

CONSUMER CREDIT INDEX

KKI I/2015

Forecast - use of new consumer credit in Germany in 2015

GfK Finanzmarktforschung (Financial Market Research)

on behalf of Bankenfachverband e.V.

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Objective



Since 2008 Bankenfachverband and GfK Finanzmarktforschung have jointly carried out a regular study on consumer and motor vehicle financing.

The study aims at ascertaining the awareness of various forms of financing, of consumer attitudes and of actual consumer behaviour in terms of the use of consumer credits over time.

In order to deepen these objectives, a Consumer Credit Index (KKI) was established in spring 2011 on the basis of current financing behaviour. The index is suitable for gauging the future financing behaviour of end consumers in respect of various forms of consumer credit.

This forecast for 2015 is based on household estimates made 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

Survey area

Federal Republic of Germany

Sample

n=1.917 interviews; the results were subsequently weighted according to age, vocation, income, offspring and size of village/town/city.

Survey period

28 January 2015 to 17 February 2015



1. Actual purchases in the past 12 months

- Type of purchase (new cars, used cars, furniture, ...)
- Spontaneity of purchase (planned, unplanned)
- Credit financing of purchase
- Type of credit used for the purchase
- Credit amount for used credits

2. Planned purchases for the next 12 months

- Type of planned purchase (new cars, used cars, furniture, ...)
- Credit financing of planned purchase
- Expected type of credit for the purchase
- Expected credit total

Content



1. Objective and study design

2. Detailed results

3. Forecast - use of new consumer credit in Germany in 2015

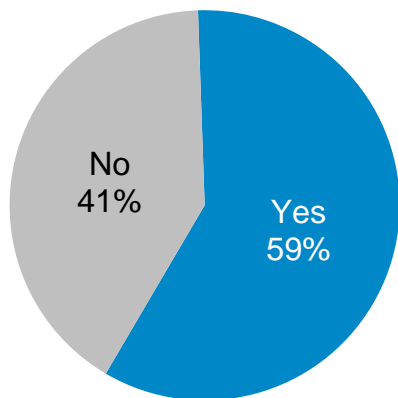
4. Summary

Purchases in the past 12 months

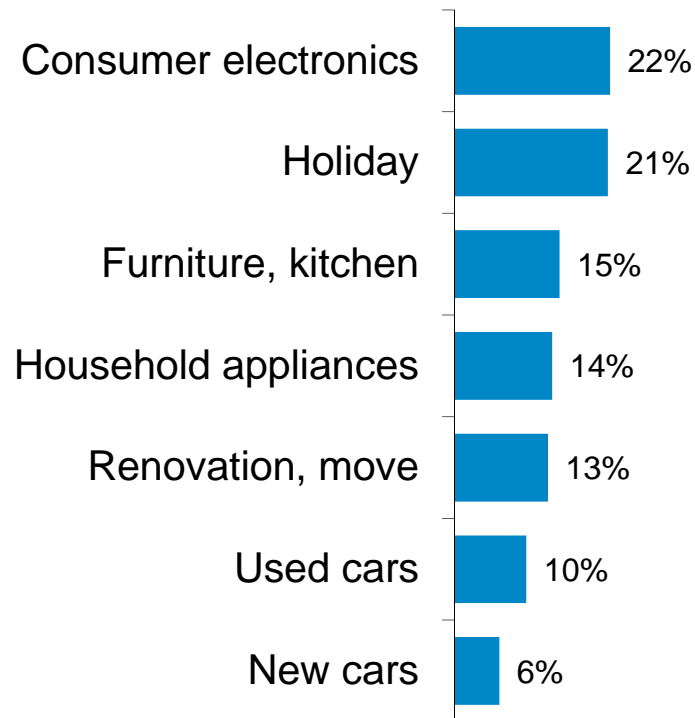
Total and for individual purchases



Purchases in the past 12 months
n = 1,917



Type of purchases in the past 12 months
n = 1,917



59% of all respondents have made major purchases in the past 12 months.

The focus was mainly on consumer electronics and major holiday trips.



Legend: 22% of all respondents have purchased consumer electronics in the past year.

F1a: Which of the following major purchases / expenses have you made / had in the past 12 months?

Basis: 1,917 respondents, other purchases not shown.

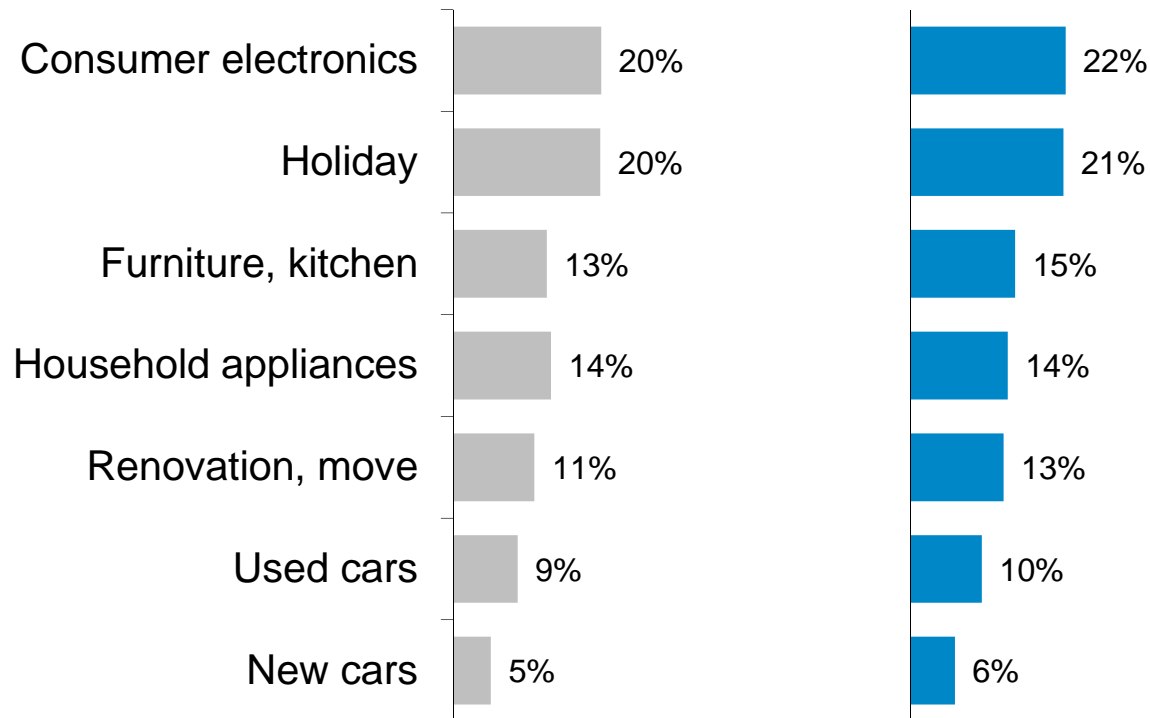
Purchases in the past 12 months

Annual comparison



Type of purchases in the past 12 months (KKI I/2014)
n = 1,907

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



The level of purchases against that of the previous year is consistent.



Legend: 22% of all respondents have purchased consumer electronics in the past year. This figure has increased by 2% points compared to KKI/2014.

F1a: Which of the following major purchases / expenses have you made / had in the past 12 months?

Basis: 1,917 respondents, other purchases not shown (KKI I/2014: 1,907 respondents)

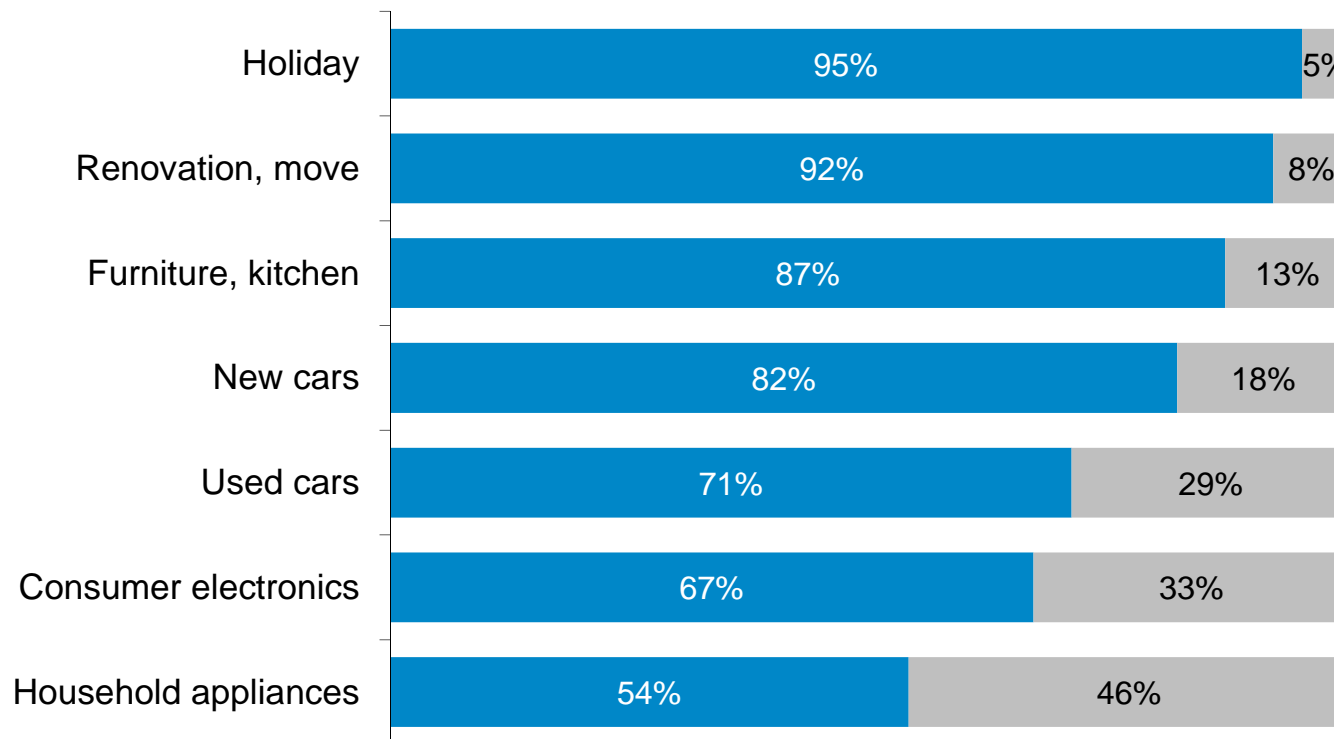
Purchases in the past 12 months

Proportion of planned purchases



Sub-group: has purchased the product in each case

■ Planned purchase ■ Unplanned purchase



Holiday trips, renovations or purchases of furniture or kitchens are rather planned than carried out spontaneously.

