

MARKET STUDY 2018 – CONSUMER AND VEHICLE FINANCING IN GERMANY

GfK SE, Consumer Panels

conducted on behalf of the Bankenfachverband e.V.

(German Association of Credit Banks)

About the study



 METHOD	Survey, supporting study: GfK Financial Market Panel (written survey, in parts online)
 SURVEY PERIOD	09 July 2018 to 29 July 2018
 TARGET GROUP	A representative selection of people between the ages of 18 and 69, chosen according to age, profession, the size of city where they live, and federal state
 SAMPLE	n=1,830 interviews; results were weighted according to age, profession, income, child status and size of location
 FREQUENCY OF THE STUDY	Once a year (autumn), published in October 2018
 SURVEYED AREA	Federal Republic of Germany

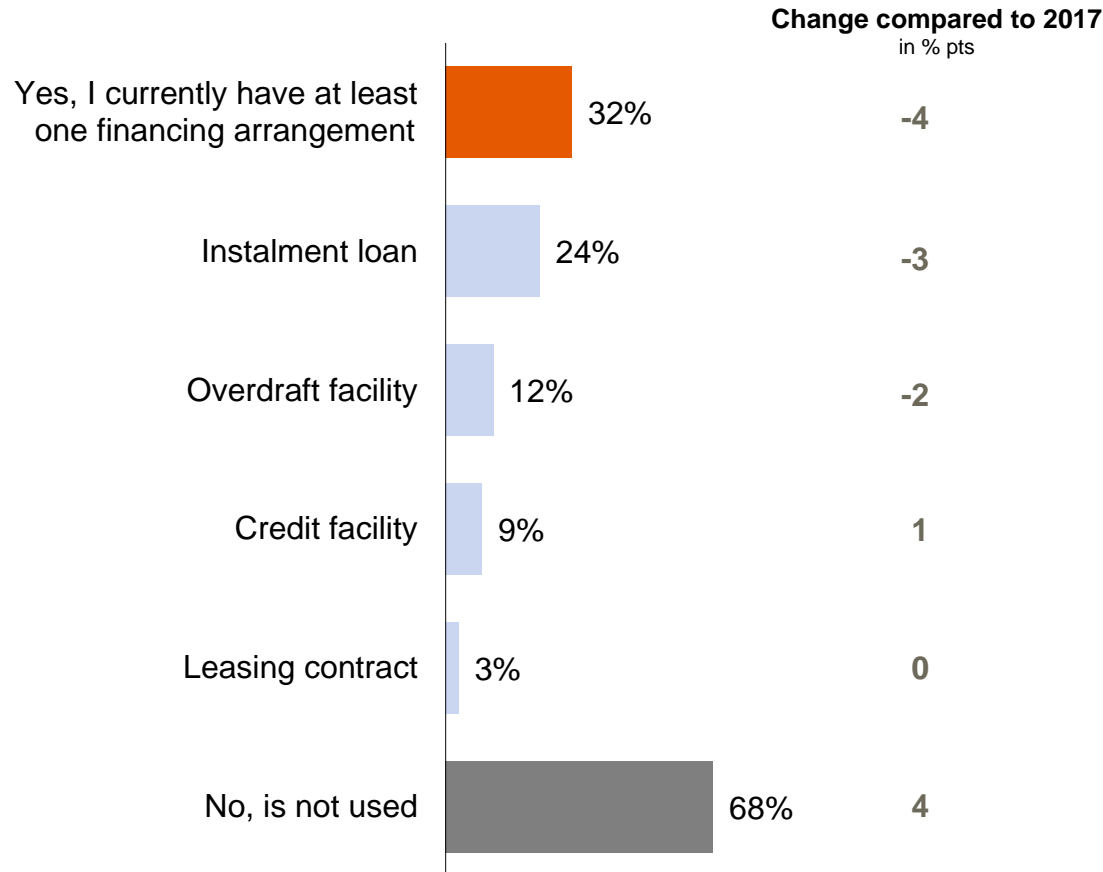


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Use of financing

All respondents



Approximately one in three respondents currently uses a financing arrangement, i.e. instalment loan, overdraft facility, credit facility and/or leasing contract.

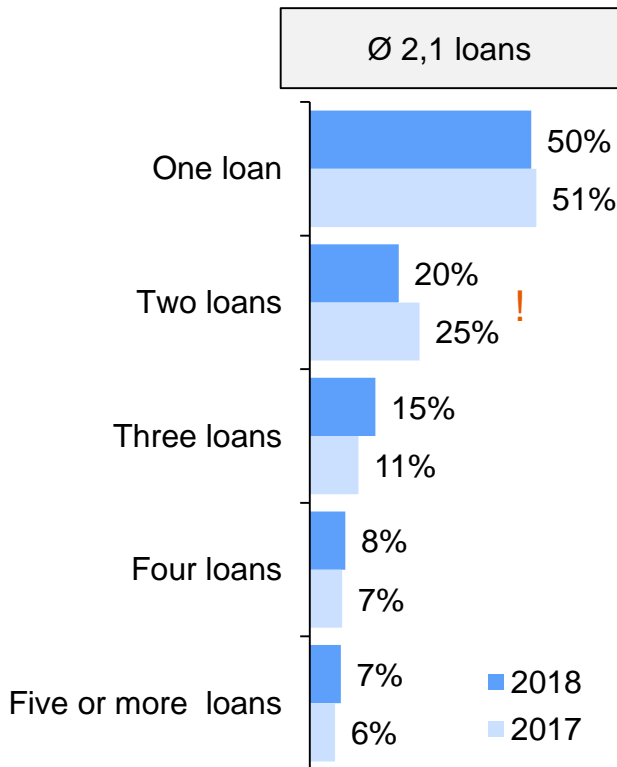
Approximately one in four uses an instalment loan.

Q2a: Are you currently using one of the following loans/forms of financing?
Basis: All respondents n = 1,830 excl. no response; rounding-off differences possible; multiple answers possible

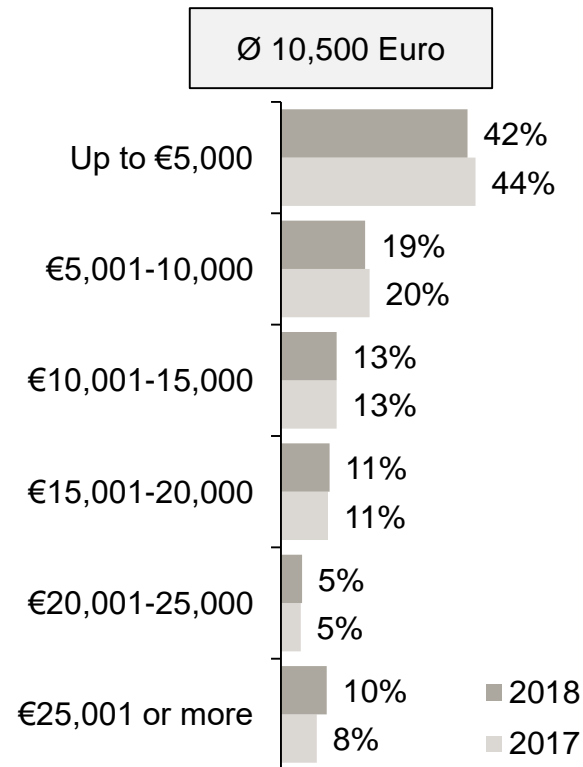
Loans – number and amounts outstanding

Users of financing products

Number
n = 586



Outstanding amount
n = 467



On average, each user of financing in Germany has taken out two financing agreements and still has an outstanding amount of €10,500 to repay.

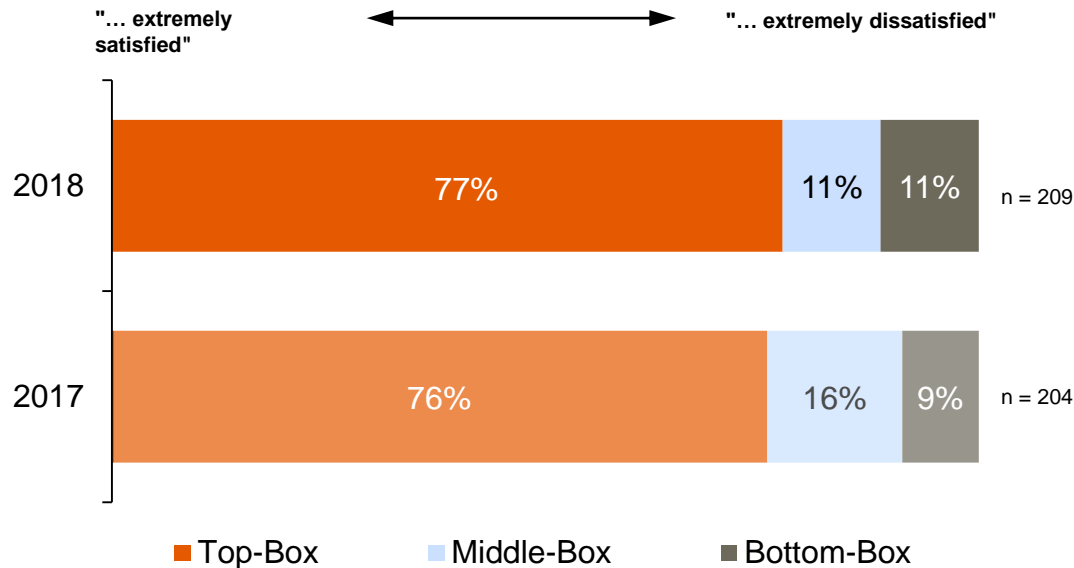
Compared to the previous year, the outstanding loan sum has risen (2017: 9.800 Euro).

Q2b: 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
 Q2e: And what is the amount (excluding mortgage financing) that you still have to pay back for these loans? Basis: excl. no response

Satisfaction with financing

Users of financing products

Respondents' assessment



77% of all users of financing are either extremely satisfied or satisfied with their financing.



