

CONSUMER CREDIT INDEX KKI II/2016

Forecast for Private Borrowing in Germany 2016/2017

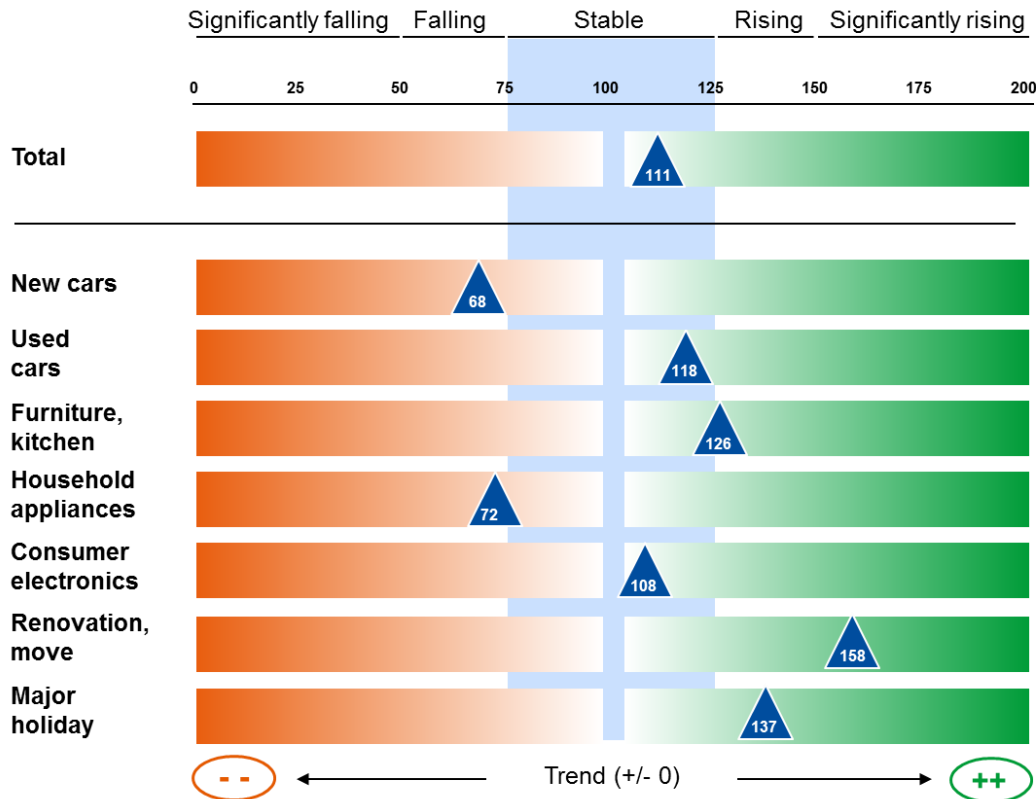
GfK Financial Market Research
on behalf of Bankenfachverband e.V.

Contents



1. Summary, Objectives and Study Design (Page 3)
2. Forecast for Private Borrowing in Germany (2016/2017) (Page 8)
3. Detailed results (Page 24)

Summary



Consumer Credit Index II/2016

The Consumer Credit Index for 2016/2017 shows a stable trend at 111 points.

Over the next 12 months, purchase planning and the willingness to finance these purchases will remain at the level of the previous 12 months.

The index values for major holidays and kitchens/furniture are increasing. The value for renovations/moves is as high as 158 points and therefore rising significantly.

The index values for large household appliances and new cars are decreasing at 72 points and 68 points respectively.

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 2016/2017 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

Surveyed area

Federal Republic of Germany

Sample

n = 1,830 interviews; results were weighted according to age, profession, income, child status and size of location.

Survey period

08 July 2016 to 29 July 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

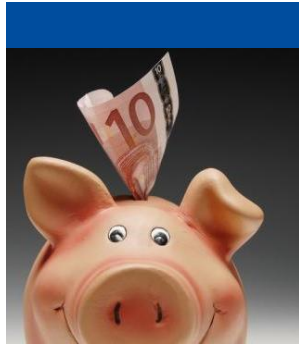


Contents

1. Summary, Objectives and Study Design (Page 3)
2. Forecast for Private Borrowing in Germany (2016/2017) (Page 8)
3. Detailed results (Page 24)

Consumer Credit Index

Methodology



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

1. KKI – forecast for private borrowing in Germany I/2016
2. KKI – forecast for private borrowing in Germany II/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



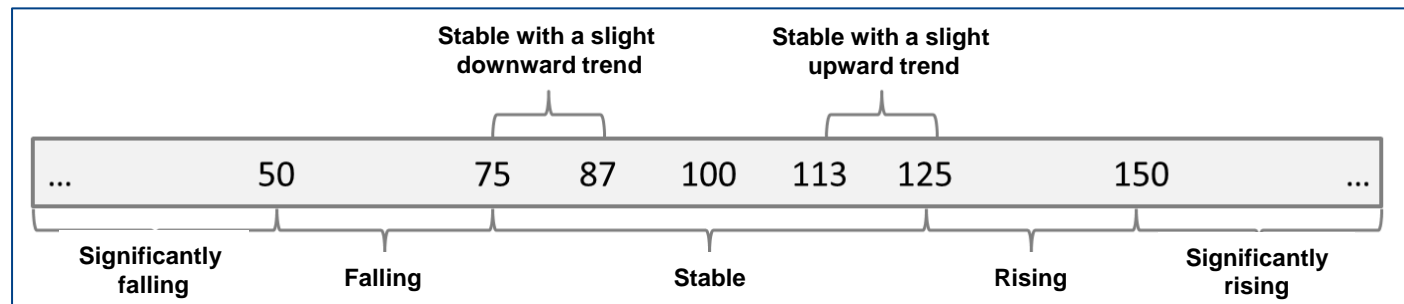
The Consumer Credit Index takes into consideration all the forms of purchase covered by the survey and consists of two fractional values:

- 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.

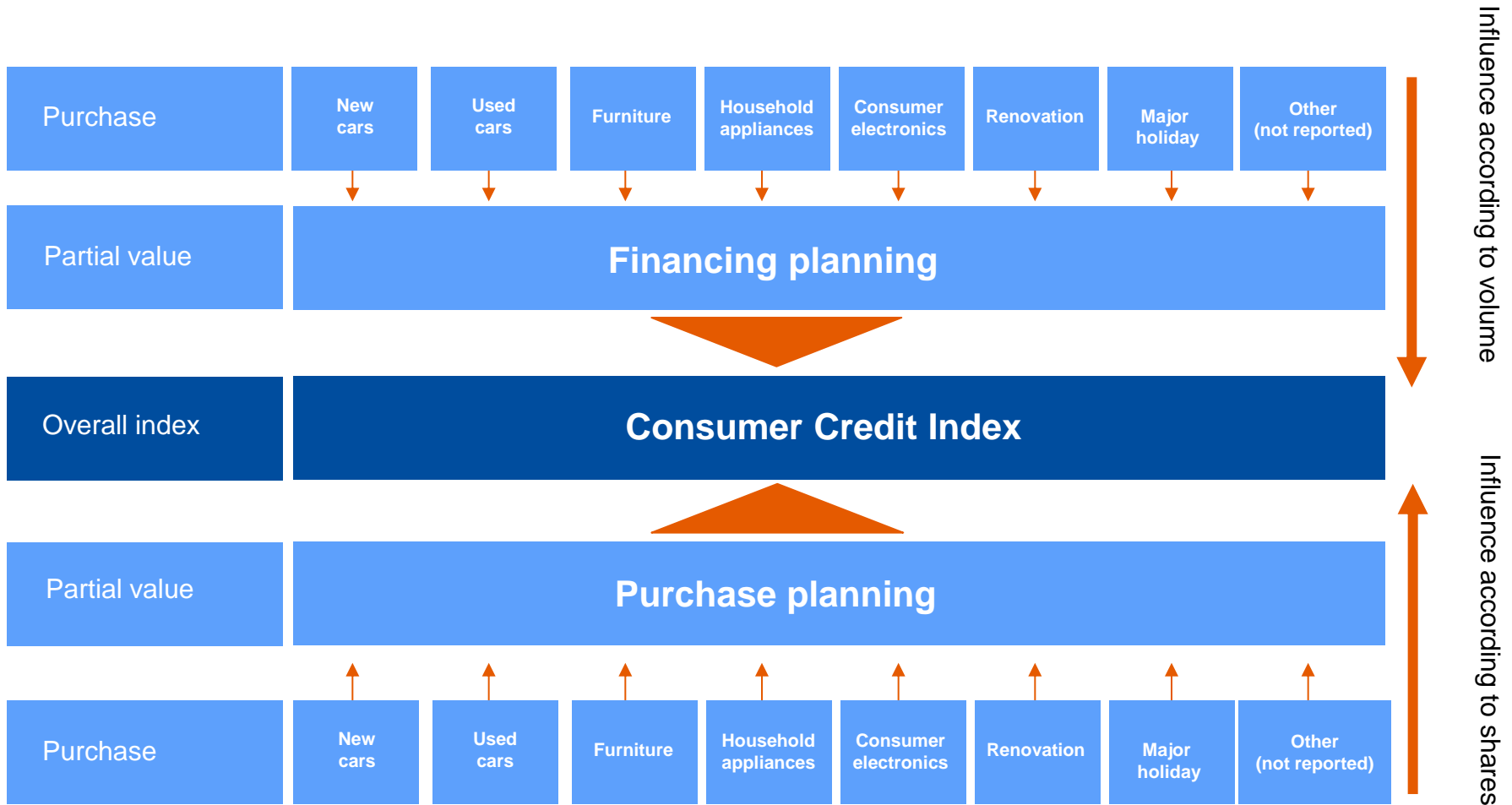
The index value shows the average changes (in %) that are to be expected in the individual segments.