Planned and spontaneous purchases are virtually balanced in the case of large household appliances.



Legend: 95% of all holiday trips are planned in advance, 46% of all large household appliances are purchased spontaneously.

F1a: Which of the following major purchases / expenses have you made / had in your household in the past 12 months?

F1b: Please specify for all purchases / expenses whether they were planned. Basis: 1,917 respondents; other purchases not shown.

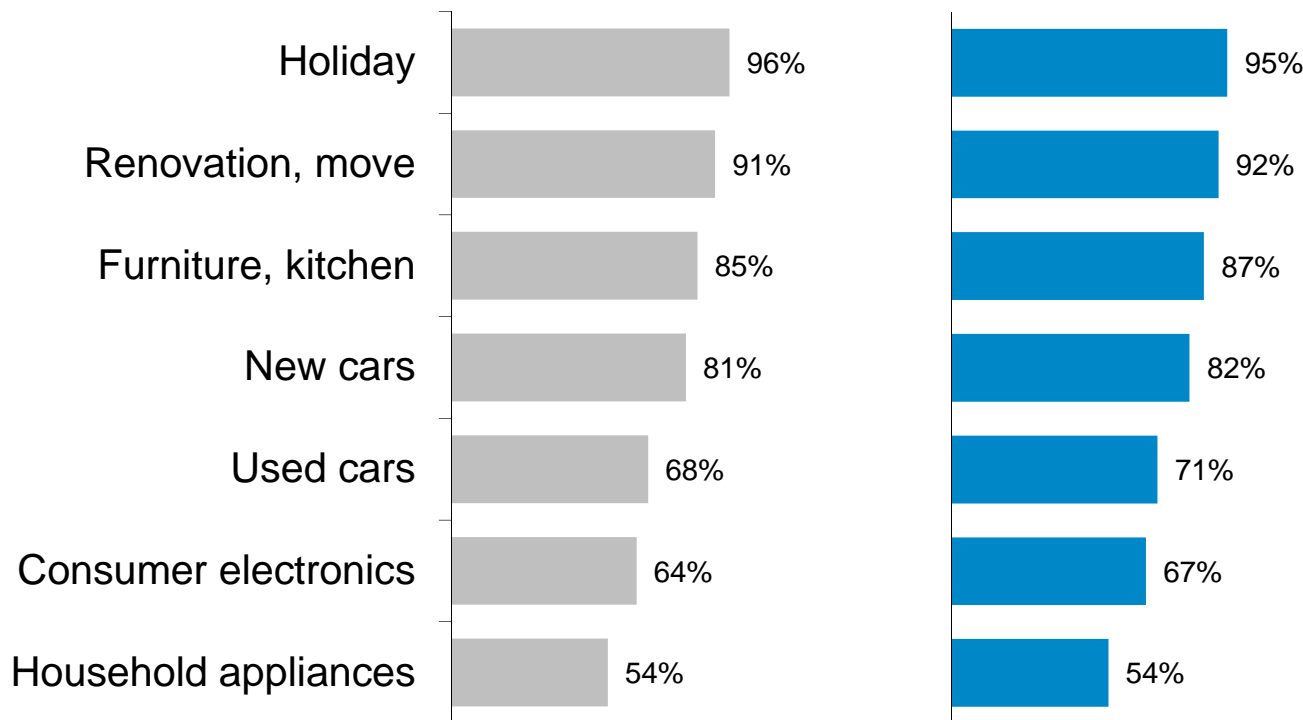
Purchases in the past 12 months

Proportion of planned purchases over time



Proportion of planned purchases (KKI I/2014)
n = 1,907

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



The proportions of planned purchases / acquisitions generally remain at a high level.



Legend: 95% of all holiday trips are planned in advance.

F1a: Which of the following major purchases / expenses have you made / had in your household in the past 12 months?

F1b: Please specify for all purchases / expenses whether they were planned.

Basis: 1,917 respondents, other purchases not shown (KKI 1/2014: 1,907 respondents)

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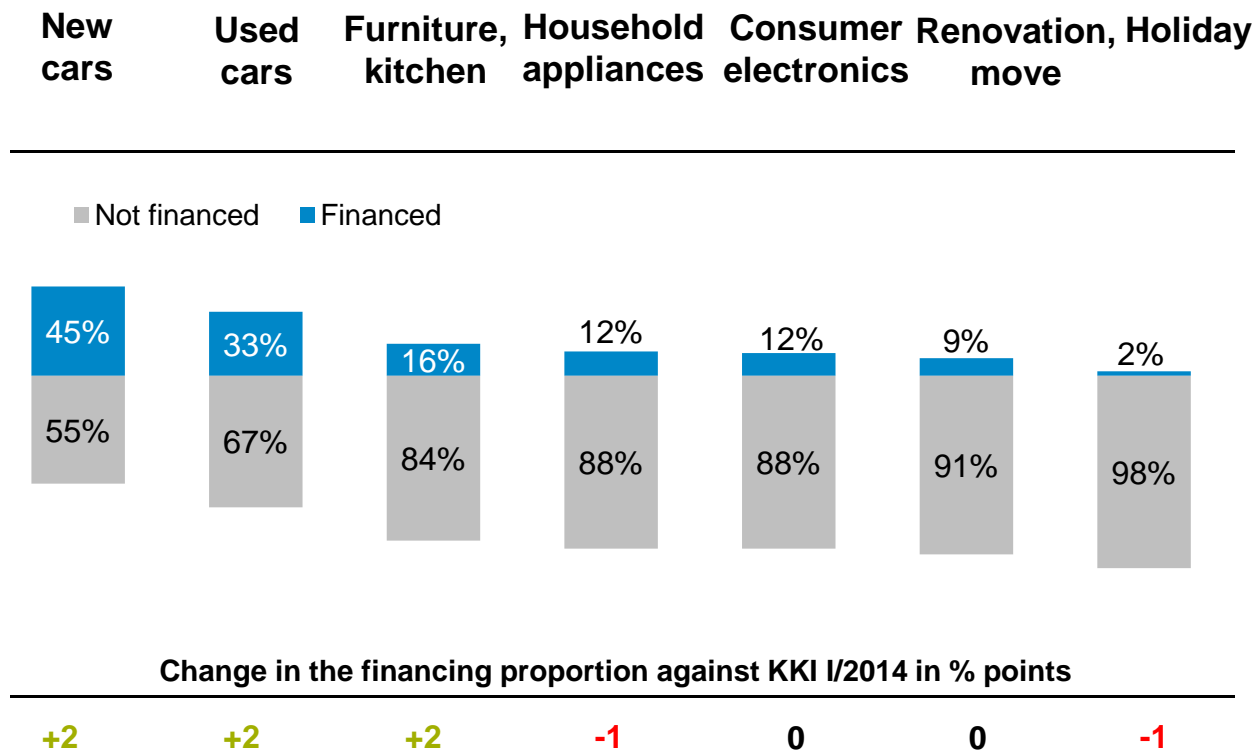
Purchases in the past 12 months

Financing



Purchases made in the past 12 months

45% of all new cars are currently at least partly financed.



Legend: 45% of all those who bought new cars have financed their vehicle.

F1a: Which of the following major purchases / expenses have you made / had in your household in the past 12 months?