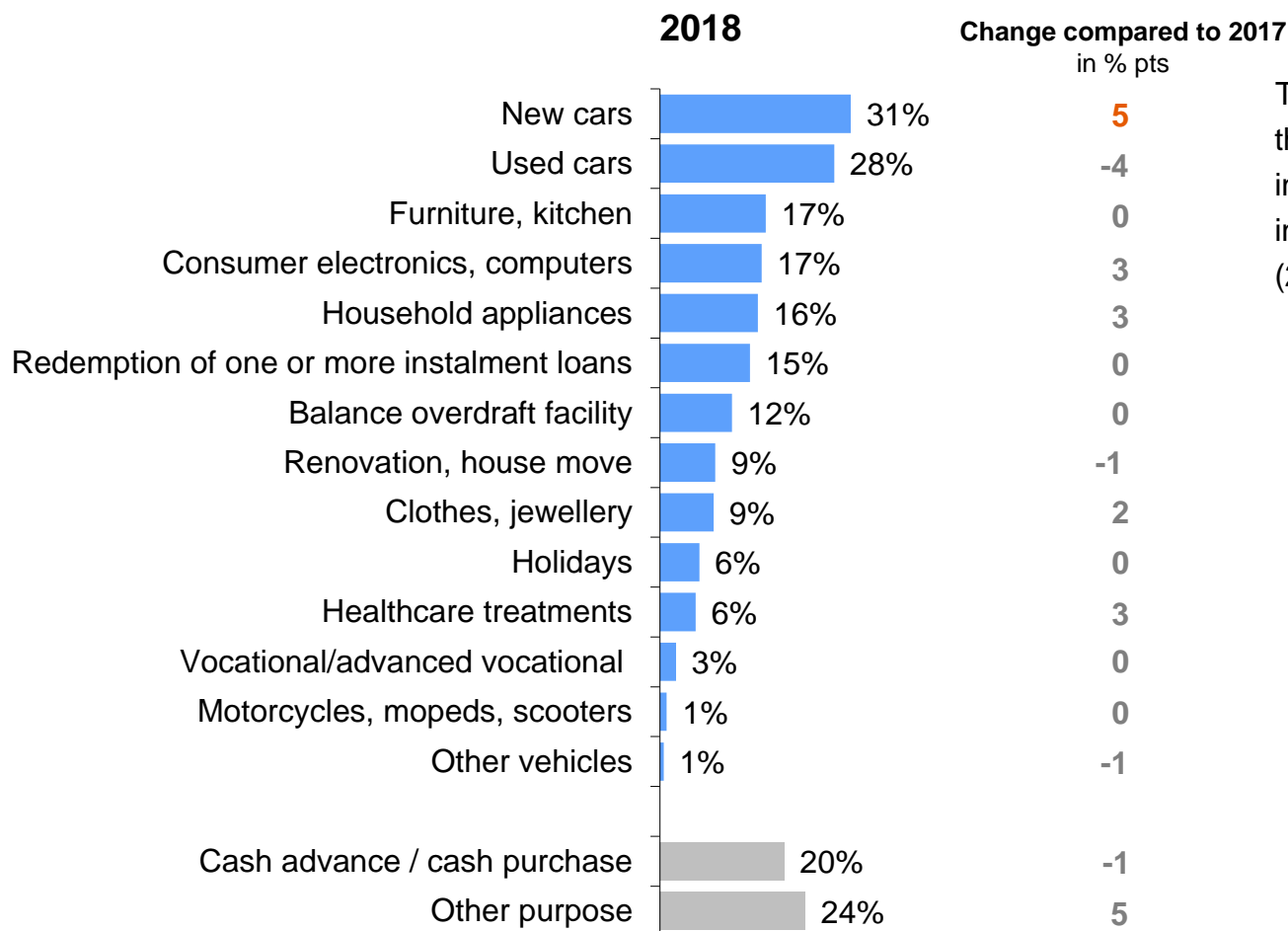
Top box (4+5) = satisfied/extremely satisfied
Middle box (3) = neither satisfied, nor unsatisfied
Bottom box (1+2) = extremely unsatisfied/ unsatisfied

Q1e: How satisfied are you overall with the loan/loans you have taken out? Q2a: Are you currently using one of the following loans/forms of financing?
 Basis: excl. no response



Intended purpose – all financing arrangements

Instalment loan users / multiple answers possible



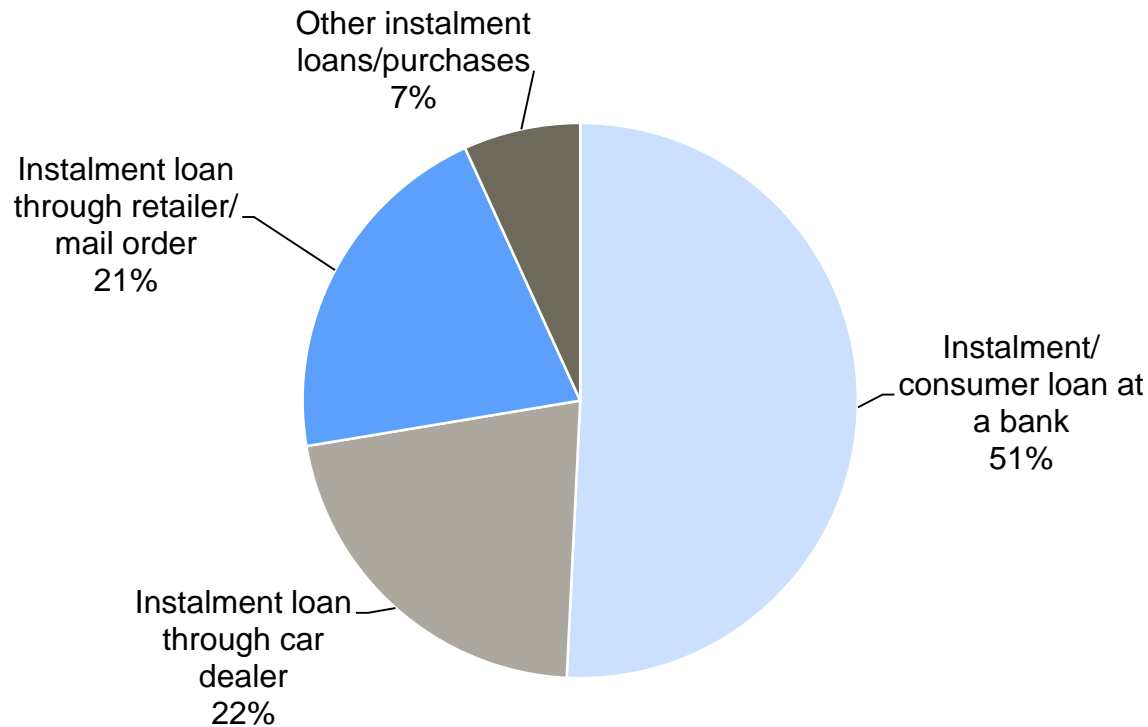
The main reason for financing is the purchase of a car. 31% of instalment loan users take out an instalment loan for a new car (2017: 25%), 28% for a used car.

Q2a: Are you currently using one of the following loans/forms of financing? Q2c: And what did you use your current loan for?
Basis: instalment loan users n = 401 excl. no response; multiple answers possible



Allocation of instalment loan forms

Instalment loan users



Half of all instalment loans are concluded with a bank.

A good fifth of all instalment loans are taken out through car dealers or retailer/mail-order business, respectively.

Q6d: Irrespective of where you applied for this instalment loan, where did you ultimately complete the contract?
Basis: instalment loan users, base: all instalment loans =100%, n=514, excl. no response



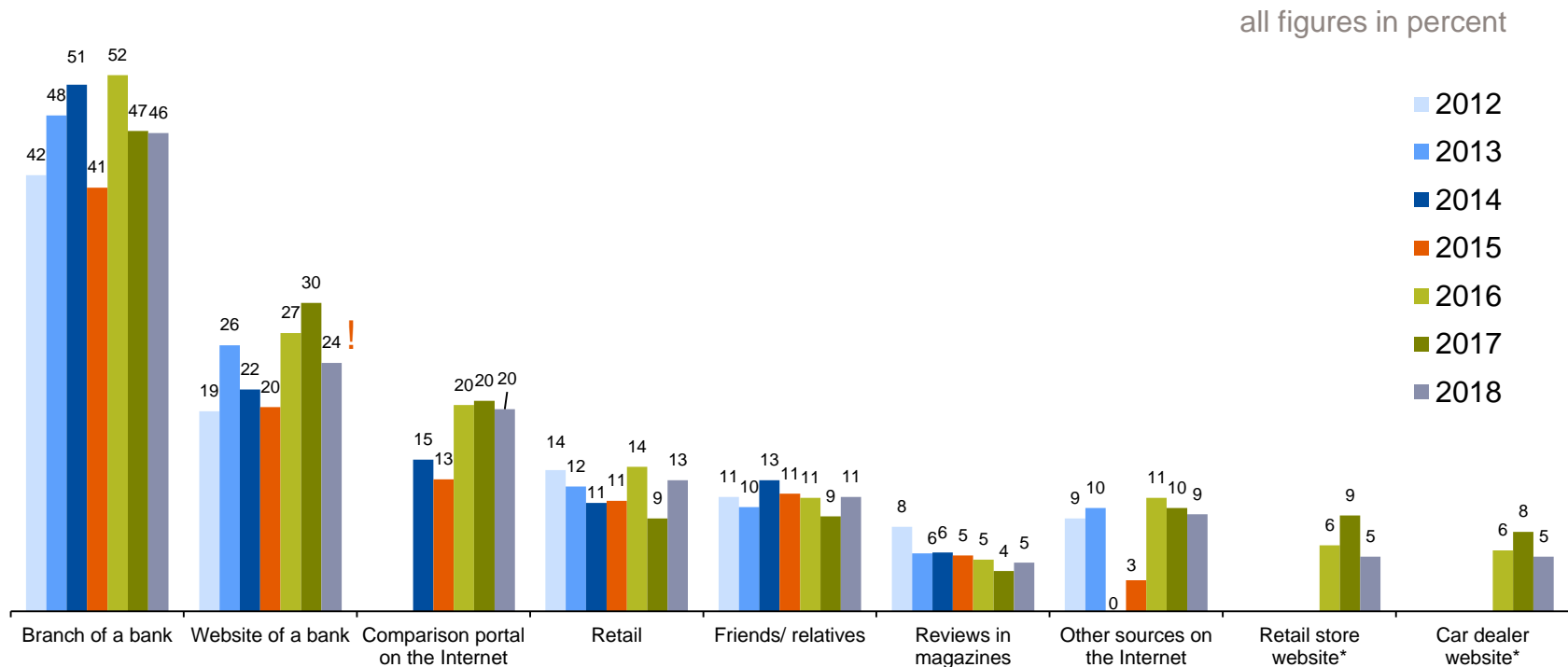
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Use of financing - sources of information

