

Adding value to automotive financial services for consumers: a pan-European perspective

6th June 2008

Expertise in financial services

Agenda

	Page
Automotive finance and leasing for consumers	3-12
Manufacturer-branded and dealer-intermediated motor insurance	13-17
Ancillary insurance and warranties	18-24
Summary and conclusions	25-28

Automotive finance and leasing for consumers

Regional definitions

Eastern and South-Eastern Europe = Bulgaria, Croatia, Greece, Romania, Russia, Slovenia, Turkey and Ukraine

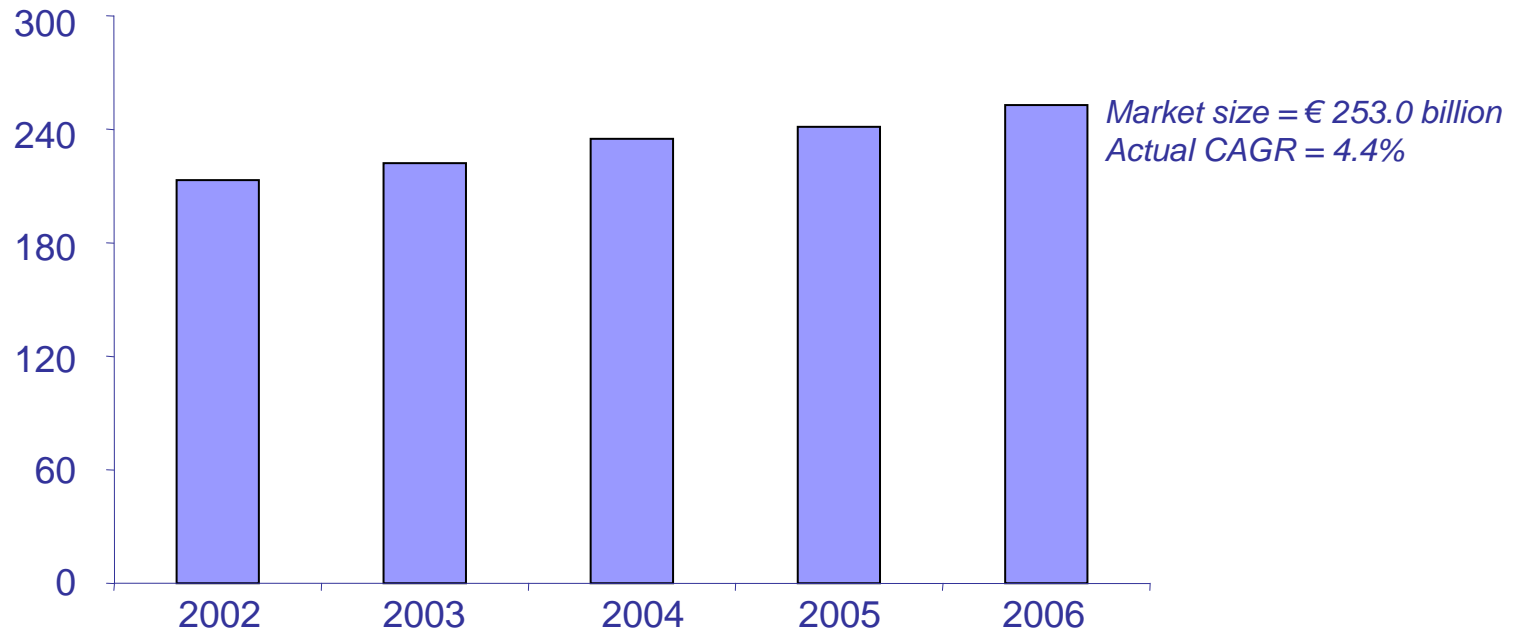
Northern and Central Europe = Austria, Czech Republic, Denmark, Germany, Hungary, Norway, Poland, Slovakia, Sweden and Switzerland

Southern and Western Europe = Belgium, France, Ireland, Italy, Netherlands, Portugal, Spain and the UK

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Value of automotive finance and leasing for consumers in Europe, 2002-6 (1)

Gross advances and assets leased, € billion



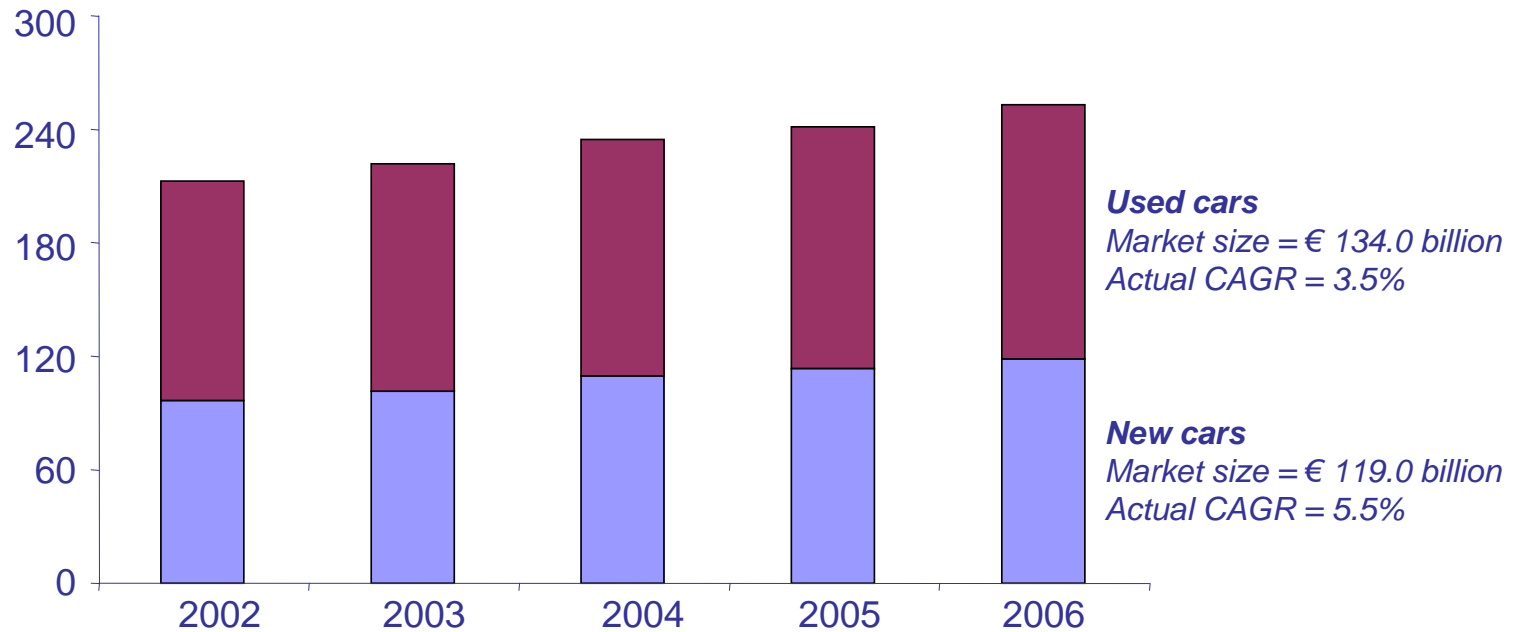
Note - coverage of 26 countries in Europe

