

# MARKET STUDY 2016 – 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 2016.

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, financing in retail trade, online loan agreements and the use of electric vehicles and autonomous driving.





# 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 = 1,829 interviews, the results were subsequently weighted

### **Survey period**

8 July 2016 to 29 July 2016

### **Publication**

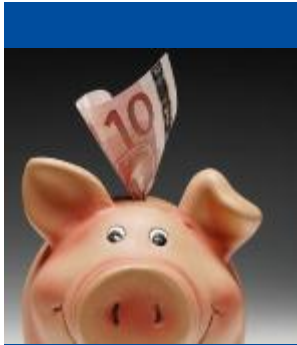
October 2016





# Study design II

## Case numbers



**n = 725 users of financing products**

all respondents who use at least one form of financing

**n = 1,104 non-users of financing products**

all respondents who do not use any form of financing

**n = 1,572 car owners**

all respondents who own at least one car



**n = 563 car owners (with financing)**

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

**n = 1,009 car owners (without financing)**

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





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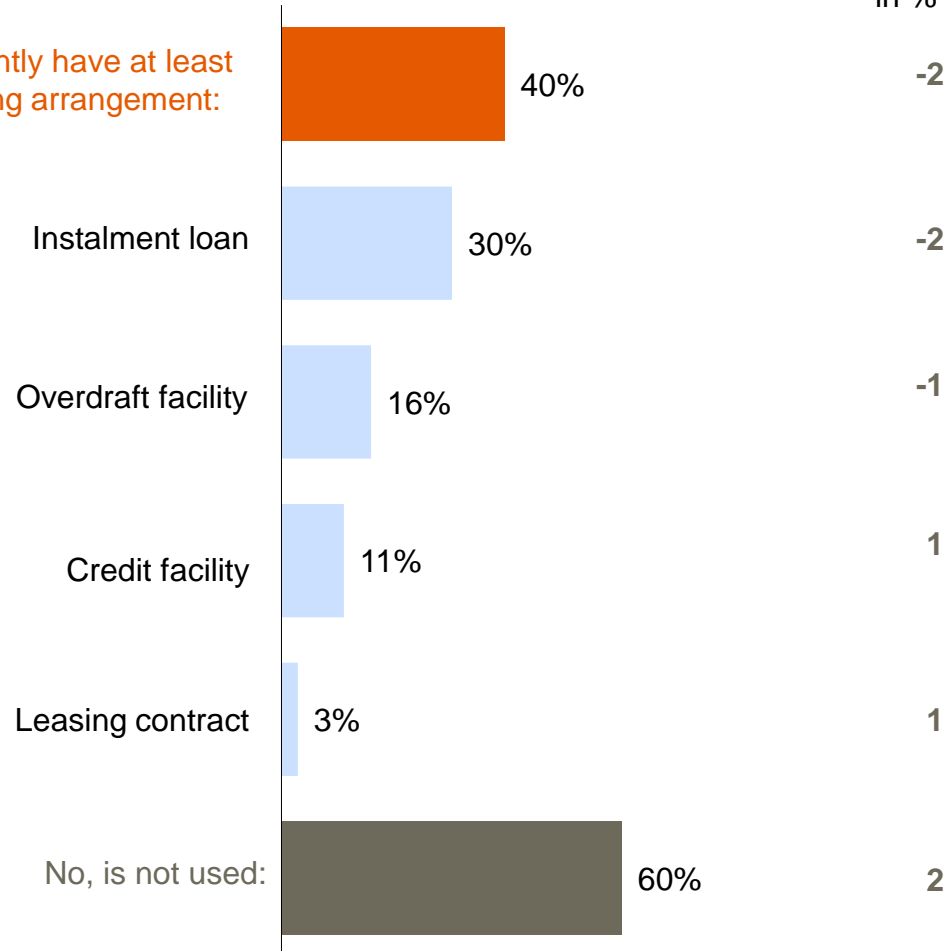


# Use of financing

All respondents

Change compared to 2015 in % pts

Yes, I currently have at least one financing arrangement:



Every third respondent currently uses an instalment loan.

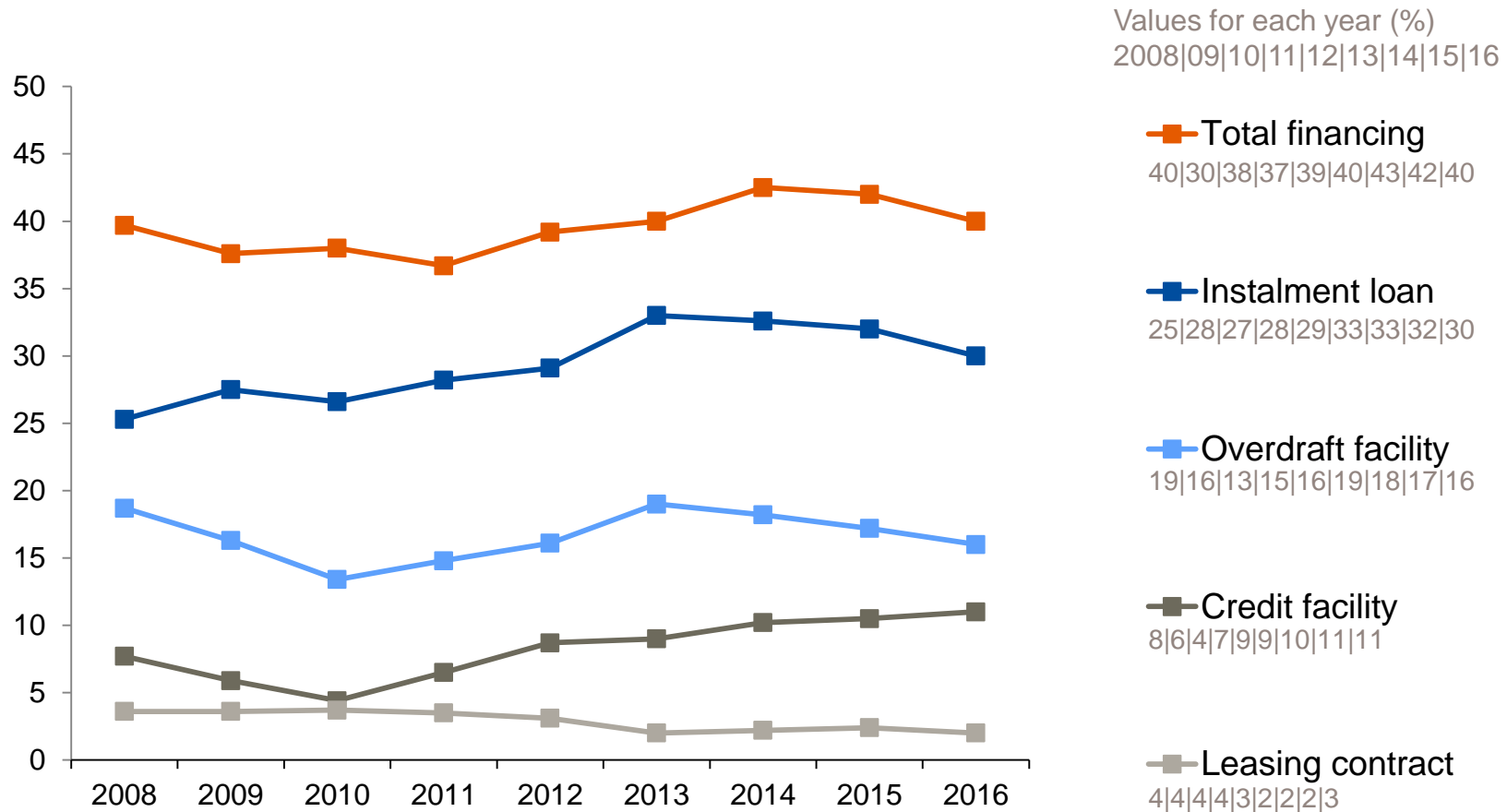
Q3a: Are you currently using one of the following loans/forms of financing?  
Basis: all respondents n = 1,829 excl. no response; rounding-off differences possible



# Use of financing

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

Use



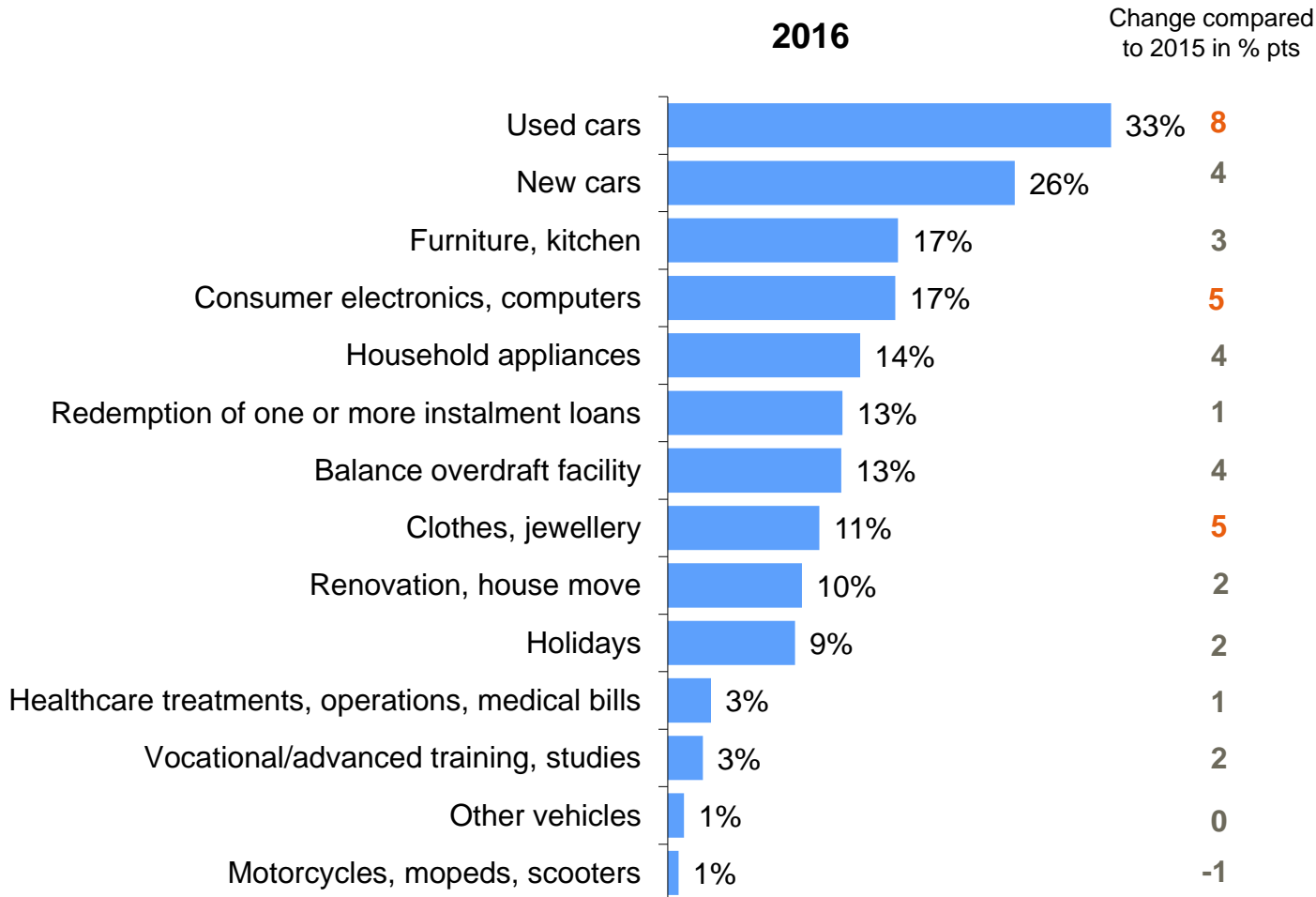
Q3a: Are you currently using one of the following loans/forms of financing?  
Basis: all respondents in each case, basis 2016: n = 1,829 excl. no response.





# Instalment loans – intended purpose

## Instalment loan users – multiple answers possible



33% of instalment loan users use their instalment loan for a used car. Compared to last year, there has been a significant increase.

The use of instalment loans for clothes, jewellery, consumer electronics and computers has also increased significantly.

