

# **Automotive Finance and Leasing for Consumers in the Asia-Pacific Region**

**Report Prospectus**

*May 2018*

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## What is the research?

*Automotive Finance and Leasing for Consumers in the Asia-Pacific Region* delivers comprehensive and in-depth research covering the USD 422 billion market for private car finance in 12 countries in the Asia-Pacific Region, namely: China, Hong Kong, India, Indonesia, Japan, Malaysia, the Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam.

Based on a survey of 820 dealers in these countries and an investigation typically covering between 25 and 35 automotive brands in each territory (although more than 70 in China), the study delivers unique insights into the market for finance and leasing for new and used passenger cars and LCVs bought by consumers, with fully comparable and standardised data describing market values and volumes. Moreover, Finaccord's *Automotive Financial Services Model* splits this data for each country between point-of-sale finance through dealers and finance provided directly to consumers by lenders.

In addition to this comprehensive market data, the survey results are also used to measure the propensity of dealers to work with non-tied finance and leasing partners as well as tied entities, to identify the leading non-tied providers at the point of sale and to understand relationships between manufacturers or importers and external finance and leasing companies for branded or endorsed consumer finance propositions.

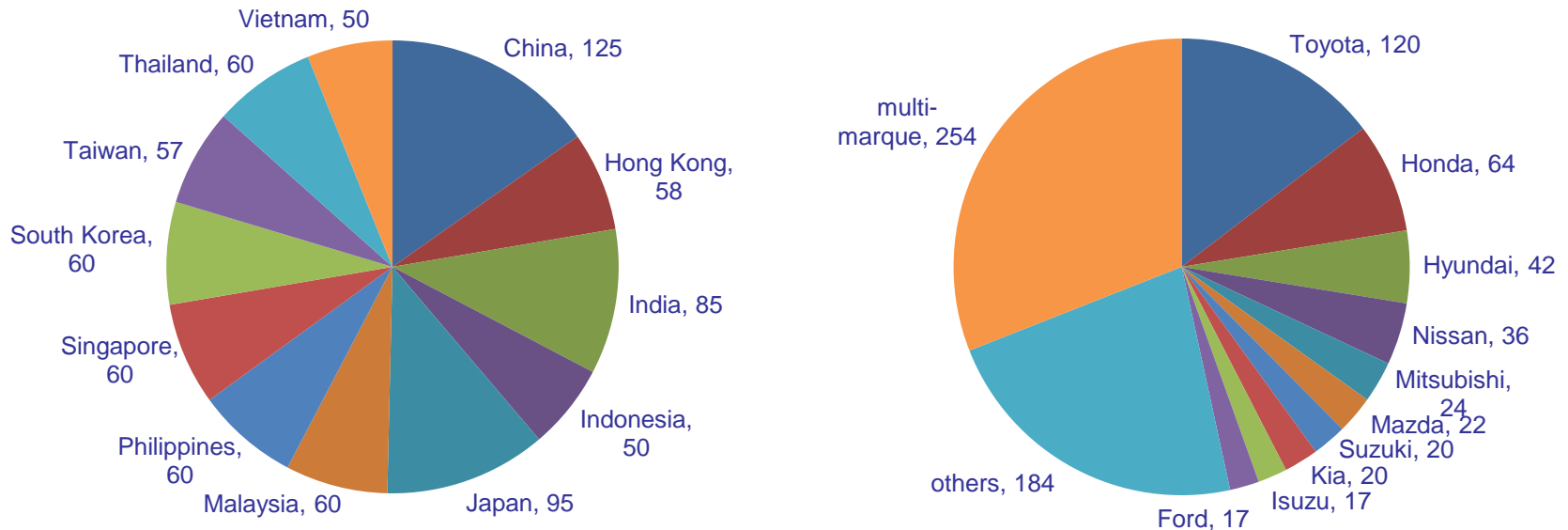
## What is the rationale?