Users of financing products

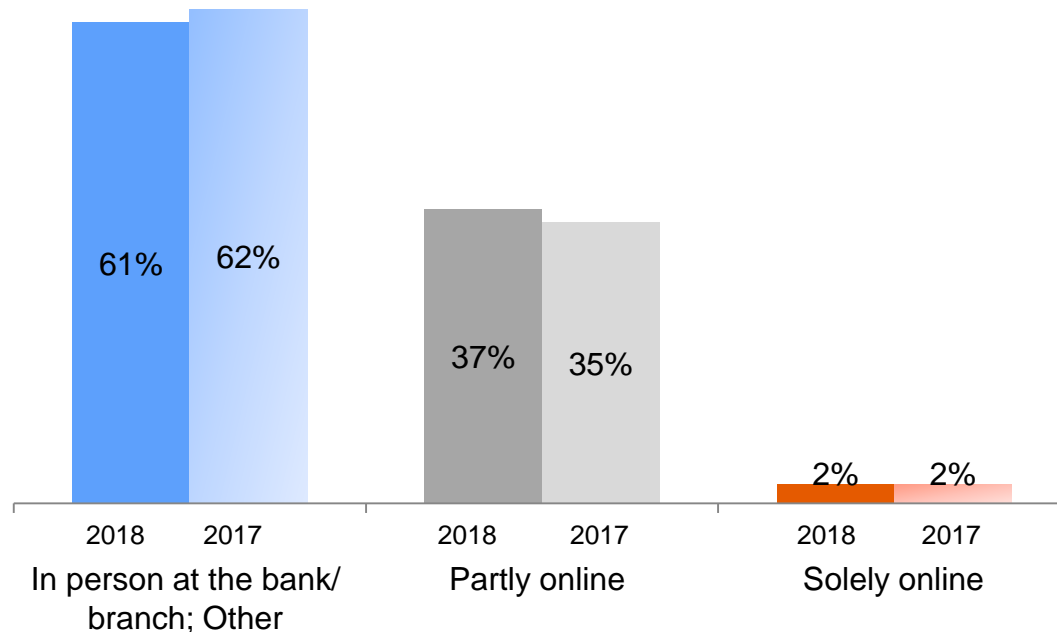
Sources of information used



Q4: Did you use the following sources of information before signing your current loan agreements?
 Basis 2018: All respondents n = 431 excl. no response, *new statement in 2016

Conclusion of a loan via the internet

Instalment loan users



2% of all instalment loans were applied for and concluded online in 2018.

Identification and conclusion were carried out, for example, by video identification or by a qualified electronic signature.

37% of all instalment loans in 2018 were partially taken out via the Internet, i.e. they were applied for online and concluded in person or by post.

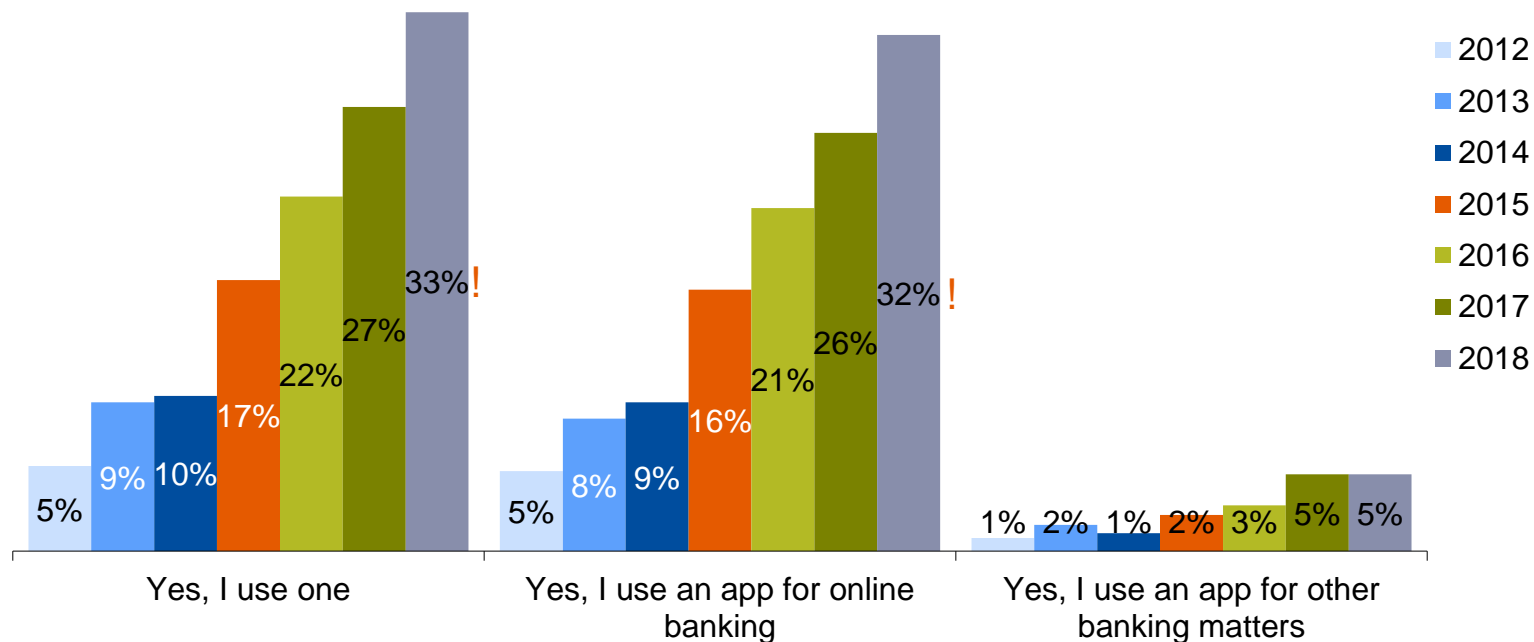
Q6b: Please indicate how you have applied for this instalment loan. Q6d: Irrespective of where you applied for this instalment loan, where did you ultimately conclude the contract?
 Q6f: How did you identify yourself to the bank or your dealer when you took out the loan? Q6g: How did you finally sign the loan agreement?
 Basis: Instalment loans 2018 n = 411; 2017 n = 455; excl. no response, presentation set to 100%, rounding-off differences possible



Use of apps for banking transactions

All respondents

Use apps for banking transactions



Q9b: Do you use an app for banking (e.g. for online banking or taking out a credit) on your smartphone / tablet?

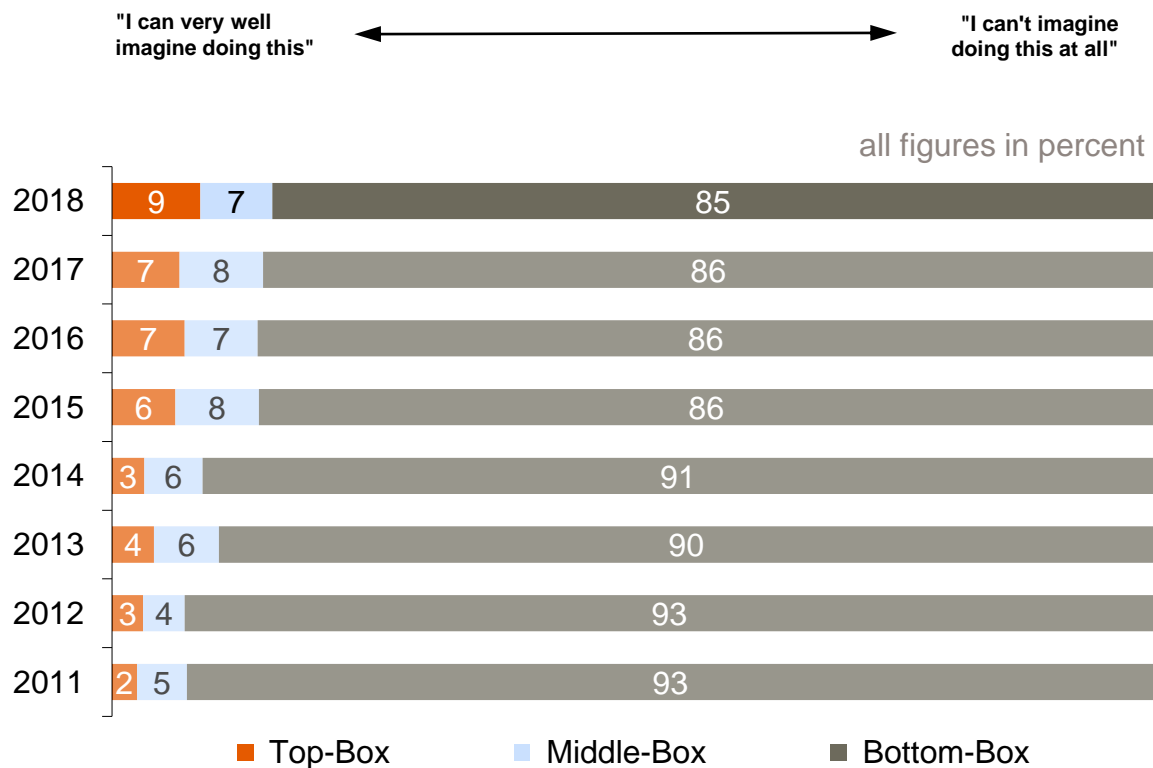
Basis 2018: All respondents n = 1,826 excl. no response