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 = 520 excl. no response

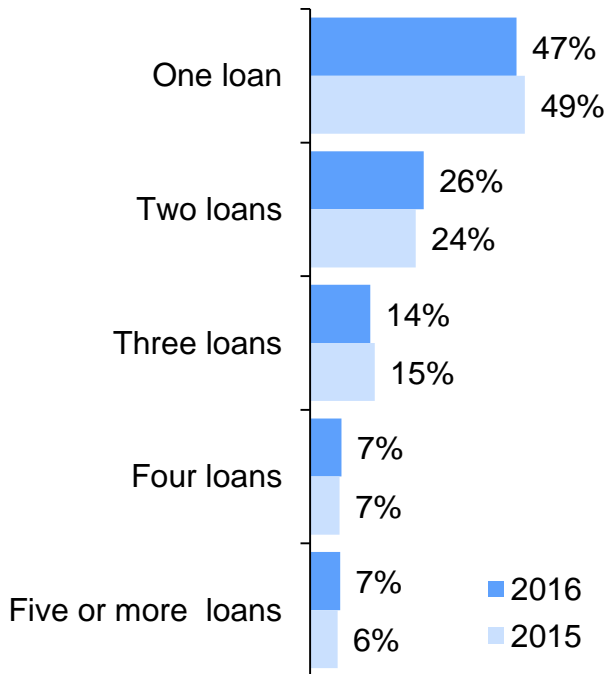


# Loans – number and amounts outstanding

## Users of financing products

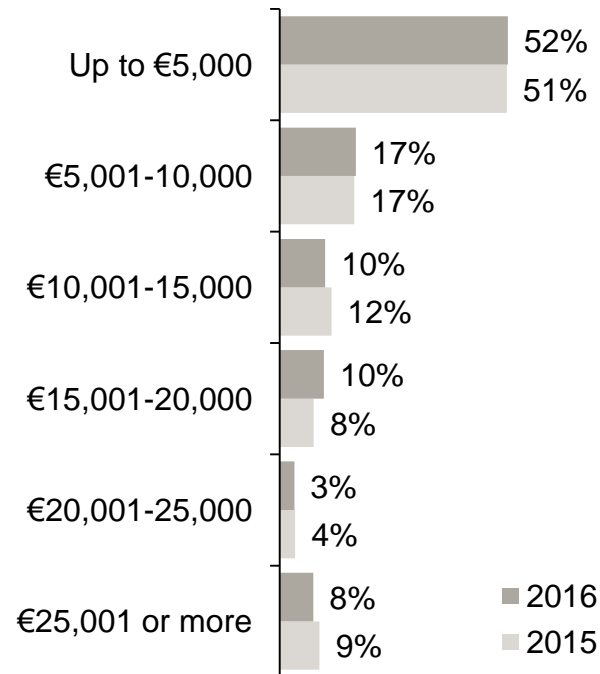
**Number**  
n = 696

Ø 2,1 loans



**Outstanding amount**  
n = 630

Ø 10.800 Euro



On average, each user of financing products in Germany has taken out 2.1 financing agreements and still has an outstanding amount of €10,800 to repay.

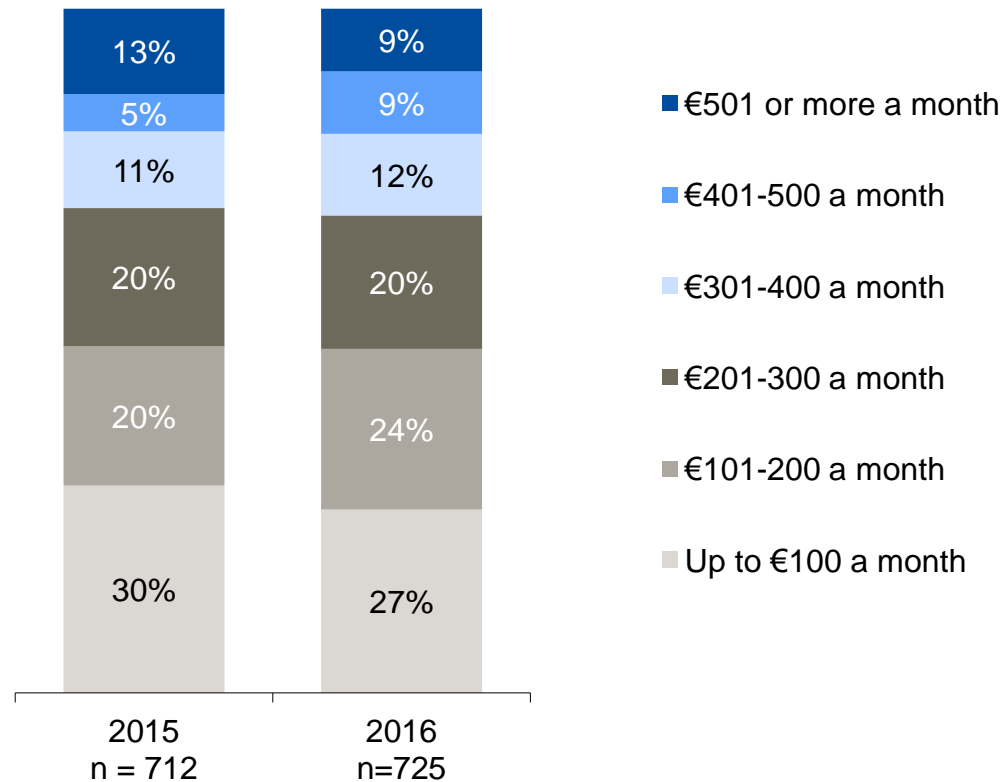
Q3b: For the forms of loan/financing that you are currently using, how many different contracts have you concluded for each form of loan/financing? Basis: excl. no response

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 for all loans and forms of financing is €250 in 2016.

### Amount of average monthly payments:

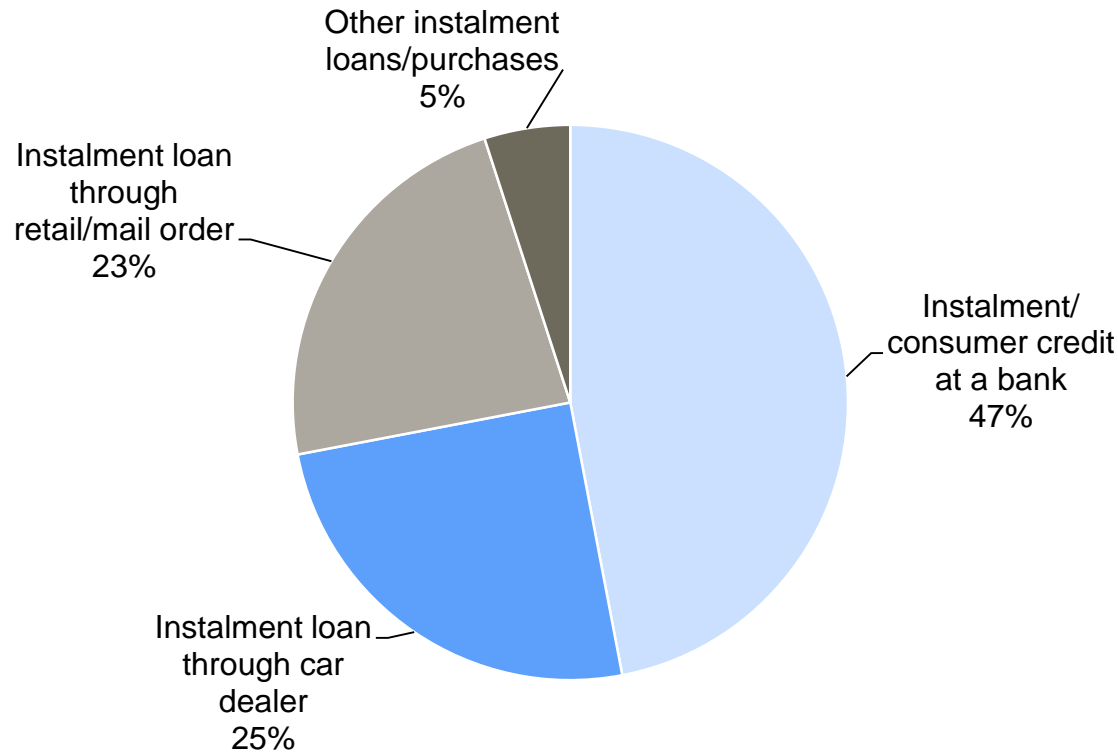
2016: 250 Euro  
2015: 250 Euro  
2014: 270 Euro  
2013: 300 Euro  
2012: 300 Euro

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



# Allocation of instalment loan forms

## Instalment loan users



Almost half of all instalment loans are taken out at a bank.

A quarter of all instalment loans is concluded through a car dealer.

Q7c: Irrespective of where you applied for this instalment loan, where did you ultimately complete the contract?  
Basis: instalment loan users, basis: all instalment loans = 100%, n=624, excl. no response

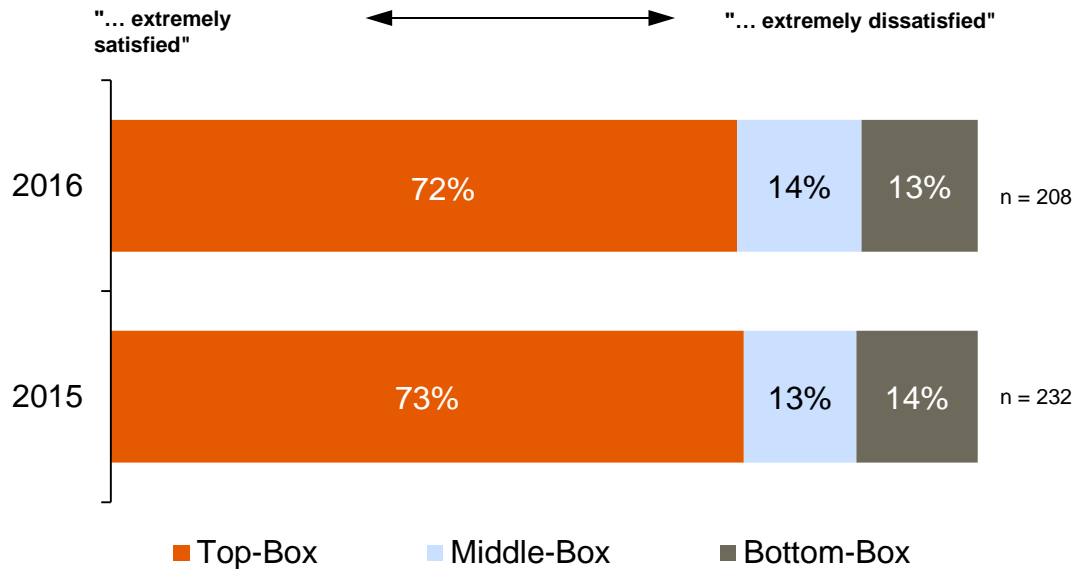


# Satisfaction with financing

## Users of financing products

### Respondents' assessment

72% of all users of financing products are (extremely) satisfied with their financing.



**Top box** (4+5) = satisfied/extremely Satisfied

**Middle box** (3) = neither satisfied, nor unsatisfied

**Bottom box** (1+2) = extremely unsatisfied/unsatisfied

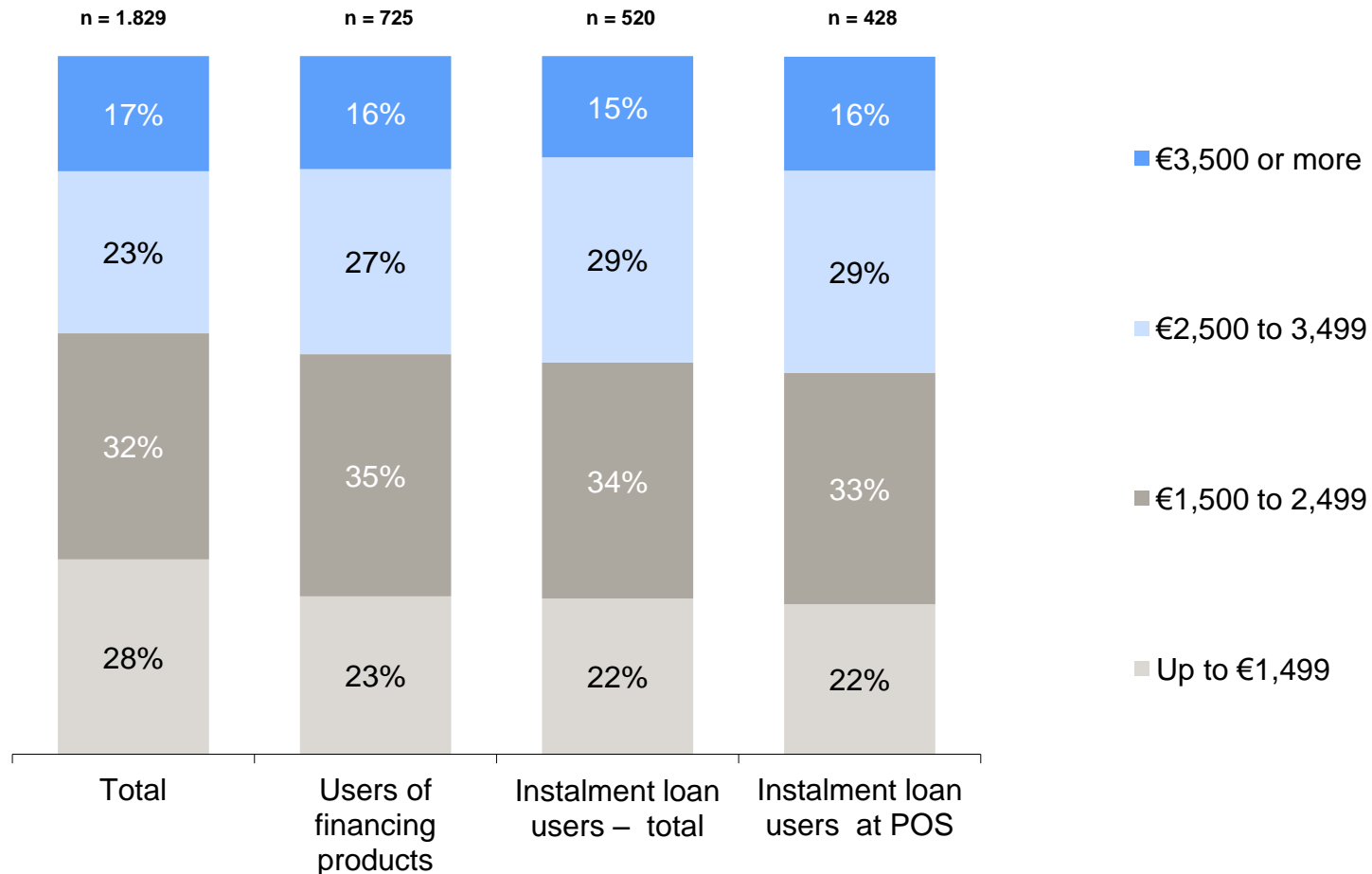
Q1e: How satisfied are you overall with the loan/loans you have taken out?  
Basis: excl. no response