At a global level, the automotive manufacturing market has long been highly cyclical and prone to low or non-existent profitability as a consequence of the tough competition that exists between manufacturers. The economic crisis caused sales of new cars to drop sharply in many countries, and established European and US manufacturer groups face a continuing challenge from rivals based in India, Japan and South Korea.

As a result, a key issue for automotive manufacturers is to increase the value of revenues that they extract from customers through the provision of ancillary services, including finance and leasing for consumers. Furthermore, the thin margins that vehicle dealerships and importers can secure on vehicle sales in isolation can be boosted by cross-selling related services, most importantly financial services.

The market for automotive finance and leasing for consumers is therefore a key battleground; this study plus the PartnerBASE™ dataset and market data file that accompany it go far beyond the scope of other published sources by providing comparable data for the whole automotive finance and leasing sector, as defined by sales of new and used passenger cars and LCVs, including both the point-of-sale and direct finance channels, as well as casting light on the competitive dynamics in this market.

## How do dealerships surveyed break down?



Finaccord's universe of dealerships includes 820 respondents in total spread across 12 countries including manufacturer-owned dealerships, franchised dealerships, multi-marque dealerships and new and used car supermarkets. Note that the split by manufacturer group above includes joint ventures in China. For a full list of the organisations contacted for the research and included in PartnerBASE™, please contact Finaccord.

## Which manufacturer brands have been investigated?

Manufacturer brands investigated through the local offices of the manufacturers themselves or those of their importers or joint ventures in at least one of the countries covered in this report are as follows:

Abarth	Citroën	Haima	Landwind	Proton
Alfa Romeo	Daihatsu	Haval	Lexus	Qichen
Alpina	Datsun	Hawtai	Lifan	Renault
Ashok Leyland	Dodge	Hindustan-Mitsubishi	Luxgen	Roewe
Aston Martin	DS	Honda	Mahindra	San Motors
Audi	Emgrand	Hongqi	Mahindra Electric	Škoda
Baic	Englon	Hyundai	Maruti Suzuki	Smart
Baojun	FAW Jilin	ICML	Maserati	Soueast
Bentley	Fengshen	Infiniti	Mazda	SsangYong
Besturn	Ferrari	Isuzu	Mercedes-Benz	Subaru
BMW	Fiat	JAC	MG	Suzuki
BYD	Force Motors	Jaguar	MINI	Tata Motors
Cadillac	Ford	Jeep	Mitsubishi	Tesla
Chana	FXauto	Jiangling	Nissan	Toyota
Changan	GAC	Jinbei	Opel	Volkswagen
Changhe	Geely	Karry Auto	Perodua	Volvo
Chery	Gleagle	Kia	Peugeot	Wuling
Chevrolet	Great Wall	Lamborghini	PMC	Youngman Lotus
Chrysler	Hafei Automobile	Land Rover	Porsche	Zotye Auto

# What is the report structure?

0. *Executive Summary*: providing a concise evaluation of the principal findings of the report.

1. *Introduction*: offering a rationale, a detailed description of methodology and definitions.

2. *Regional Overview*: comprising an overview of the USD 422 billion market for providing finance and leasing to consumers in conjunction with the purchase of new and used passenger vehicles across the 12 countries. Analyses include: trends in sales of new and used passenger cars and LCVs; size, growth and segmentation of the market for automotive finance and leasing for consumers; comparison of key metrics describing the behaviour of dealers in this market; and comparison of average customer take-up rates for point-of-sale finance and leasing.

3. *China*: an in-depth analysis of the market for automotive finance and leasing for consumers in China including: an overview of the market for new and used passenger cars and LCVs; size, growth and segmentation of the market for automotive finance and leasing for consumers; dealer survey results including analysis of the balance between tied and non-tied providers; manufacturer / importer survey results, including identification of and commentary concerning partners used for branded or endorsed finance programs; combined implied market shares of new business.

4 - 14: *the other 11 countries (for all, contents as for China)*.