Taking out a loan with your mobile phone/smartphone

All respondents

Take out a loan by mobile phone/smartphone



Q9a: In some shops/retail stores it is already possible to pay in instalments using a mobile phone/smartphone. To what extent would the following options be conceivable to you? Basis 2018: n=1,617 excl. no response and "not known"



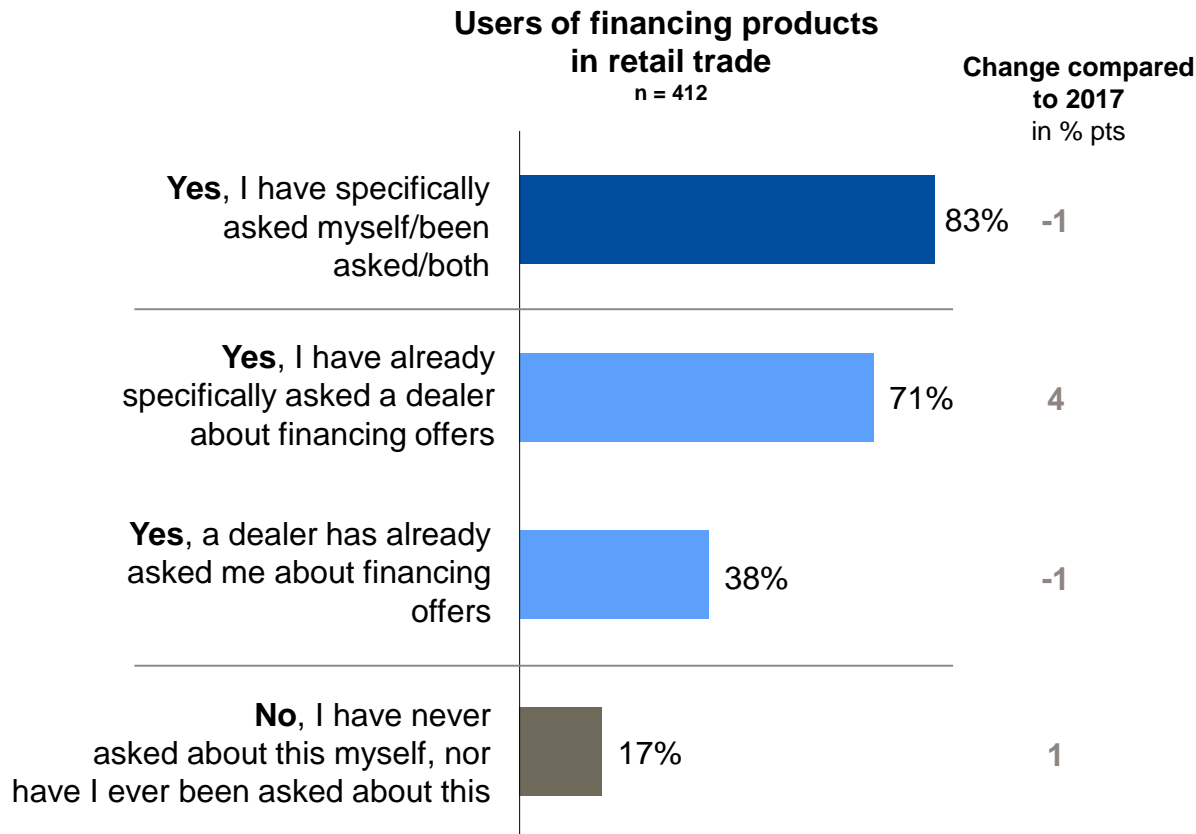
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Financing in retail trade

Raising the question of financing offers



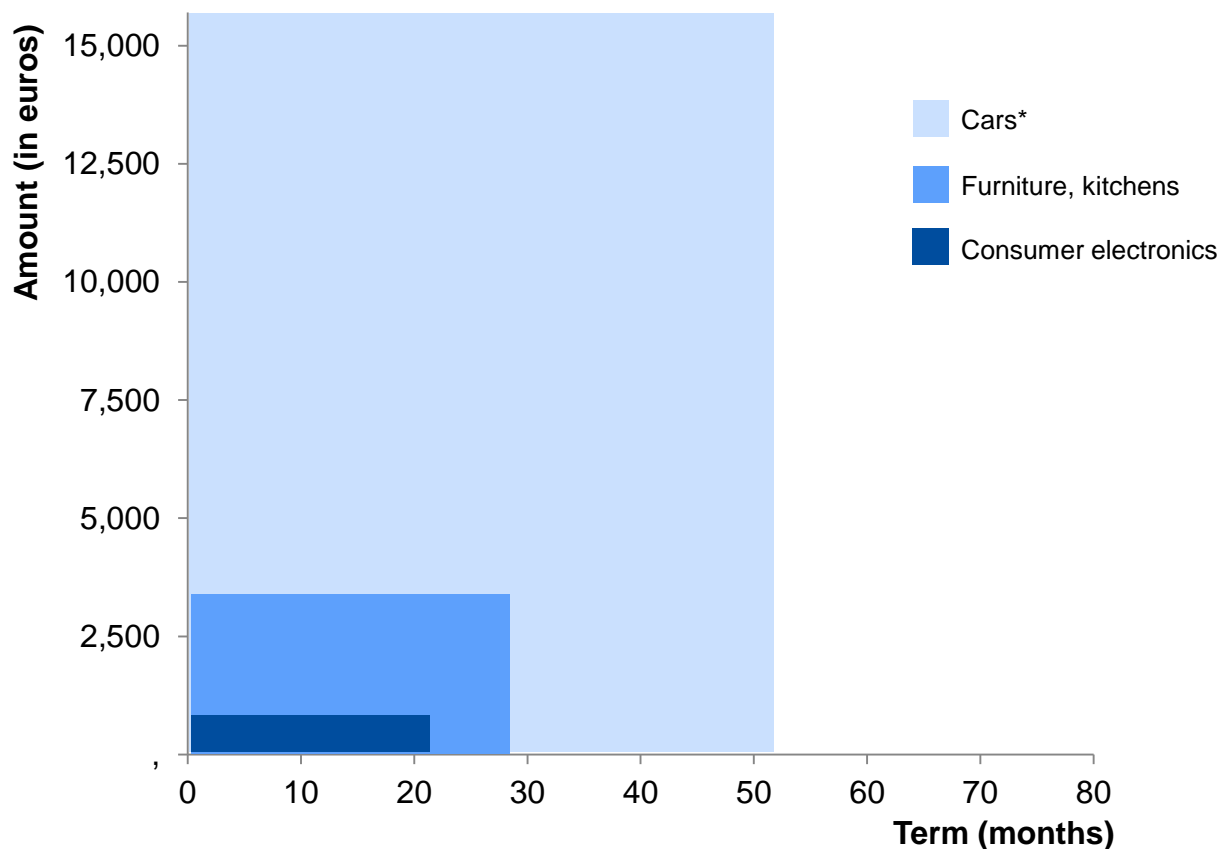
71% of all users of financing products in retail have already requested financing offers from a retailer themselves (2017: 67%).

Q15: 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



Average funding amounts and terms:

New cars:

18,800 Euro/52 months
(2017: 18,200 Euro/48 months)

Used cars:

11,400 Euro/50 months
(2017: 12,000 Euro/51 months)

Figures in detail:

	Term (in months)	Amount (in Euro)
Cars* (2017)	51 (50)	15,700 (15.500)
Furniture, kitchen (2017)	29 (25)	3,000 (2.500)
Consumer electronics (2017)	21 (20)	730 (720)

*Average for new and used cars

Q16.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.

Q16.c. If you have, what amount was financed in each case? Q16.d. And how many months does the loan period comprise?

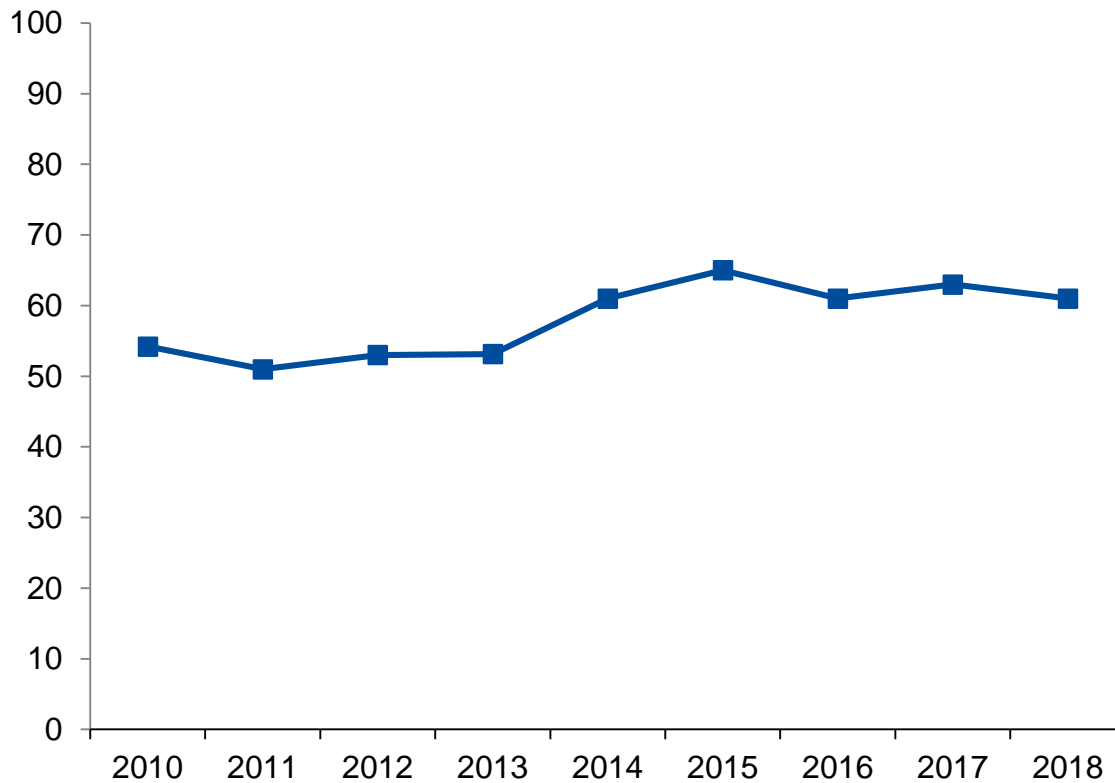
Basis n = 408 excl. no response; "other" not shown



Financing in retail trade – influence on purchase decision

Over time

Influence on purchase decision



Without the financing option in retail, 61% of the financed purchases not have been made. In a long-term comparison, this share has grown (2011: 51%).