Source: Finaccord Automotive Finance and Leasing for Consumers in Europe

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Value of automotive finance and leasing for consumers in Europe, 2002-6 (2)

Gross advances and assets leased, € billion



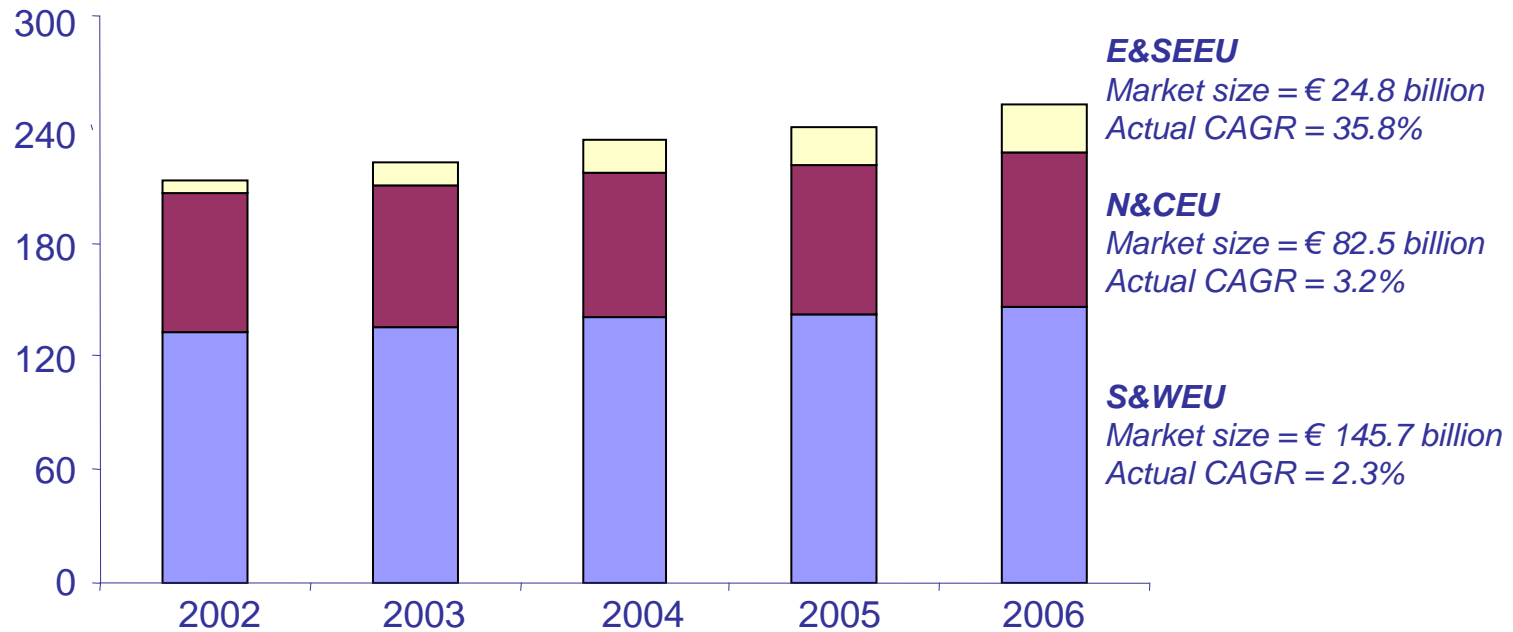
Note - coverage of 26 countries in Europe

Source: Finaccord Automotive Finance and Leasing for Consumers in Europe

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Value of automotive finance and leasing for consumers in Europe, 2002-6 (3)

Gross advances and assets leased, € billion



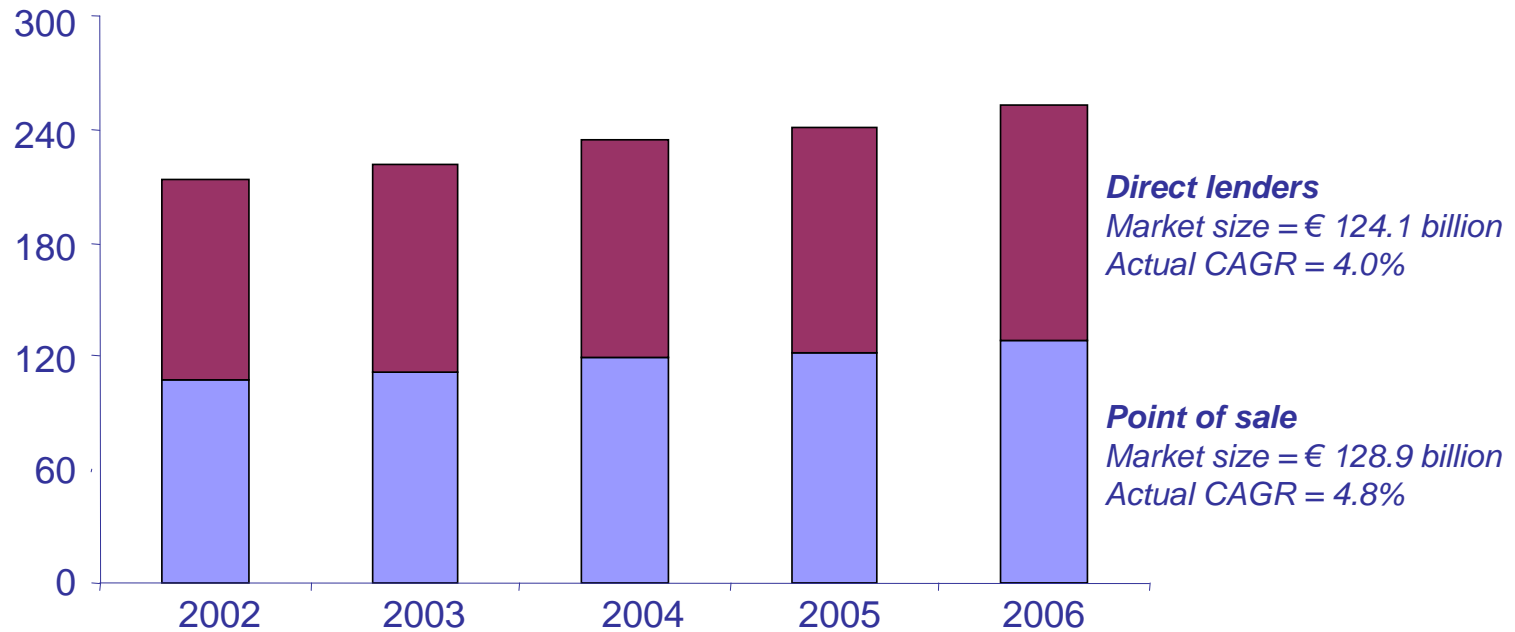
Note - coverage of 26 countries in Europe