# What are the key features of the research?

Key features of this report include:

- comparable and standardised data concerning automotive finance and leasing for consumers covering 12 countries in the Asia-Pacific region ranging from mature territories, such as Japan and South Korea, to fast-developing markets, such as Indonesia and Thailand;
- provision of hitherto unpublished market size and segmentation data for all of these markets generated from Finaccord's proprietary *Automotive Financial Services Model*;
- analysis of the average number of providers of finance and leasing used by dealers and the degree to which they collaborate with non-tied companies in addition to tied partners;
- identification of both leading and secondary non-tied providers of consumer finance and leasing used by dealerships;
- identification of partnerships between manufacturers or importers and external finance and leasing companies for branded or endorsed finance and leasing propositions.



## How can the research be used?

You may be able to use this report plus the PartnerBASE™ dataset and market data file that accompany it in one or more of the following ways:

- understand the current size and future potential of the market for automotive finance and leasing for consumers across the Asia-Pacific region as a whole and how this differs by country;
- appreciate how this opportunity breaks down between finance for new and used cars and LCVs and between finance provided through dealerships and finance offered directly to consumers;
- benchmark the degree of competitive intensity recorded for distributing consumer finance and leasing services through the point of sale and how this is changing over time;
- identify the foremost competitors in each; how strong are non-captive providers in comparison to leading captive finance competitors, the largest of which belong to the Toyota, Hyundai, Renault Nissan, Honda and VW groups;
- evaluate the potential for establishing partnerships with manufacturers or importers for branded or endorsed consumer finance and leasing propositions across 12 countries in the Asia-Pacific region.

# How can the PartnerBASE™ be used?

Dealer	Country	Brands distributed	Finance / leasing offered?	Product source	Total number of partners	Number of non-tied partners	Non-tied partner(s)
Wan Chai Showroom (Hong Kong)	Hong Kong	Toyota	Yes	Both	5	4	Bank of China (Hong Kong), DBS Hong Kong, HSBC, Standard Chartered
Wanguo (Fuzhou)	China	Great Wall, Haval	Yes	Both	4	3	Bank of China, China Minsheng Bank, ICBC
Wanghe (Putian)	China	Great Wall, Haval	Yes	Both	4	3	ABC, Bank of China, ICBC
Wanhua (Taipei)	Taiwan	Hyundai	Yes	Dealer (non-tied)	2	2	Bank of Taiwan, DBS
Wearnes Automotive (Kuala Lumpur)	Malaysia	Volkswagen	Yes	Dealer (non-tied)	4	4	Ambank, CIMB, Maybank, Public Bank
Weishibao (Xiamen)	China	BMW	Yes	Both	4	3	ABC, Bank of China, Ping An Bank

