Consumer Automotive Financial Services in China

Description: Consumer Automotive Financial Services in China investigates the market for automotive financial services linked to sales of new and used passenger cars in China. In addition to analysing the market for finance and leasing services, the study also covers creditor insurance, motor insurance and road assistance, and demonstrates the extent to which a market exists for extended warranties and GAP insurance.

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 China is provided in terms of gross advances and assets leased for 2007 to 2011 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 creditor insurance, motor insurance, road assistance, extended warranties and GAP insurance are sized in terms of gross written premiums and other revenues sold through the automotive trade (i.e. via dealers and manufacturers) in 2011. These are broken down between new and used cars and between new contracts sold during 2011 and in-force business sold in previous years but still being renewed in 2011.

The report draws on a survey of 100 leading car dealerships as well as an analysis of the approach to consumer automotive financial services of over 60 automotive brands in China. The PartnerBASE™ database that accompanies the report details each of the marketing initiatives for consumer automotive financial services traced by Finaccord for both dealers and manufacturers. Together, the report and database will provide you with the definitive guide to current and future opportunities in consumer automotive financial services in China.

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0.0 EXECUTIVE SUMMARY

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 China 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

External sources

Definitions

Finance and leasing products
2.0 MARKET ANALYSIS

Introduction

Passenger vehicle data

Sales of used cars outpaced sales of new cars between 2009 and 2013

Joint venture brands and groups are the leading players in the automotive market

Consumer automotive finance and leasing market

Market size and growth

By volume, point-of-sale finance exceeds direct lending for both new and used cars...

...with the result that the total value of point-of-sale finance is 3.5 times higher than direct lending

Types of finance and leasing product

One product type makes up more than three quarters of point-of-sale finance contracts

Consumer automotive insurance, warranty and assistance markets

Market sizes

In total, the automotive trade is likely to have sold contracts worth over CNY 160 billion in 2013

Survey of automotive dealers and manufacturer brands - overview

Introduction

Provision of consumer automotive financial services

Automotive dealers distribute five of the seven automotive financial services investigated

Dealer activity indicates that manufacturer brands could introduce their own prepaid service contracts

Number and nature of dealer schemes

Dealers mainly work with two or more providers for both finance and leasing and motor insurance

Types of motor insurance policy sold by dealers

Several variants of motor insurance can be purchased from dealers

Sources of road assistance distributed by dealers
It is normal for road assistance to be provided automatically to buyers of new cars in China.

Consumer uptake of automotive financial services through dealers

Take-up rates at the point of sale are high for motor insurance among both new and used car buyers...

... and have grown substantially for both point-of-sale finance and extended warranties

Survey of automotive dealers and manufacturer brands - partnerships

Introduction

Finance and leasing

Two thirds of dealers utilise tied partners either as well as or instead of non-tied providers

Most manufacturer brands have an arrangement for the provision of finance and leasing services...

... and China Construction Bank is the leading non-captive finance partner for these brands

The jointly-owned provider of JAC and Santander is aiming to become a leading independent provider

BNP Paribas Personal Finance secured an agreement with Geely in the final quarter of 2013

The Chinese point-of-sale finance market continues to be controlled mainly by the major banks

Motor insurance

Ping An, PICC and CPIC are the dominant insurers selling through the automotive trade...

... but Anbang Insurance takes the highest weighted share of partnerships among manufacturer brands

Extended warranties

MAPFRE Warranty has set up a partnership with the China Grand Auto dealership group...

... and also with Changan Mazda

More than one third of extended warranty schemes are reportedly run by the dealers themselves

Road assistance

Non-tied road assistance services are provided by dealers themselves

Allianz Global Assistance has established several important partnerships with manufacturer brands

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New and used passenger car finance market in China, segmented by distribution channel: values, 2009 to 2013

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Total revenues from consumer automotive insurance, warranty assistance and service contracts in China, 2013 (table)

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Average number of tied and non-tied schemes organised by dealers for each type of automotive financial service in China, 2014 (table)

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Provision of finance and leasing by manufacturer brands in China, 2014: provision rate, operating models and weighted provider share of partnerships

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Provision of road assistance by manufacturer brands in China, 2014: provision rate, operating models and weighted provider share of partnerships

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