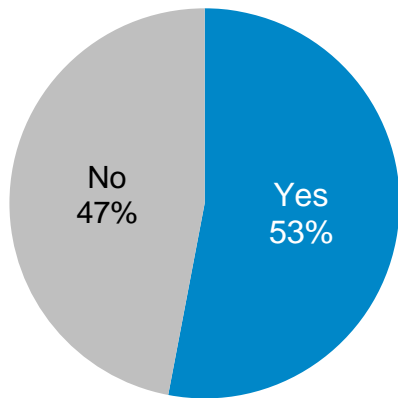
F1c: Have you taken out one of the types of loan listed below to make this purchase? Basis:

1,917 respondents, other purchases not shown (KKI I/2014: n=1,907 respondents)

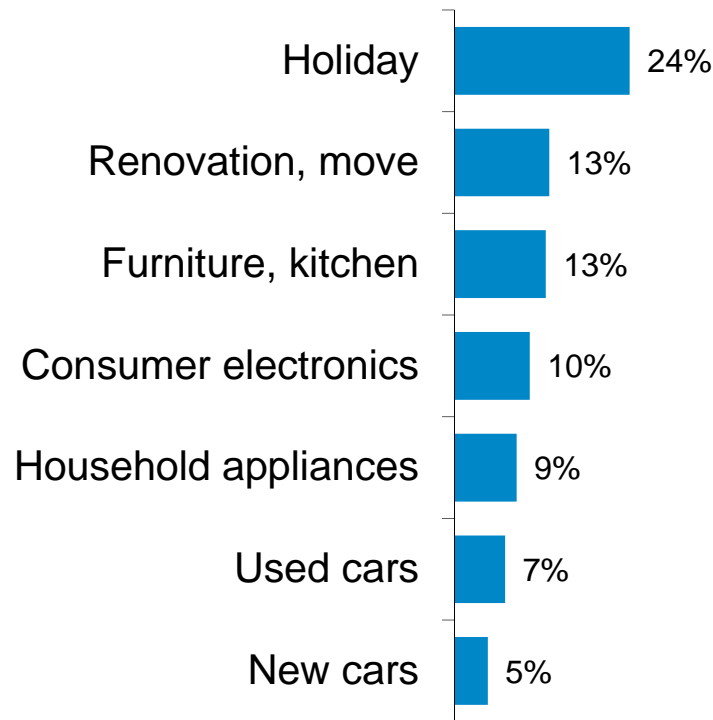
Planned purchases in the next 12 months



Planned purchases in the next 12 months
n = 1,917



Type of planned purchases in the next 12 months
n = 1,917



53% of all respondents are currently planning larger purchases / expenses, with the focus on holiday trips at 24%.



Legend: 13% of all respondents are planning to renovate or move in the next 12 months.

F2a: Are you planning one or more of the following purchases / expenses in the next 12 months?

Basis: 1,917 respondents; other purchases not shown

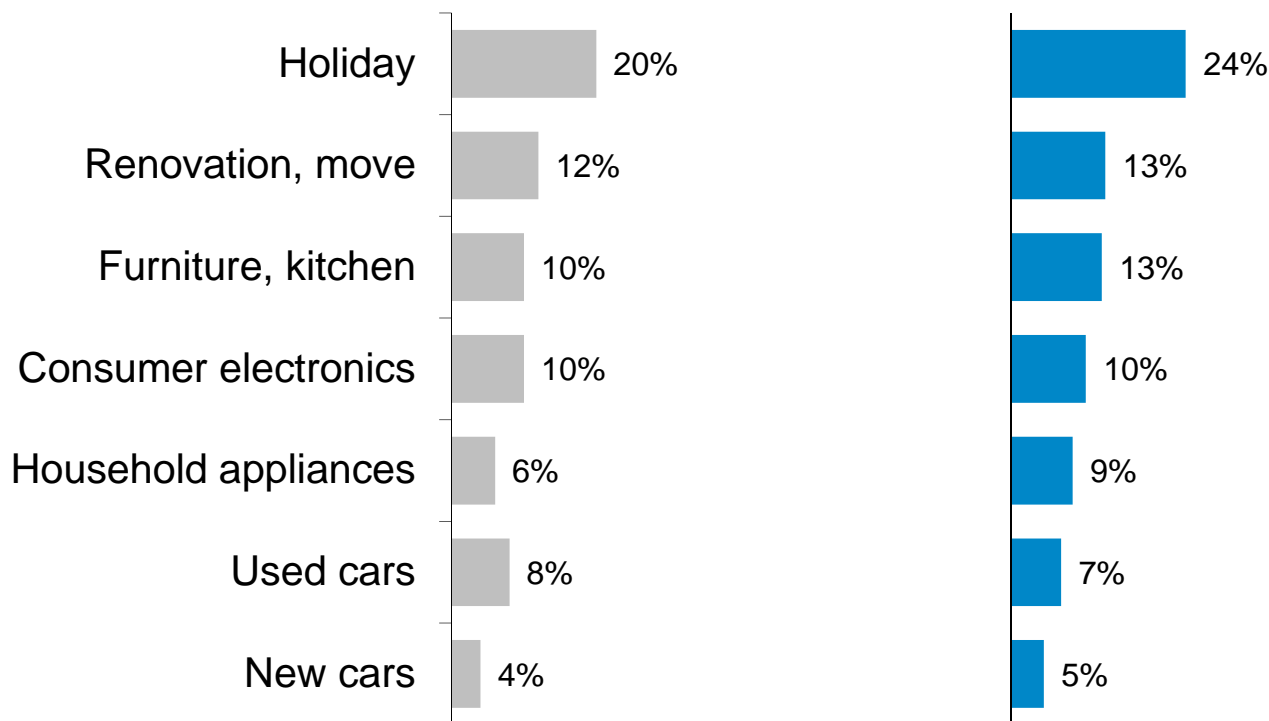
Planned purchases in the next 12 months

Annual comparison



**Type of planned purchases
in the next 12 months
(KKI I/2014)**
n = 1,907

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



The propensity to buy continues to increase in some product fields. 24% of all the households are planning to go on major holiday trips in the next 12 months, and 9% are planning to purchase household appliances – a slight increase in comparison to the previous year.



Legend: 13% of all respondents are planning to renovate or move in the next 12 months.

F2a: Are you planning one or more of the following purchases / expenses in the next 12 months?

Basis: 1,917 respondents; other purchases not shown (KKI 1/2014: 1,907 respondents)

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Planned purchases in the next 12 months

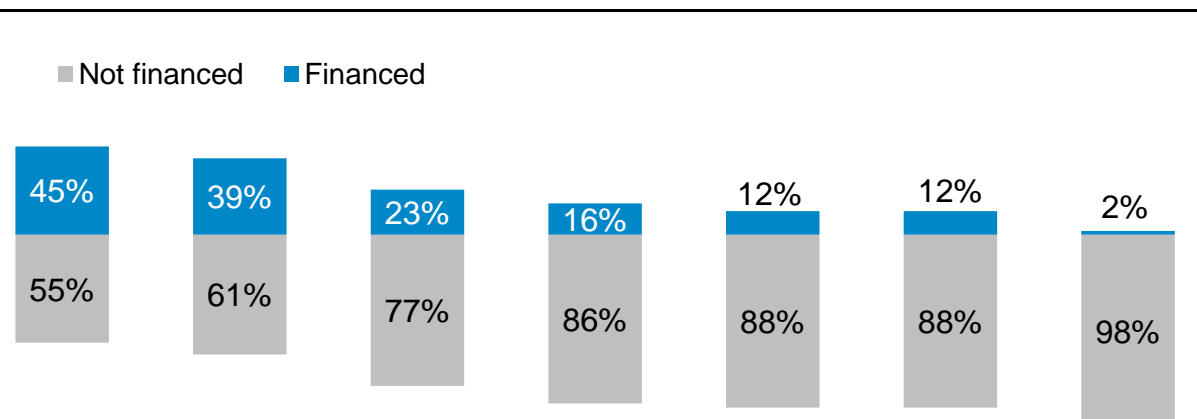
Financing



Credit financing conceivable – planners of the respective purchase

The willingness to take out a loan remains consistent.

New cars **Used cars** **Furniture, kitchen** **Consumer electronics** **Household appliances** **Renovation, move** **Holiday**



Change in the financing proportion against KKI I/2014 in % points

+1 +1 +1 +1 -2 -1 +1



Legend: 45% of all respondents intending to buy a new car consider taking out a loan to be a possibility.

F 2a: Are you planning one or more of the following purchases / expenses in the next 12 months?

F 2b: Can you basically imagine taking out a loan to do so?

Basis: 1,917 respondents; other purchases not shown (KKI I/2014: 1,907 respondents)

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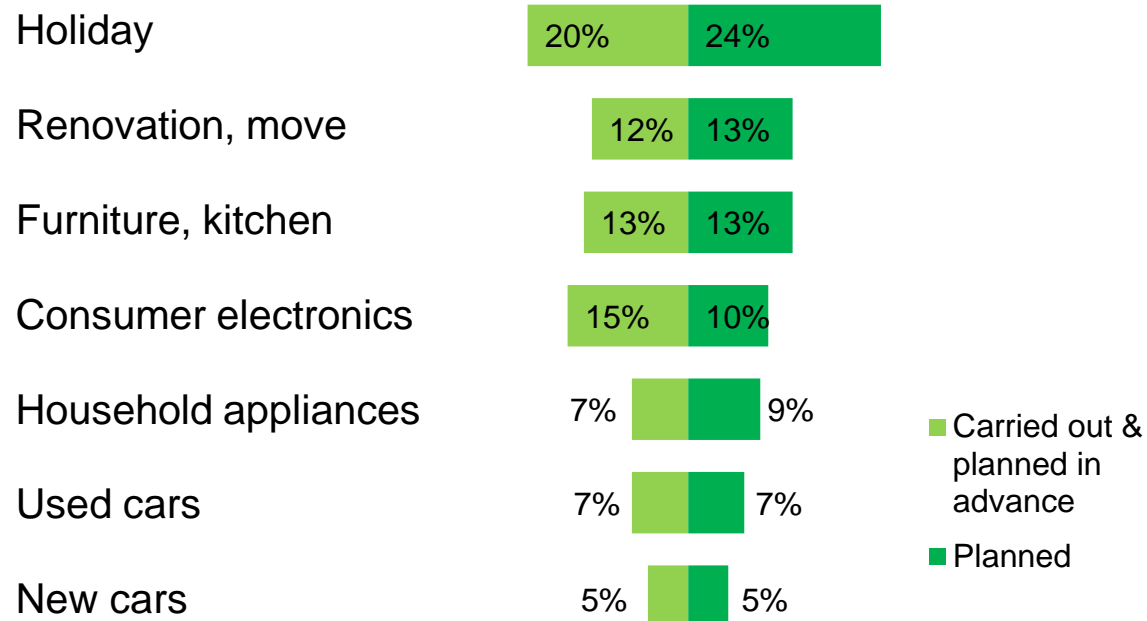
Planned purchases

In the past and in the next 12 months



**Type of planned purchase
in the past 12 months**
n = 1,180 respondents

**Type of planned purchase
in the next 12 months**
n = 1,917 respondents



24% of the respondents are planning major holiday trips; 20% have been on a planned holiday trip in the past 12 months.