Select country

Identify product partners

Look up specific dealers

Search by brand of vehicle sold

Understand dealer use of tied and non-tied providers

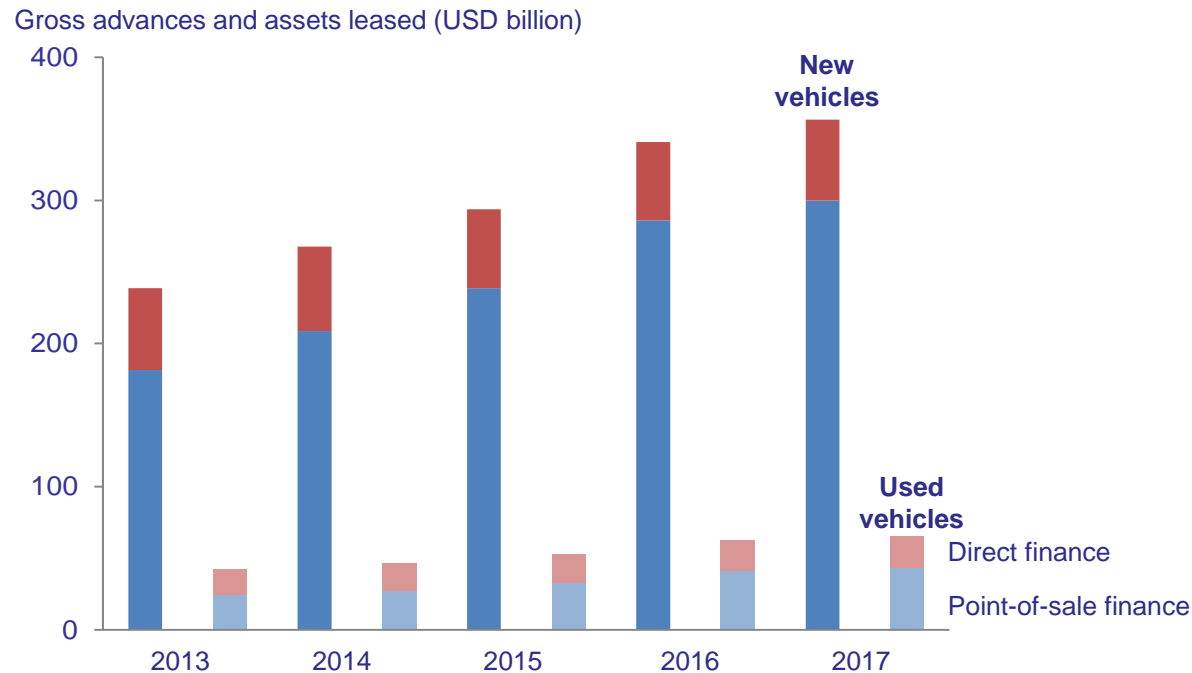
Note: for this report, PartnerBASE also covers around 30 manufacturer brands in most countries, peaking at 76 in China.

## Who can use the research?

1. *Automotive manufacturers:* this research provides a wealth of unique and valuable benchmarking data allowing you to assess objectively your performance in automotive finance and leasing for consumers and to counter the threat from non-captive competitors;
2. *Finance / leasing providers:* what are the opportunities to increase or build market share of automotive finance and leasing for consumers in each country and how do these vary between the point-of-sale and direct finance channels?
3. *Insurance, warranty and assistance firms:* insurance, warranty and assistance policies can be embedded in consumer finance packages hence it is important for providers in these areas to comprehend the underlying market for automotive finance and leasing and to identify potential partners;
4. *Management consultancies:* are you helping a manufacturer or finance / leasing provider with its strategy or evaluating how it can develop its business in automotive finance and leasing for consumers in the Asia-Pacific region? Understand the current status of this market across 12 countries, saving time and effort on researching the subject yourself.

# What are some of the key findings?

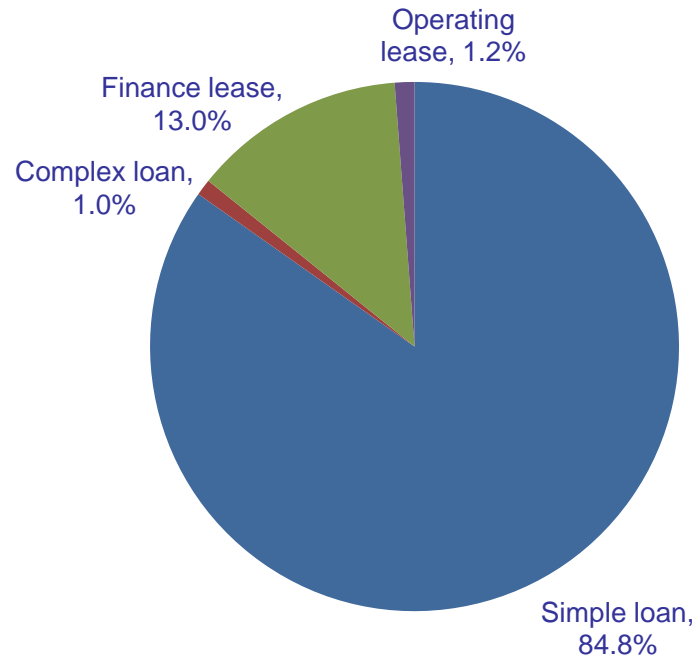
1. Across the Asia-Pacific region as a whole, point-of-sale finance for new cars is the largest segment and is also growing rapidly