Interpretation of the index value:



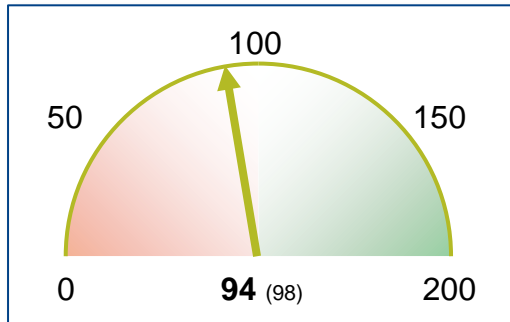
Consumer Credit Index

Schematic structure



Purchase planning

Basis of calculation



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

A current value of **94** 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:

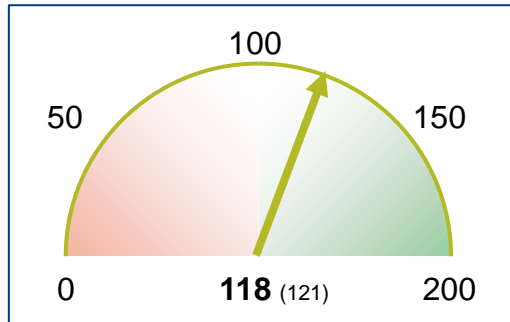
- Purchase was planned and was made in the last 12 months = baseline value
- Purchase is planned in the next 12 months = trend

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

(in brackets: purchase planning KKI II/ 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 **118** points means that a stable, slightly upward trend is to be expected in the next 12 months.

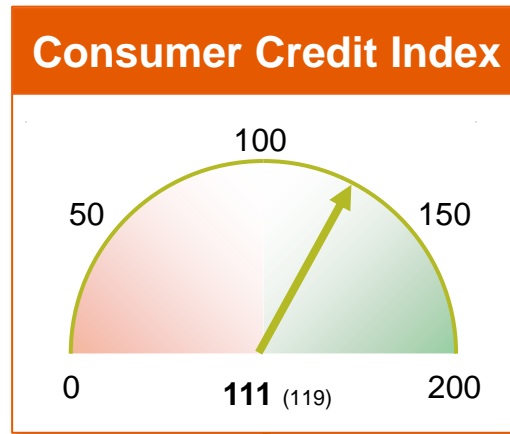
For calculation purposes, the following parameters of the current and previous investigations were incorporated in the calculation for each planned purchase at a ratio of 2:1:

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

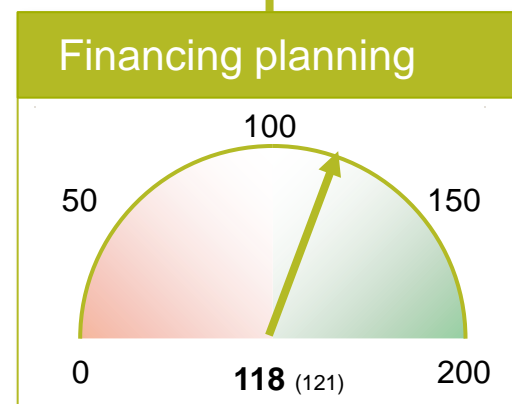
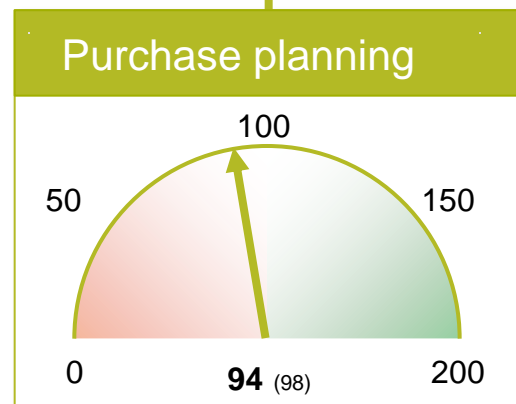
Financing planning = (trend of KKI I/2016 + trend of KKI II/2016 x 2) / 3 / baseline value
[weighted according to current volume of credit]

(in brackets: financing planning KKI II/2015)

Consumer Credit Index Parameters



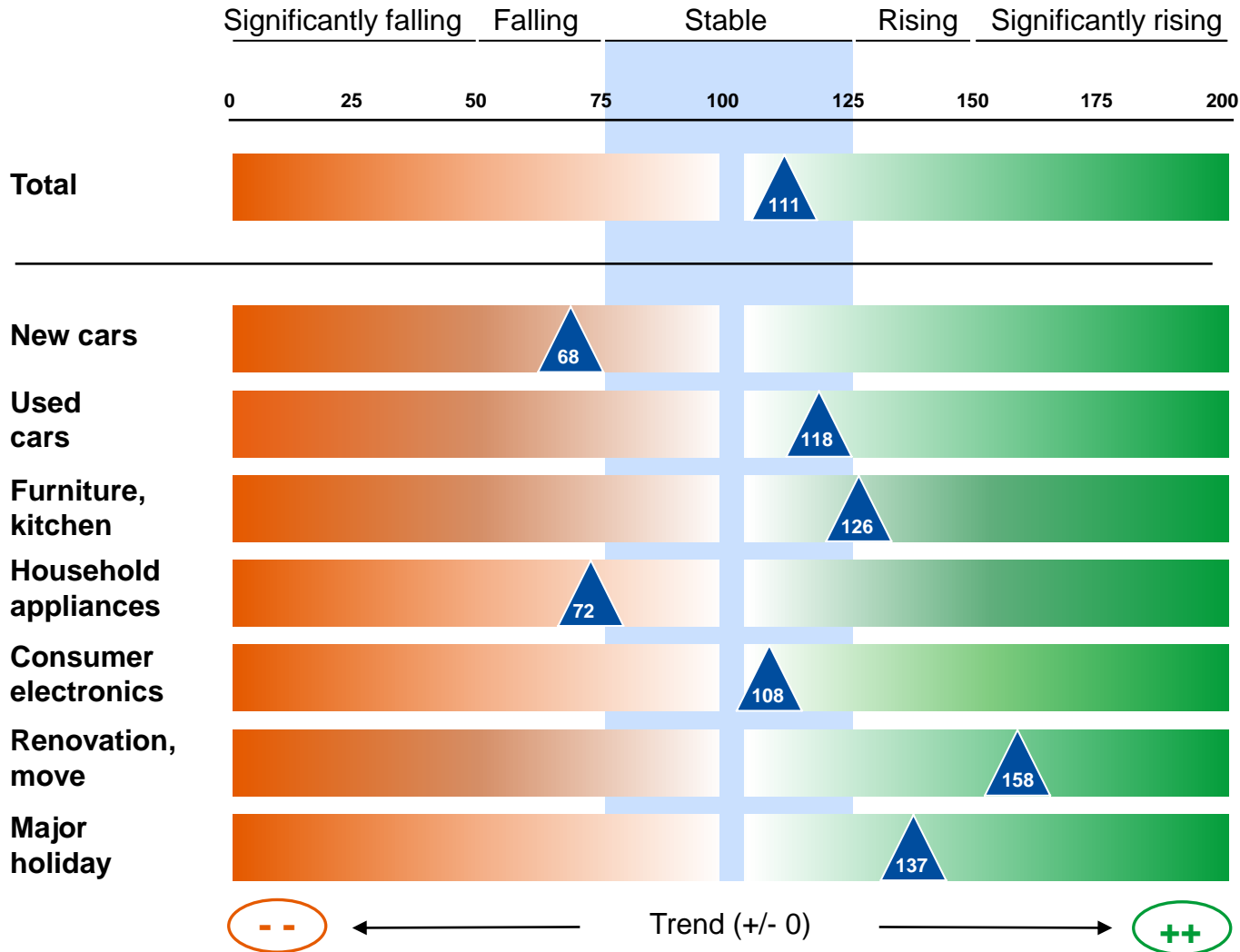
The Consumer Credit Index currently amounts to **111** points.