# Statistics: net household income

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

## Net household income



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

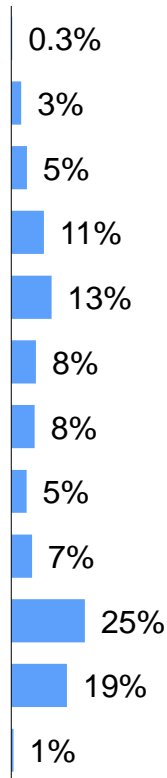
Basis: all respondents n = 1,829 excl. no response



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

Planners of purchase concerned

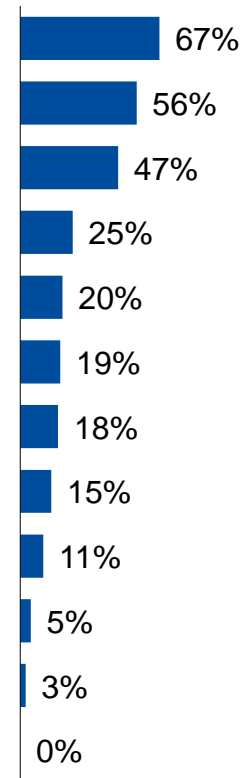
**Planned purchases**  
All respondents  
n = 1.829



of which



**Planned borrowing**



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

\*Trend statement due to low basis

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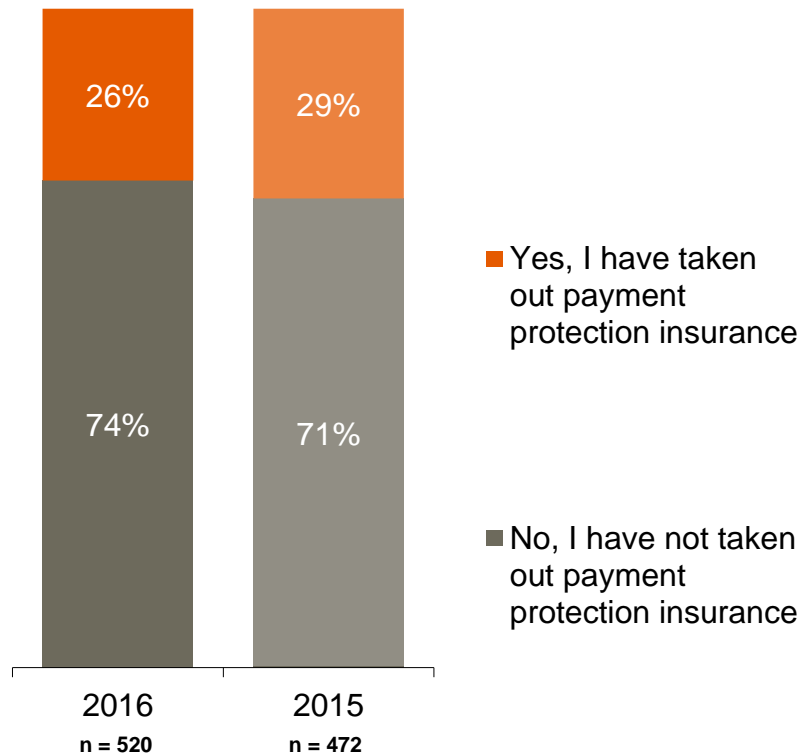
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# Payment protection insurance (PPI) taken out In total Instalment loan users

26% of all instalment loan users have taken out payment protection insurance.

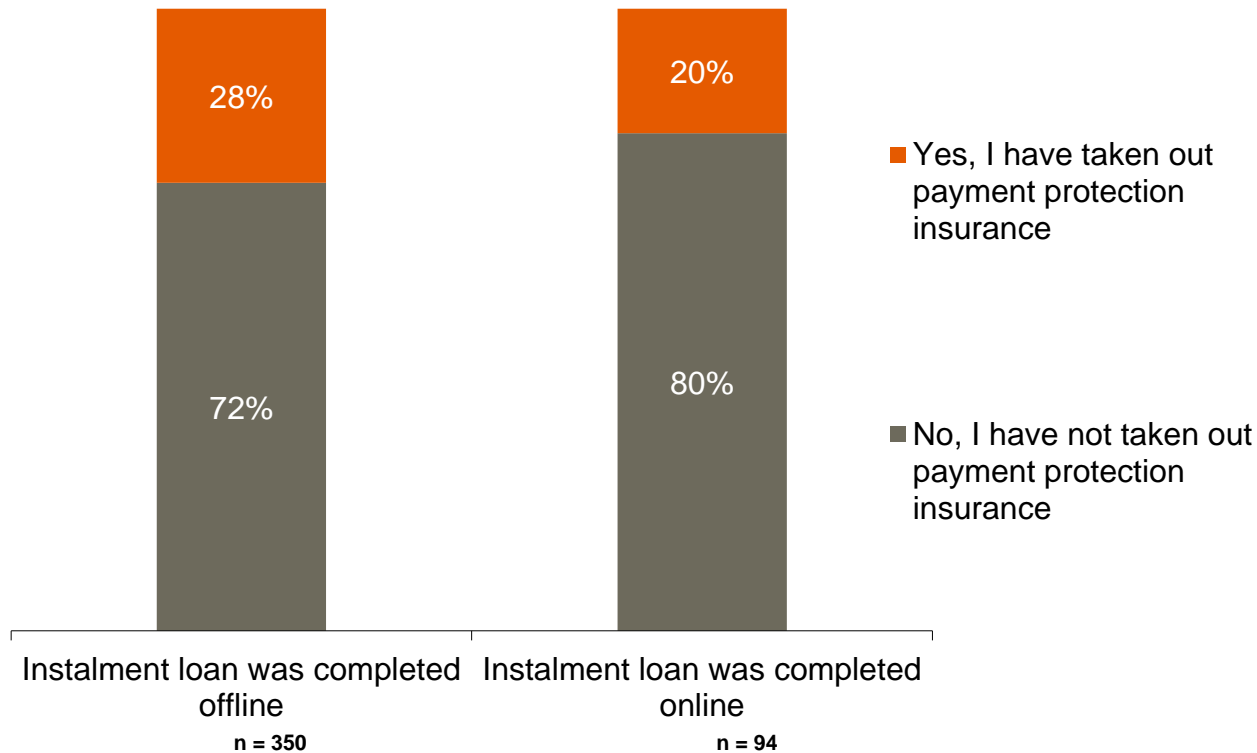


Q11: Have you taken out payment protection insurance for your most recent instalment loan?  
Basis: excl. no response



# Payment protection insurance (PPI) taken out By location where instalment loan was concluded Instalment loan users

A fifth of all instalment loan users, that have concluded their instalment loan online, has taken out payment protection insurance.



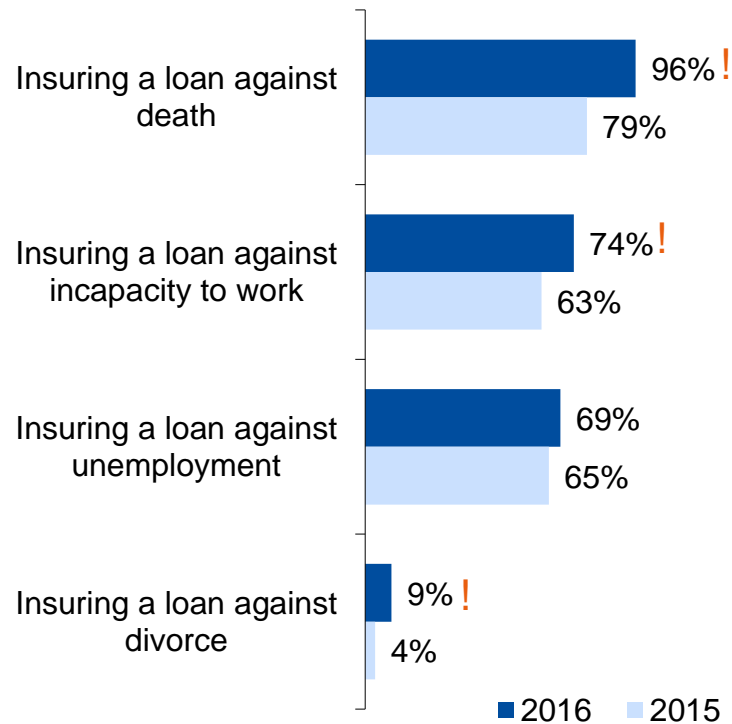
Q11: Did you take out payment protection insurance for your most recent instalment loan?  
Q7c: Irrespective of where you applied for this instalment loan, where did you ultimately conclude the contract?  
Basis: excl. no response, multiple answers were excluded



# PPI taken out according to risk

## Instalment loan users with payment protection insurance

**Covered risks  
in total\***  
n = 95



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

Q13: What risks does your payment protection insurance cover? \*Question changed in 2016, only "experts" are reported  
Basis: excl. no response; multiple answers possible, some trend statements

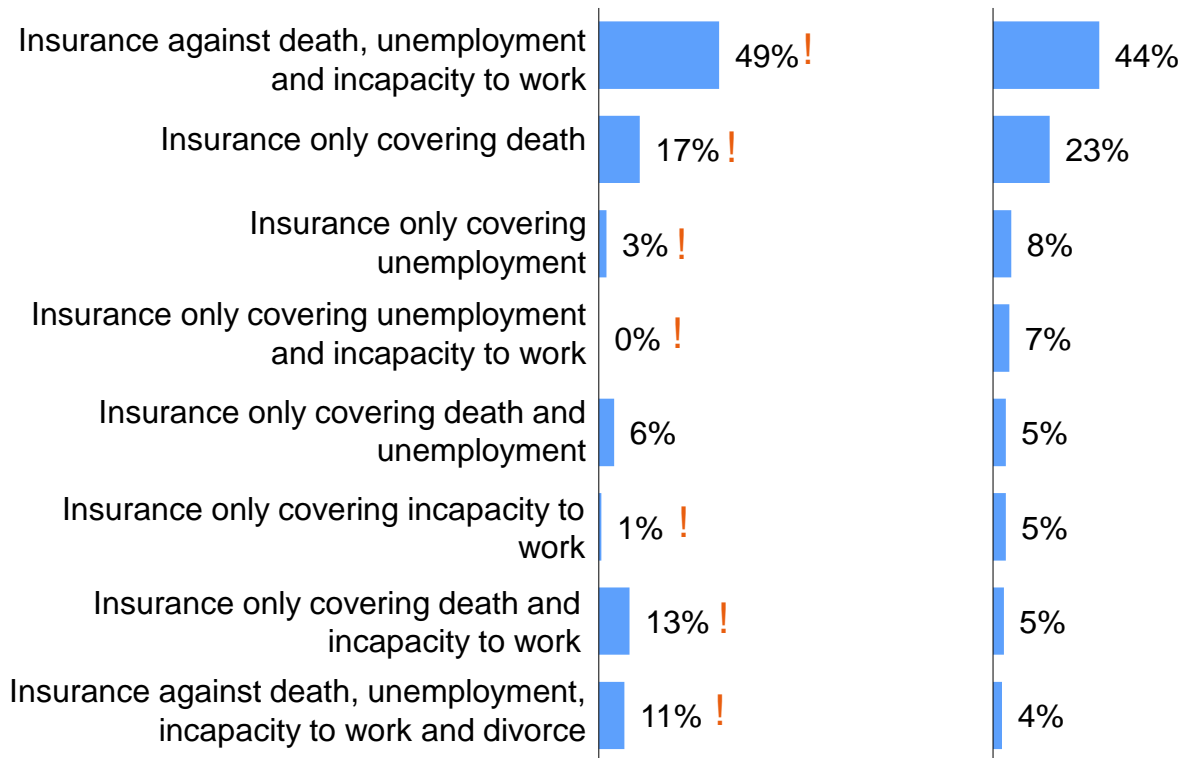


# PPI taken out according to risk

## Instalment loan users with payment protection insurance

**Covered risks  
2016 in detail \***  
n = 95

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



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

Q13: What risks does your payment protection insurance cover? \*Question changed in 2016, only "experts" are reported  
Basis: excl. no response; multiple answers possible, presentation set to 100%, some trend statements



