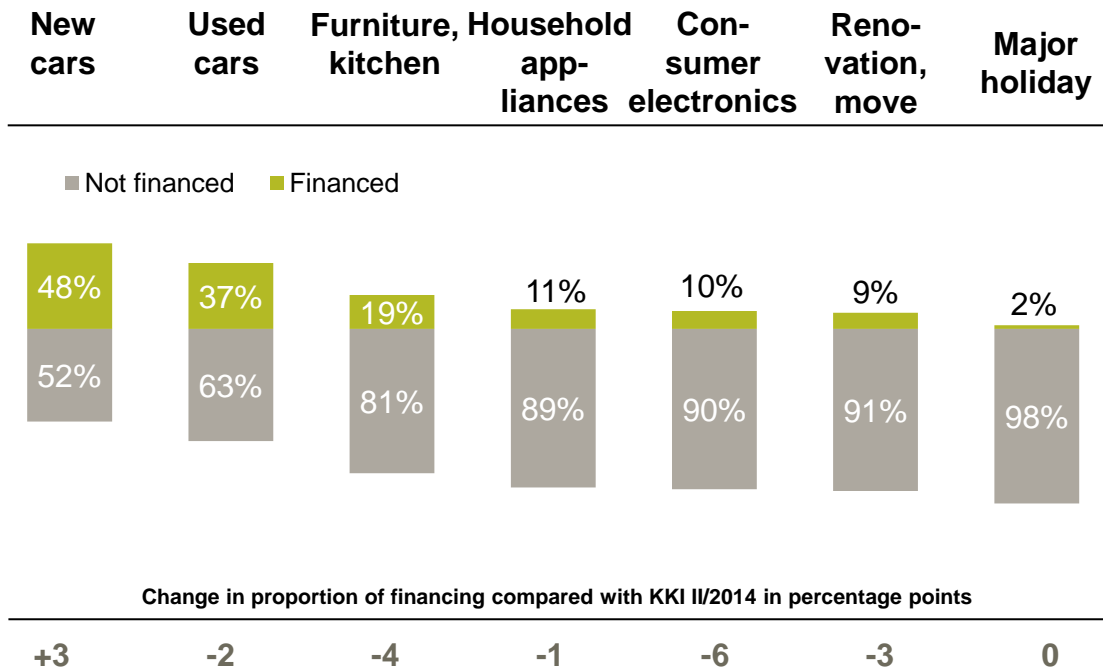
Q2a: Are you planning one or more of the following purchases/forms of expenditure in the next 12 months?
Basis: 1,904 people surveyed; other purchases not shown (KKI I/2015: 1,917 people surveyed)

Planned purchases in the next 12 months

Financing



Credit financing conceivable – planners of the purchase in question



As shown by a figure of 48%, there is a marked willingness to finance new cars. Willingness to finance has increased further in this area compared with the previous year.



Selected example: 48% of all people surveyed who intend to buy a new car consider it possible that they might take out a loan for this purpose.

Q2a: Are you planning one or more of the following purchases/forms of expenditure in the next 12 months?
 Q2b: Is it conceivable in principle that you might take out a loan for this purpose?

Basis: 1,904 people surveyed; other purchases not shown (KKI I/2015: 1,917 people surveyed)

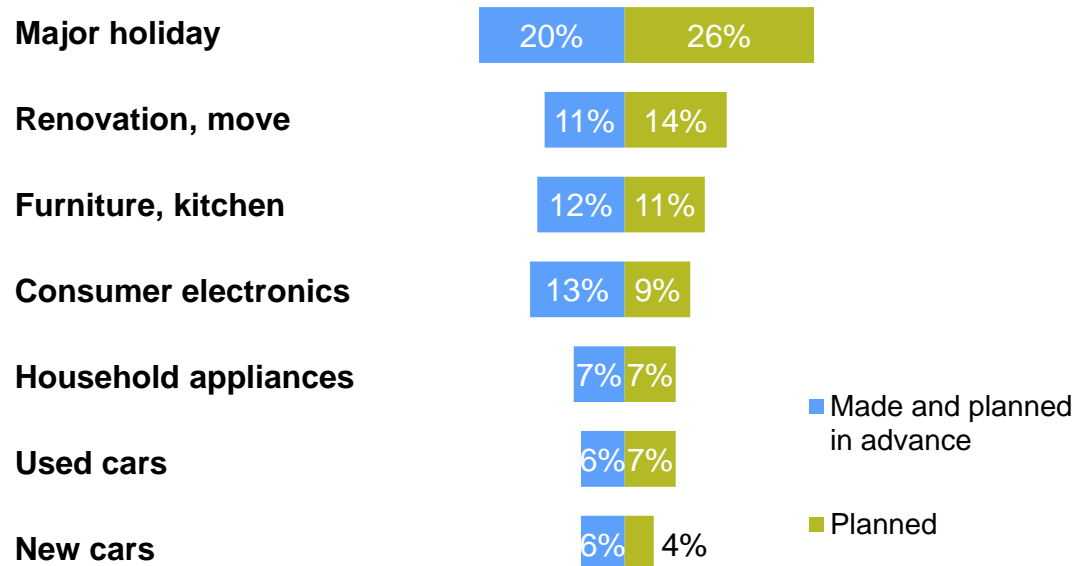
Planned purchases in the past and in the next 12 months