Source: Finaccord Automotive Financial Services Model

## What are some of the key findings? (cont.)

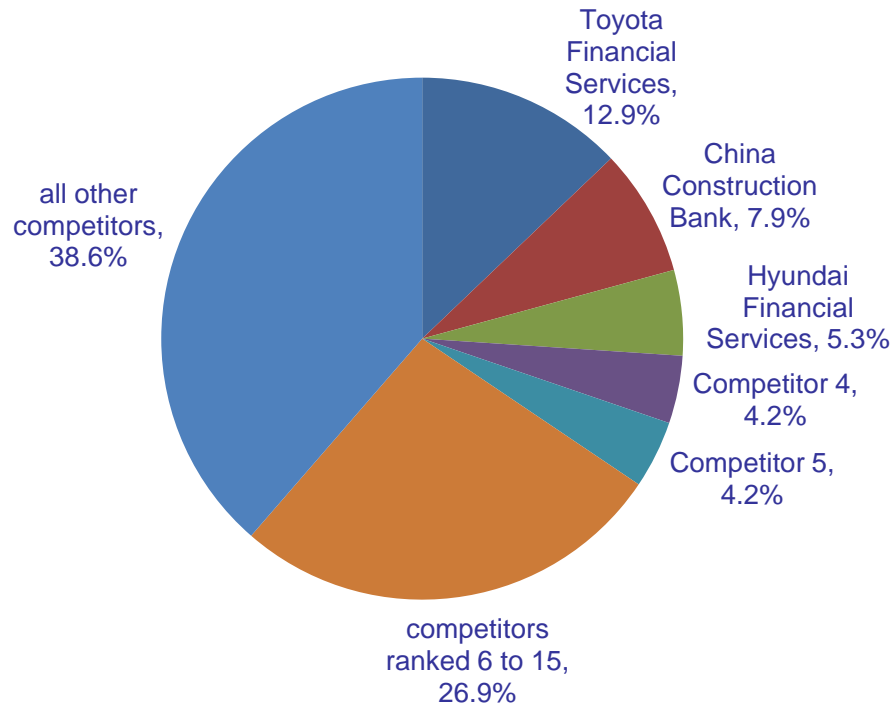
2. The market for point-of-sale vehicle finance in Hong Kong is composed primarily of simple loans and finance leases



Source: Finaccord Automotive Financial Services Survey

## What are some of the key findings? (cont.)

3. In terms of their implied share of new business in the Asia-Pacific region, the captives of both Hyundai and Toyota are ranked in the top three



Note – the identities of competitors 4 to 15 are disclosed in the report  
**Source: Finaccord Automotive Financial Services Survey**

## What are some of the key findings? (cont.)

### 4. Key findings from the executive summary include:

- Finaccord estimates that across the Asia-Pacific region as a whole, a total of 40.5 million cars and LCVs were bought with some form of finance and leasing in 2017, compared to 36.1 million that were bought with cash only;
- between 2013 and 2017, the value of point-of-sale gross advances and assets leased rose from around USD 281.3 billion to USD 422.0 billion, with the value of point-of-sale finance for used vehicles rising most rapidly;
- manufacturer brands' tied finance and leasing providers are strongest in Japan and Singapore, where a respective 77.9% and 71.2% of dealers only used tied providers, whereas just 4.0% of dealers in China and 3.5% of those in Hong Kong relied solely on manufacturer brands' tied providers;
- across the Asia-Pacific region as a whole, dealers worked with an unweighted average of 3.73 finance and leasing providers each, ranging from a low point of 1.37 in Japan to a high point of 5.64 in the Philippines.