Source: Finaccord Automotive Finance and Leasing for Consumers in Europe

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Value of automotive finance and leasing for consumers in Europe, 2002-6 (4)

Gross advances and assets leased, € billion



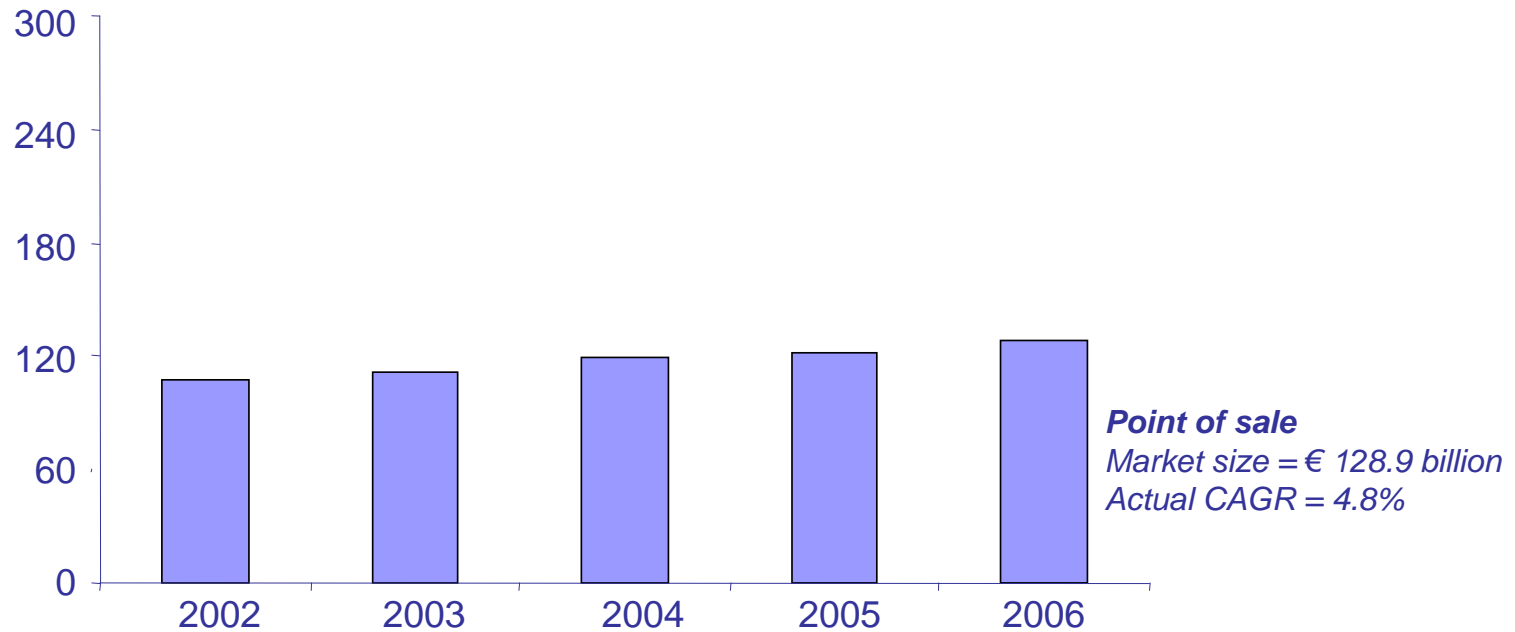
Note - coverage of 26 countries in Europe

Source: Finaccord Automotive Finance and Leasing for Consumers in Europe

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Value of *point of sale* automotive finance and leasing for consumers in Europe, 2002-6 (1)

Gross advances and assets leased, € billion



Note - coverage of 26 countries in Europe

Source: Finaccord Automotive Finance and Leasing for Consumers in Europe

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Value of *point of sale* automotive finance and leasing for consumers in Europe, 2002-6 (2)

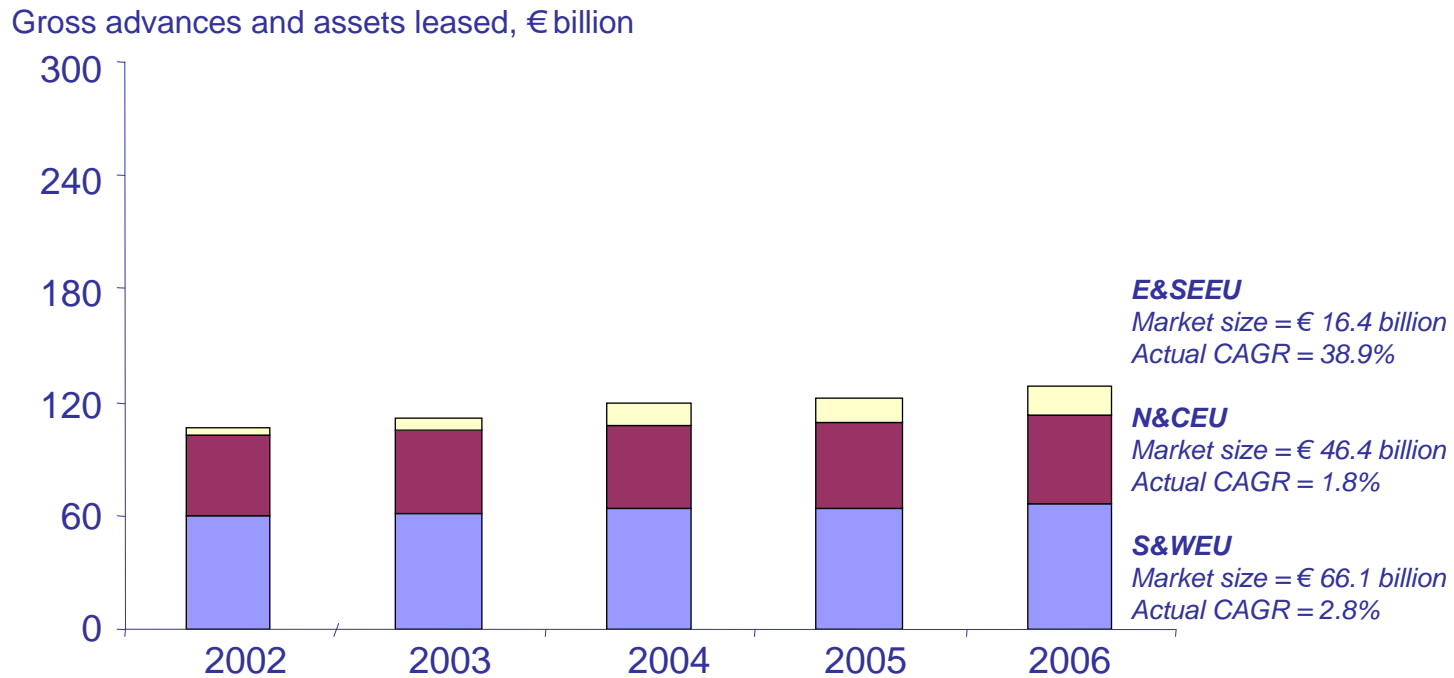


Note - coverage of 26 countries in Europe

Source: Finaccord Automotive Finance and Leasing for Consumers in Europe

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Value of *point of sale* automotive finance and leasing for consumers in Europe, 2002-6 (3)