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

Consumer Credit Index

In detail

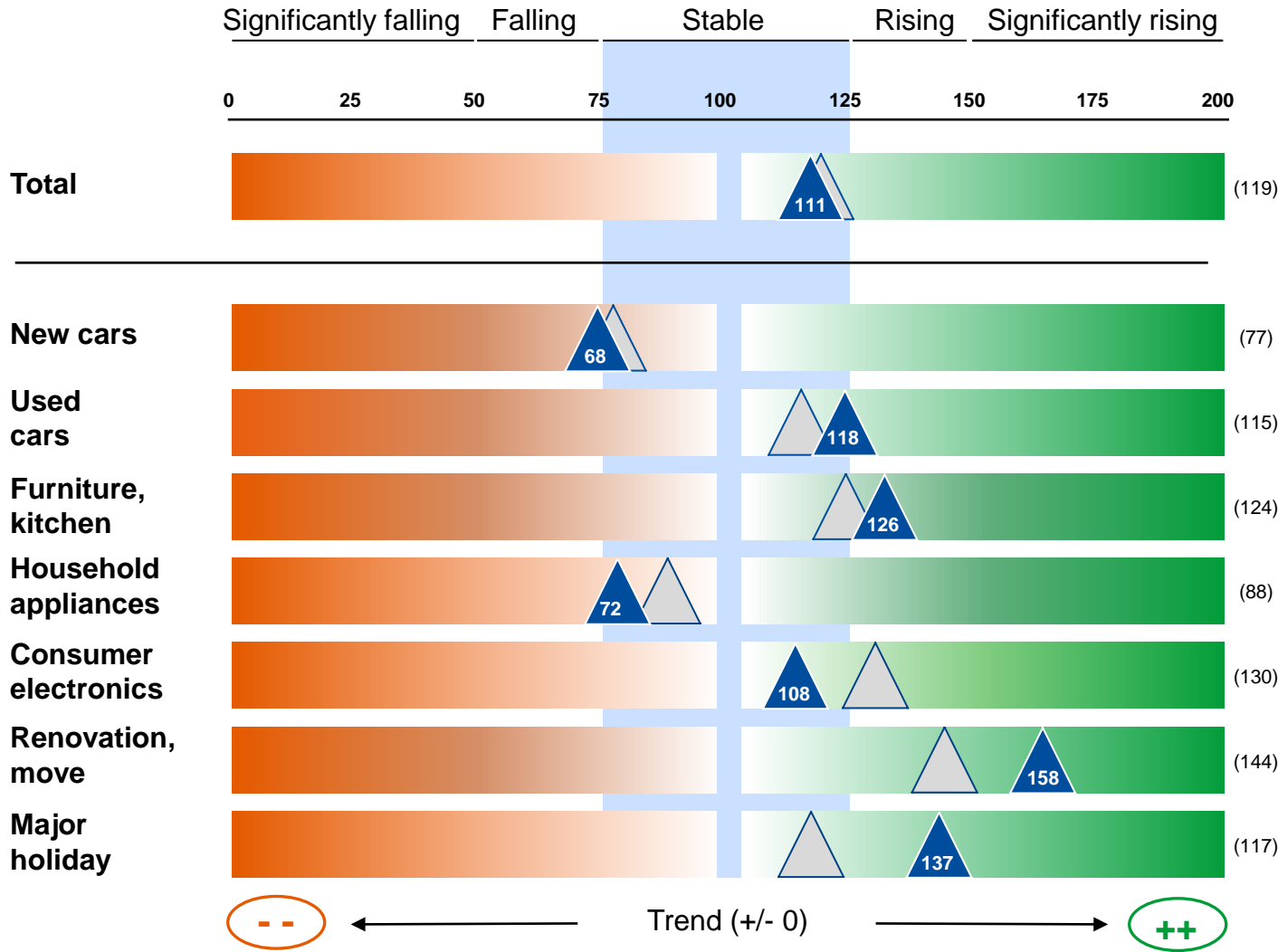


The Consumer Credit Index for 2016/2017 shows a stable trend at 111 points. Over the next 12 months, purchase planning and the willingness to finance these purchases will remain at the level of the previous 12 months.

The index values for major holidays and kitchens/ furniture are increasing. The value for renovations/moves is as high as 158 points and therefore rising significantly. The index values for large household appliances and new cars are decreasing at 72 points and 68 points respectively.

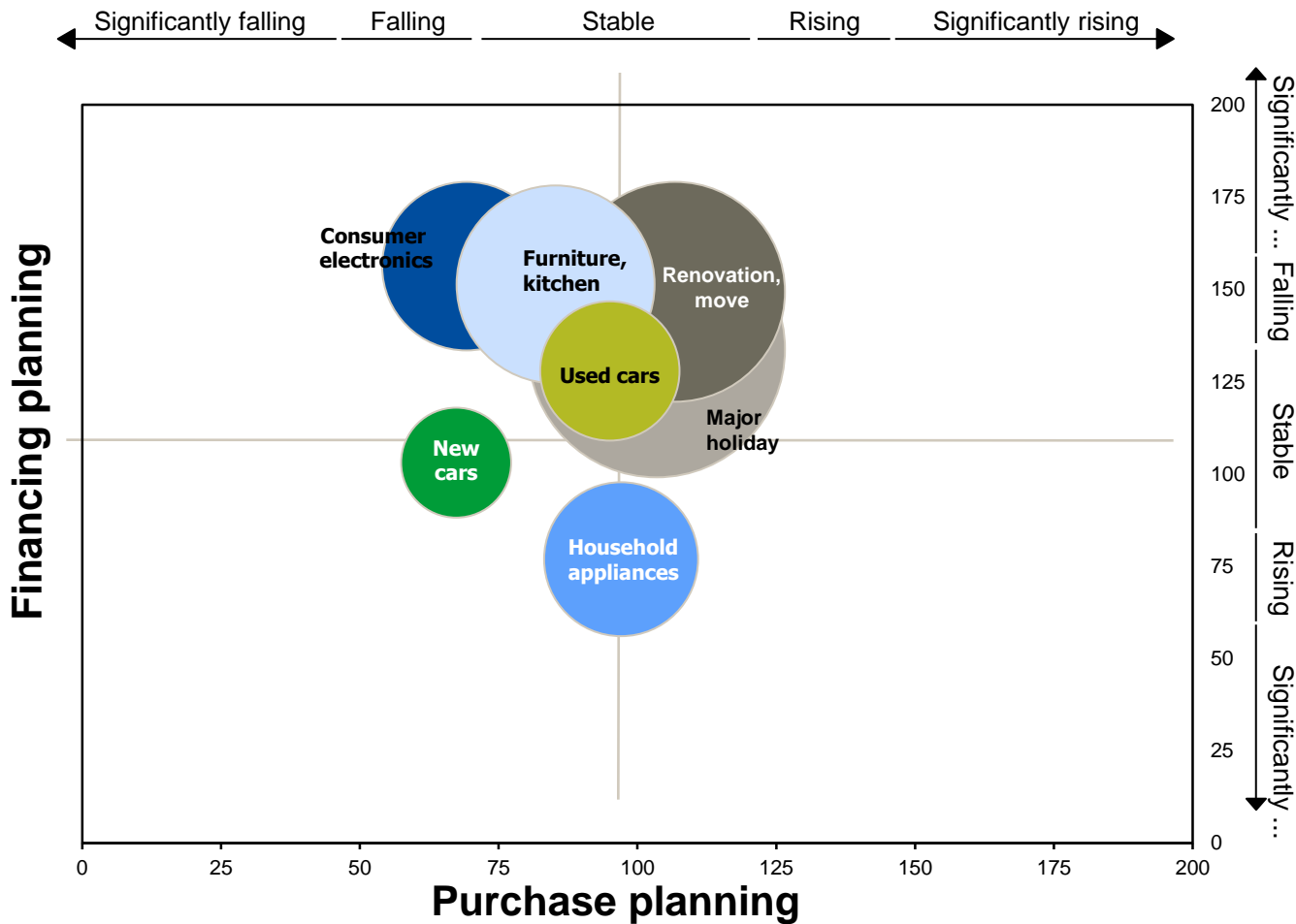
Consumer Credit Index

Compared with KKI II/2015



The Consumer Credit Index for 2016/2017 shows a stable trend at 111 points. The index values for renovations/ moves have increased (from 144 to 158), along with those for major holidays (from 117 to 137). In contrast, the index values for consumer electronics and large household appliances have fallen to 108 points (previous year: 130 points) and 72 points (previous year: 88 points) respectively.

Consumer Credit Index Overview



Purchases remain at a constant level.