F1a: Which major purchases / expenses have you made / had in your household in the past 12 months?

F1b: Sub-group: planned the purchase

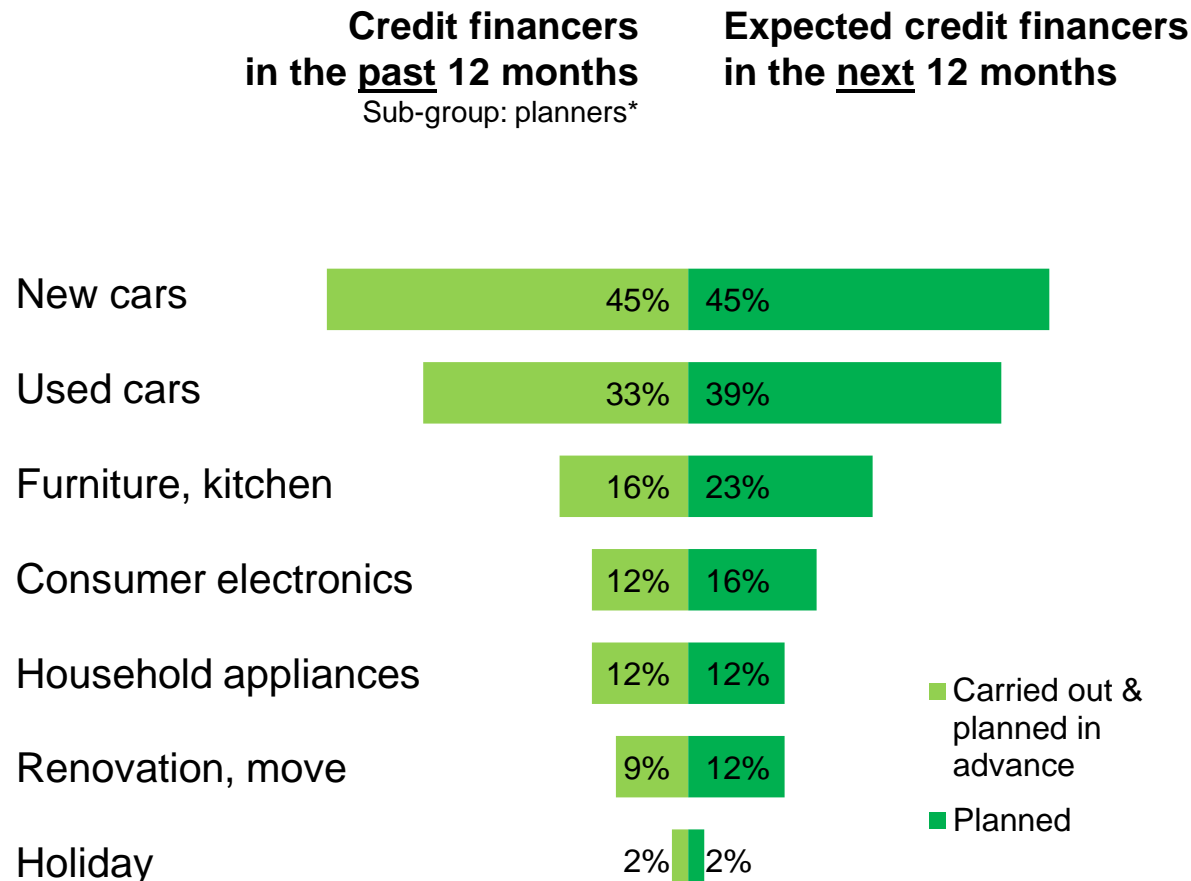
F2a: Are you planning one or more of the following purchases / expenses in the next 12 months?

Basis: 1,917 respondents, of these 1,180 planning purchases; other purchases not shown



Effected and conceivable financing

Sub-group: planned purchase in the past and in the next 12 months



45% of all planned purchases of new cars and 39% of all planned used car purchases are to be financed in the next 12 months.

A big increase is noted in furniture and kitchens and in used cars.



Legend: 12% of all the planned household appliances are to be financed.

F1c: Have you taken out one of the types of loan listed below to make this purchase?

F2b: Can you in principle imagine taking out a loan to make this purchase?

Sub-group: planners *The purchase was planned.

Basis: 1,003 respondents planning purchases; other purchases not shown



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Consumer Credit Index

Fundamentals of the method



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

1. KKI - Forecast - use of new consumer credit in Germany in 2014/2015
2. KKI - Forecast - use of new consumer credit in Germany in 2015 (current survey)

→ The Consumer Credit Index is thus based on current actual and planned figures and on actual and planned figures from the past.

The following key figures from both studies are taken into account in the subsequent calculation in each case:

1. Effected and previously planned purchases in the past 12 months
2. Credit financing for effected and planned purchases in the past 12 months
3. Planned purchases in the next 12 months
4. Planned credit financing in the next 12 months

This has the advantage of also integrating assessments from the past which nevertheless relate to the current time horizon, in an analysis. This enhances the validity of the KKI.

Consumer Credit Index

Fundamentals of the method



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

The following assumptions were made as part of the analyses:

1. The amounts financed for each purchase remain constant in the categories studied, also for the coming period (12 months).
2. The shares of planned purchases also reflect the shares of actual new business.
3. Purchases made in the past 12 months are a good indicator of future trends.
4. Assessments made in the past remain valid.

Consumer Credit Index

Fundamentals of the method



The Consumer Credit Index takes into account all the forms of purchase surveyed and is composed of two partial values:

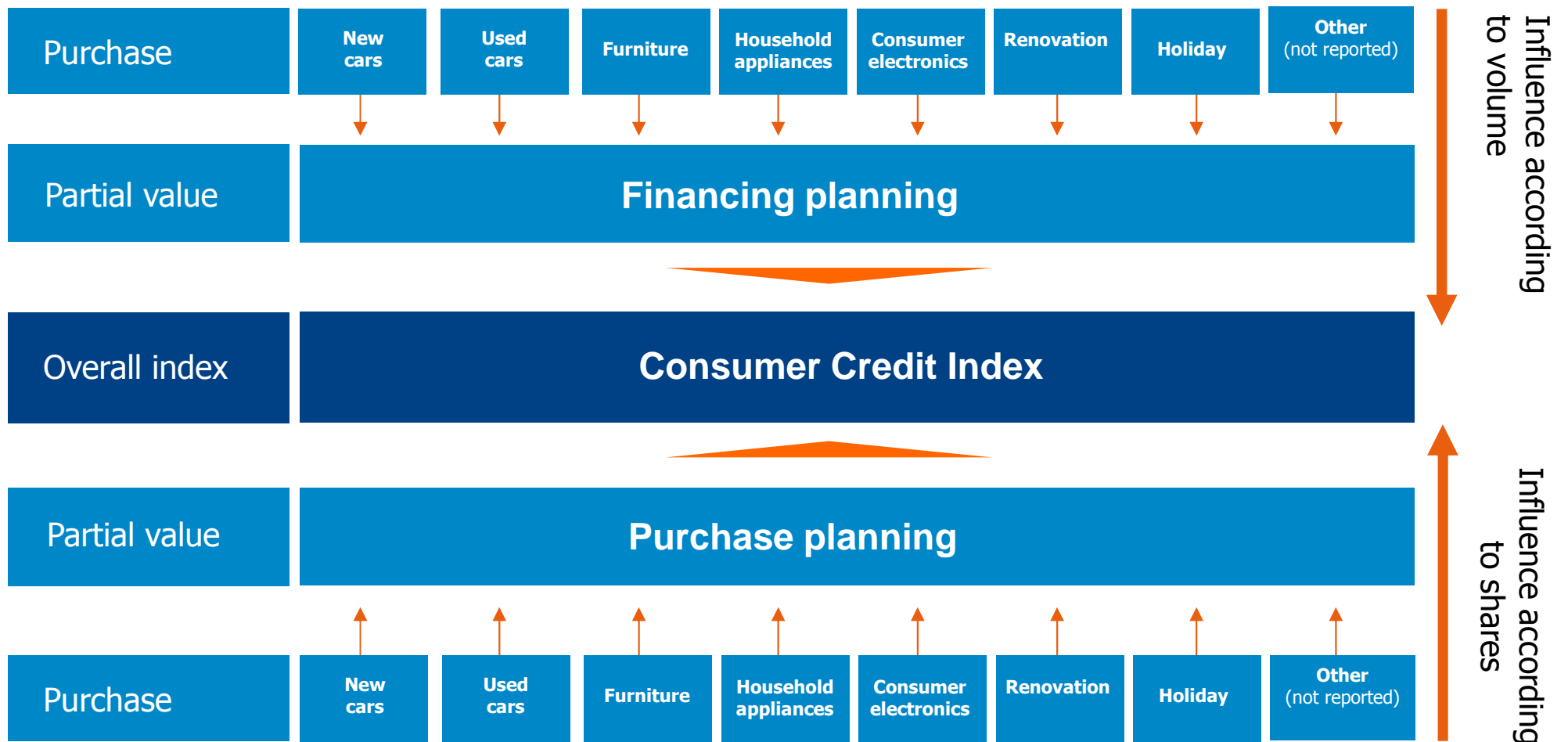
- Purchase planning
- Financing planning

The partial values and the Consumer Credit Index itself were both weighted on the basis of the individual categories and calculated according to the volume of credit and purchases made.

