Consumer Automotive Financial Services in Brazil

Description: Consumer Automotive Financial Services in Brazil investigates the market for automotive financial services linked to sales of new and used passenger cars to individual buyers in Brazil. In addition to analysing the market for finance and leasing services, the study also covers motor insurance, road assistance, extended warranties, creditor insurance, GAP insurance and prepaid service contracts.

Using survey results for average take-up rates for finance and leasing propositions at the point of sale, data for the size and growth of the automotive finance and leasing market for consumers in Brazil is provided in terms of gross advances and assets leased for 2010 to 2014 with splits between finance for new and used cars and between finance organised through dealerships at the point of sale and directly with banks or other lending institutions.

Moreover, also by means of data for average take-up rates, the markets for motor insurance, road assistance, extended warranties, creditor insurance, GAP insurance and prepaid service contracts are sized in terms of gross written premiums and other revenues sold through the automotive trade (i.e. via dealers and manufacturers) in 2014. These markets, estimated to be worth over BRL 11.3 billion in total in 2014, are broken down between new and used cars, and between new contracts sold during 2014 and in-force business sold in previous years but still being renewed in 2014.

The report draws on a survey of 90 leading car dealerships as well as an analysis of the approach to consumer automotive financial services of 41 car manufacturer brands in Brazil. The PartnerBASE™ dataset that accompanies the report details each of the marketing initiatives for consumer automotive financial services traced by the authors for both dealers and manufacturers; a market data annexe is also available in a convenient spreadsheet format so that there is no need to re-enter key data points from the report.

In addition to captive finance companies owned by manufacturer brands, organisations covered by the report include Assurant Seguradora, Banco Bradesco Financiamentos, Banco Itaú, Europ Assistance, Indiana Seguros, JM&A Brasil, MAPFRE Seguros, Porto Seguro, Santander Financiamentos and Tempo Assist. Together, the report and database will provide you with the definitive guide to current and future opportunities in consumer automotive financial services in Brazil.

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1.0 INTRODUCTION

What is this report about?

The focus of the report is on financial services related to the sale of passenger cars to individuals

Rationale

The provision of financial services is essential to support both car sales and profitability

This report offers a detailed updated analysis of the subject in Brazil based on primary research

Methodology

Survey of dealers and manufacturers

Market data

Computation of market data is based on a complex set of assumptions and variables...

... in order to provide market segmentations in unrivalled detail
2.0 MARKET ANALYSIS

Introduction

Passenger vehicle data

Increasing sales of used cars have helped offset the fall in new car sales

Fiat Chrysler leads the light vehicle market in Brazil, ahead of VW and GM

Consumer automotive finance and leasing market

Market size and growth

Finance take-up rates at the point of sale for new cars have increased slightly in recent years...

... causing the total market value to rise at a compound annual rate of 3.1% between 2010 and 2014

Types of finance and leasing product

18 Simple loans are by far the most common form of point-of-sale finance...

... although consortium loans are also quite significant

Consumer automotive insurance, warranty and assistance markets

Market sizes

In total, the automotive trade is likely to have sold policies worth more than BRL 11 billion in 2014

Survey of automotive dealers and manufacturer brands - overview

Introduction

Provision of consumer automotive financial services

Brazilian dealerships overwhelmingly offer core insurance and financial products...

... although they have not taken up some of the products offered by manufacturers

Number and nature of dealer schemes

On average, car dealers in Brazil use more than six providers for finance and leasing...
... representing a significant increase in the number of non-tied partners since 2011

Types of creditor insurance policy sold by dealers
Creditor insurance sold with cars always covers one or both of temporary incapacity and unemployment

Types of motor insurance policy sold by dealers
Almost all dealers sell all types of motor insurance

Sources of road assistance distributed by dealers
Road assistance is always packaged with motor insurance and can also be acquired with other products

Consumer uptake of automotive financial services through dealers
Take-up rates for point-of-sale finance in Brazil have risen slightly among buyers of new cars...
... as have take-up rates for motor insurance proposed by dealers...
... and extended warranties for used cars (but not for new ones)

Survey of automotive dealers and manufacturer brands - partnerships

Introduction
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Five non-tied competitors account for three quarters of dealer partnerships...
... with around 20 more active in the market as a whole
More than half of manufacturer brands work with external partners for finance and leasing
Two of the top three providers are not captives...
... and external partnerships are common for financing through simple loans or consortiums
Banco Bradesco Financiamentos emerges as the probable overall market leader...
... followed by Santander Financiamentos, Banco Itaú and BV Financeira

Creditor insurance
Point-of-sale creditor insurance in Brazil is almost always sourced from finance providers
Cardif do Brasil Vida e Previdência is the dominant provider among manufacturer brands

Motor insurance
Very few dealers limit themselves to insurance schemes tied to manufacturers...
...and Brazil's major underwriters claim the largest share of partnerships in a very diverse market...
... led by Porto Seguro, Azul Seguros and SulAmérica Seguros
Over half of manufacturer brands' motor insurance partnerships are with external underwriters...
... with two of these providers holding over half of the weighted share of partnerships
MAPFRE, Indiana Seguros and Porto Seguro are likely point-of-sale motor insurance market leaders

Extended warranties
There is plenty of scope to increase extended warranty provision via dealers...

... and several companies are attempting to do so including JM&A Brazil and The Warranty Group Assurant and Indiana Seguros are the leading providers through manufacturers

A combined analysis suggests that two point-of-sale extended warranty providers control half the market

Road assistance

Non-tied assistance providers are used to support the sale of used cars...

...and four main competitors vie for manufacturer brand mandates for road assistance...

... including local company Tempo Assist

GAP insurance

A form of GAP is integral to Brazilian motor insurance, but separate GAP policies have also emerged...

... with two insurers offering these

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... and just one manufacturer brand

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Passenger car parc and new / used passenger car sales in Brazil, 2010 to 2014 (table)

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