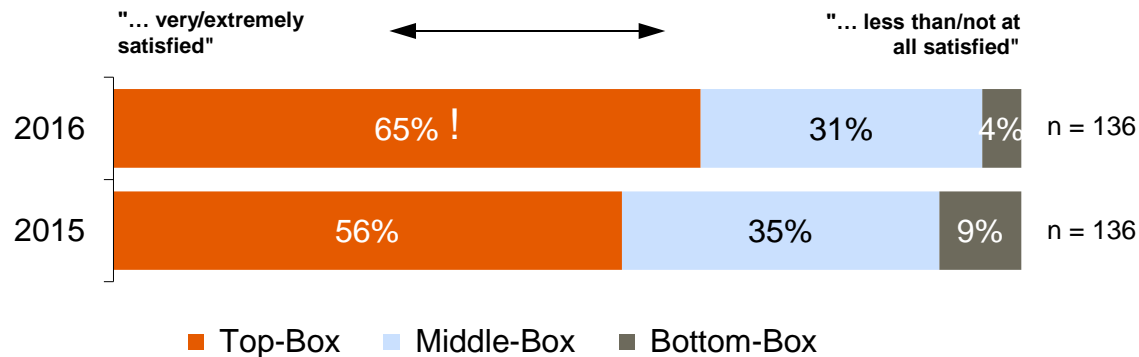
# Satisfaction with payment protection insurance

## Instalment loan users with payment protection insurance

### Satisfaction

The majority of instalment loan users with payment protection insurance is (extremely) satisfied with their insurance.

In comparison to last year, satisfaction with payment protection insurance rose significantly (+9 percentage points).



Q14: How satisfied are you overall with your payment protection insurance?  
Basis: excl. no response

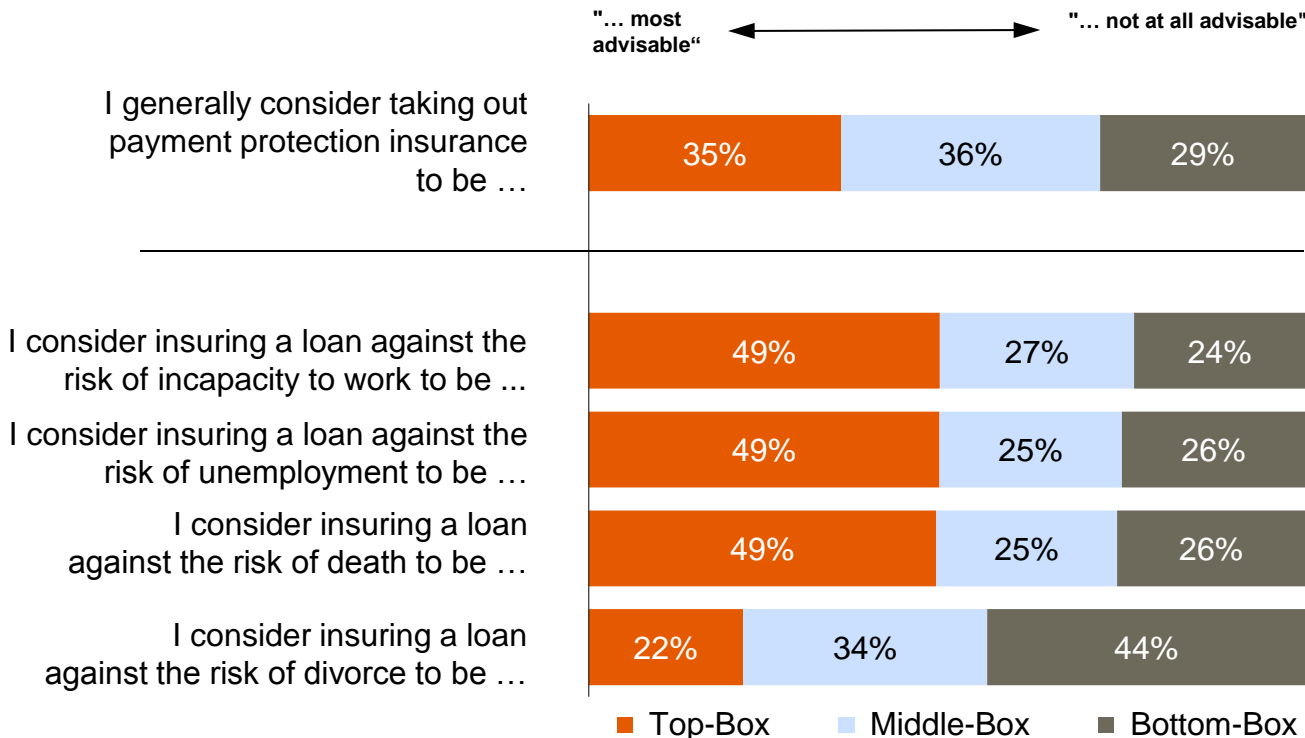


# Taking out payment protection insurance

## Users of financing products

### Statements

35% of users of financing products generally consider payment protection insurance to be advisable.



Q15a: 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 = 725 excl. no response



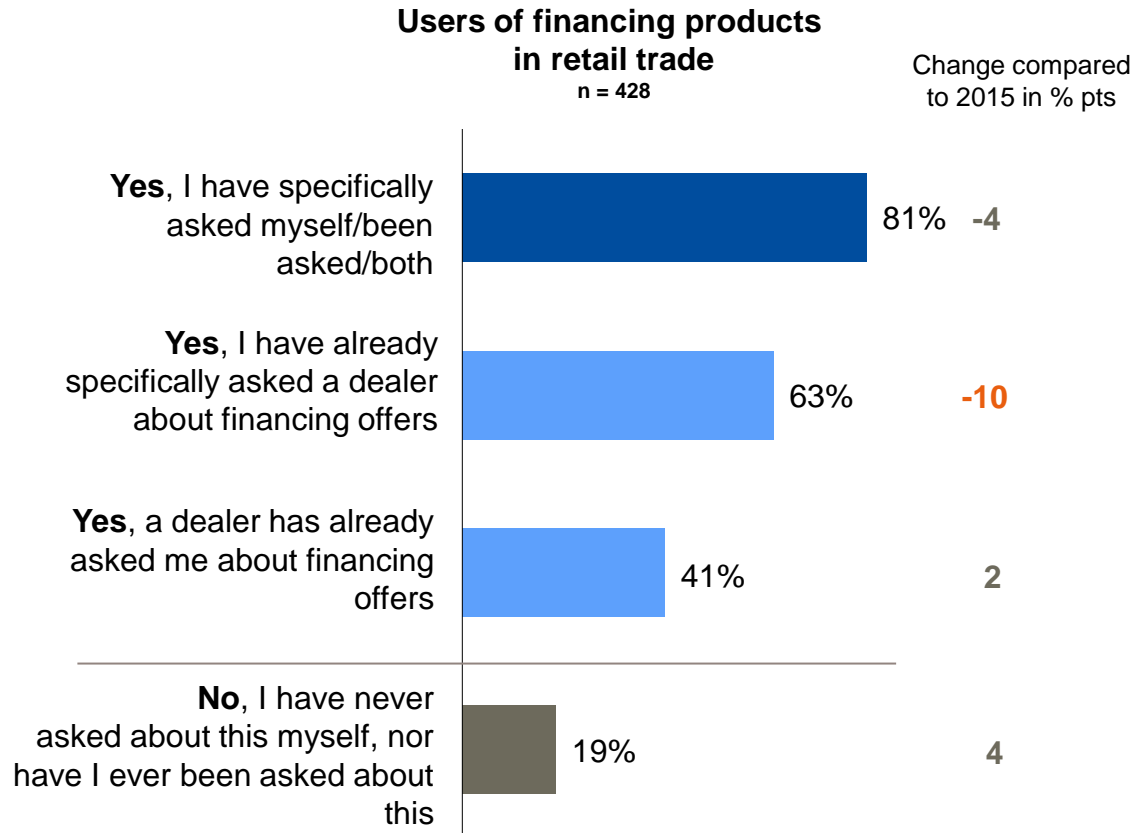
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# Financing in retail trade

## Raising the question of financing offers



63% of all users of financing products in retail have already specifically asked a dealer about financing offers. In the previous year, it was still 73%.

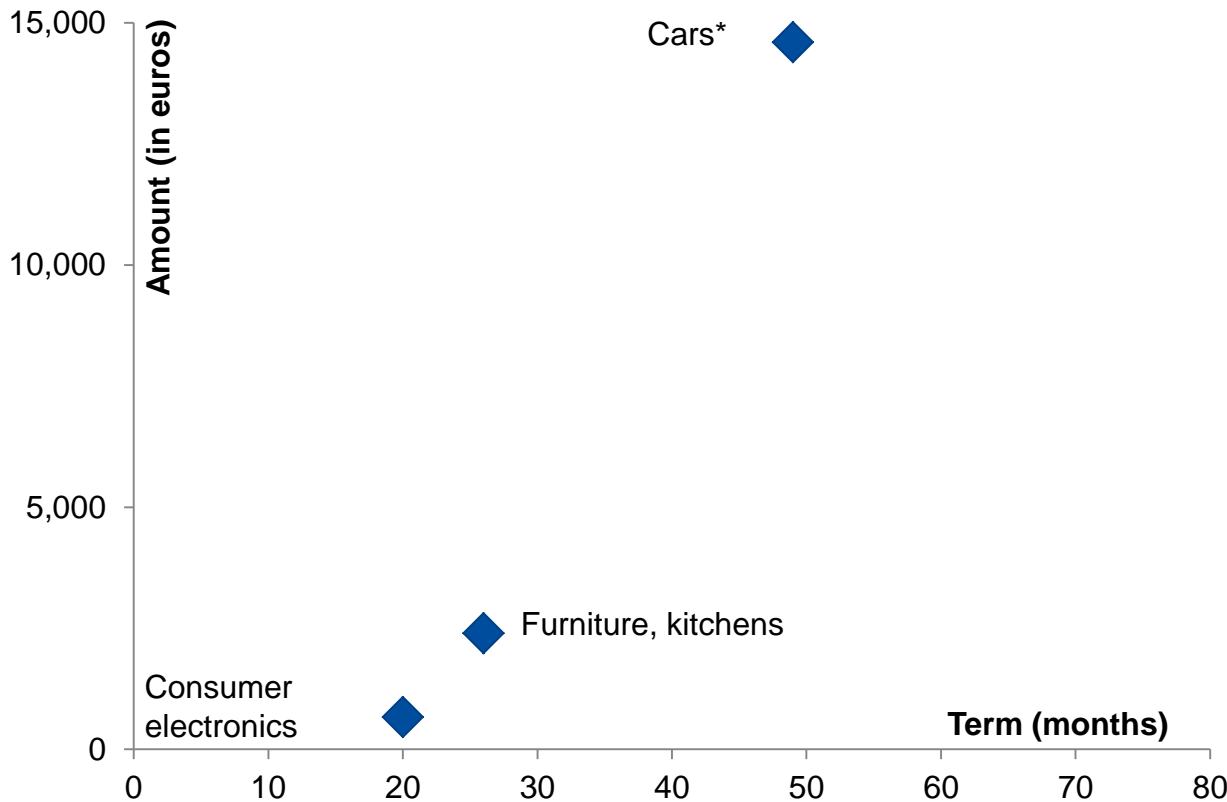
Q16: When making the following purchases, have you ever specifically asked a dealer about financing offers, or has a dealer ever asked you about such offers? Net amount; basis: excl. no response





# Financing in retail trade – amounts and terms

## Users of financing products in retail trade



Financing:  
 New cars:  
 17.700 Euro (49 months)  
 Used cars:  
 10.800 Euro (49 months)

### Figures in detail:

	Term	Amount
Cars	49	14.600
Furniture, kitchen	26	2.400
Consumer electronics	20	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 = 428 excl. no response; "other" not shown