The index value shows which changes (in %) are to be expected on average in the individual segments. An index value of below 75 shows a reduction, an index value from 75 to 125 shows a relatively constant market level, an index value of 126-150 shows a slight rise, and an index value of more than 150 shows a significant increase.

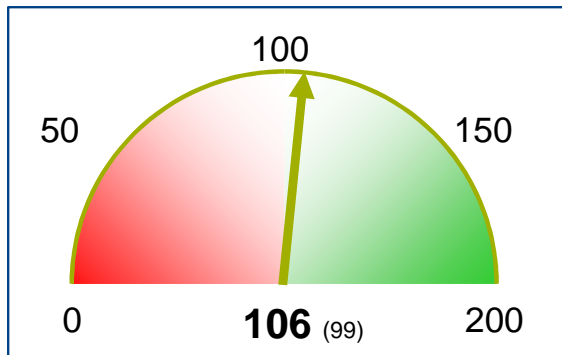
Consumer Credit Index

Schematic structure



Purchase planning

Calculation basis



Purchase planning is a measure of the future expected purchases of households.

A current figure of 106 points is an indication of a constant level of purchases in 2015.

The following key figures from the current and from previous studies were incorporated in the calculation of planned purchases at a ratio of 2:1.

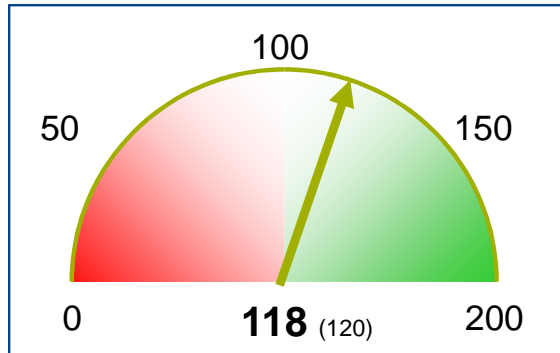
- Purchase was planned and was executed in the past 12 months = basic value
- Purchase is planned for the next 12 months = trend

Purchase planning = $(\text{KKI II/2014 trend} + \text{KKI I/2015 trend} \times 2) / 3 / \text{basic value}$
[weighted by current shares]

(in brackets: purchase planning KKI I/2014)

Financing planning

Calculation basis



Financing planning is a measure of willingness to take out loans in future.

A current figure of 118 points is an indication of a stable development and a slightly positive trend.

The following key figures from the current and from previous studies were incorporated in the calculation of each planned purchase at a ratio of 2:1:

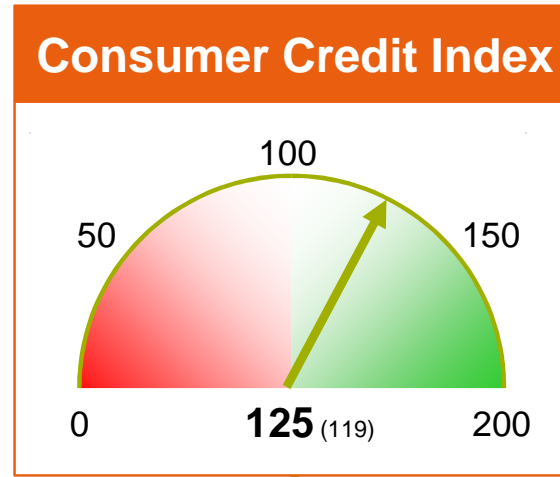
- Share of current financing in all purchases 2015 = basic value
- Share of planned financing in all planned purchases 2015 = trend

Financing planning = $(\text{KKI II}/2014 \text{ trend} + \text{KKI I}/2015 \text{ trend} \times 2) / 3 / \text{basic value}$
[weighted by current volume of credit]

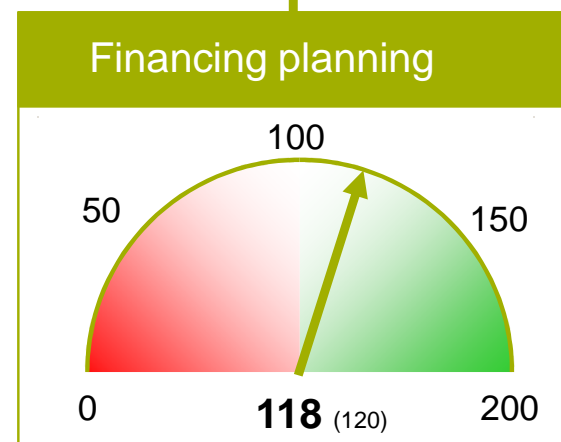
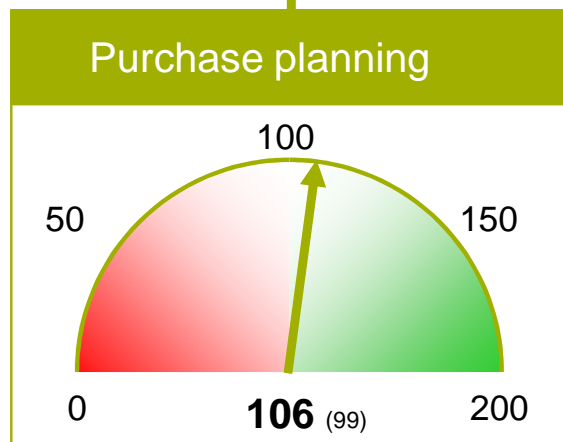
(in brackets: financing planning for KKI I/2014)

Consumer Credit Index

Key figures



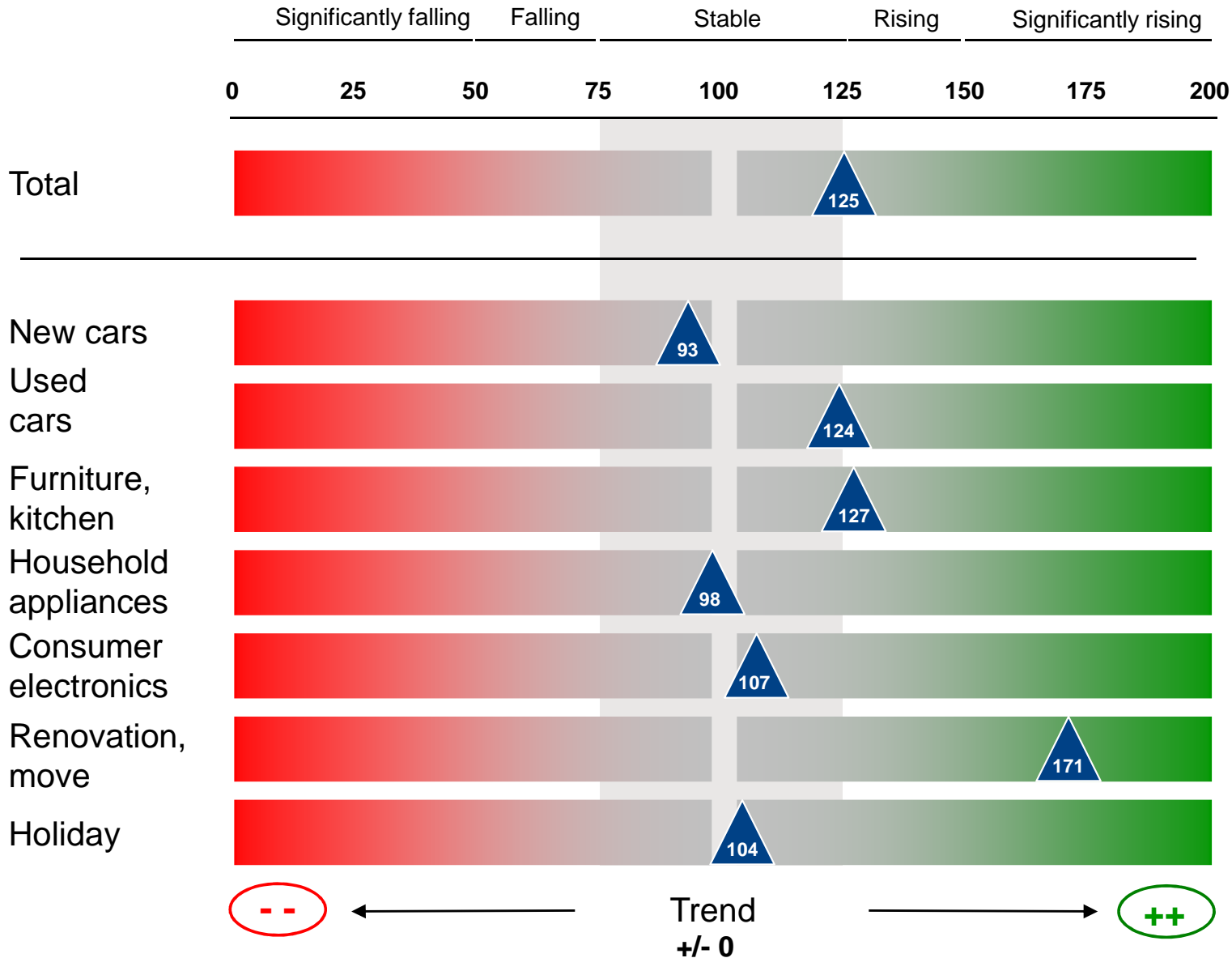
The Consumer Credit Index currently reaches 125 points.



i If both partial values are positive or negative there will be a stronger deflection in the Consumer Credit Index.
In brackets: KKI I/2014