Type of planned purchase in the last 12 months
n = 1,214 people surveyed

Type of planned purchase in the next 12 months
n = 1,904 people surveyed

26% of all people surveyed are planning to take major holidays in the future; 20% have taken a planned holiday in the past 12 months.



Q1a: Which major purchases/forms of expenditure have you made/paid for in your household in the last 12 months?

Q1b: Subgroup: planned the purchase

Q2a: Are you planning one or more of the following purchases/forms of expenditure in the next 12 months?

Basis: 1,904 people surveyed, 998 of whom with planned purchases; other purchases not shown

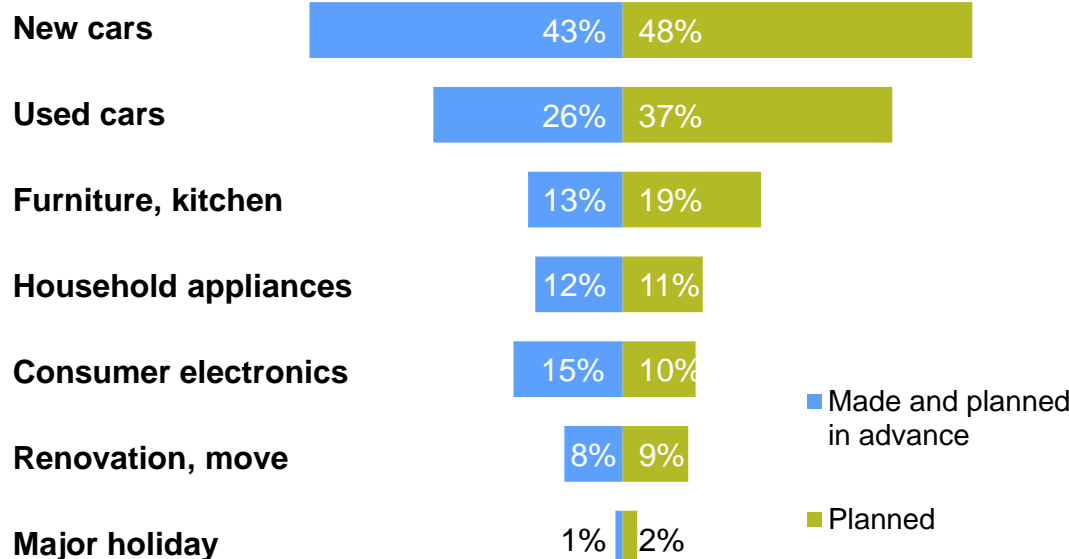
Effected and conceivable financing

Subgroup: planned purchase in the past and in the next 12 months



Credit finance providers in the last 12 months
Subgroup: planners*

Expected credit finance providers in the next 12 months



48% of all new car purchases and 37% of all used car purchases are to be financed in the next 12 months.

Moreover, a significant increase can be identified in the areas of used cars, furniture and kitchens.



Selected example: 11% of all planned household appliance purchases are to be financed.

Q1c: Did you take out any of the loans listed below for this purpose? *Planners subgroup: the purchase was planned.

Q2b: Is it conceivable in principle that you might take out a loan for this purpose?

Basis: 998 people surveyed with planned purchases; other purchases not shown

Contacts



Your contacts:

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