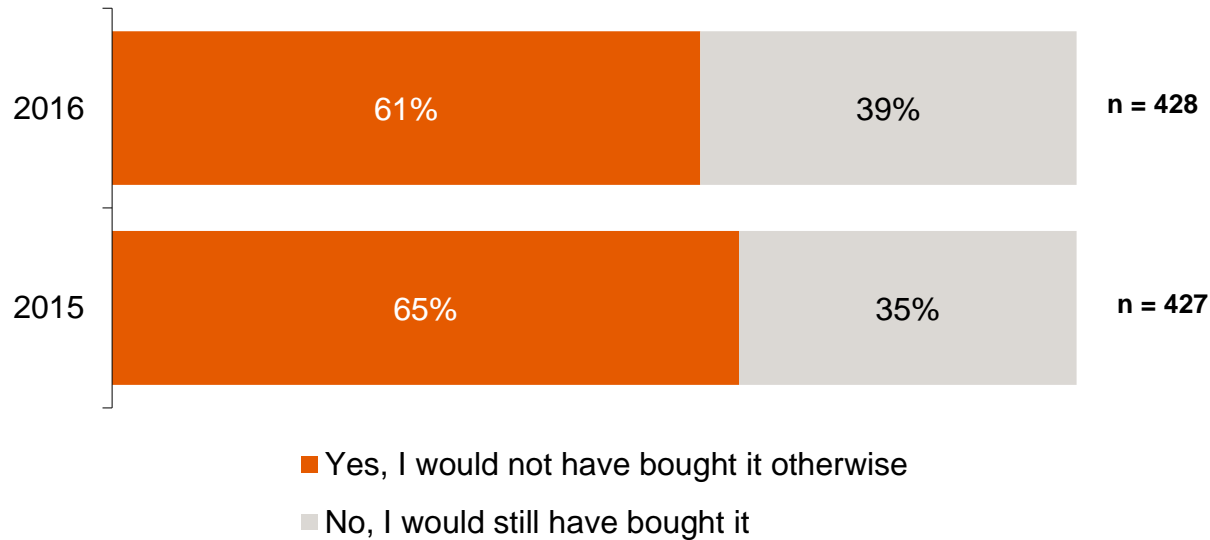


# Financing in retail trade – influence on purchase decision

## Users of financing products in retail trade

### Influence on purchase decision

Without financing options in retail outlets, 61% 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



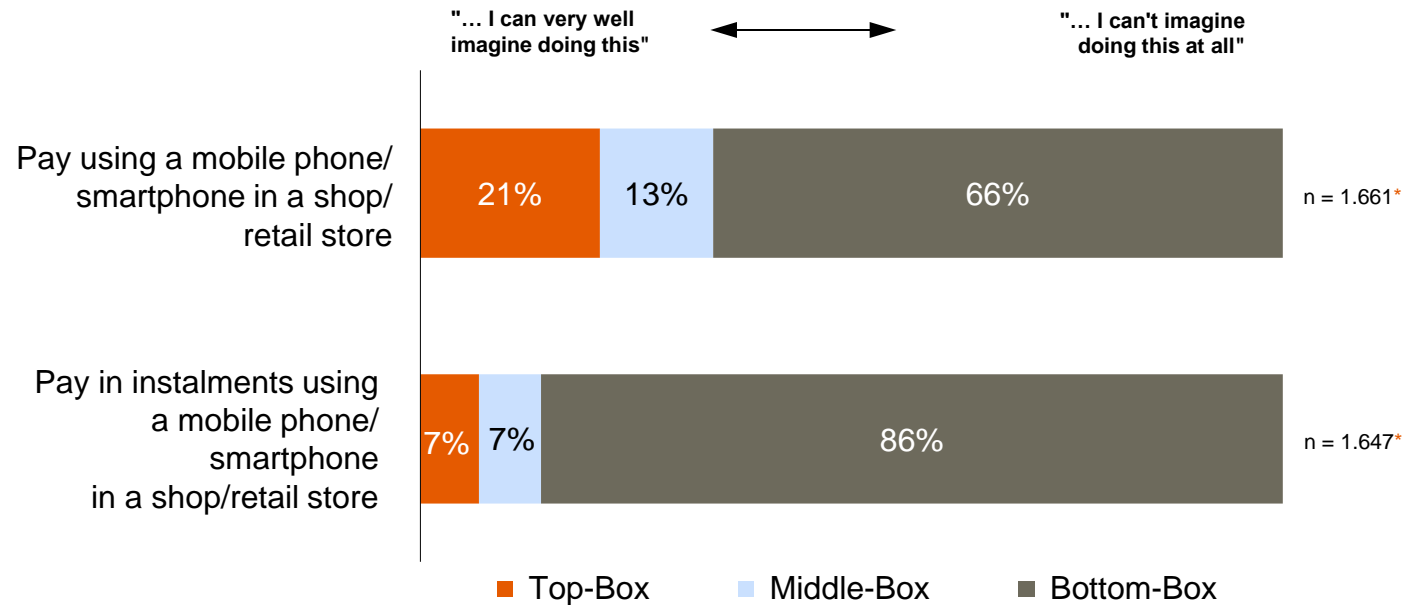
# Payment using a mobile phone/smartphone

All respondents

## Respondents' assessment

In principle, every fifth respondent can imagine using a smartphone to pay in a retail store in future (2015: 20%).

7% of respondents can imagine using a smartphone to make instalment payments in a shop (2015: 6%).



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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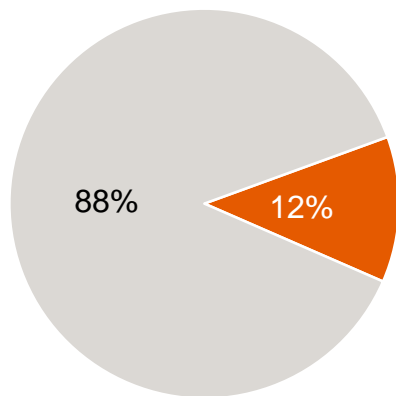


# Loans taken out online and intended purpose of financing

All respondents

## Taking out a loan online

n = 1.829

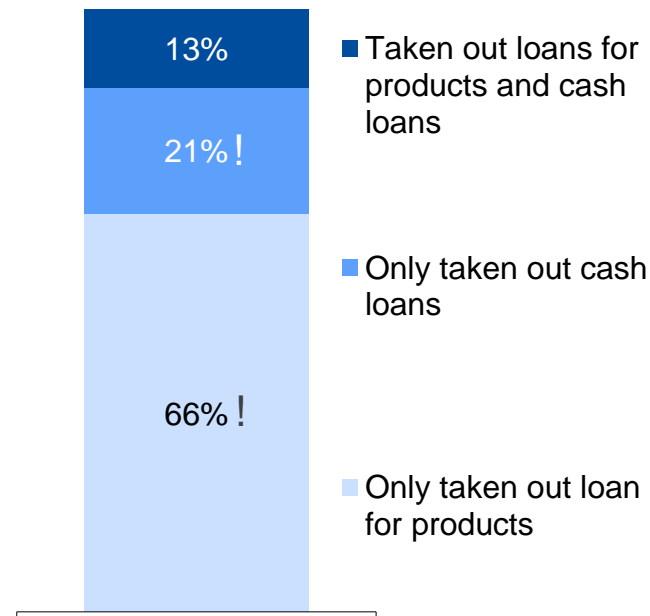


■ Yes, I have taken out a loan online

■ No, I have never taken out a loan online

## Intended purpose

n = 220



■ Taken out loans for products and cash loans

■ Only taken out cash loans

■ Only taken out loan for products

12% of all respondents have already taken out a loan online.

Two-thirds of these loans were used for products (2015: 36%) and 21% for cash loans (2015: 52%).

### Note:

30% of all respondents use an instalment loan. Of these respondents, 25% took out their instalment loan online.

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

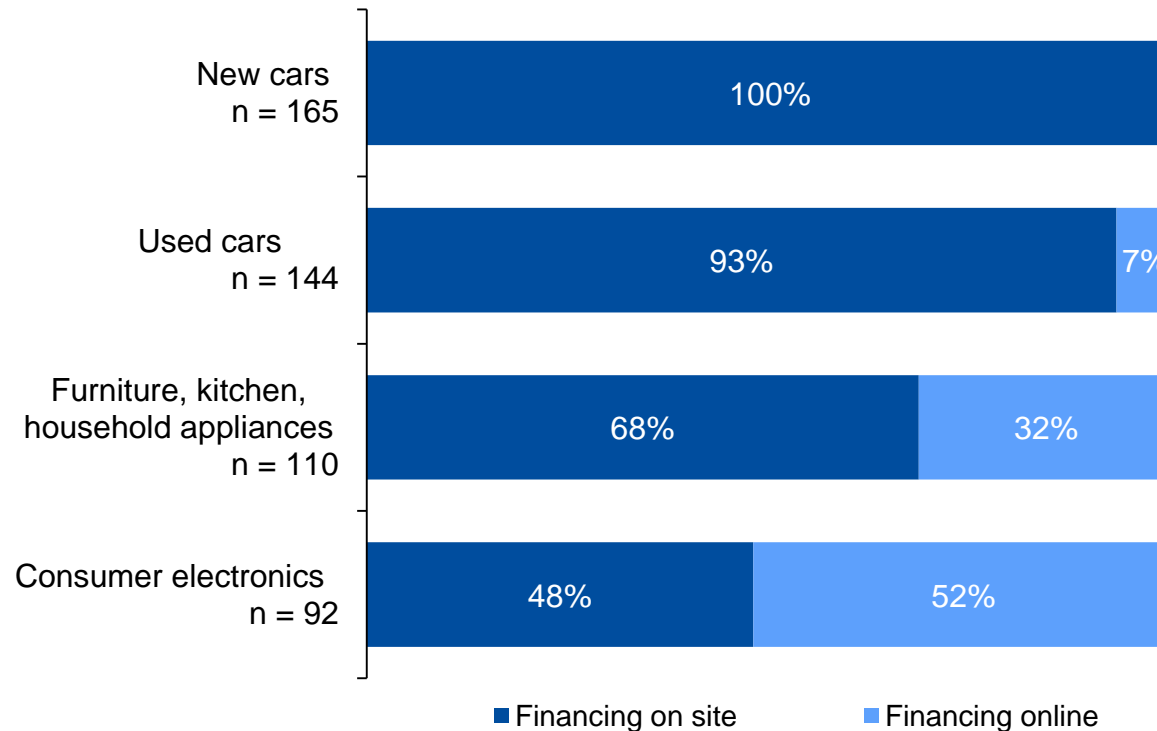
Q18b: Were these loans taken out for specific products, or were they available for unrestricted use, i.e. cash loans? Basis: excl. no response



# Objects financed by channel

## Users of financing products in retail trade

### Type of financing



52% of all financed consumer electronics are financed by dealers online; for furniture, kitchens and household appliances, the figure is 32%.

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



# Instalment loans – channel

## Instalment loan users

25% of all instalment loans were taken out online.



### Instalment loans – channel

Online/ Personally

2014: 21%/79%

2015: 21%/79%

Q7c: Irrespective of where you applied for this instalment loan, where did you ultimately conclude the contract?  
Basis: instalment loan users n = 520 excl. no response = 100%



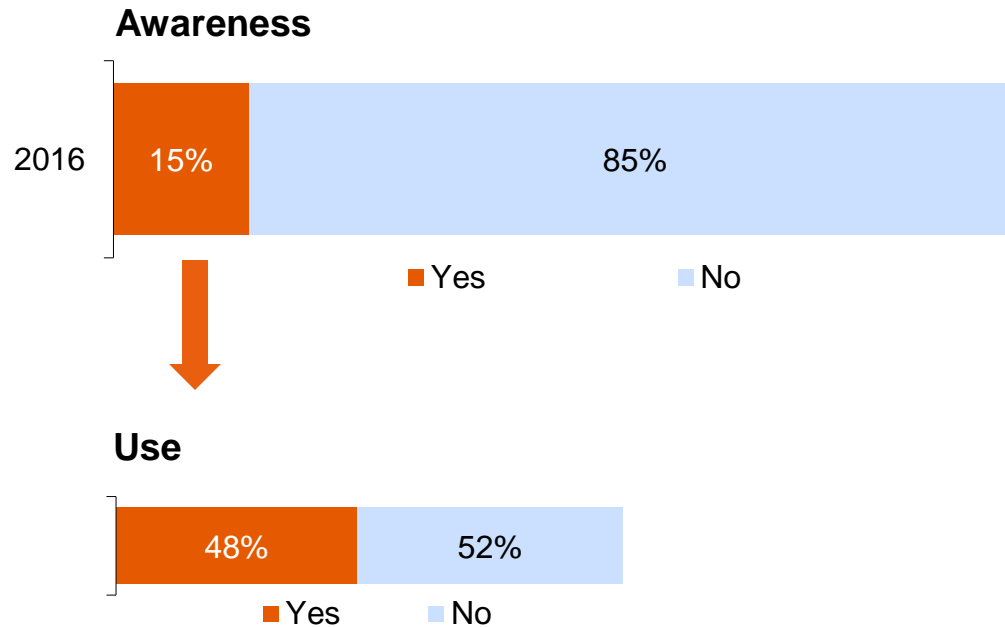
# Digital account access

## Users of financing products

Only 15% of all users of financing products know the option of a "digital account access".