## What is the cost and format?

*Automotive Finance and Leasing for Consumers in the Asia-Pacific Region* is available as a standard PDF document. The PartnerBASE™ and market data file that accompany it at no further charge are in Excel format. Costs for this research set and other related multi-country titles about automotive financial services are as follows:

<b>Automotive Finance and Leasing for Consumers in the Asia-Pacific Region</b>	<b>USD 4,195</b>
Automotive Finance and Leasing for Consumers in Europe	USD 4,195
Extended Warranties for New and Used Cars and LCVs in the Asia-Pacific Region	USD 4,195
Extended Warranties for New and Used Cars in Europe	USD 4,195
Extended Warranties for New and Used Cars and LCVs in Latin America	USD 2,795
Fleet Insurance and Assistance in Europe	USD 6,995
GAP Insurance for New and Used Cars in Europe	USD 2,795
Manufacturer-Branded and Dealer-Intermediated Motor Insurance and Road Assistance in the Asia-Pacific Region	USD 4,195
Manufacturer-Branded and Dealer-Intermediated Motor Insurance and Road Assistance in Europe	USD 4,195
Prepaid Service Contracts for New and Used Cars and LCVs in the Asia-Pacific Region	USD 2,795
Prepaid Service Contracts for New and Used Cars and LCVs in Europe	USD 2,795
Road Assistance in Europe	USD 6,995

*\* For Singapore-based clients, GST at the prevailing rate will be added to the basic price.*

*Costs quoted are for a single site user licence only.*

*For a corporate user licence, please see the final slide for further details.*

*Invoices can be paid in EUR or GBP, at the prevailing exchange rate, if preferred.*



## What other reports are available?

Country-specific reports about consumer automotive financial services in over 40 different countries are also available, again as standard PDF documents with PartnerBASE™ datasets and market data annexes both in Excel format. Prices for each country are as follows:

<b>Consumer Automotive Financial Services in...</b>					
Argentina	USD 1,195	Hungary	USD 895	Russia	USD 1,195
Australia	USD 1,395	India	USD 1,395	Singapore	USD 1,195
Austria	USD 1,195	Indonesia	USD 1,195	Slovakia	USD 895
Belgium	USD 1,195	Ireland	USD 895	South Africa	USD 1,395
Brazil	USD 1,395	Italy	USD 1,195	South Korea	USD 1,195
Canada	USD 1,395	Japan	USD 1,395	Spain	USD 1,195
Chile	USD 895	Luxembourg	USD 895	Sweden	USD 1,195
China	USD 1,395	Malaysia	USD 1,195	Switzerland	USD 1,195
Colombia	USD 895	Mexico	USD 1,395	Taiwan	USD 1,195
Czech Republic	USD 895	Netherlands	USD 1,195	Thailand	USD 1,195
Denmark	USD 895	Norway	USD 895	Turkey	USD 895
Finland	USD 895	Peru	USD 895	UK	USD 1,195
France	USD 1,195	Philippines	USD 1,195	Ukraine	USD 895
Germany	USD 1,195	Poland	USD 1,195	USA	USD 2,795
Greece	USD 895	Portugal	USD 895	Vietnam	USD 1,195
Hong Kong	USD 1,195	Romania	USD 895		

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## How can the research be purchased?

Simple. Just go to the relevant area of the Finaccord website, create your account (if you do not have one already) and place your order online. Products paid for online by card will be delivered immediately by e-mail but please allow up to one working day for delivery by e-mail if you choose to pay on receipt of invoice.

With regards to the **corporate user licence**, you will be asked to choose one of the following options:

1. One office, one country: no supplement over and above basic cost of reports ordered
2. Multiple offices, one country: additional 20% over and above basic cost of reports ordered
3. Multiple offices, two to ten countries: additional 50% over and above basic cost of reports ordered
4. Global (unlimited offices in unlimited countries): additional 100% over and above basic cost of reports ordered

Alternatively, you can place an order by sending your request to [order@finaccord.com](mailto:order@finaccord.com), clearly stating the product(s) required, associated price(s) and billing details for eventual invoice or card payment receipt.