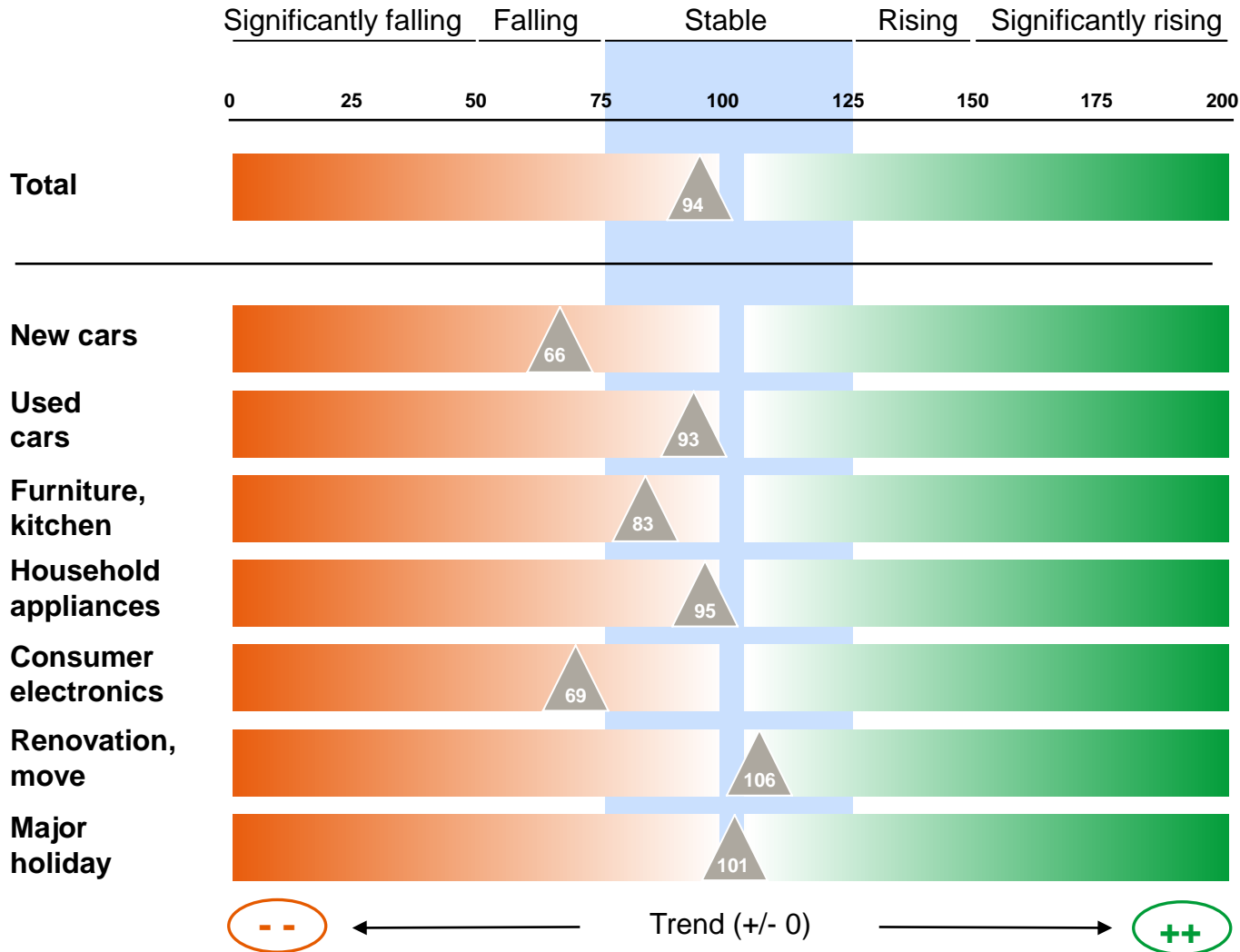
An increasing tendency to opt for financing is evident in the areas of consumer electronics, furniture/ kitchens and renovations/ moves.



The circle sizes reflect the proportion of planned purchases out of all purchases in the next 12 months

Purchase planning

In detail

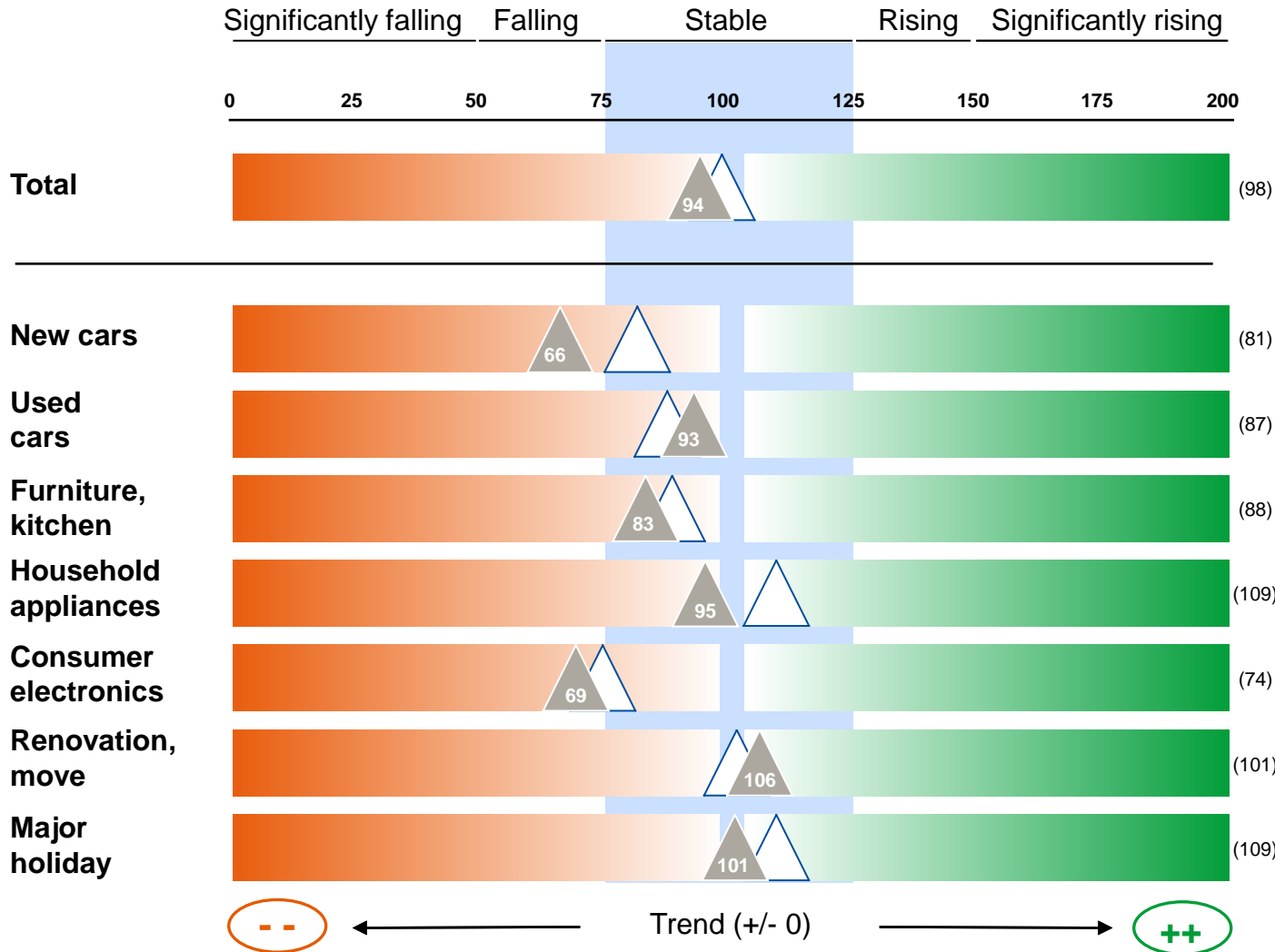


Purchase planning is stable across many product groups.

In the case of new cars and consumer electronics, purchase planning for the next 12 months is currently falling.

Purchase planning

Compared with KKI II/2015



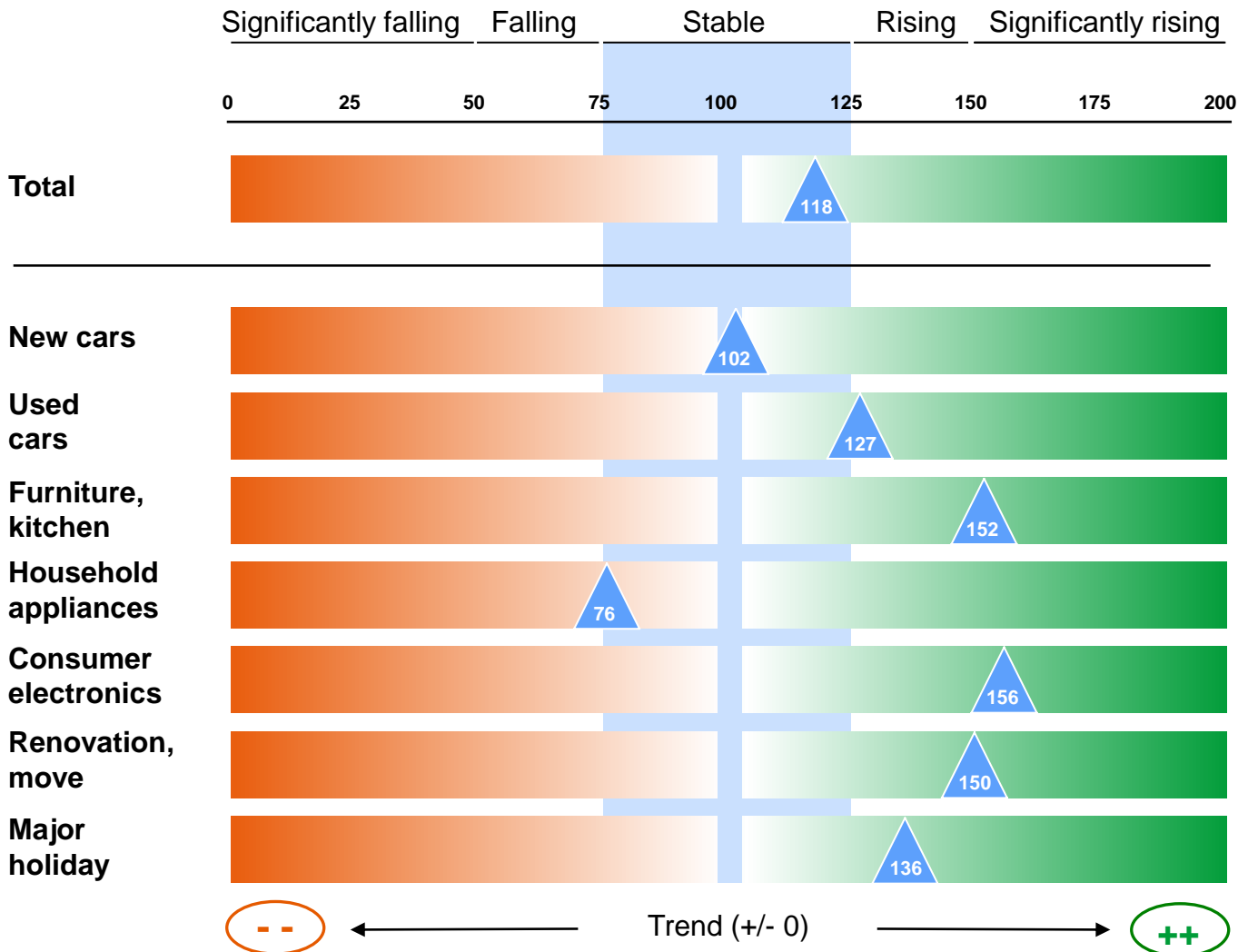
Compared to the forecast for 2015, purchase planning for the next 12 months is also stable in many areas.