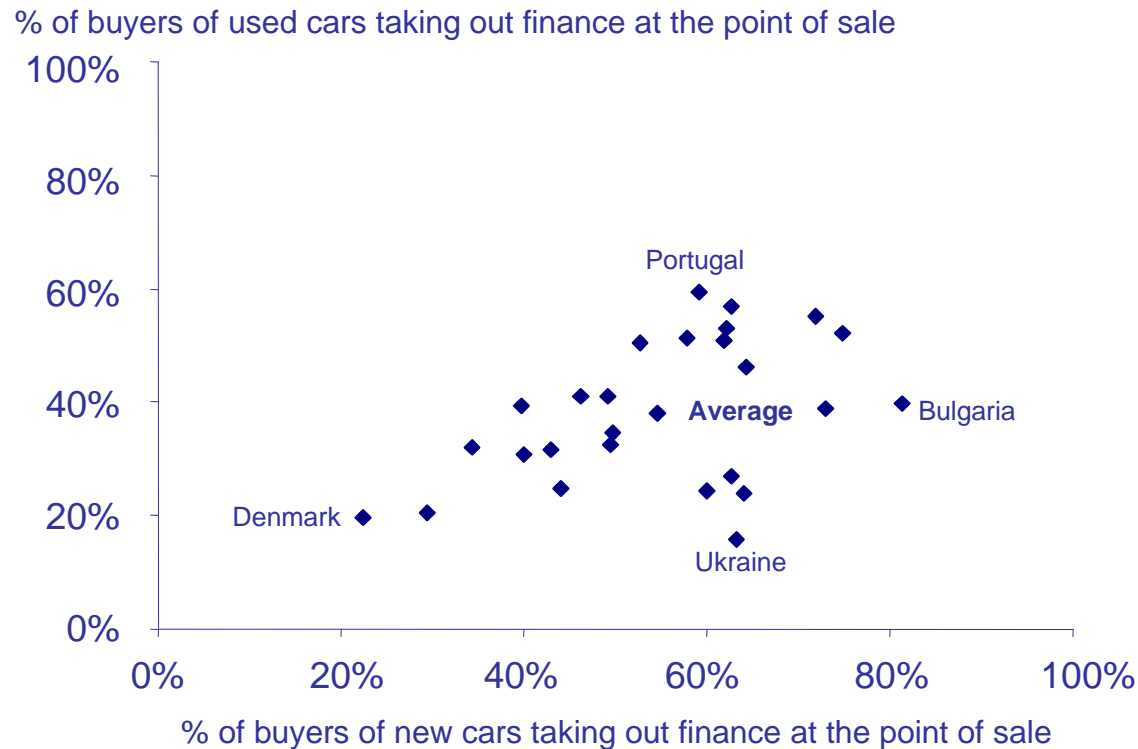


Note - coverage of 26 countries in Europe

Source: Finaccord Automotive Finance and Leasing for Consumers in Europe

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Cross-selling rates to consumers for finance at the point of sale for new and used cars, 2007



Note - coverage of 26 countries in Europe

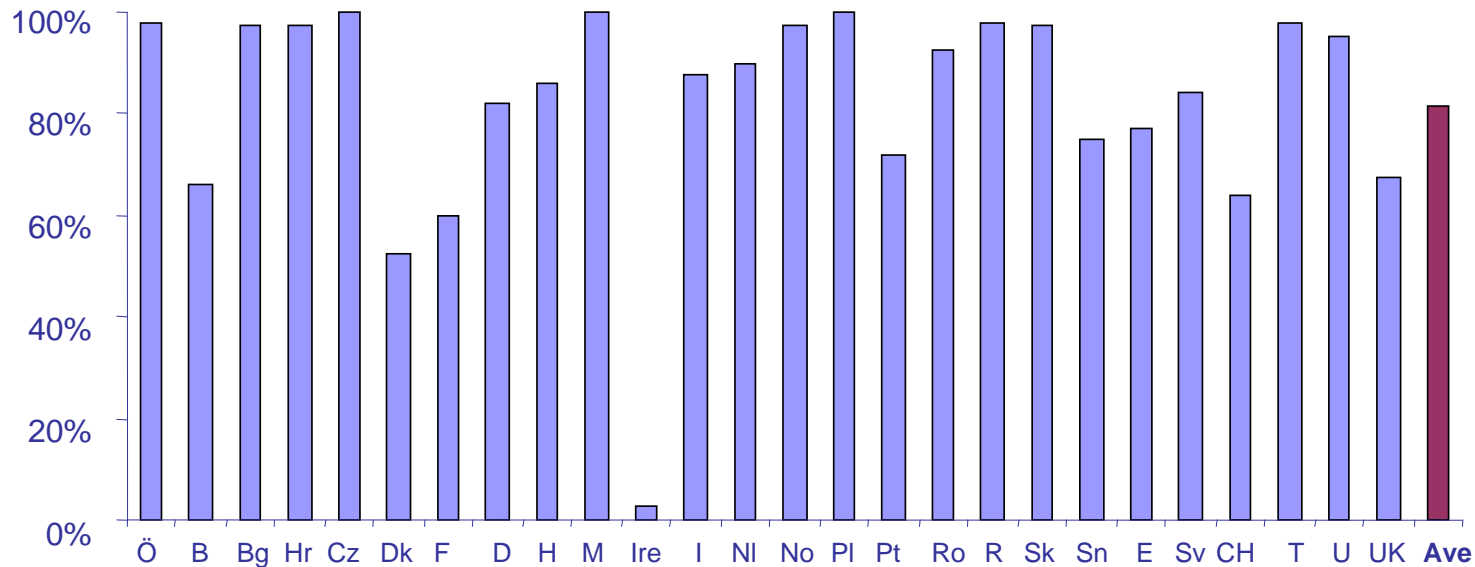
Source: Finaccord Automotive Finance and Leasing for Consumers in Europe

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Manufacturer-branded and dealer-intermediated motor insurance

% of dealers distributing motor insurance to consumers at the point of sale, 2007