Almost half of the people, who know this option, already used it.

In regard to all respondents, 4% have already used the option of a "digital account access".



Q9a: Do you know the option of a "digital account access" when you apply for a loan?  
Q9b: Should you be familiar with this "digital account access": Have you already used this option?  
Basis: users of financing products excl. no response





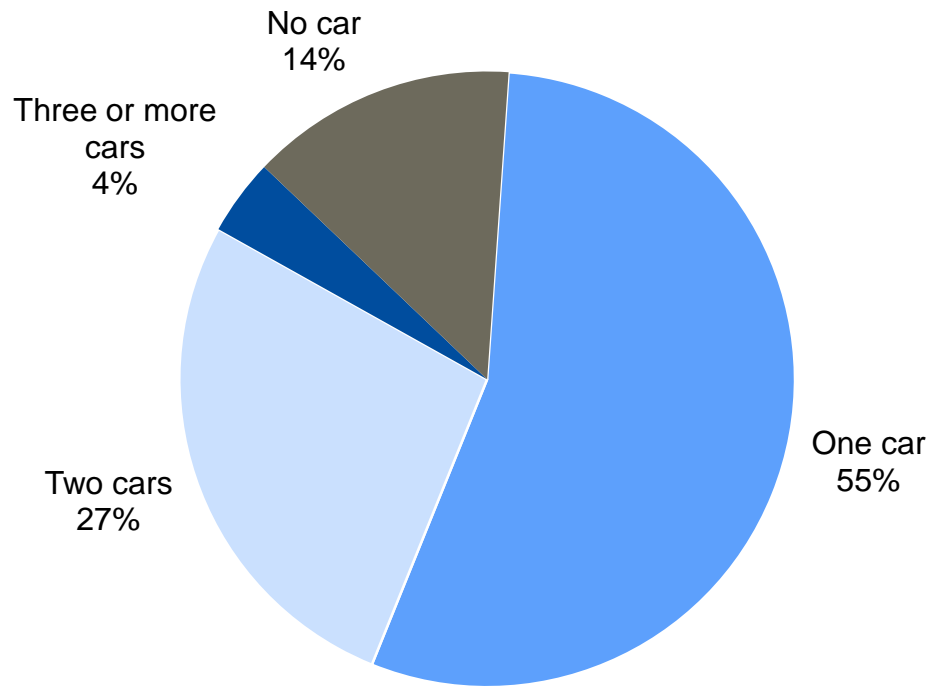
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# Car ownership

All respondents



86% of all households have at least one car in their household.

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

Q24. How many cars do you own in your household?  
Basis: all respondents, n = 1,829 excl. no response



# Share of financed cars in all purchases made

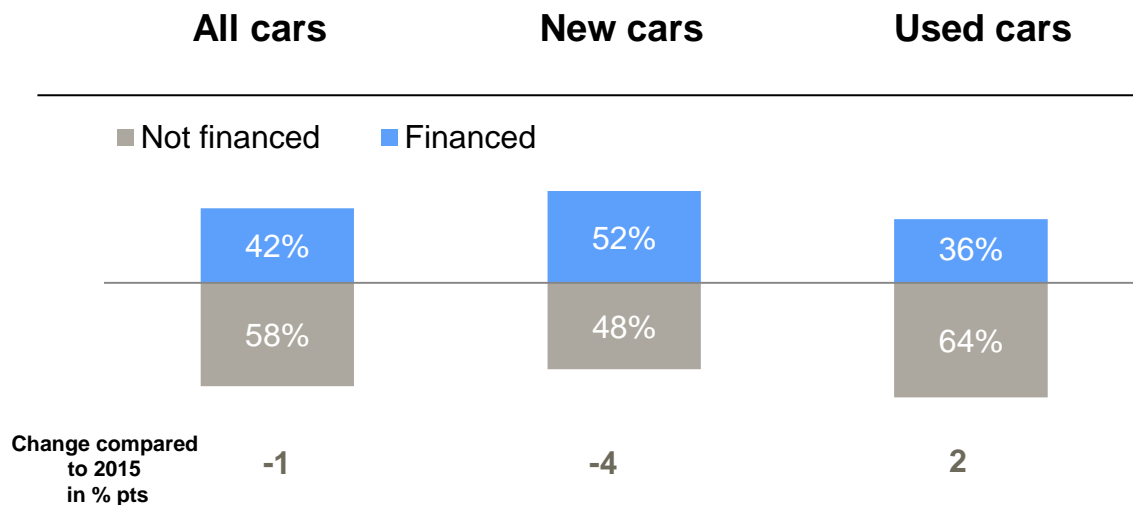
Share of financed cars measured in terms of the purchases made over the last 12 months

More than half (52%) of all new cars purchased in the last 12 months are currently financed or partially financed.

In the case of used cars, it is more than one-third.

Share of financed cars:  
All cars/new/used  
2012: 36%/39%/32%  
2013: 39%/50%/33%  
2014: 42%/52%/35%  
2015: 43%/56%/34%

**Legend:**  
52% of all new car buyers have financed their vehicle.



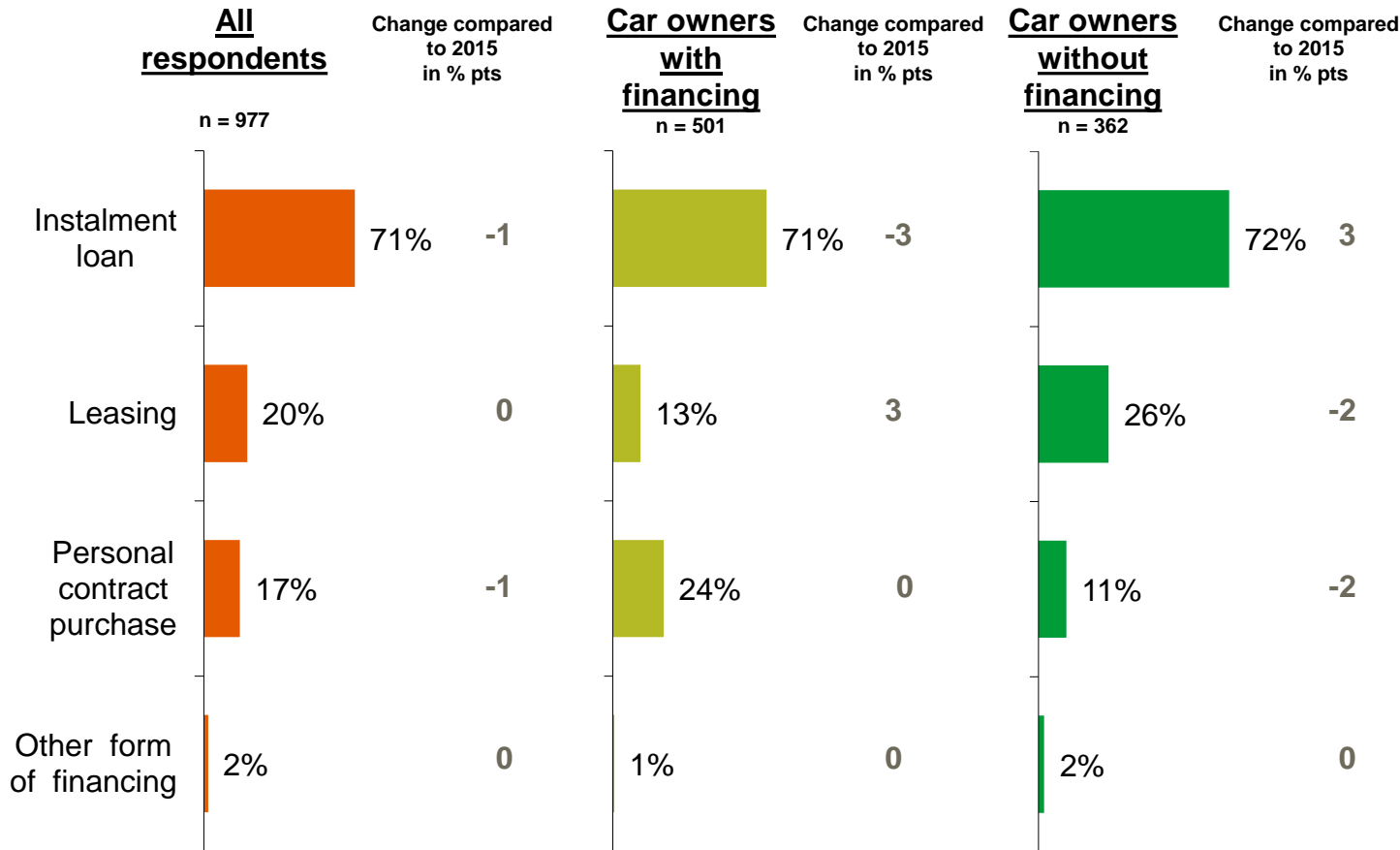
Q1a: Which major purchases/expenditures have you had in your household over the last 12 months?  
Q1c: Did you take out any of the loans listed below for this purpose? Basis: 1,829 respondents



# Preferred forms of financing for new cars

Selected sub-groups: excl. persons declining credit

Preference is given to instalment loans when financing new cars.

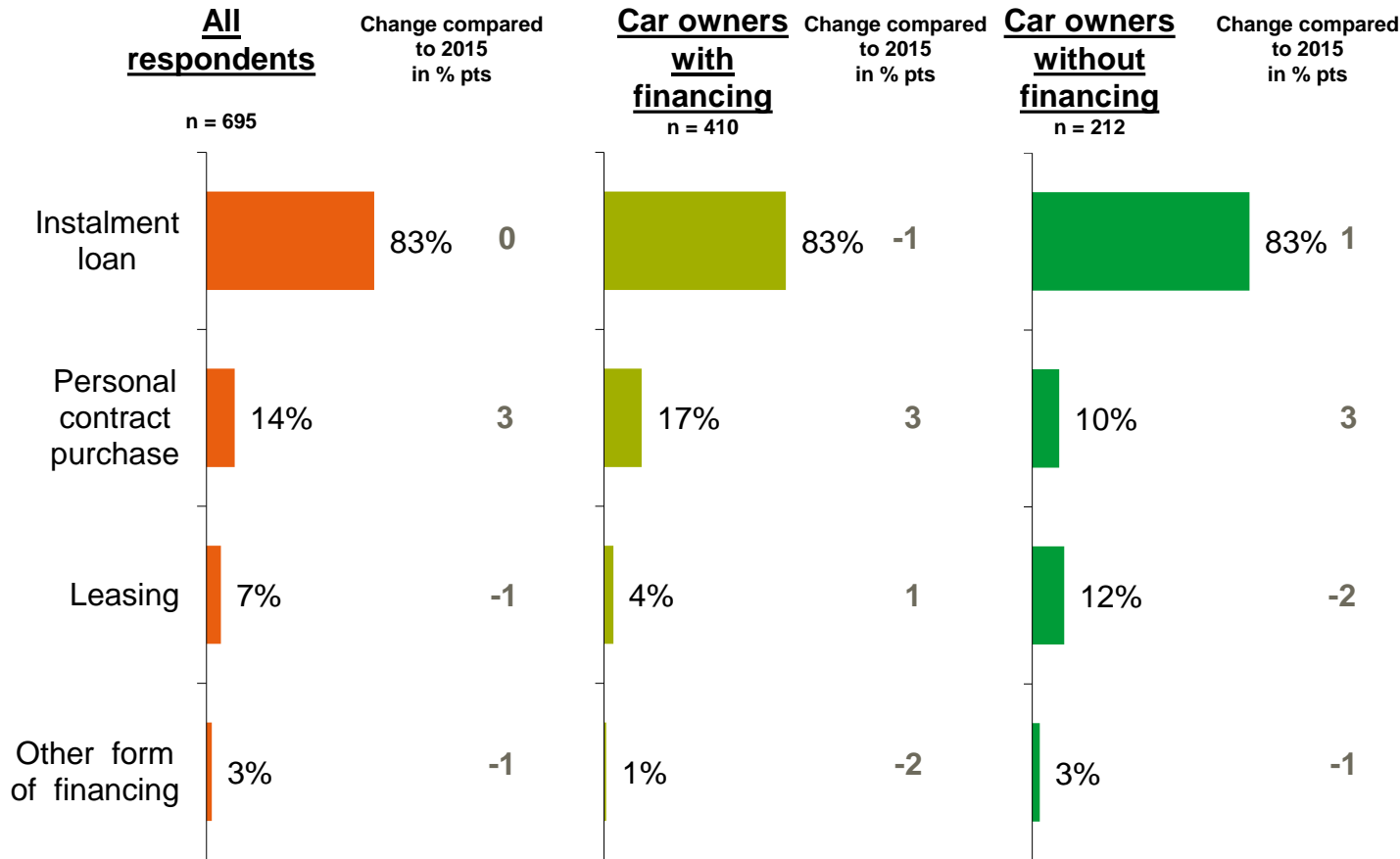


Q33a: Please imagine that you are planning to buy a new car. Which form of financing would you prefer in this case?  
 Basis: excl. no response – multiple answers possible



# 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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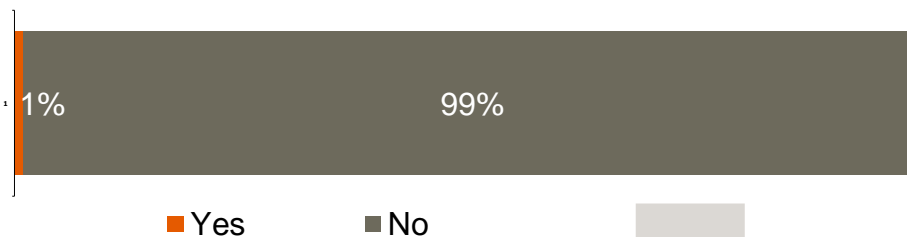
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# Use of electric vehicles

## All respondents

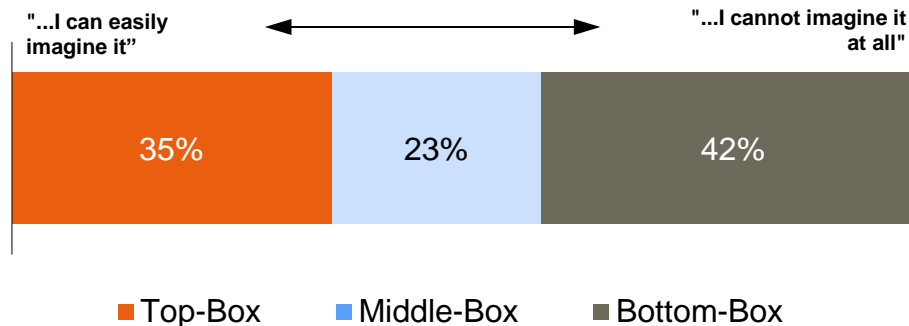
### Current use



The current use of electric vehicles is extremely low.