Planned purchases of new cars are currently declining.

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

Financing planning

In detail

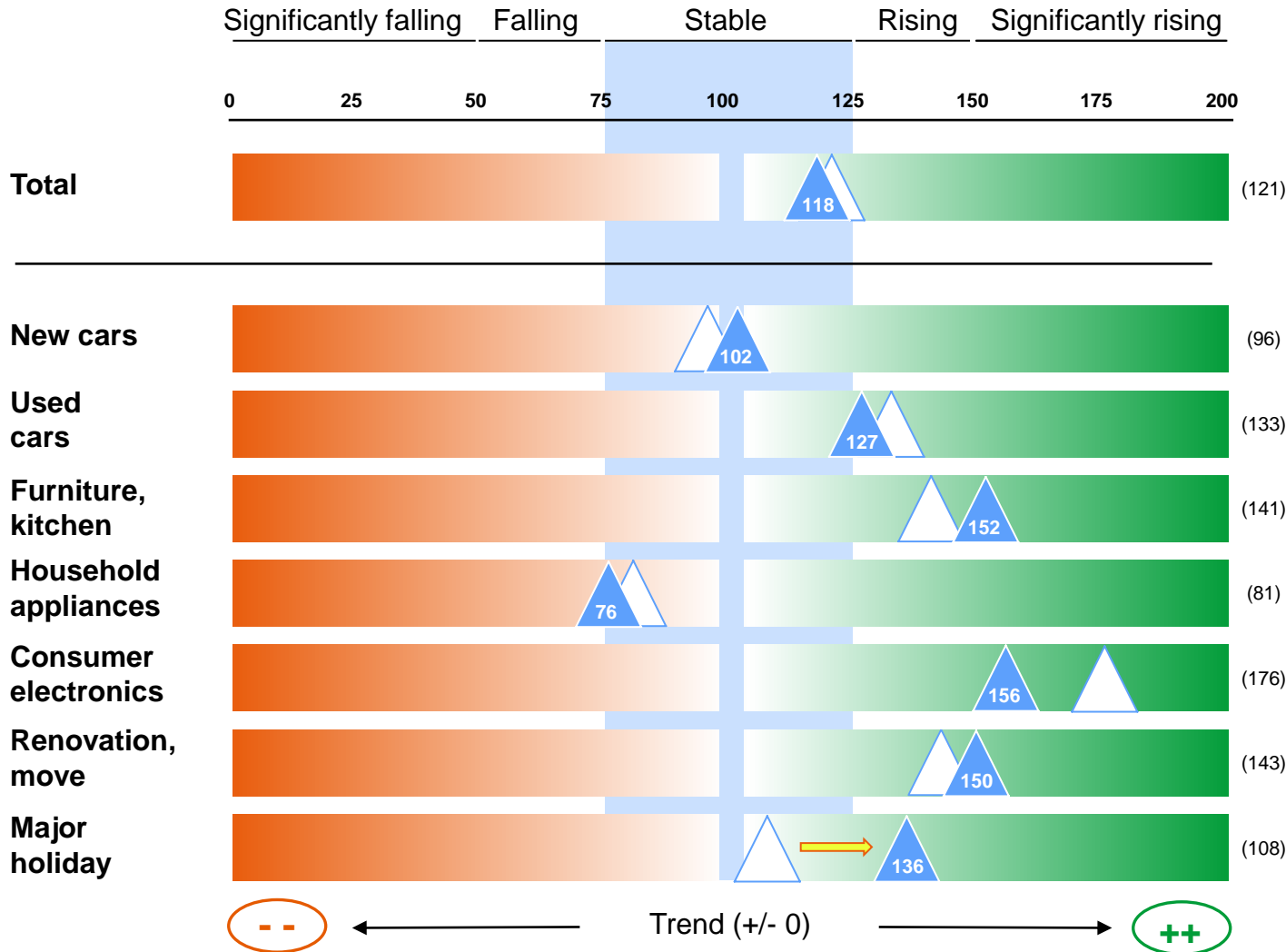


The willingness to take out loans for purchases is generally stable with a slight upward trend.

In the case of consumer electronics, furniture/ kitchens and renovations/ moves, the willingness to take out loans is increasing significantly.

Financing planning

Compared with KKI II/2015



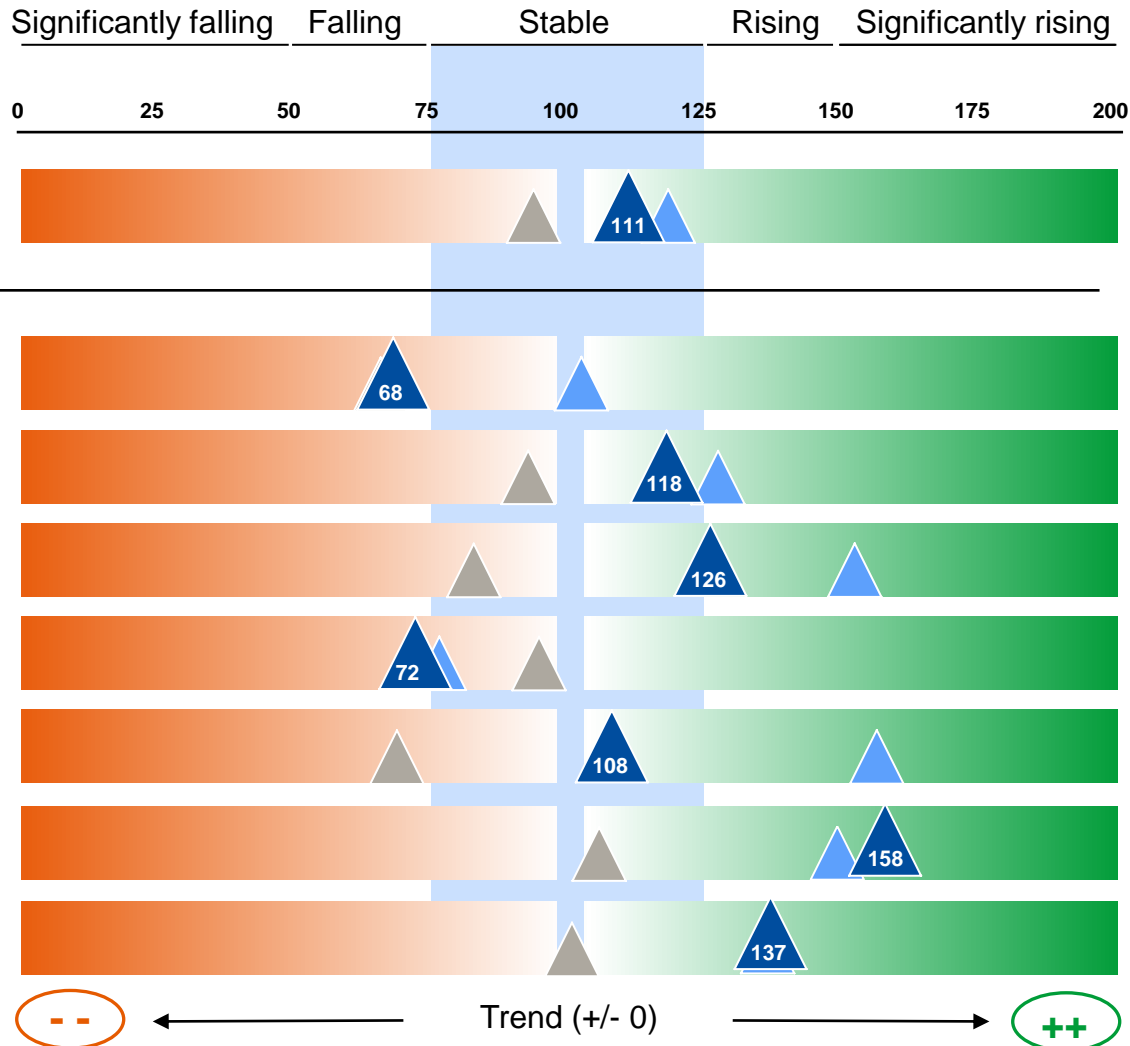
The willingness to finance purchases using a loan remains stable in comparison to the previous year's forecast.

The willingness to finance major holidays is increasing and has risen by 28 points compared to the previous year.

▲ KKI II/2016
 △ KKI II/2015
 (in brackets: KKI II/2015)

Consumer Credit Index, purchase planning and financing planning

In detail



Purchase and financing planning are generally stable.