% dealers distributing motor insurance to consumers at the point of sale

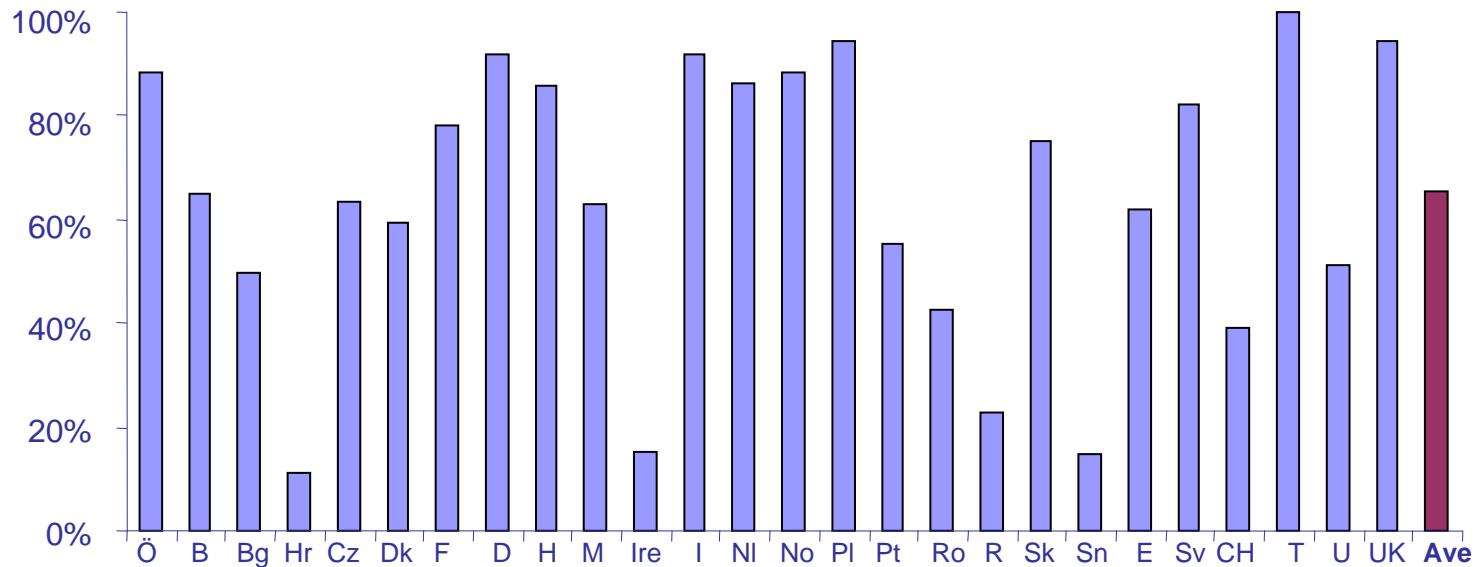


Note - Ö = Austria, B = Belgium, Bg = Bulgaria, Hr = Croatia, Dk = Denmark, F = France, D = Germany, H = Greece, M = Hungary, Ire = Ireland, I = Italy, NI = Netherlands, No = Norway, PI = Poland, Pt = Portugal, Ro = Romania, R = Russia, Sk = Slovakia, Sn = Slovenia, E = Spain, Sv = Sweden, CH = Switzerland, T = Turkey, U = Ukraine, UK = United Kingdom
 Source: Finaccord Manufacturer-Branded and Dealer-Intermediated Motor Insurance and Assistance in Europe

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% of manufacturers / importers with programs for motor insurance targeted at consumers, 2007

% manufacturers / importers with programs for motor insurance targeted at consumers

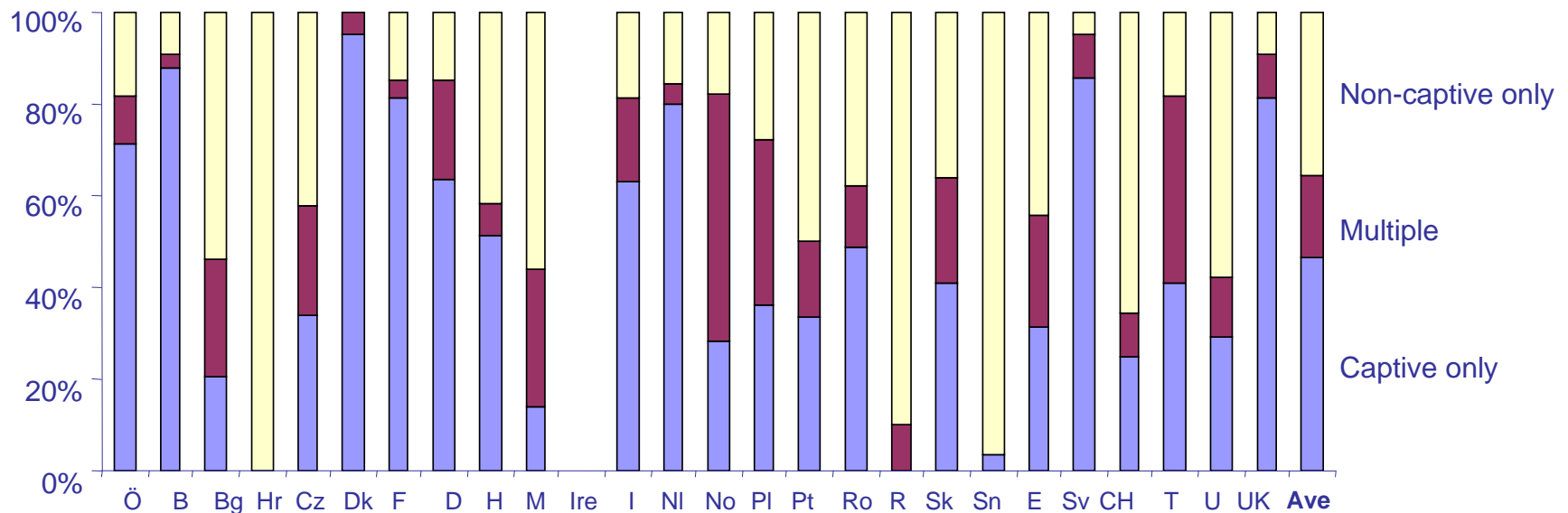


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 Source: Finaccord Manufacturer-Branded and Dealer-Intermediated Motor Insurance and Assistance in Europe

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% split of captive and non-captive operating models for distribution of motor insurance to consumers at the point of sale, 2007