But: A third can imagine it for the future.

### Willingness to use in future



**Top box** (4+5) I can easily imagine it / I can imagine it

**Middle box** (3) = I do not imagine it / I can't imagine it yet

**Bottom box** (1+2) I cannot imagine it / I cannot imagine it at all

Q36a: Do you use an electric car? Basis: n=1,829, excl. no response

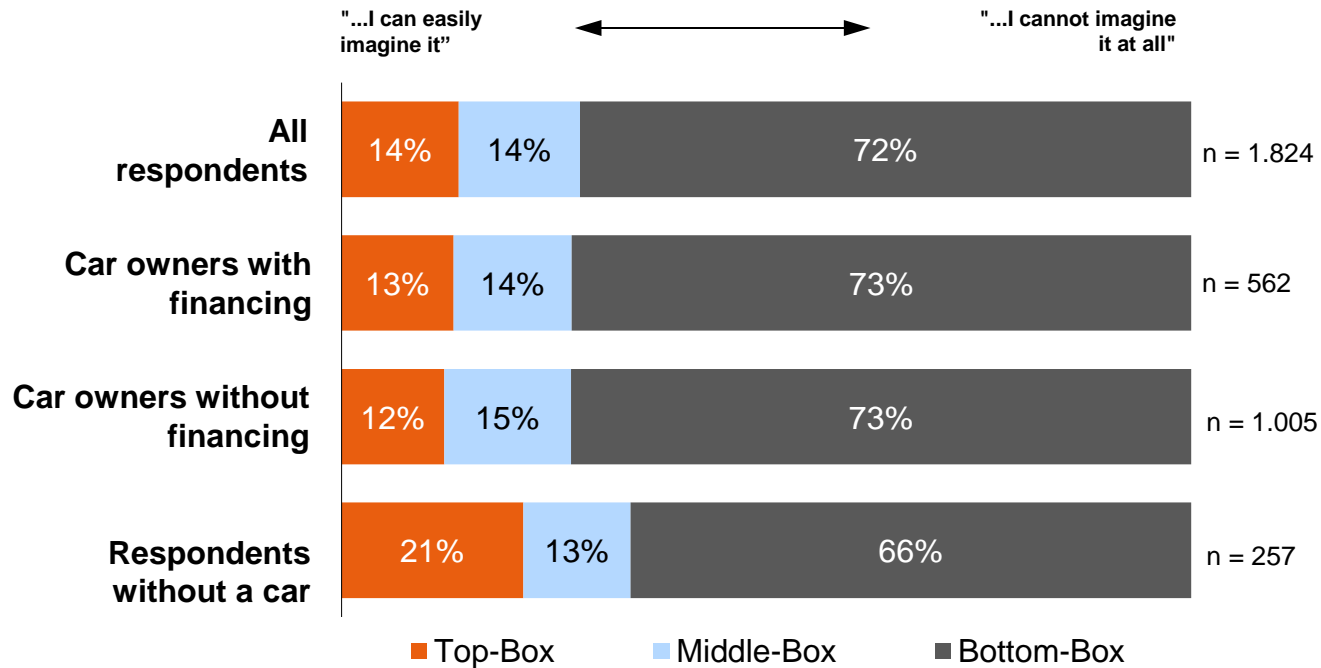
Q36b: To what extent can you imagine using an electrical vehicle in future? Basis: n=1,809, excl. no response

# Autonomous driving

## Selected sub-groups



14% of the respondents can imagine using an autonomous driving car in future.



**i** "Autonomous driving" = the system drives the car entirely from start to finish; everyone in the car is a passenger in this case.



**Top box** (4+5) I can easily imagine it / I can imagine it  
**Middle box** (3) = I do not imagine it / I can't imagine it yet  
**Bottom box** (1+2) I cannot imagine it / I cannot imagine it at all

Q37: To what extent can you imagine using a driverless car ("autonomous driving") in future?  
 Basis: n=1,825, excl. no response





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# Summary of the results



## Current use of various forms of financing

### Use and intended purpose of financing

- Every third respondent currently uses an instalment loan (page 7).
- 33% of instalment loan users use their instalment loan for a used car. Compared to last year, there has been a significant increase (page 9).
- On average, each user of financing products in Germany has taken out 2.1 financing agreements and still has an outstanding amount of €10,800 to repay (page 10). The amount of the monthly payments is currently €250 on average (page 11).
- Almost half of all instalment loans are taken out at a bank. A quarter of all instalment loans is concluded through a car dealer, 23% through retail/mail orders and 5% through other channels (page 12).
- Many customers can imagine taking out a loan for new and used cars most likely. More than half of customers who want to purchase a new car in the next 12 months can already imagine today using a loan to do so (page 15).

### Satisfaction with financing

- In total, 72% of users of financing products are (extremely) satisfied with their financing (page 13).

# Summary of the results



## Payment protection insurance

- 26% of all instalment loan users have taken out payment protection insurance (page 17).
- Most payment protection insurance policies contain a combination of the risks "death, unemployment and incapacity to work" (page 19).
- The majority of instalment loan users with payment protection insurance is (extremely) satisfied with their insurance. In comparison to last year, satisfaction with payment protection insurance rose significantly (+9 percentage points, page 21).
- 35% of users of financing products generally consider payment protection insurance to be advisable (page 22).

# Summary of the results



## Financing in retail trade

- 63% of all users of financing products in retail have already specifically asked a dealer about financing offers. In the previous year, it was still 73% (page 24).
- On average, both new cars and used cars are financed for 49 months. The total amount of financing for cars is €14,600 on average. It is €2,400 for 26 months in the case of furniture and kitchens; and €670 for 20 months in the case of consumer electronics (page 25).
- 61% of the financed purchases would not have been made without financing options in retail (page 26).
- In principle, every fifth respondent can imagine using a smartphone to pay in a retail store in future. 7% of respondents can imagine using a smartphone to make instalment payments in a shop (page 27)

# Summary of the results



## Digitisation

- 12% of all respondents have taken out a loan online - mostly for special products (66%, page 29).
- 52% of all financed consumer electronics are financed by dealers online; for furniture, kitchens and household appliances the figure is 32% (page 30).
- 25% of all instalment loans were taken out online (page 31).

# Summary of the results



## Financing a private car

- 86% of all households have at least one car in their household. On average, a German household owns 1.2 cars - this rate has remained stable over time (page 34).
- More than half (52%) of all new cars purchased in the last 12 months are currently financed or partially financed. In the case of used cars, it is more than one-third (page 35).
- Consumers would prefer to finance both new cars and used cars with instalment loans (page 36/37).
- The instalment loan is preferred for the financing of a new car (page 36).
- In the case of used cars, personal contract purchase has become slightly more important relative to instalment loans (page 37).

# Summary of the results



## Mobility

- The current use of electric vehicles is extremely low. A third of the respondents can imagine this in future (page 39).
- 14% of the respondents can imagine using an autonomous driving car in future (page 40).



## Statistics

- All demographic groups use financing. The shares of users of financing products, instalment loan users and among them online instalment loan users correspond roughly to the share of the general population in terms of demographic characteristics such as age, profession and household size (pages 49-51).





# Agenda

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2.	Study results		
	A. Current use of various forms of financing	Page	7
	B. Payment protection insurance	Page	17
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3.	Summary of the results	Page	42
<b>4.</b>	<b>Statistics</b>	<b>Page</b>	<b>49</b>

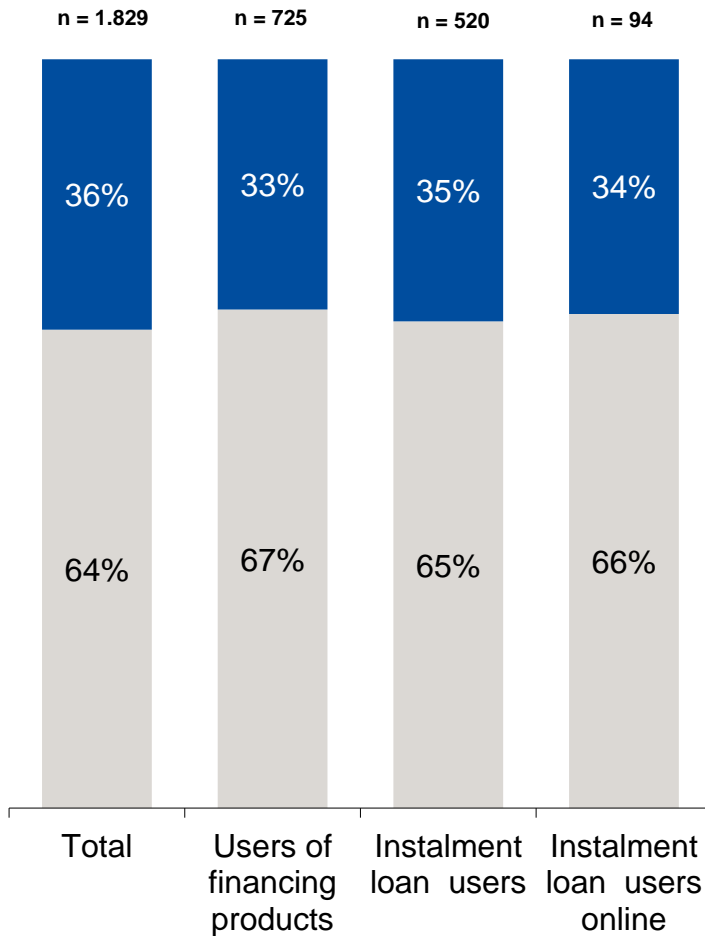




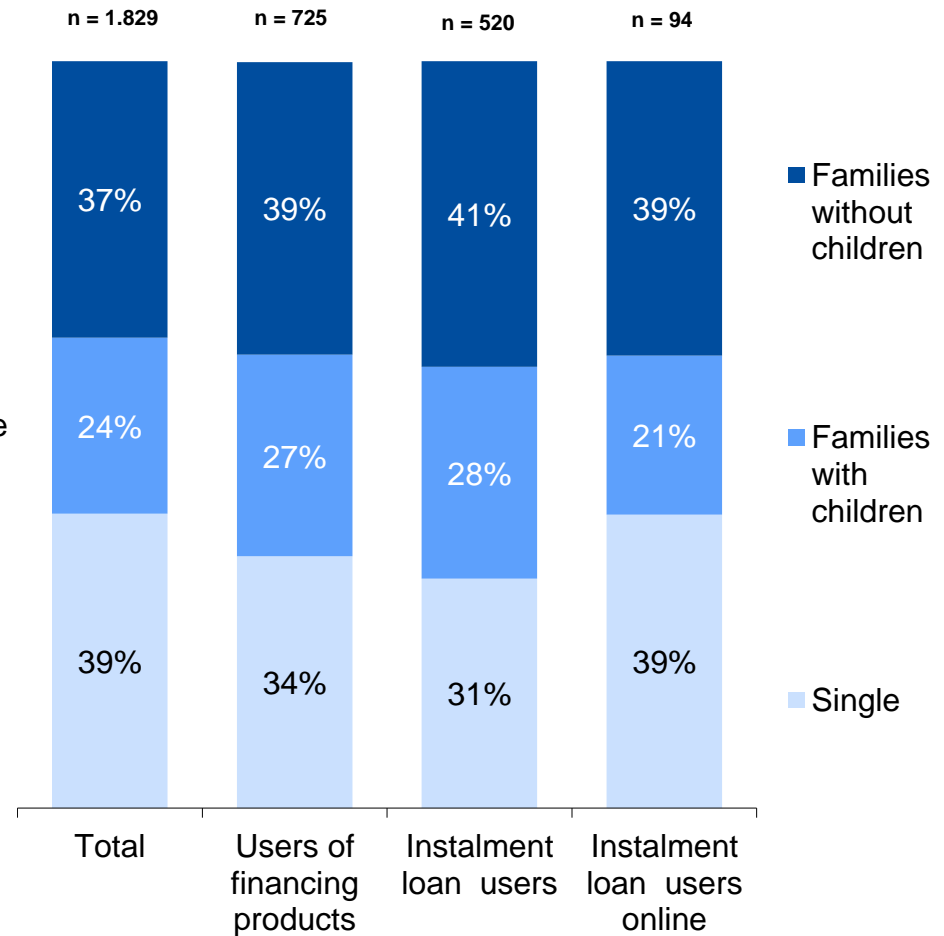
# Statistics – gender and marital status