Values for years (%)
2010|11|12|13|14|15|16|17|18

■ I wouldn't have bought it otherwise.

54|51|53|53|61|65|61|63|61

Q16e: Did the option of financing influence your purchase decision, i.e. your decision to buy the product or not?
Basis 2018: n = 410 excl. no response Subgroup: Users of financing products in retail trade



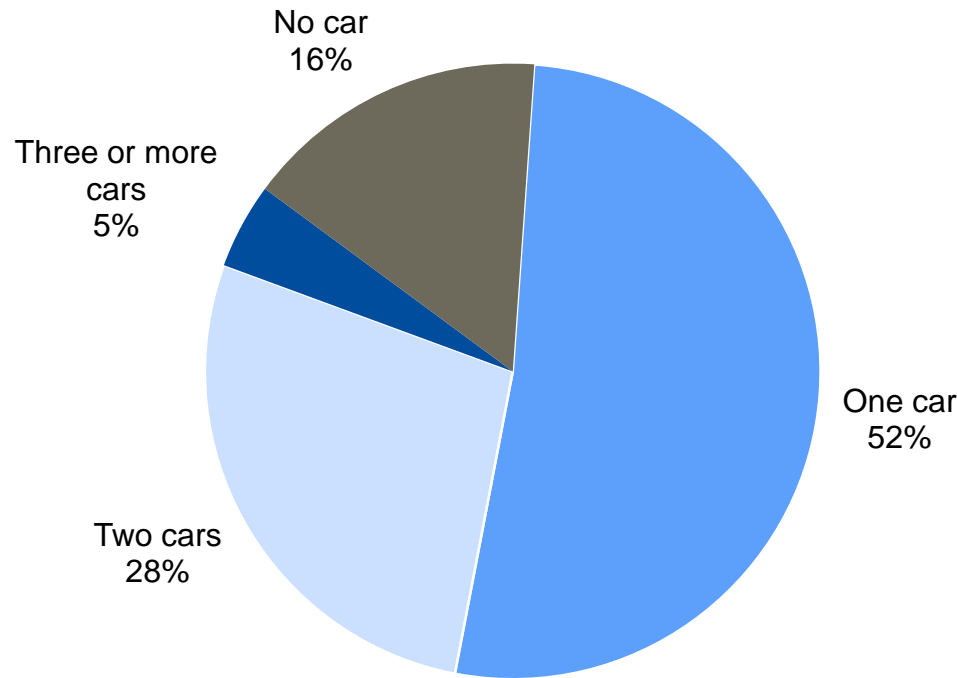
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Car ownership

All respondents



84% of all households have at least one car in their household.

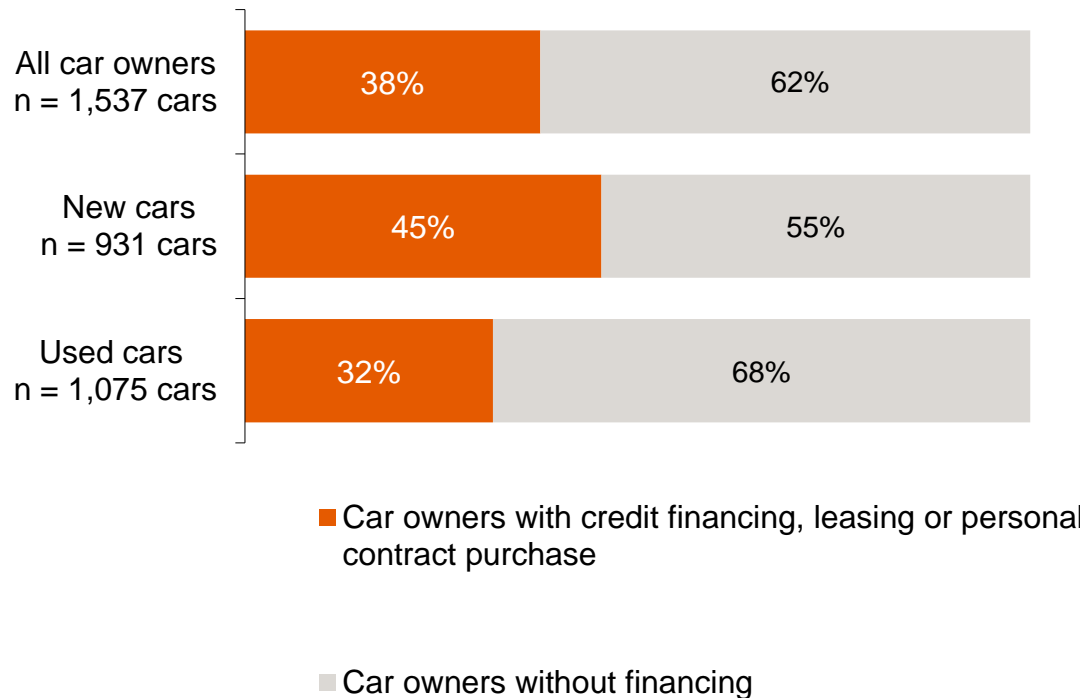
On average, a German household owns 1.2 cars – this rate has remained stable over time.

Q23. How many cars do you own in your household?
Basis: All respondents, n = 1,830 excl. no response



Share of financed cars (incl. leasing and personal contract purchase)

Car owners



38% of owners of a private car have a financing.

For new cars the financing share is 45% and for used cars 32%.

Share of financed cars:

All car owners/new/used

2012: 33%/43%/24%

2013: 33%/39%/26%

2014: 27%/35%/21%

2015: 33%/38%/28%

2016: 36%/42%/34%

2017: 38%/46%/34%

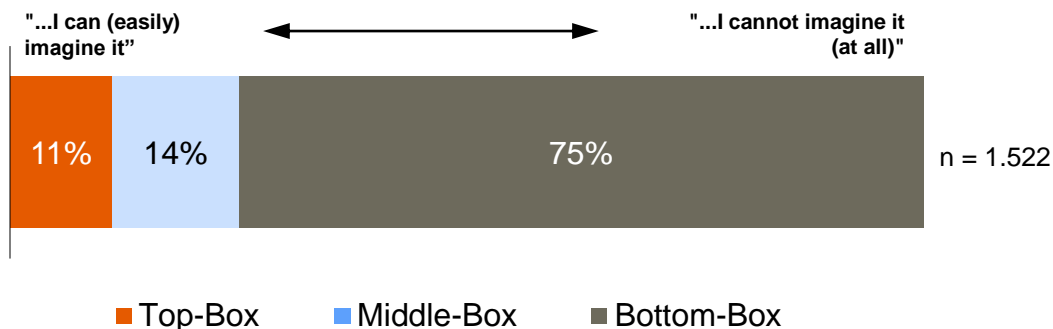
Q26: Was this car paid for in full in cash when it was purchased, or was it partly financed, fully financed or leased?
Basis: excl. no response



Financing online

Car owners

11% of car owners can imagine financing a car via the internet.