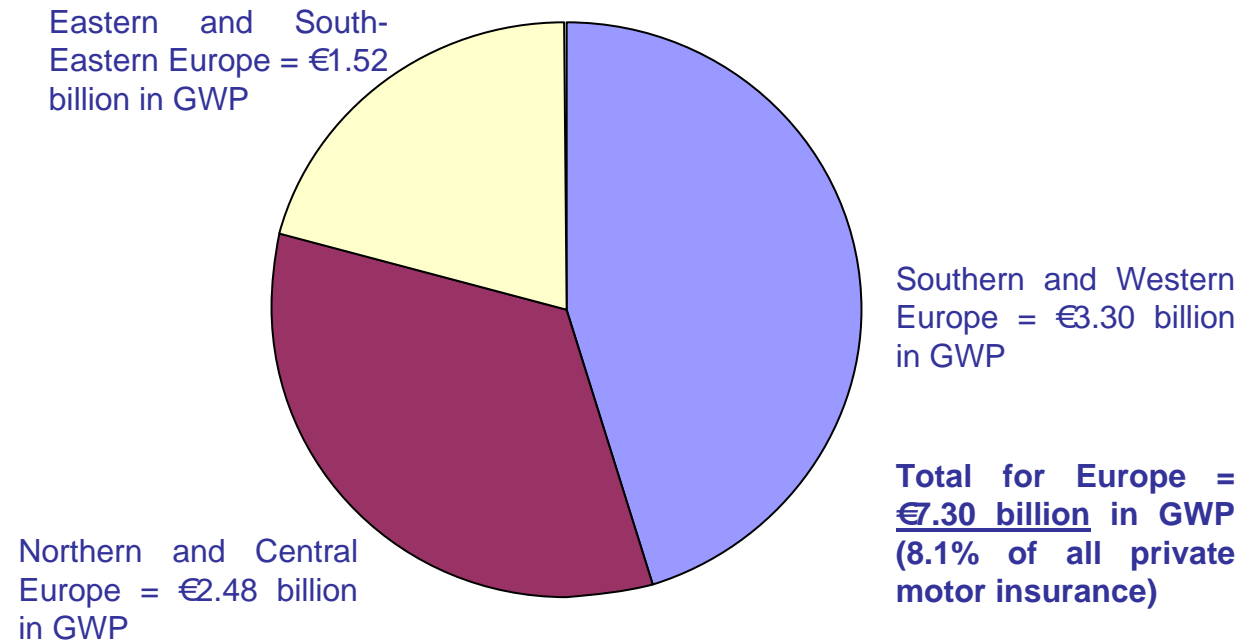
% split of captive and non-captive operating models



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 Source: Finaccord Manufacturer-Branded and Dealer-Intermediated Motor Insurance and Assistance in Europe

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Approximate value of the market for manufacturer-branded and dealer-intermediated motor insurance in Europe, 2007

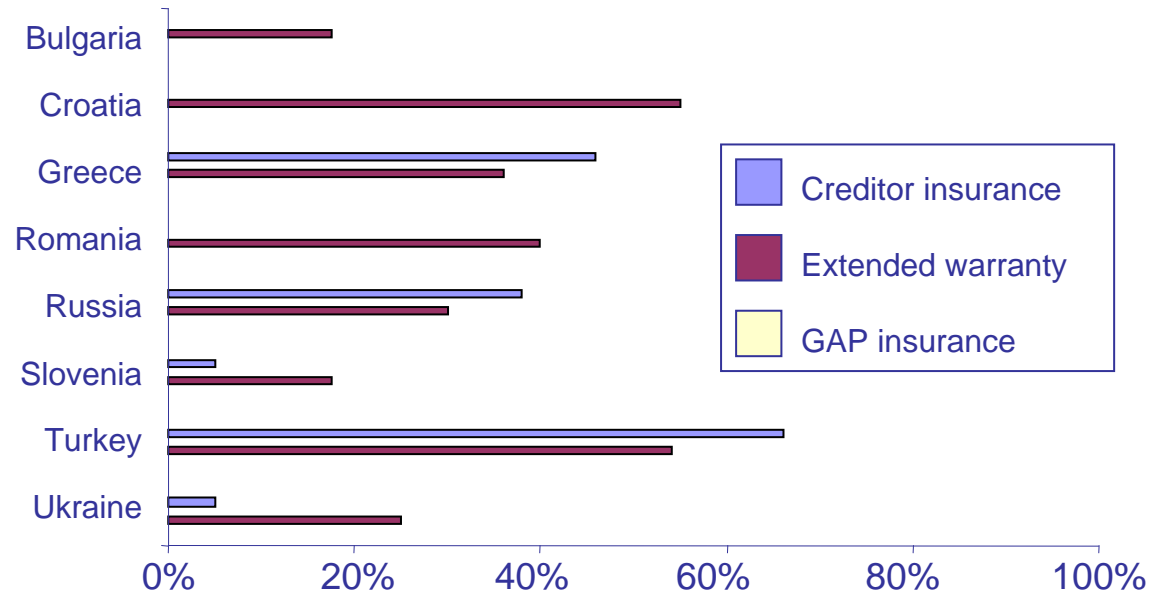


Source: Finaccord Manufacturer-Branded and Dealer-Intermediated Motor Insurance and Assistance in Europe

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Ancillary insurance and warranties

% of dealers in Eastern and South-Eastern Europe distributing ancillary insurance and warranties to consumers at the point of sale, 2007



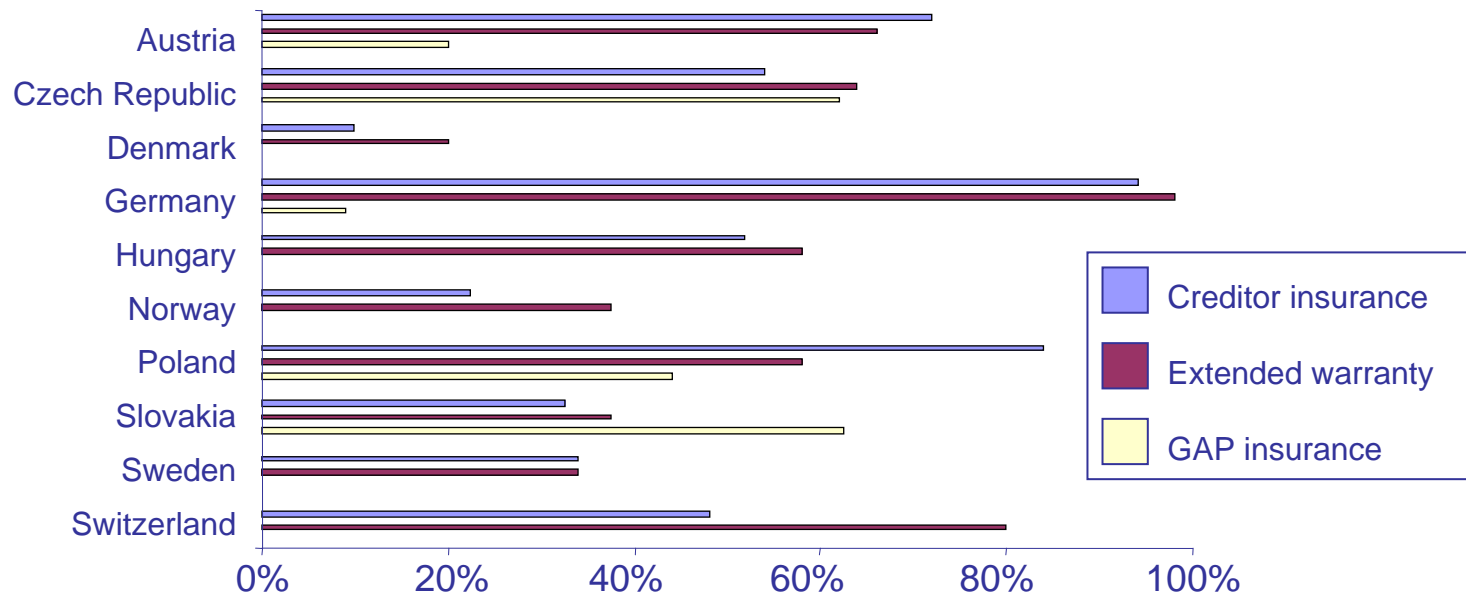
% dealers distributing ancillary insurance and warranties to consumers at the point of sale