The Consumer Credit Index for 2016/2017 therefore shows a stable trend at 111 points.

Key:

- Consumer Credit Index
- Purchase planning
- Financing planning

i If both fractional values are positive or negative, this results in a greater change in the Consumer Credit Index.



Contents

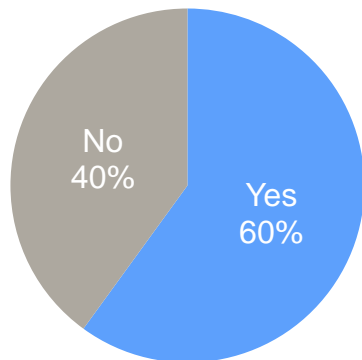
1. Summary, Objectives and Study Design (Page 3)
2. Forecast for Private Borrowing in Germany (2016/2017) (Page 8)
3. Detailed results (Page 24)

Purchases in the last 12 months

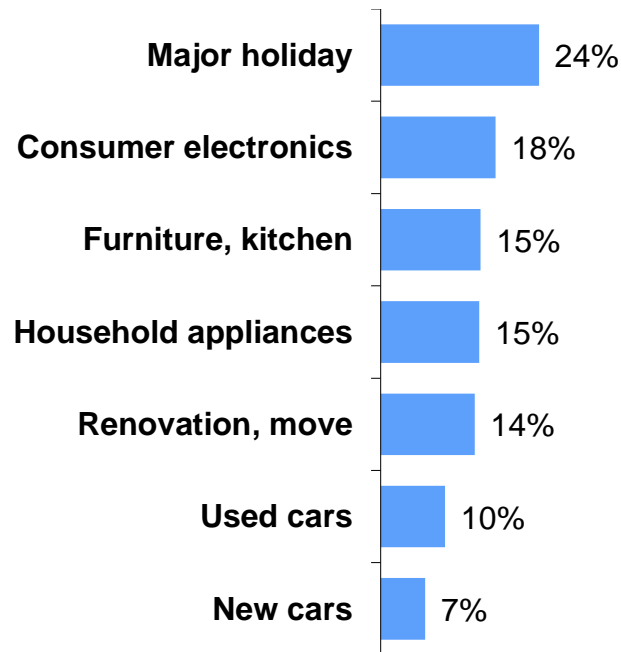
Overall and according to individual purchases



Purchase in the last 12 months
n = 1,830



Type of purchase in the last 12 months
n = 1,830



60% of all respondents have made major purchases in the last 12 months.

The main focus was on holidays and consumer electronics.



Selected example: 18% 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: 1,830 people surveyed; other purchases not shown

Purchases in the last 12 months

Annual comparison

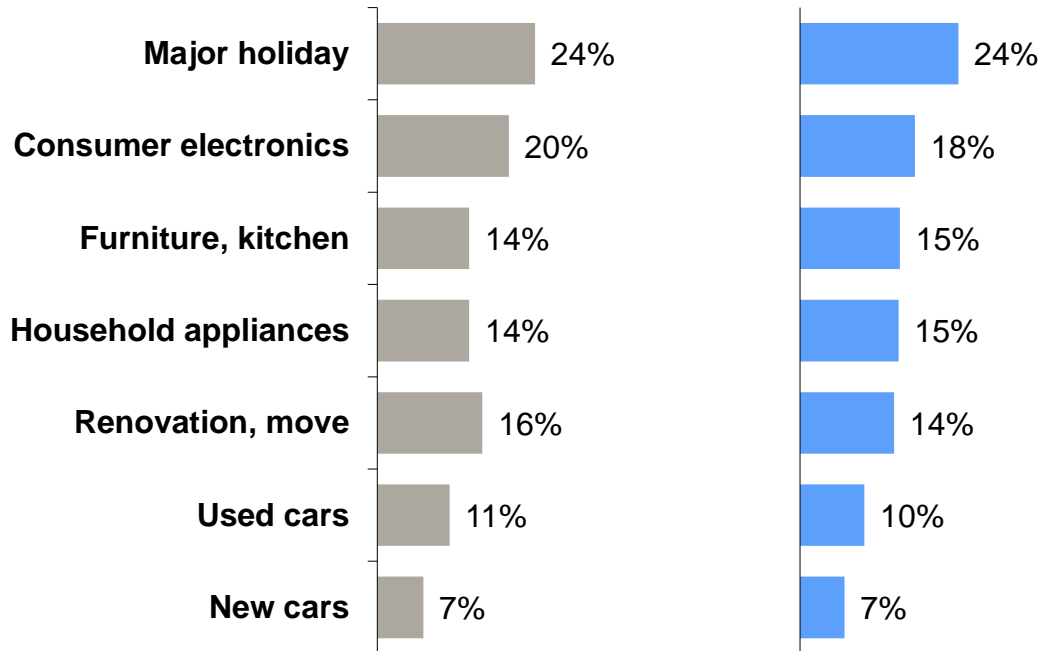


Type of purchase in the last 12 months (KKI II/2015)

n = 1,835

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

n = 1,830



The number of purchases is relatively stable compared to last year.



Selected example: 18% of all people surveyed have purchased consumer electronics in the last year. This value has fallen by 2 percentage points compared with KKI II/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: 1,830 people surveyed; other purchases not shown (KKI II/2015: 1,835 people surveyed)

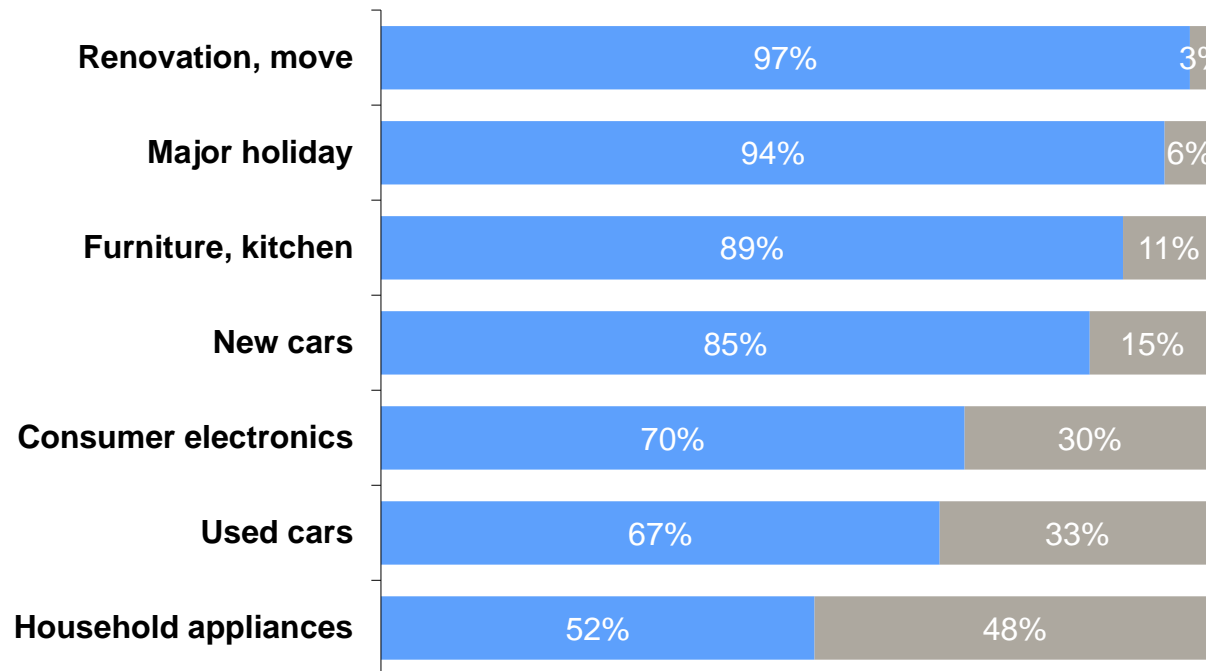
Purchases in the last 12 months

Proportion of planned purchases



Subgroup: purchased the relevant product

■ Planned purchase ■ Unplanned purchase



Renovations, major holidays and the purchase of furniture/kitchens and new cars are more likely to be planned than spontaneous.

Nearly half of large household appliances are purchased spontaneously. In this case, the number of planned and spontaneous purchases is almost equal.



Selected example: 94% of all major holidays are planned in advance, while 48% of all household appliances are purchased spontaneously.