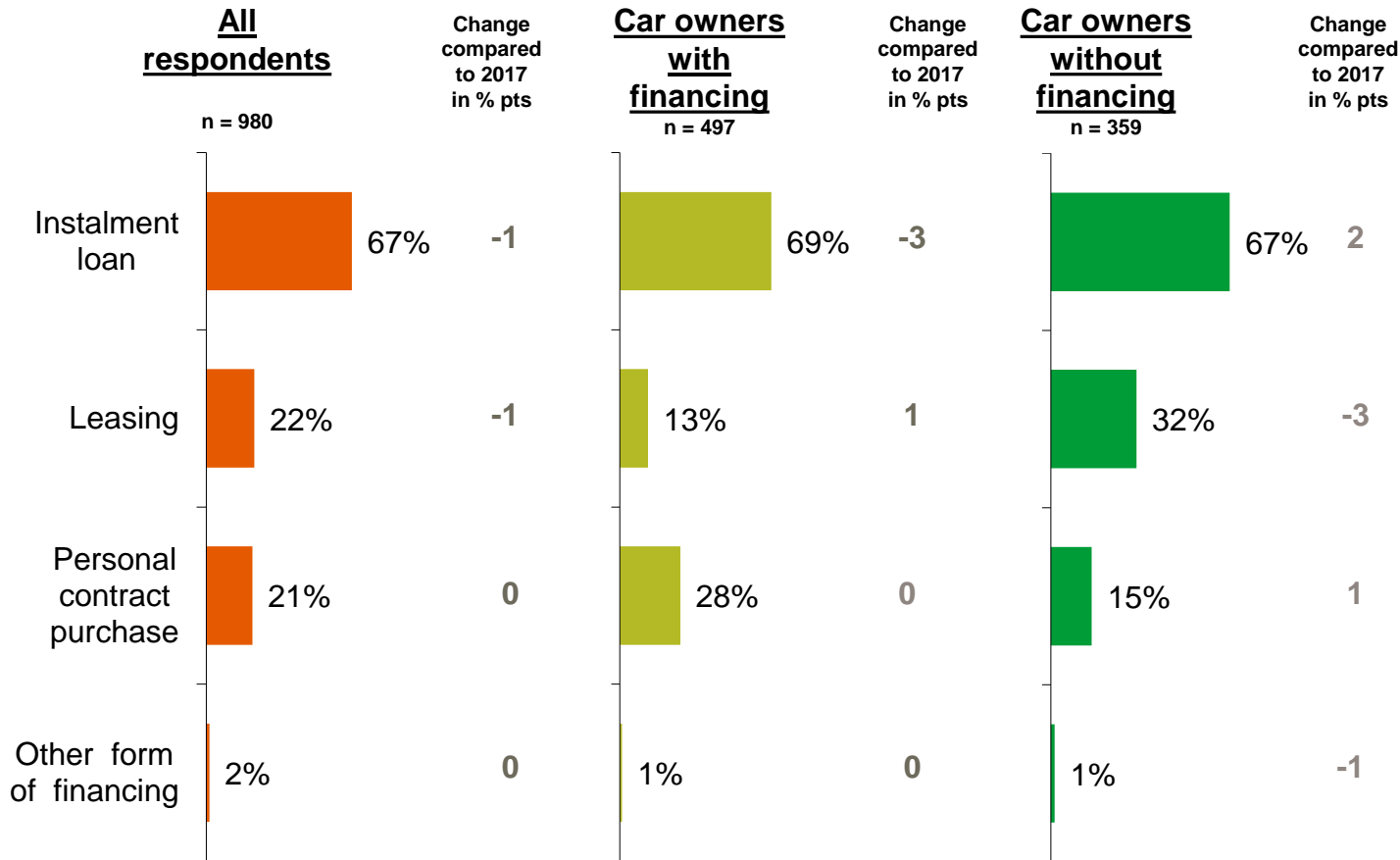


Top box (4+5) I can easily imagine it / I can imagine it
Middle box (3) = I do not imagine it / I can't imagine it yet
Bottom box (1+2) I cannot imagine it / I cannot imagine it at all

Q33: If you were to consider obtaining finance for a car: to what extent can you generally imagine yourself getting this finance via the internet?
Basis: n = 1.522 excl. no response

Preferred forms of financing for new cars

Selected sub-groups: excl. persons declining credit



When buying a new car in the future, two thirds of all respondents would prefer using an instalment loan.

Car owners who currently do not finance a car tend more towards leasing (32%) than car owners with financing (13%).

Q32a: 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



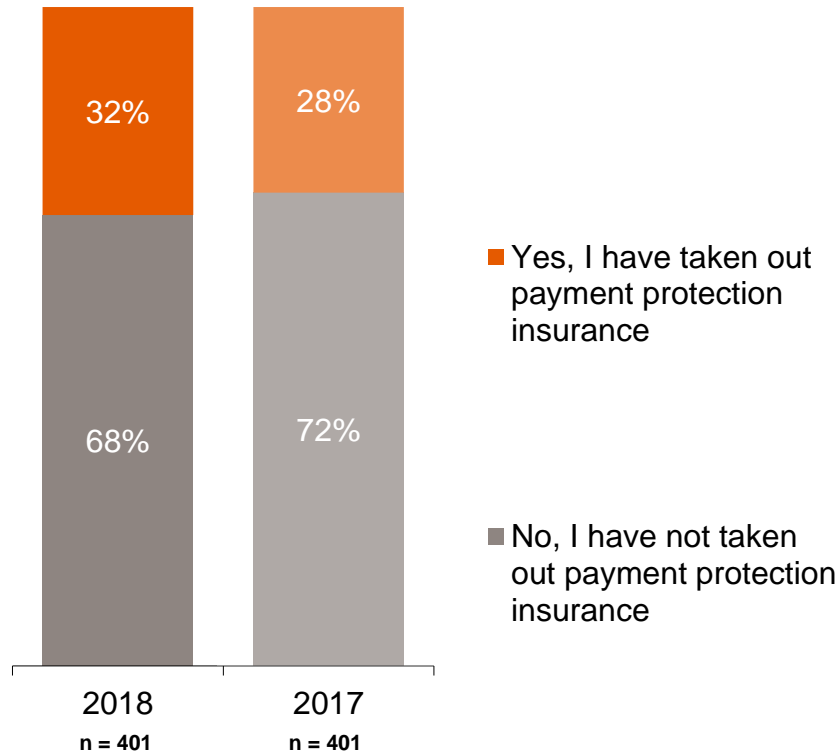
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Payment protection insurance taken out – Total

Instalment loan users

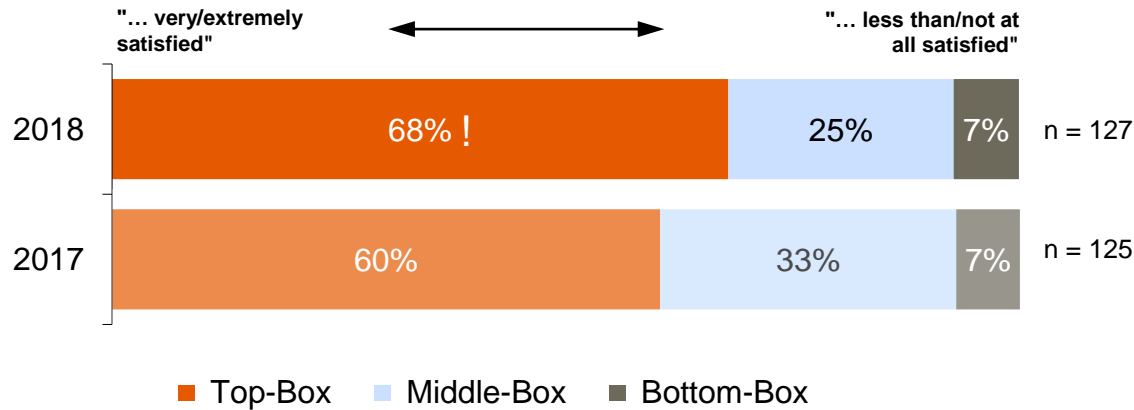


32% of all instalment loan users have taken out payment protection insurance.

Q10: Have you taken out payment protection insurance for your most recent instalment loan?
Basis: excl. no response

Satisfaction with payment protection insurance

Instalment loan users with payment protection insurance

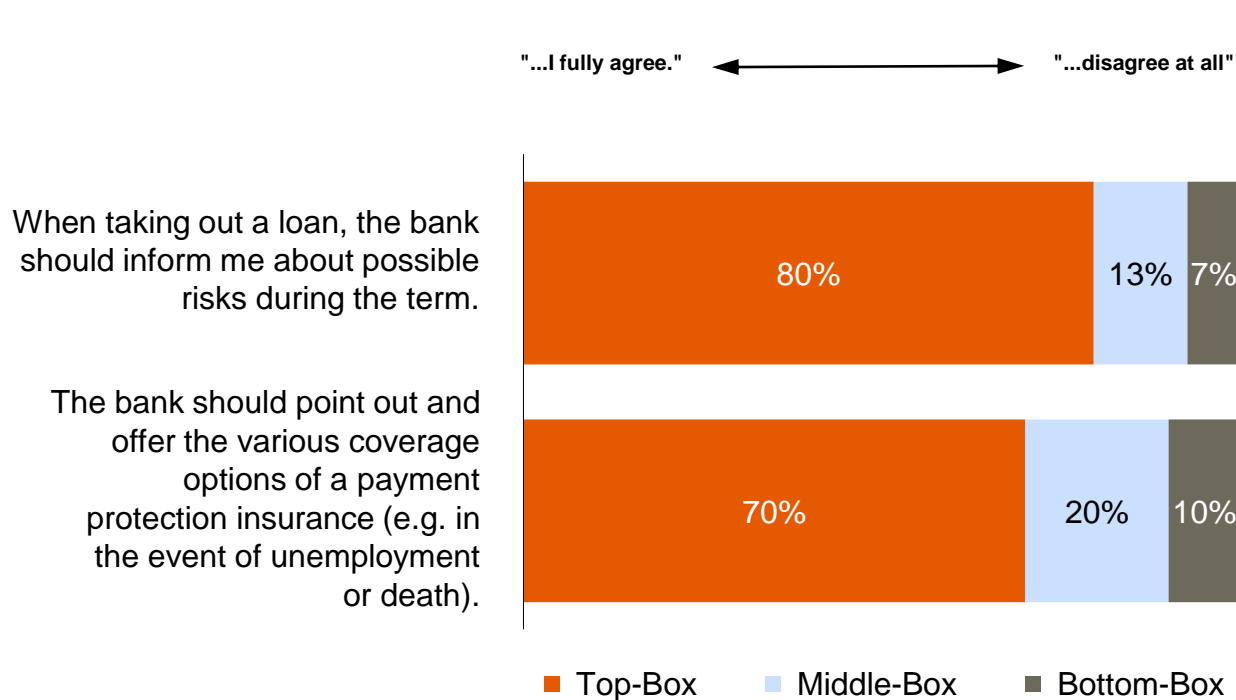


68% of instalment loan users with payment protection are (extremely) satisfied with this. Satisfaction increased by 8 percentage points compared to the previous year.

Q13: How satisfied are you overall with your payment protection insurance
 Basis: excl. no response

Statements on payment protection insurance

All respondents



The vast majority of respondents wants to be informed by the bank about risks during the term and the various coverage options.