Note - stand-alone GAP insurance only

Source: Finaccord Automotive Finance Services reports

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% of dealers in Northern and Central Europe distributing ancillary insurance and warranties to consumers at the point of sale, 2007



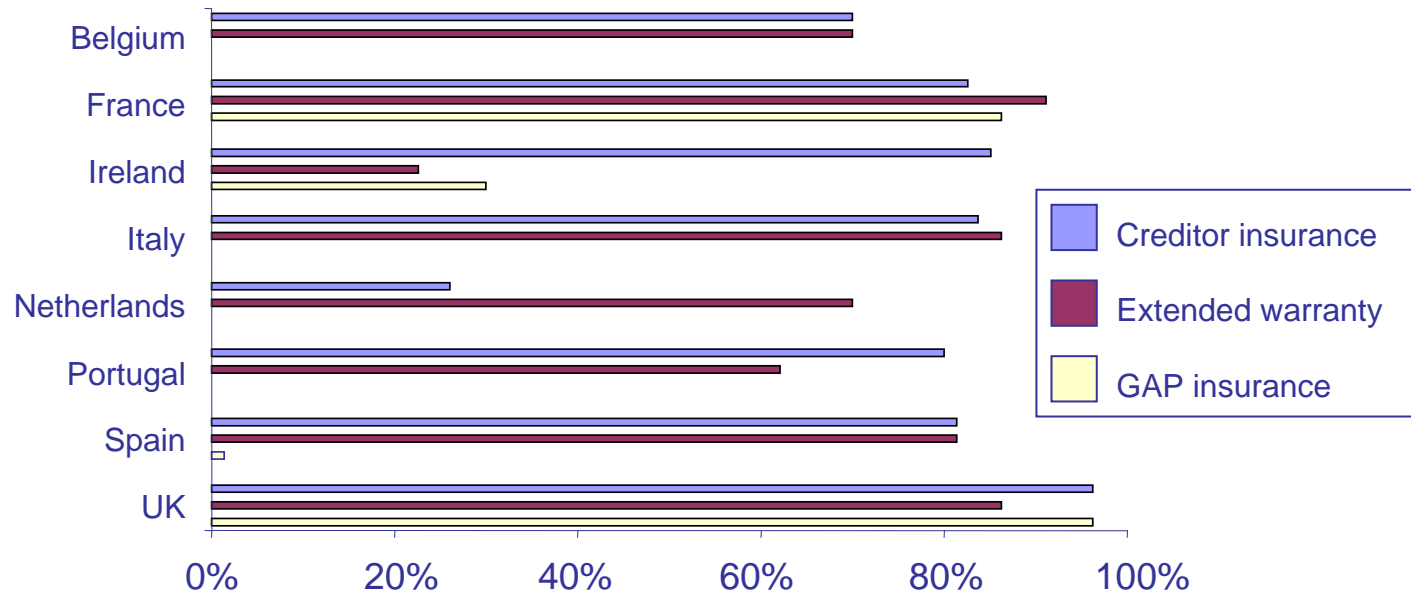
% dealers distributing ancillary insurance and warranties to consumers at the point of sale

Note - stand-alone GAP insurance only

Source: Finaccord Automotive Finance Services reports

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% of dealers in Southern and Western Europe distributing ancillary insurance and warranties to consumers at the point of sale, 2007



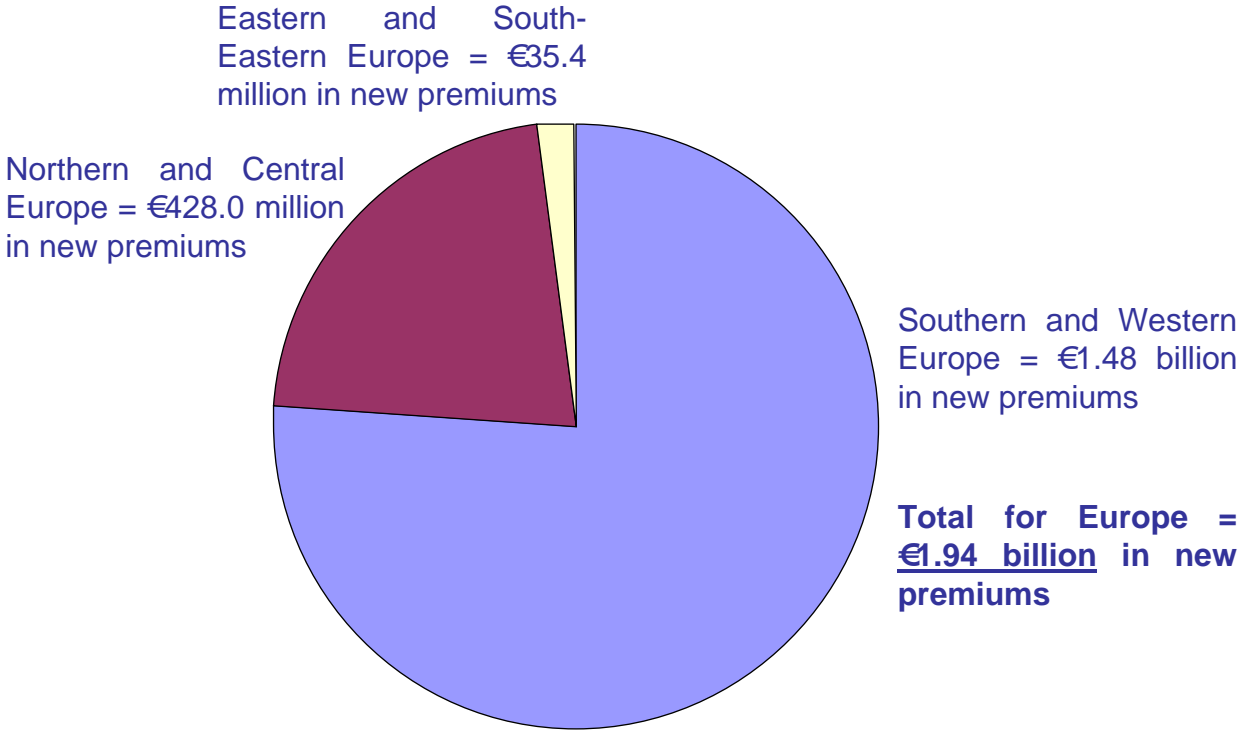
% dealers distributing ancillary insurance and warranties to consumers at the point of sale