Consumer Credit Index

In detail

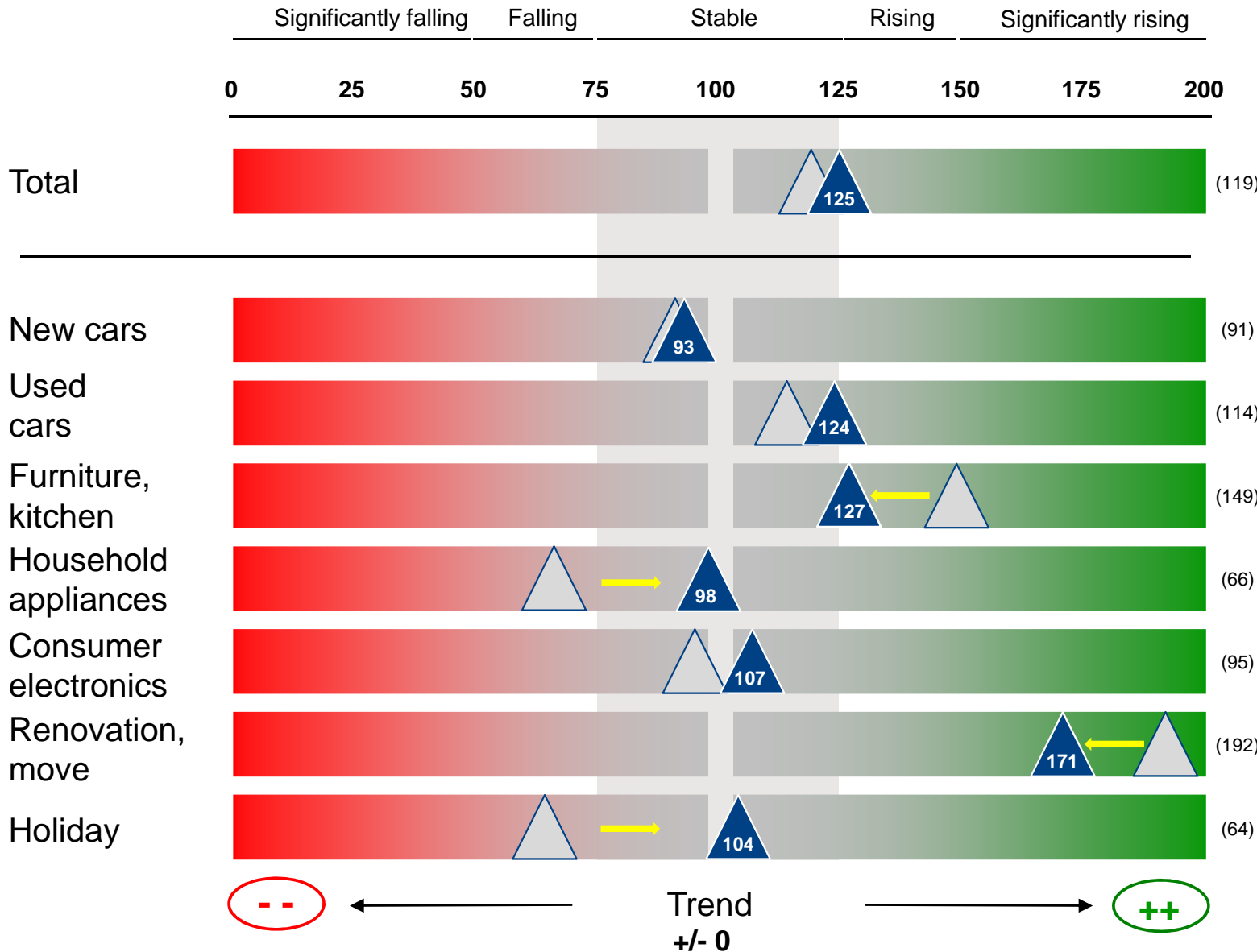


The Consumer Credit Index for 2015 shows a positive trend, at 125 points.

This figure mainly results from the willingness of consumers to take out more loans for renovations, furniture and used cars.

Consumer Credit Index

In comparison to KKI/2014

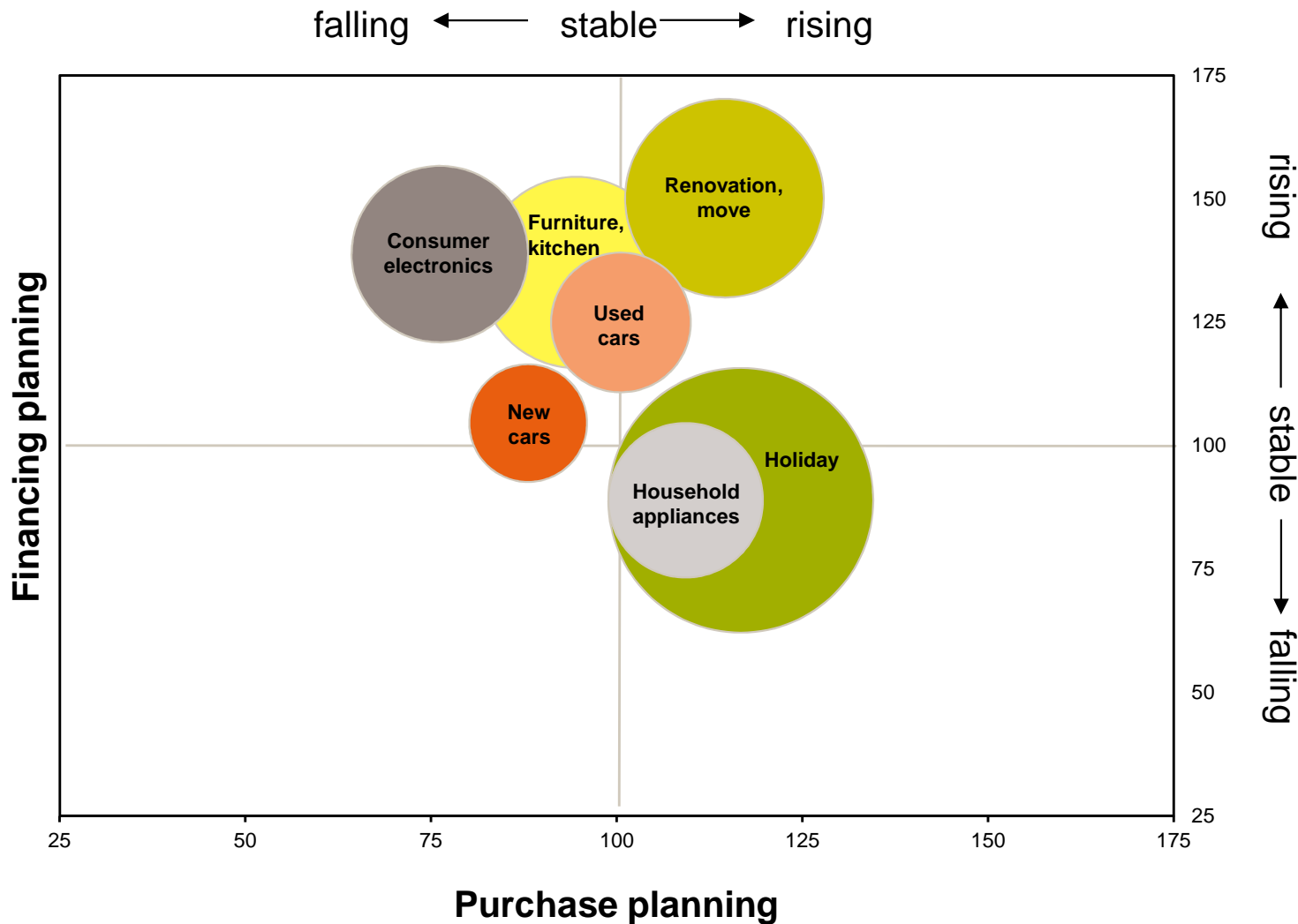


At 125 points, the Consumer Credit Index for 2015 shows a positive trend - there are however significant shifts at the individual product level.

▲ KKI I/2015
 ▲ KKI I/2014
 (in brackets: KKI I/2014)