Q14c: How do you rate payment protection insurance in general in terms of the following aspects?
Basis: n = 1,830 excl. no response



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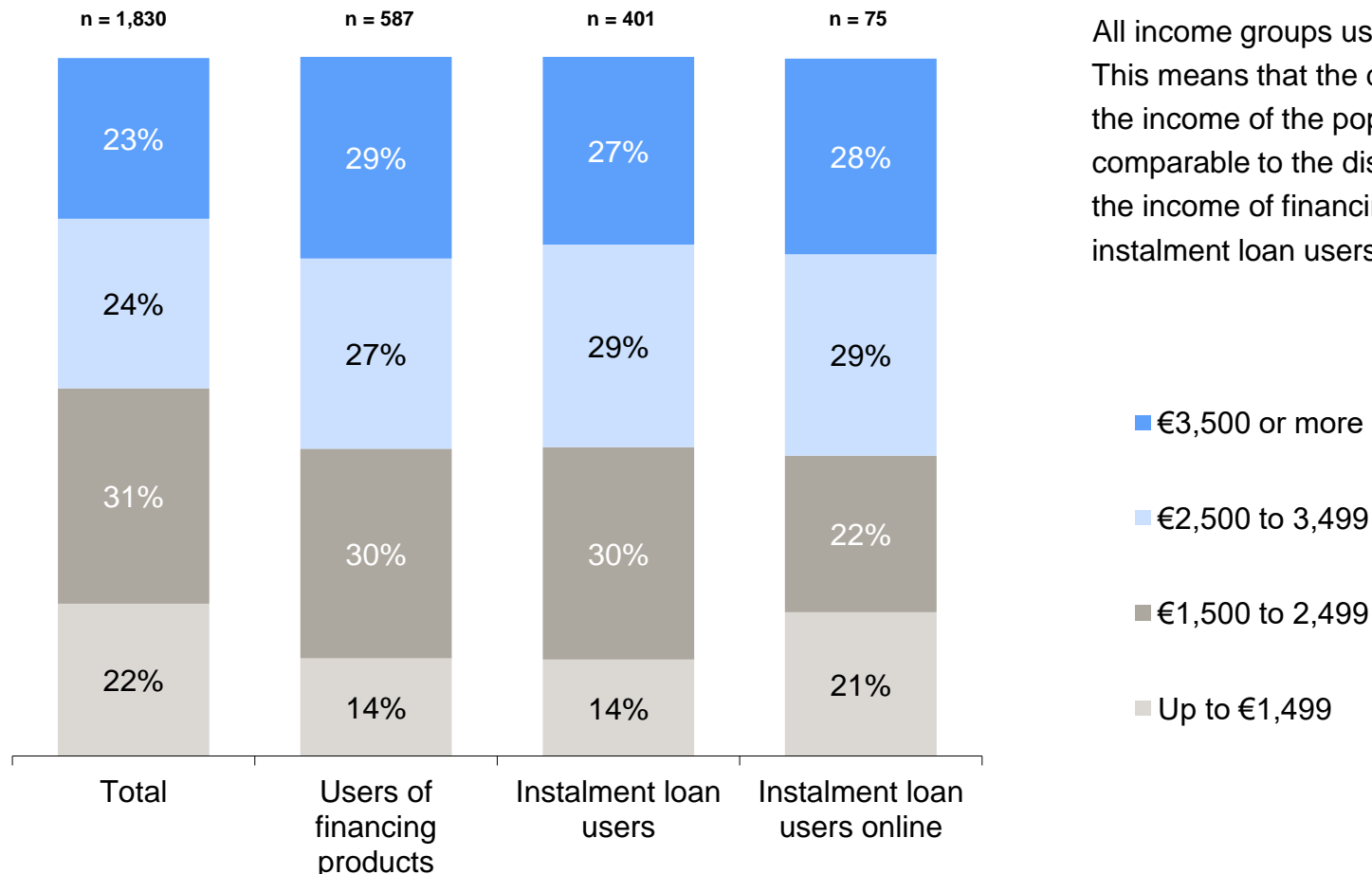
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Statistics - net household income

All respondents, users of financing products, instalment loan users, online

Net household income



All income groups use financing. This means that the distribution of the income of the population is comparable to the distribution of the income of financing and instalment loan users.

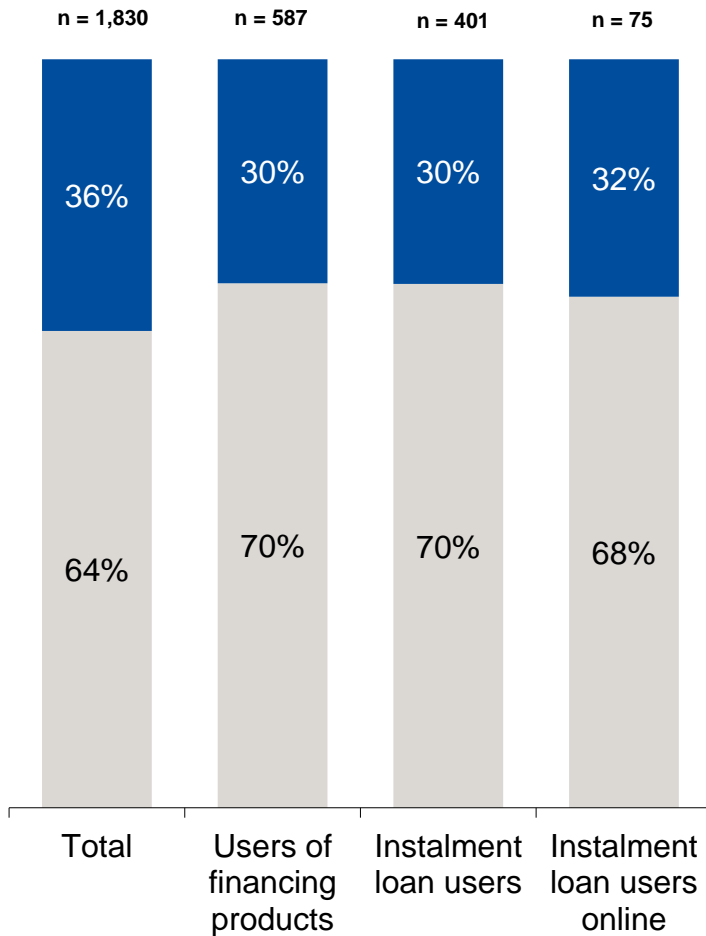
Q2a: Are you currently using one of the following loans/forms of financing?
Basis: all respondents n = 1,830 excl. no response