All respondents, users of financing products, instalment loan users

### Gender of head of household



### Life cycle type

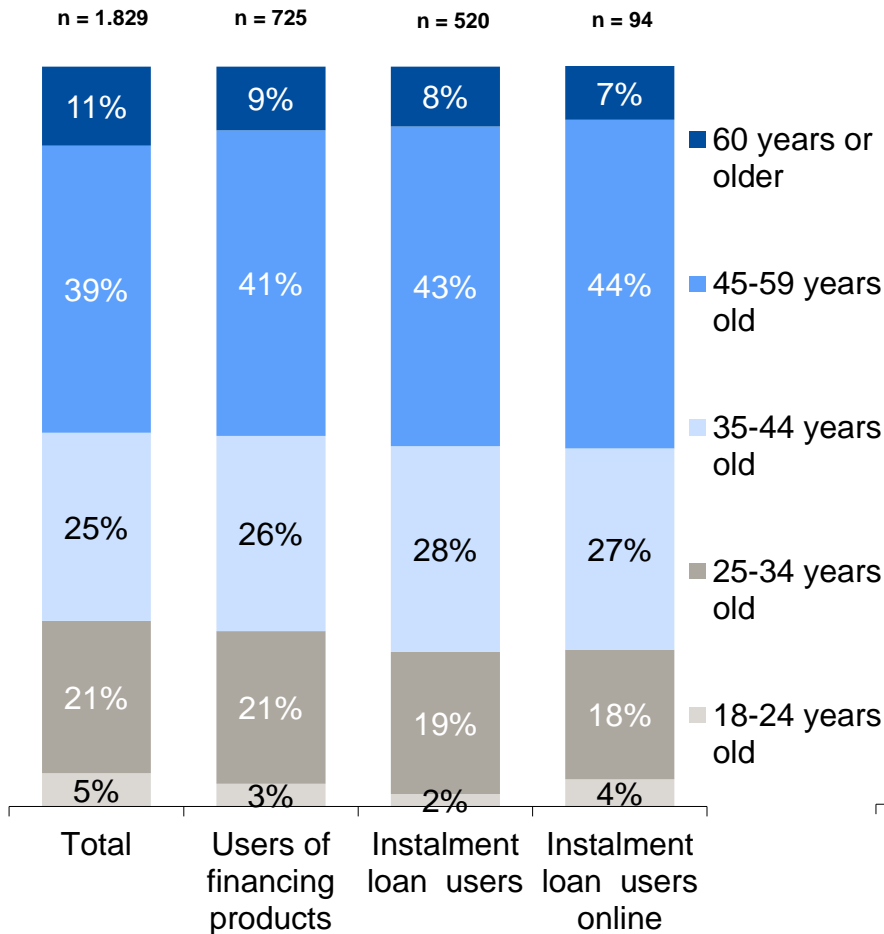




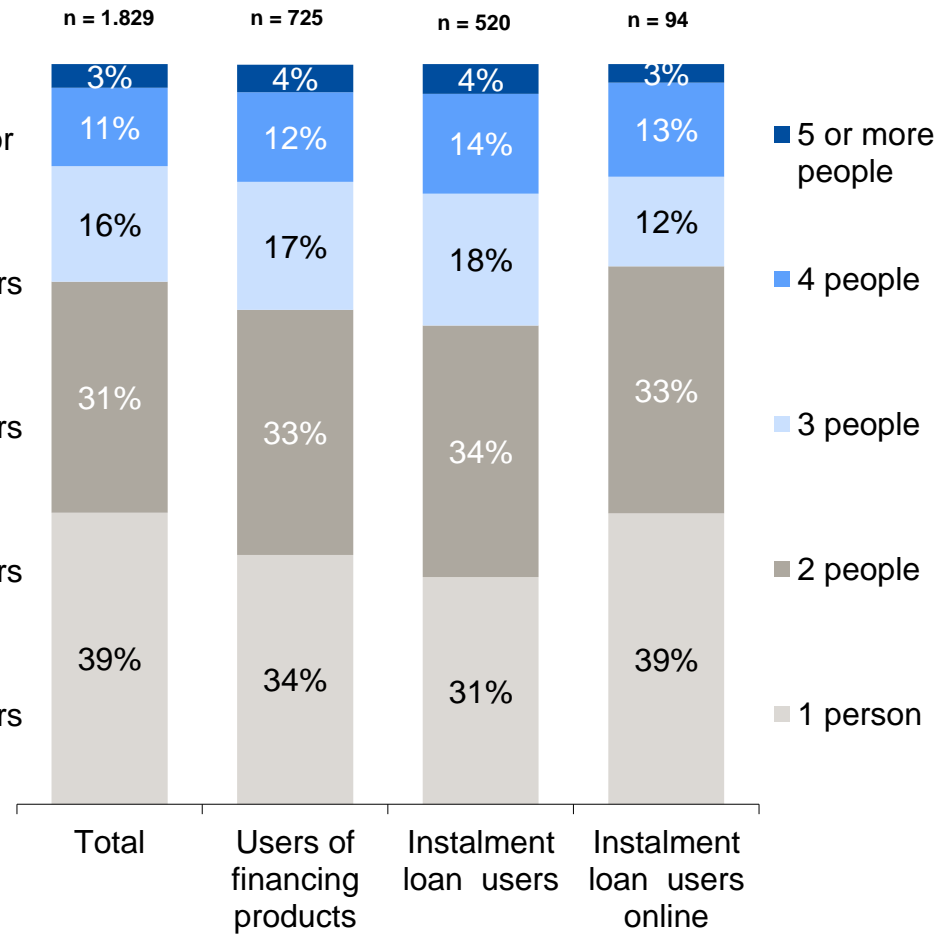
# Statistics – age, size of household

All respondents, users of financing products, instalment loan users

## Age



## Size of household

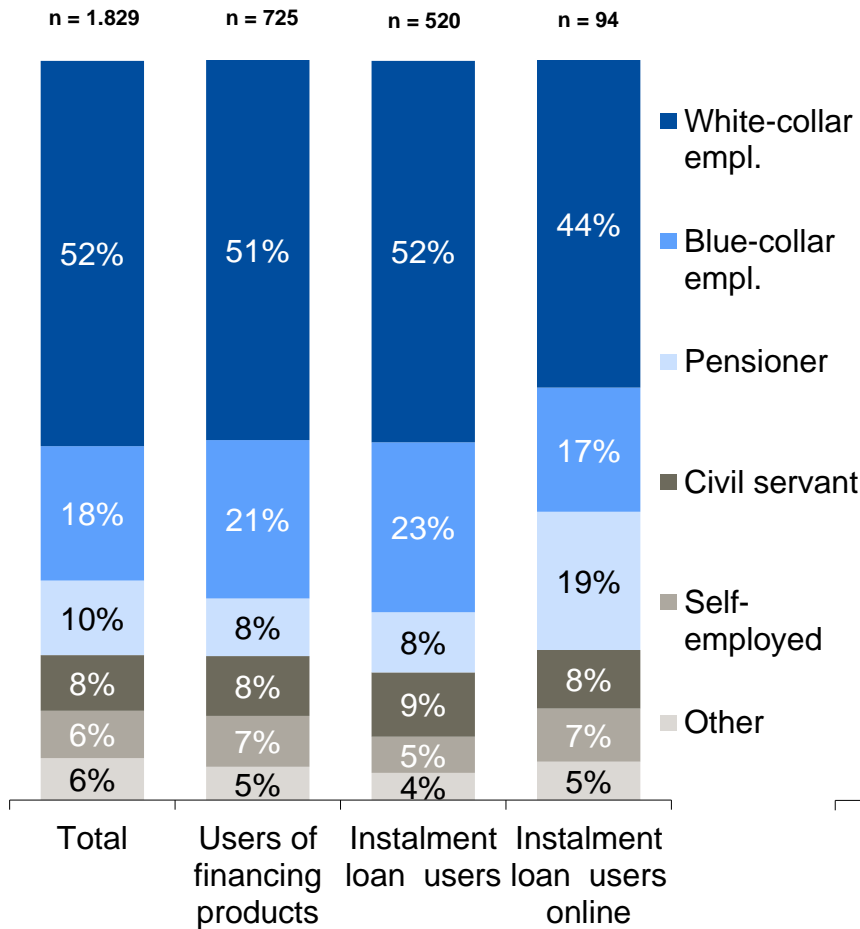




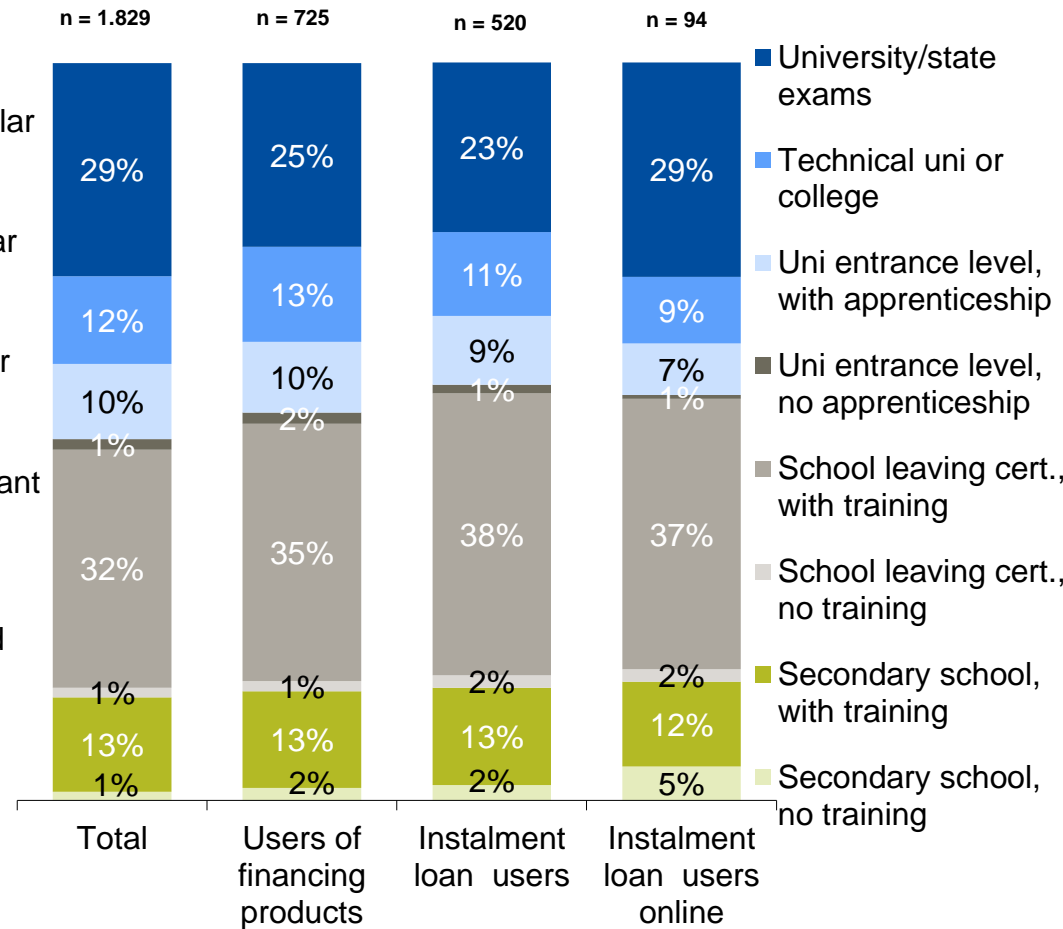
# Statistics – occupation and educational attainment

All respondents, users of financing products, instalment loan users

## Occupation



## Educational attainment



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