Note - stand-alone GAP insurance only

Source: Finaccord Automotive Financial Services reports

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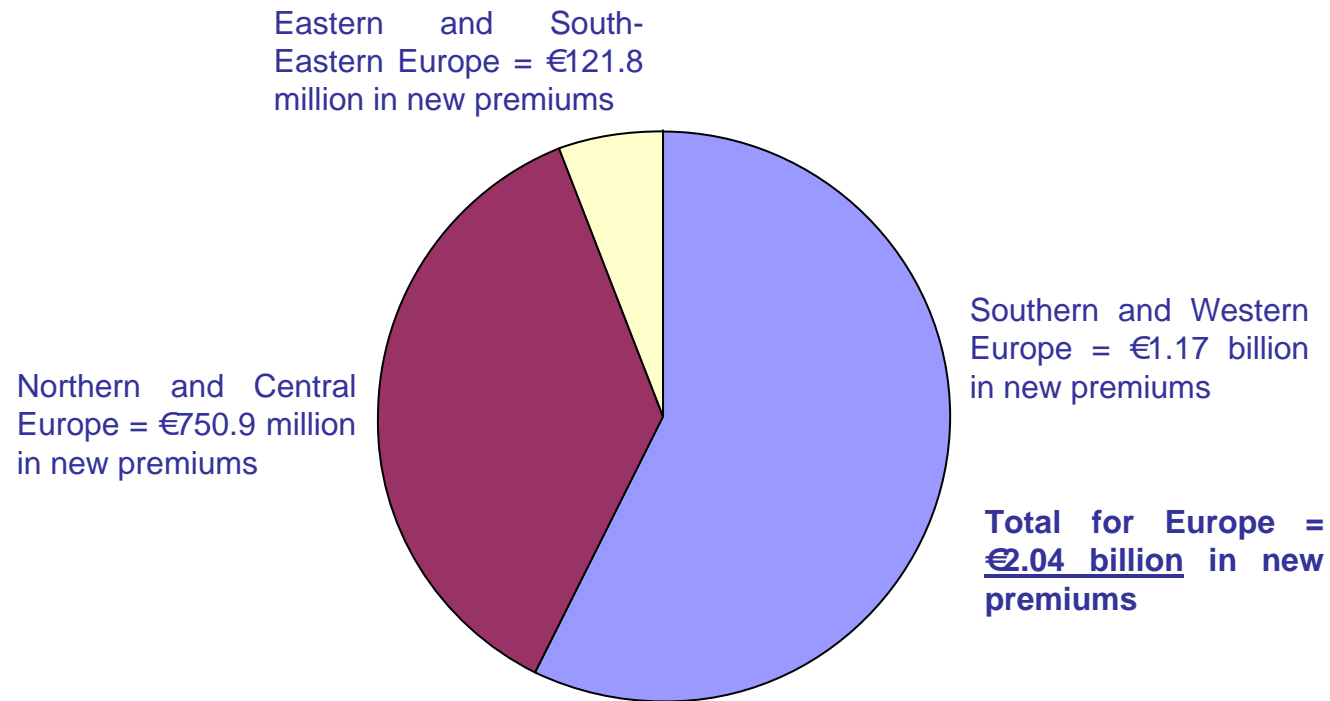
Approximate value of the market for creditor insurance linked to automotive finance and leasing for consumers in Europe, 2007



Source: Finaccord Automotive Financial Services reports

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Approximate value of the market for extended warranties linked to new and used cars acquired by consumers in Europe, 2007

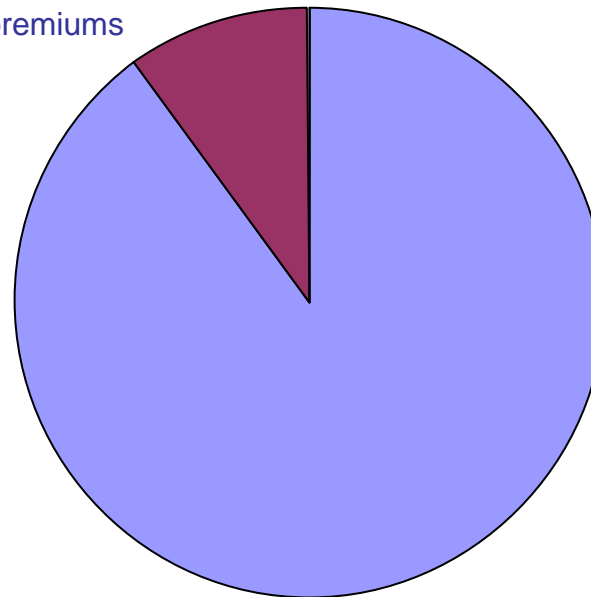


Source: Finaccord Extended Warranties for New and Used Cars in Europe

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Approximate value of the market for stand-alone GAP insurance linked to new and used cars acquired by consumers in Europe, 2007

Northern and Central Europe = €63.1 million in new premiums



Southern and Western Europe = €67.2 million in new premiums

Total for Europe = €630.2 million in new premiums

Note - stand-alone GAP insurance only

Source: Finaccord Automotive Financial Services reports

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Summary and conclusions

Summary and conclusions (1)

- Ultimately, there are a number of action points that manufacturers, dealers and financial services entities serving the point-of-sale distribution channel can follow in order to defend their position in automotive financial services;
- these include placing a greater emphasis on product and service bundles, encompassing finance and insurance as well as repair and maintenance, in order to maximise cross-selling rates, simplify the experience of customers and generally improve retention rates;
- in addition, the superior growth rates recorded by sales of nearly new and used cars relative to brand new vehicles in many countries signifies that an equal priority should be accorded to providing financial services in conjunction with sales of nearly new and used cars;
- with regards to the marketing process, the best results will be achieved through the careful co-ordination of manufacturers, dealers and their captive financial services providers in areas such as direct marketing, print media and product launches;

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Summary and conclusions (2)

- furthermore, manufacturers and their captive finance arms must seek to enhance the trust of the dealerships with which they work by means of the provision of customised and flexible financial services, efficient and rapid credit decisions and a consistent level of customer service across the full cycle of the relationship;
- in return, it is increasingly incumbent upon dealerships to professionalise their activity as intermediaries of automotive financial services through the introduction of more specialist individuals or teams to focus on marketing finance, insurance and warranty propositions;
- finally, there is a general requirement for manufacturers and their captive finance arms to increase their operational efficiency and to improve both dealer and customer relationship management through initiatives such the introduction of incentives to maximise the satisfaction of both constituencies;
- ultimately, manufacturers, dealers and their captive financial services providers share the common vision of retaining customers throughout the vehicle life cycle with a view to selling and financing their next vehicle so it is in the interests of all that they collaborate effectively in the key arena of automotive financial services.

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Any questions?