Consumer Credit Index

An overview



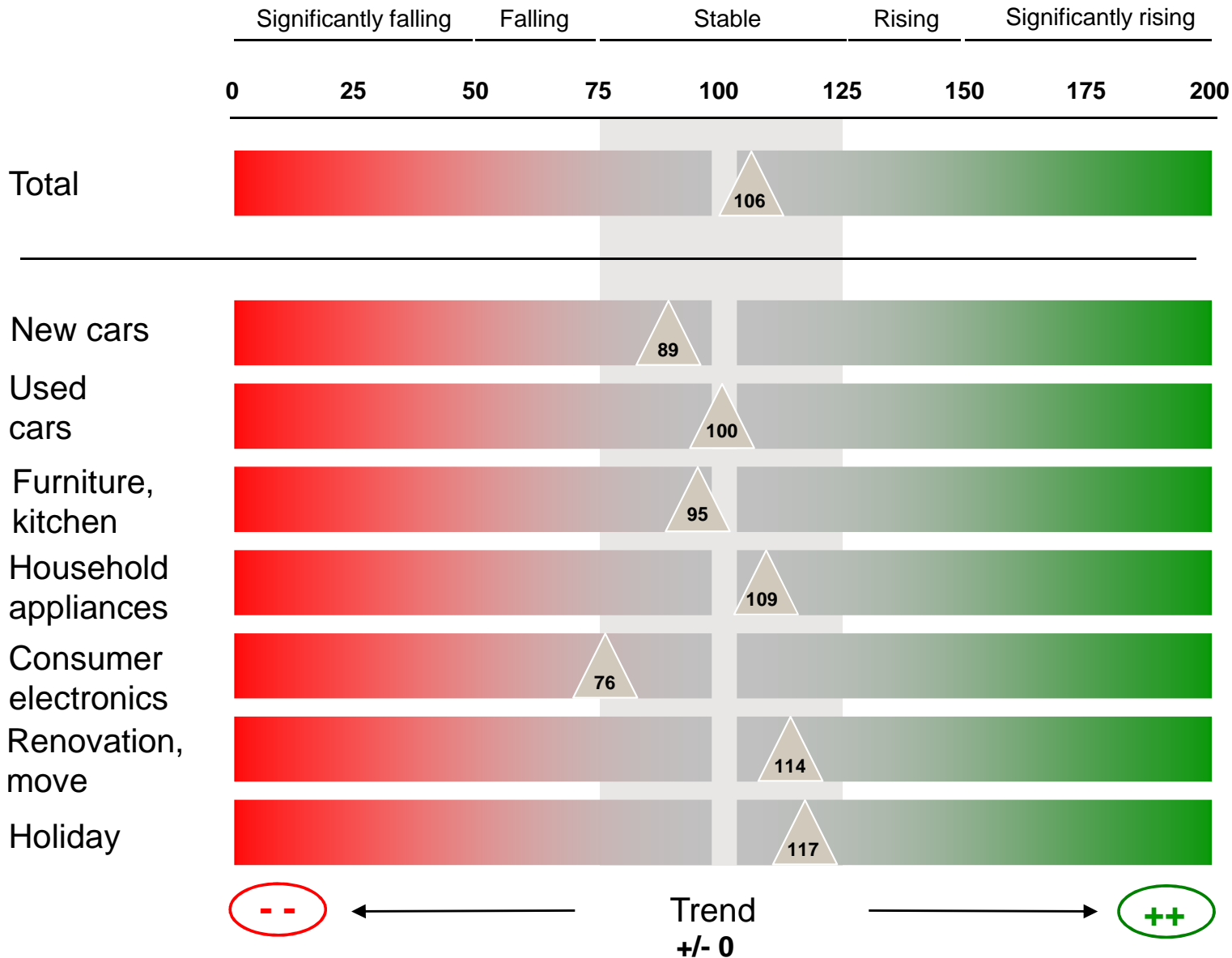
Holidays and renovations are currently planned above-average, in addition to planning the purchase of household appliances. A rising intention to take out loans can be identified for renovations, furniture, consumer electronics and used cars.



The size of the circles reflect the dimension of the market segment.

Purchase planning

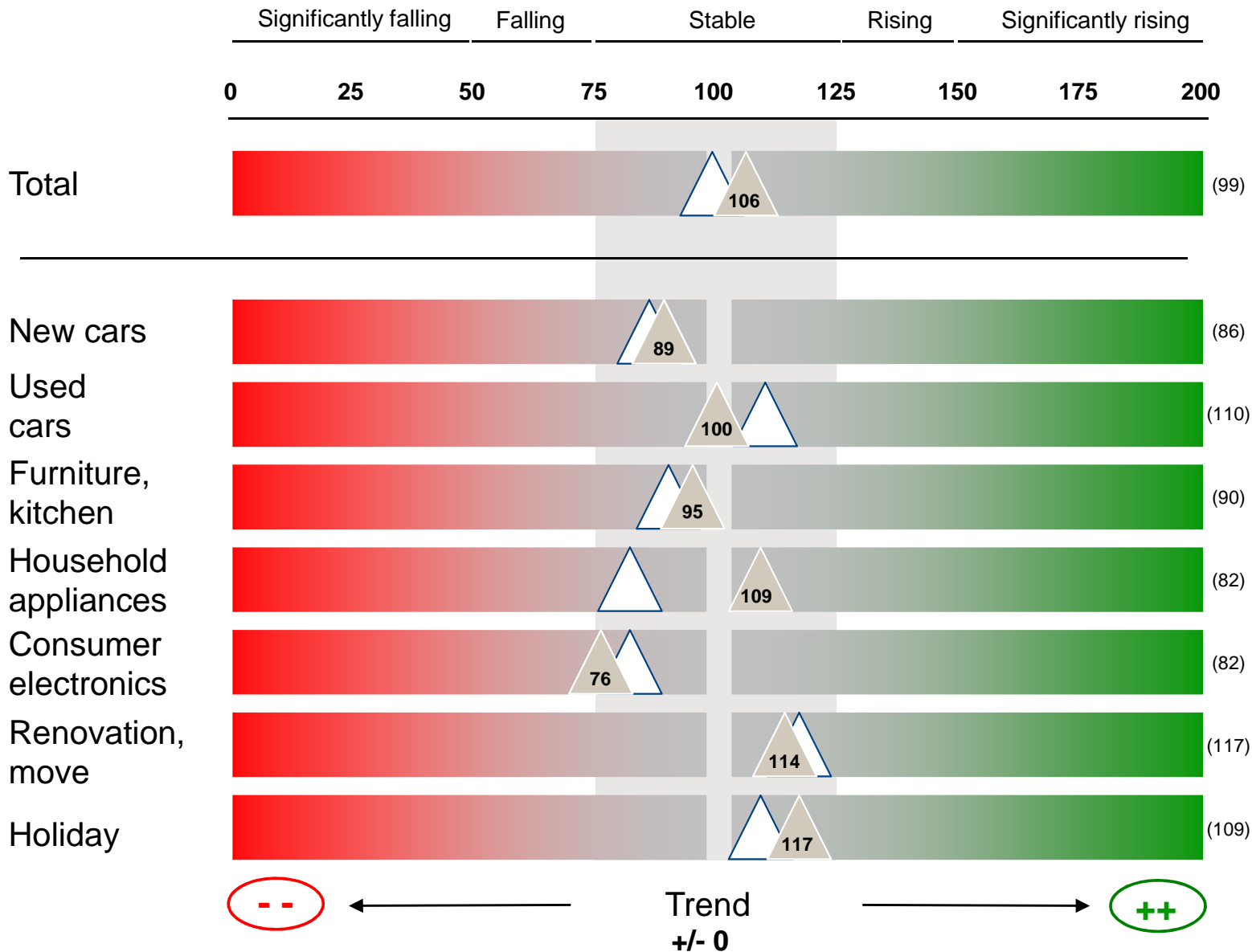
In detail



Purchase planning is stable across all the product groups.

Purchase planning

In comparison to KKI I/2014

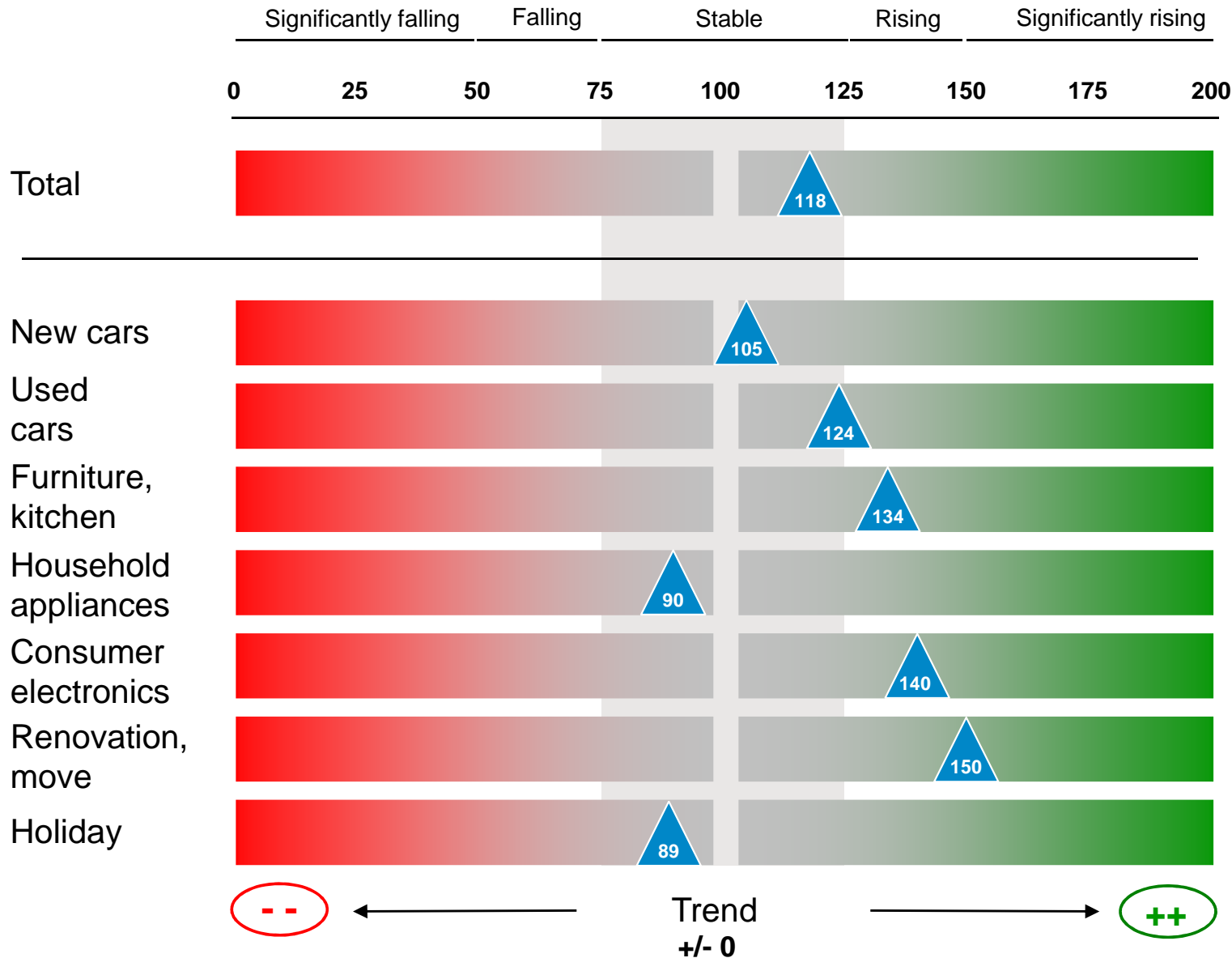


In comparison to the forecast for 2014, purchase planning in many areas is at a similarly high level.