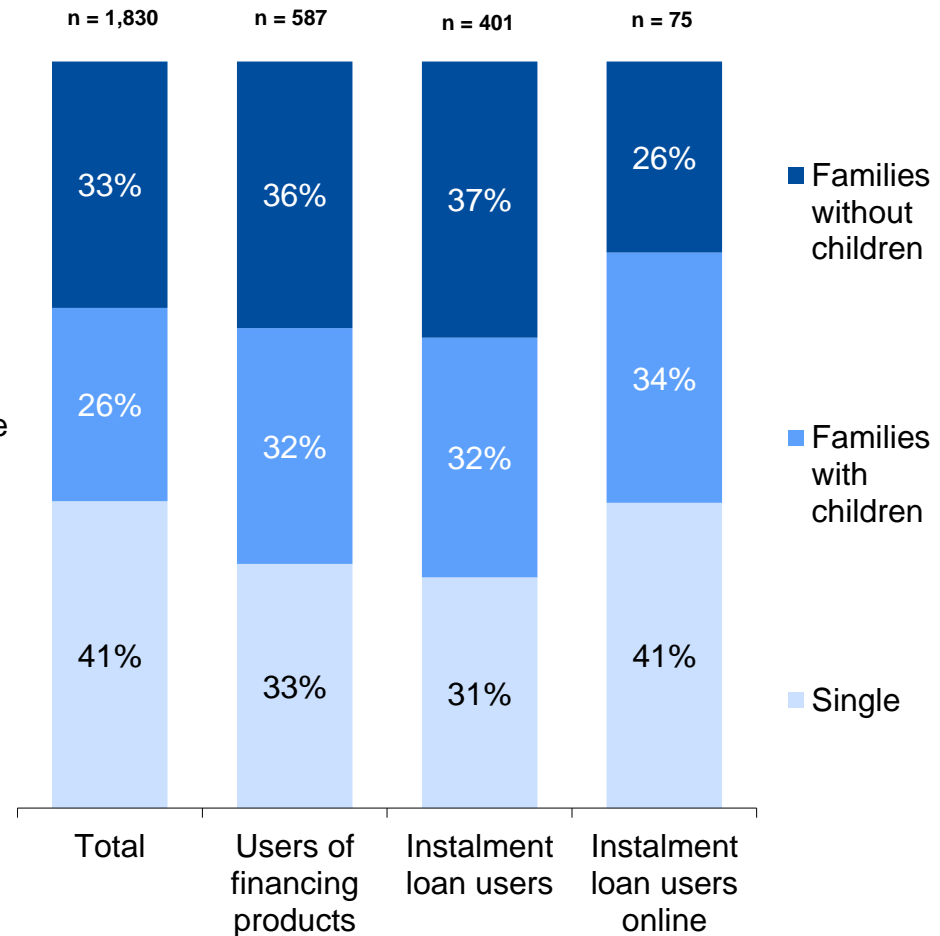
Statistics – gender and marital status

All respondents, users of financing products, instalment loan users, online

Gender of head of household



Life cycle type



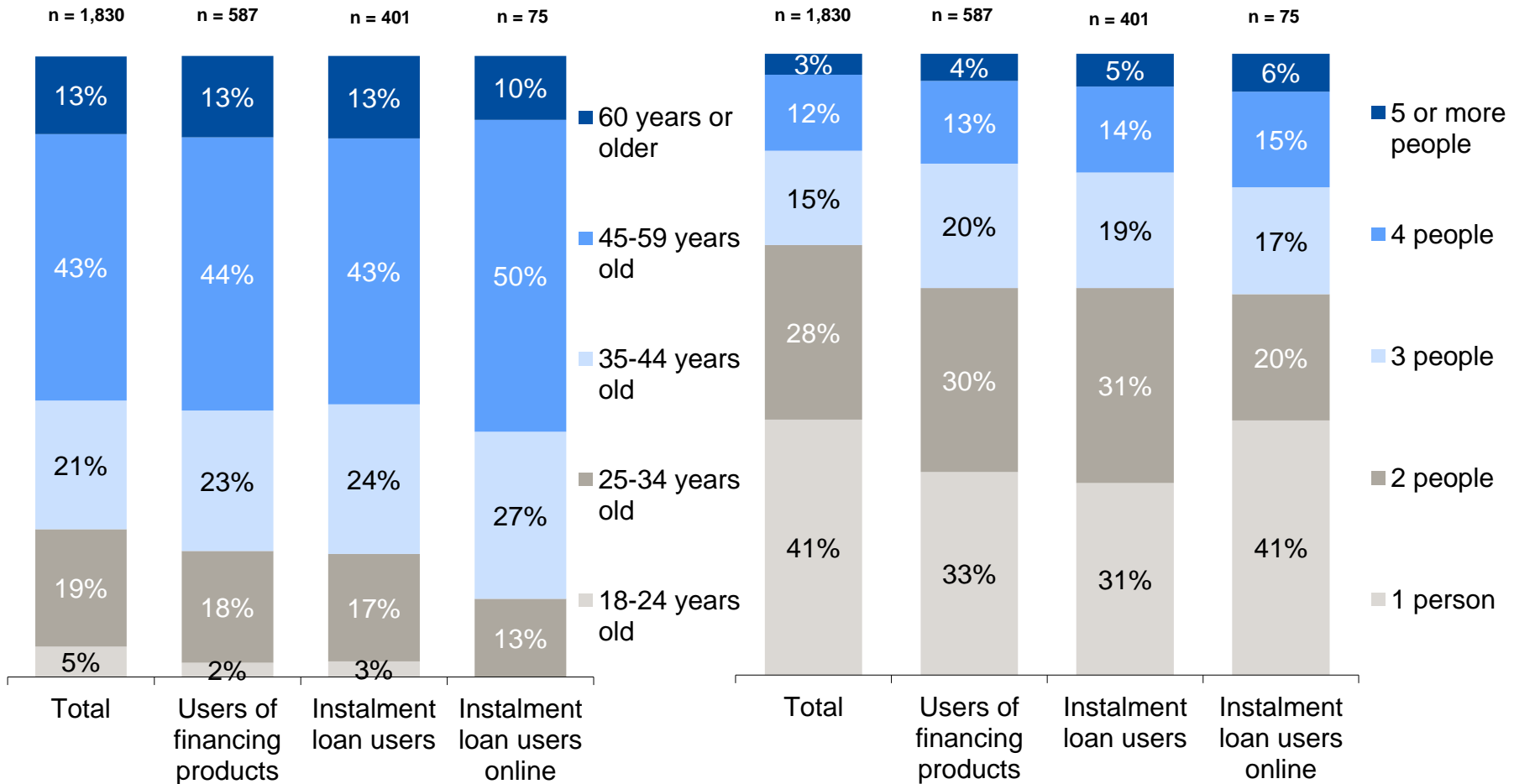


Statistics – age, size of household

All respondents, users of financing products, instalment loan users, online

Age

Size of household

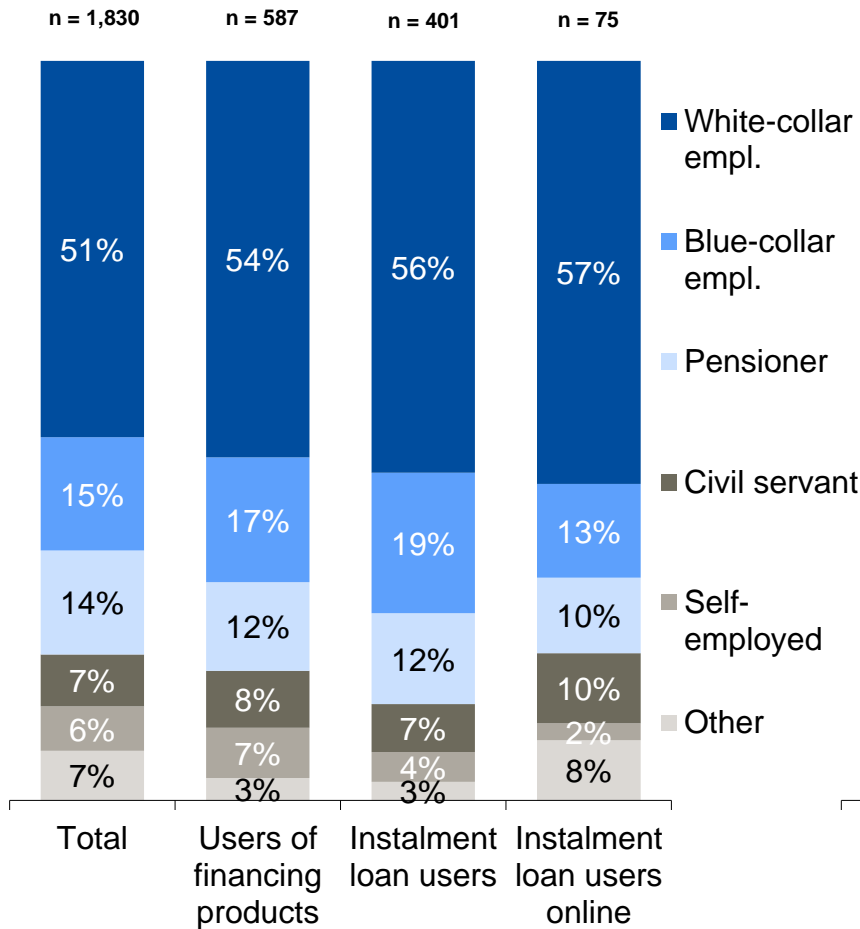




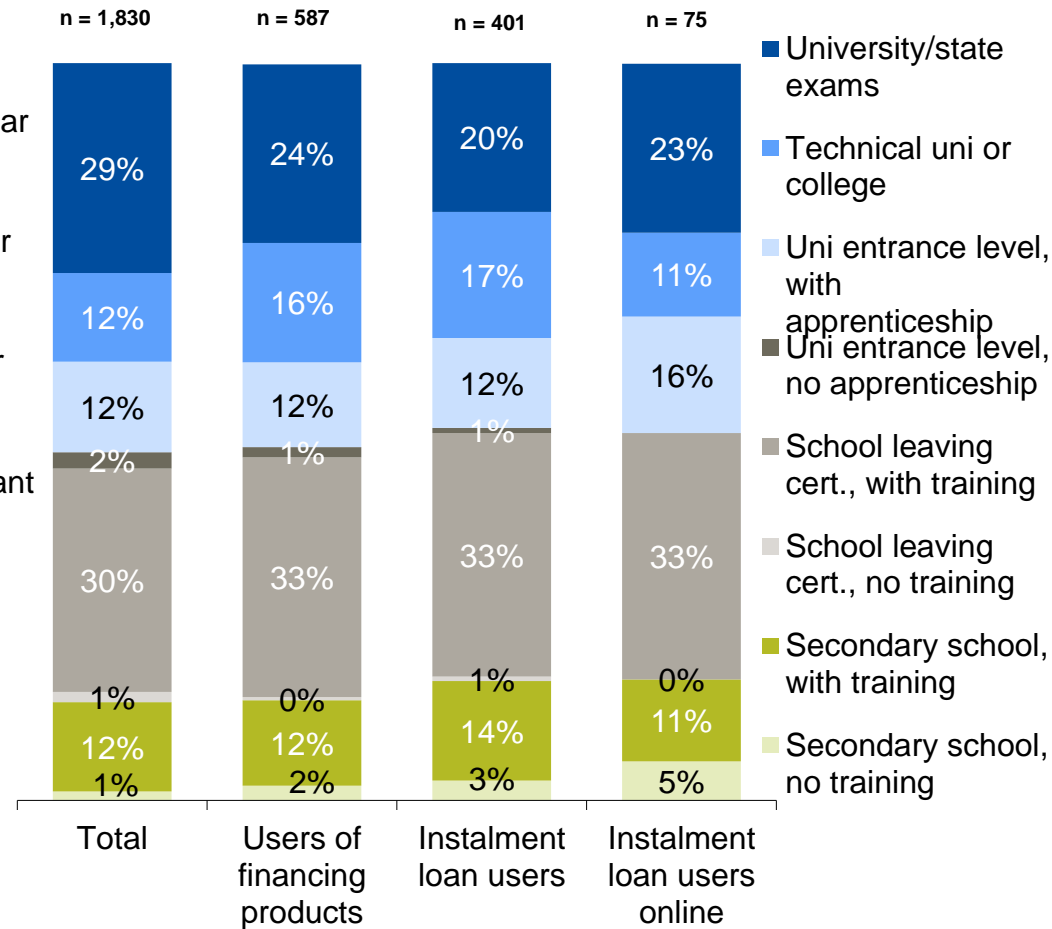
Statistics – occupation and educational attainment

All respondents, users of financing products, instalment loan users, online

Occupation



Educational attainment





Background of the study



The members of the Bankenfachverband (German Association of Credit Banks) finance consumer goods and commercial investments, the larger share being comprised of car financing.

The purpose of this study is to provide information regarding various forms of finance, consumer attitudes as well as actual consumer behaviour in relation to the use of consumer credits for 2018.

One particular focus of this will be private car financing.

Other aspects surveyed included attitudes to loans, attitudes to loans and intentions to use as well as detailed results about payment protection insurance, financing in retail trade and online loan agreements.



Case numbers

users of financing products

n=587

all respondents who use at least one form of financing

non- users of financing products

n=1,243

all respondents who do not use any form of financing

car owners

n=1,537

all respondents who own at least one car

car owners (with financing)

n=552

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

car owners (without financing)

n=985

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

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