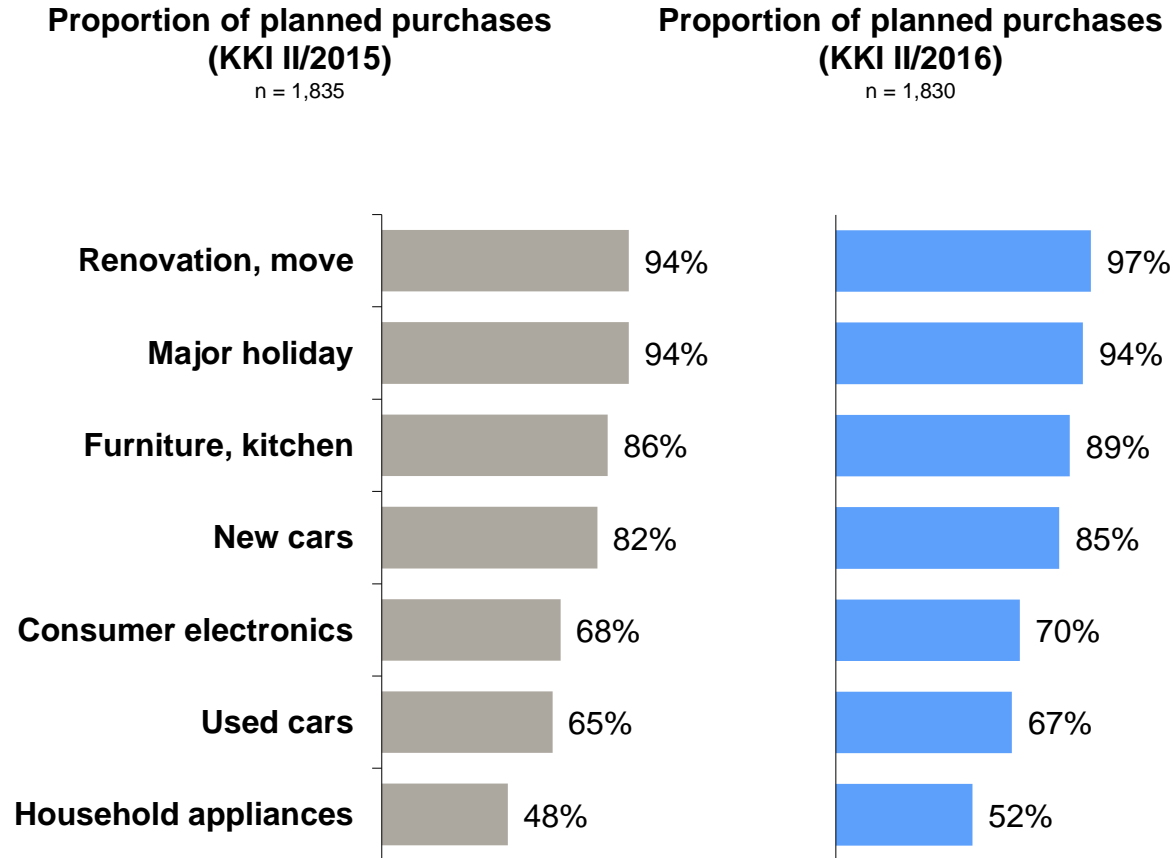
Q1a: Which major purchases/forms of expenditure have you made/paid for in your household in the last 12 months?

Q1b: For all purchases made/forms of expenditure, please state whether or not these were planned. Basis: 1,830 people surveyed; other purchases not shown

© GfK 2016 | GfK Financial Market Research on behalf of the Bankenfachverband e.V. | KKI II/2016 | Forecast for Private Borrowing in 2016/2017

Purchases in the last 12 months

Proportion of planned purchases over time



The proportion of planned purchases out of the total number of purchases made is generally still at a high level.



Selected example: 67% of all used car purchases are planned in advance. This proportion represents a fall of 2 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: 1,830 people surveyed; other purchases not shown (KKI II/2015: 1,835 people surveyed)

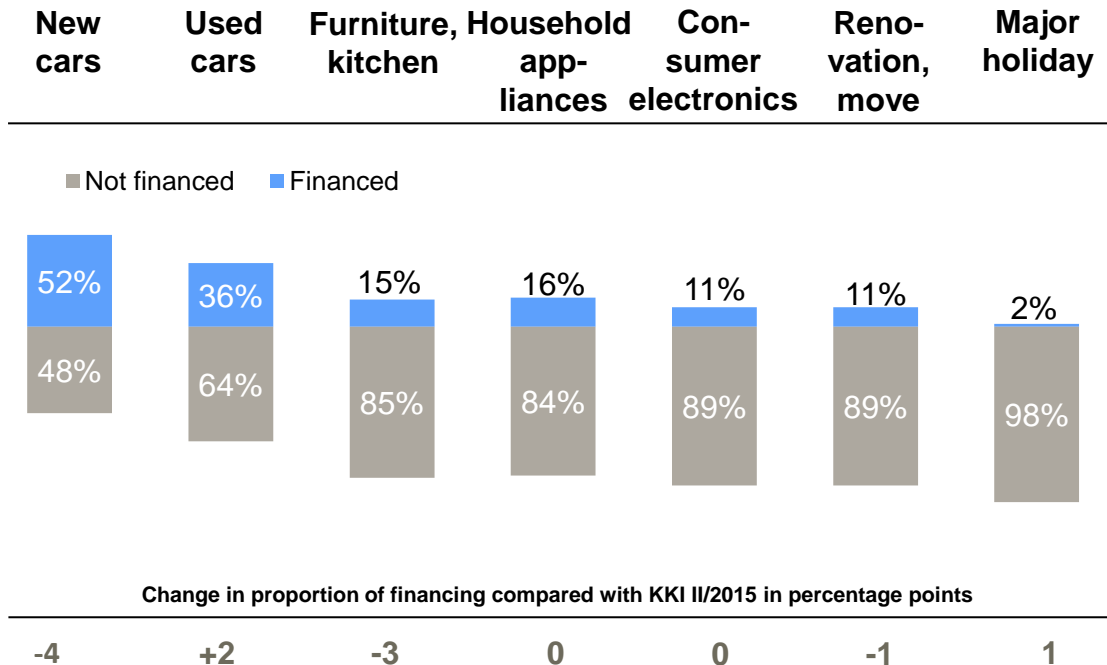
© GfK 2016 | GfK Financial Market Research on behalf of the Bankenfachverband e.V. | KKI II/2016 | Forecast for Private Borrowing in 2016/2017

Purchases in the last 12 months

Financing



Purchase made in the last 12 months



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

The financing of new cars declined slightly in comparison with the previous year.



Selected example: 52% 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?

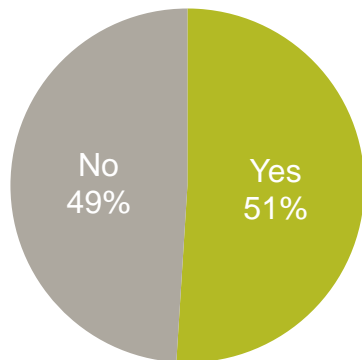
Q1c: Did you take out any of the loans listed below for this purpose? Basis: 1,830 people surveyed; other purchases not shown (KKI II/2015: n = 1,835 people surveyed)

© GfK 2016 | GfK Financial Market Research on behalf of the Bankenfachverband e.V. | KKI II/2016 | Forecast for Private Borrowing in 2016/2017

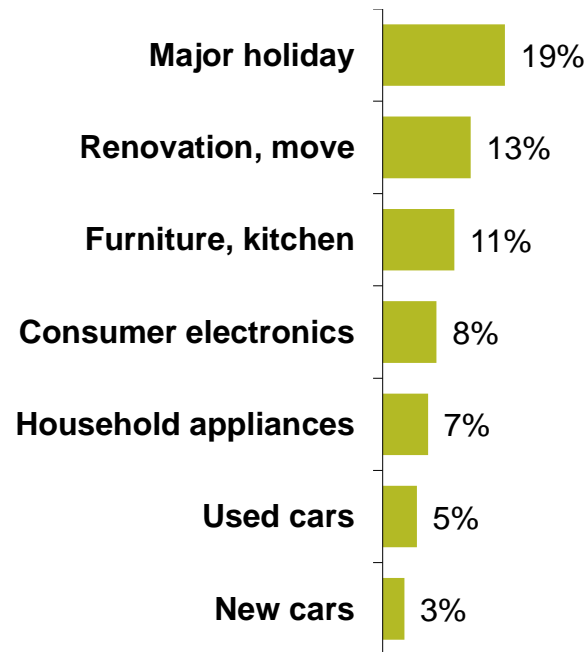


Planned purchases in the next 12 months

**Planned purchases
in the next 12 months**
n = 1,830



**Type of planned purchases
in the next 12 months**
n = 1,830



51% of all respondents are currently planning to make major purchases/spend large amounts of money in the next 12 months, with the focus on major holidays.



Selected example: 13% 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: 1,830 people surveyed; other purchases not shown

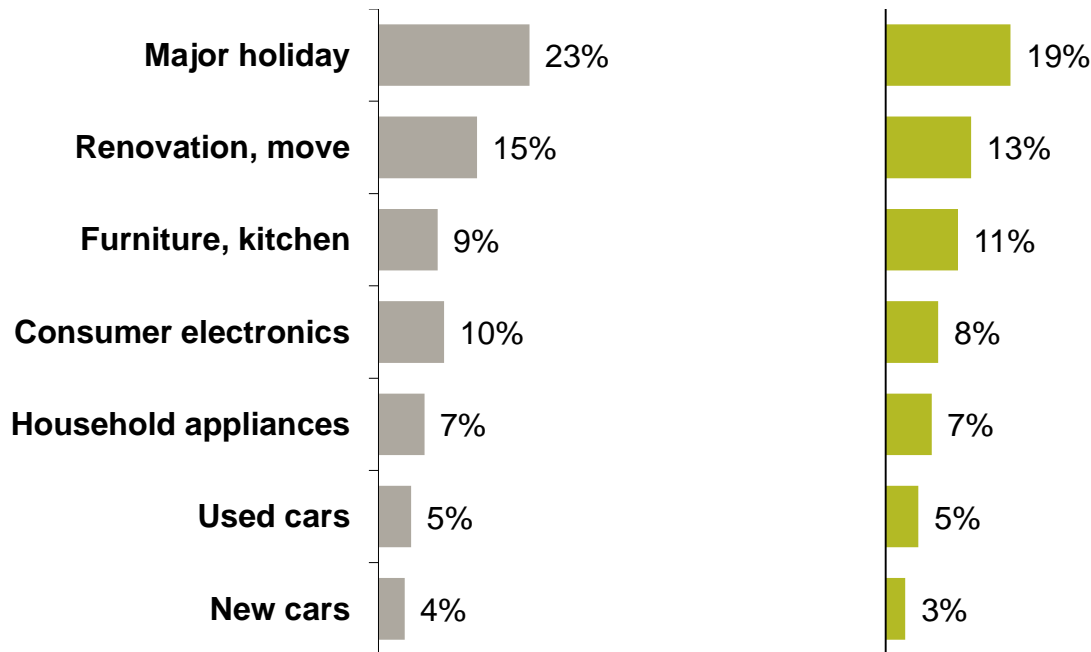
Planned purchases in the next 12 months

Annual comparison



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

**Type of planned purchases
in the next 12 months
(KKI II/2016)**
n = 1,830



The propensity to buy has fallen slightly compared to the previous year, but remains at a high level in many areas.