▲ KKI I/2015
 ▲ KKI I/2014
 (in brackets: KKI I/2014)

Financing planning

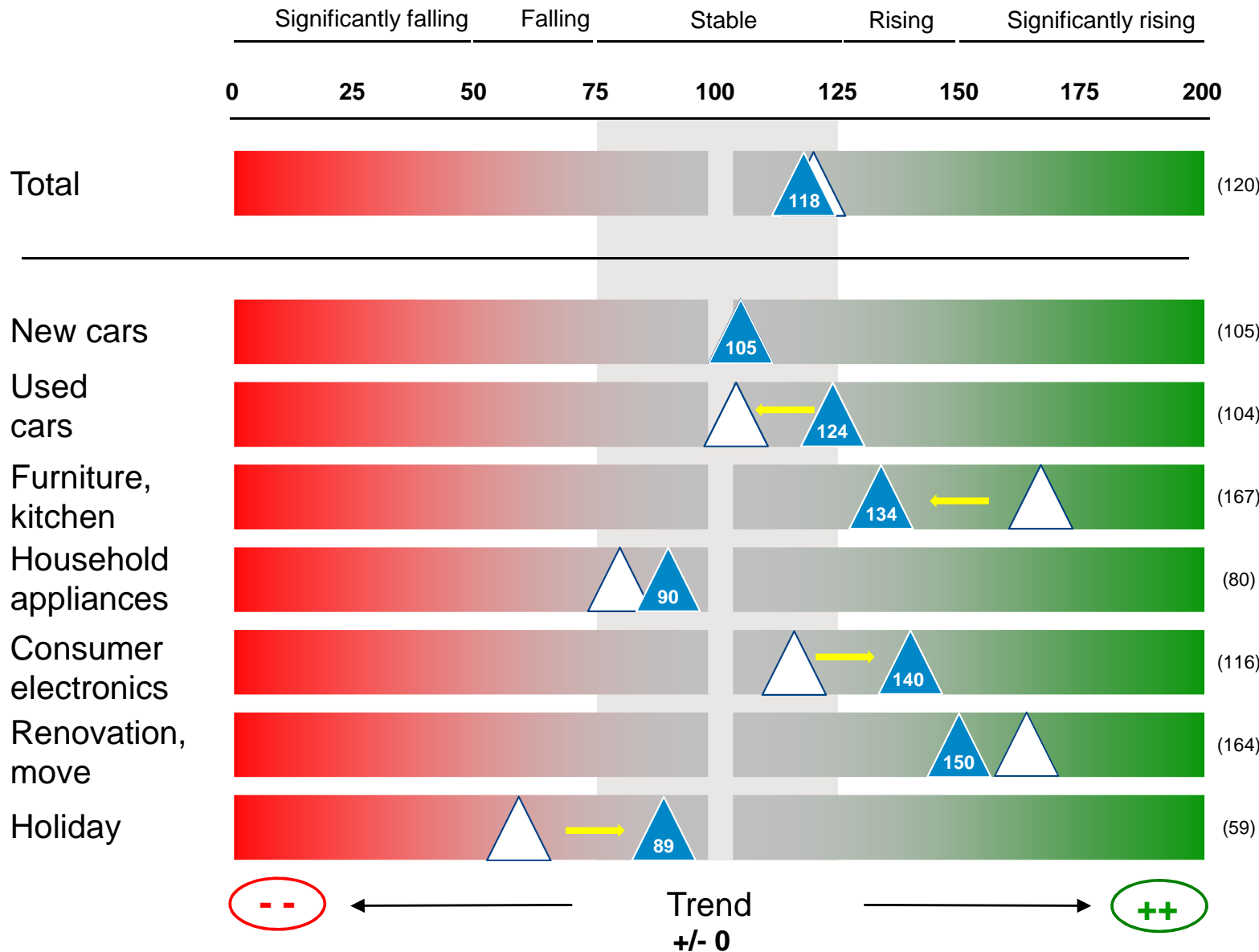
In detail



The overall willingness to take out loans for purchases remains stable. Financing planning for renovations/ moves, consumer electronics and furniture and kitchens is increasing.

Financing planning

In comparison to KKI I/2014

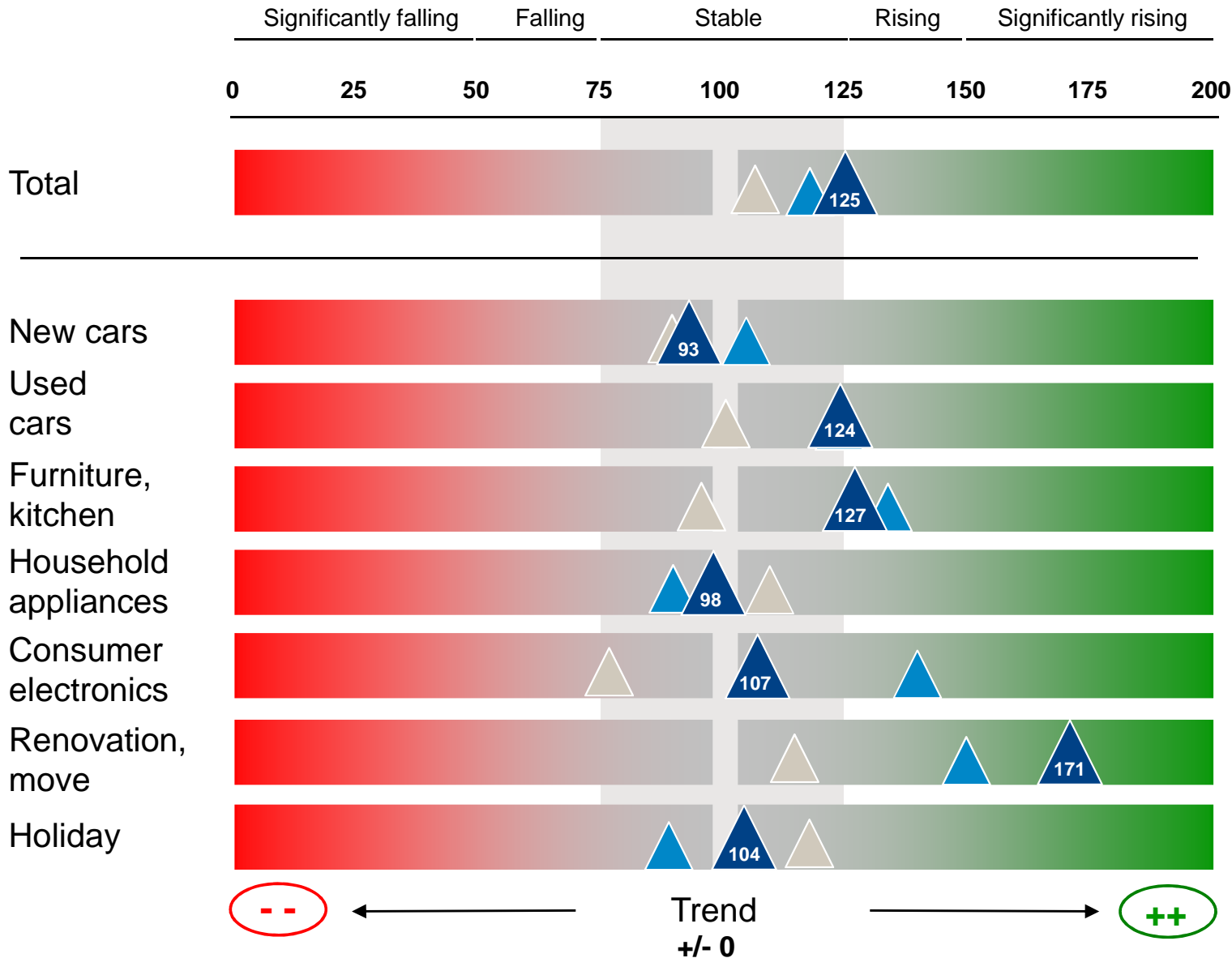


In comparison to the forecast for the previous year, the willingness to finance a holiday or consumer electronics has risen.

▲ KKI I/2015
△ KKI I/2014
(in brackets: KKI I/2014)

Consumer Credit Index, purchase planning and financing planning

In detail



The Consumer Credit Index currently reaches 125 points. The trend is thus positive.

Legend:

- Consumer Credit Index
- Purchase planning
- Financing planning

i If both partial values are positive or negative there will be a stronger deflection in the Consumer Credit Index.



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Summary

Consumer Credit Index (page 25)

The Consumer Credit Index for 2015 shows a positive trend, at 125 points. This means that consumer borrowing will likely increase slightly in the next twelve months.

This figure mainly results from the willingness of consumers to take out more loans for renovations, furniture/kitchens and used cars.

Purchase planning (page 28)

The willingness of consumers to make purchases will remain stable on average for the next 12 months (index value: 106 points).

Financing planning (page 30)

In 2015, consumers planning purchases can also well imagine taking out loans for these purchases (index value: 118 points). Financing planning is rising, particularly in the case of renovations, consumer electronics, and furniture and kitchens.

Do you have any questions?



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