19% of all households are planning to take a major holiday in the next 12 months, while 13% are planning renovations or intend to move.



Selected example: 13% 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: 1,830 people surveyed; other purchases not shown (KKI II/2015: 1,835 people surveyed)

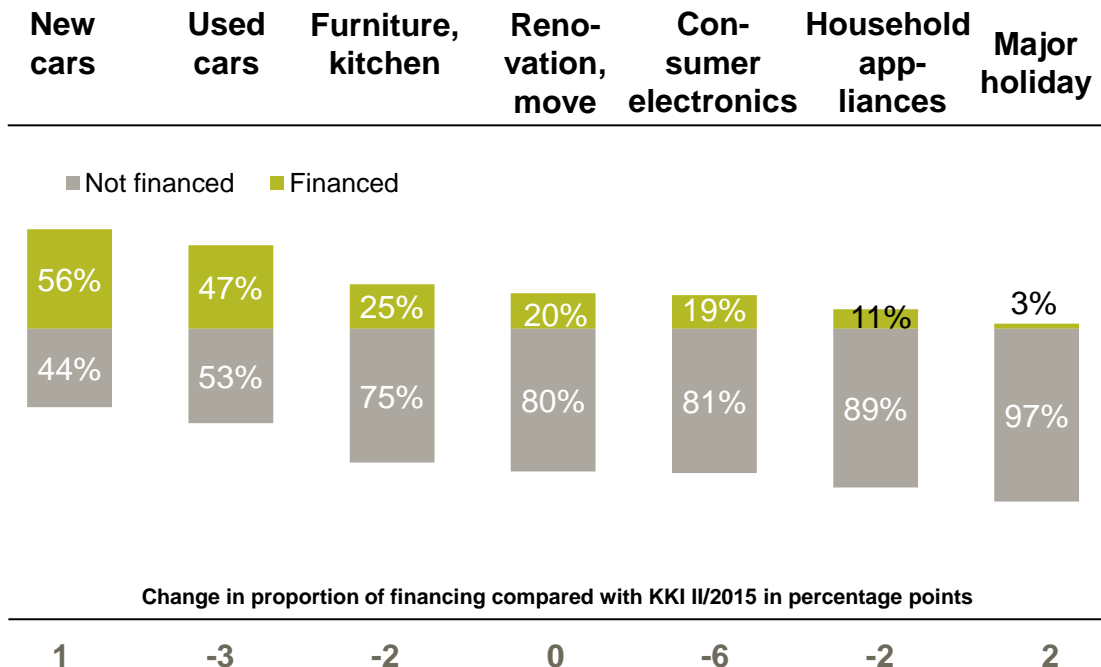
© GfK 2016 | GfK Financial Market Research on behalf of the Bankenfachverband e.V. | KKI II/2016 | Forecast for Private Borrowing in 2016/2017

Planned purchases in the next 12 months

Financing



Credit financing conceivable – planners of the purchase in question



56% of those who want to buy a new car within the next 12 months would purchase it on finance.

Compared to the previous year, the willingness to purchase a new car on finance remains at a constant level.



Selected example: 56% 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: 1,830 people surveyed; other purchases not shown (KKI II/2015: 1,835 people surveyed)

© GfK 2016 | GfK Financial Market Research on behalf of the Bankenfachverband e.V. | KKI II/2016 | Forecast for Private Borrowing in 2016/2017

Planned purchases in the past and in the next 12 months

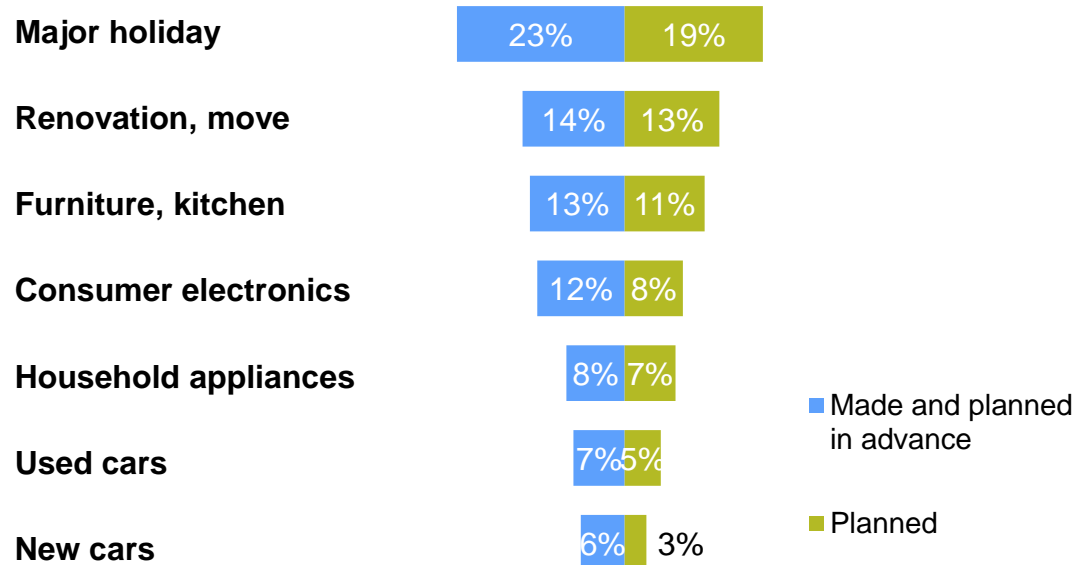


Type of planned purchase in the last 12 months
n = 1,350 people surveyed

Type of planned purchase in the next 12 months
n = 1,830 people surveyed

23% have been on a holiday planned in advance over the past 12 months.

19% of all respondents are planning major holidays in future.



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: 1,830 people surveyed, 919 of whom with planned purchases; other purchases not shown

© GfK 2016 | GfK Financial Market Research on behalf of the Bankenfachverband e.V. | KKI II/2016 | Forecast for Private Borrowing in 2016/2017

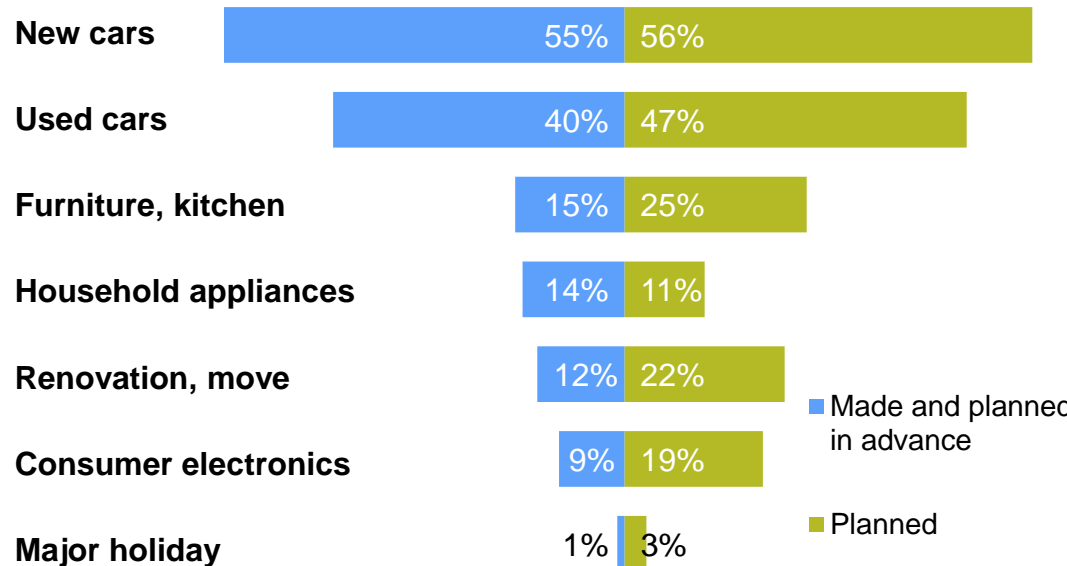
Effected and conceivable financing

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



56% of all new cars and 47% of all used cars bought are expected to be purchased on finance over the next 12 months.

More than half (55%) of all new car purchases planned in the last 12 months were financed.



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: 919 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