

Automotive Finance and Leasing for Consumers in Latin America

Report Prospectus

April 2015

Prospectus contents

	Page
What is the research?	3
What is the rationale?	4
How do dealerships surveyed break down?	5
Which manufacturer brands have been investigated?	6
What is the report structure?	7
What are the key features of the research?	8
How can the research be used?	9
Who can use the research?	10
How can the PartnerBASE™ be used?	11
What are some of the key findings?	12-15
What is the cost and format?	16
What other reports are available?	17
How can the research be purchased?	18

What is the research?

Automotive Finance and Leasing for Consumers in Latin America delivers comprehensive and in-depth research covering the USD 57 billion market for private car finance in six countries in Latin America, namely Argentina, Brazil, Chile, Colombia, Mexico and Peru.

Based on a survey of 395 dealers in these countries and an investigation typically covering between 20 and 40 automotive brands in each territory, the study delivers unique insights into the market for finance and leasing for new and used passenger cars 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.

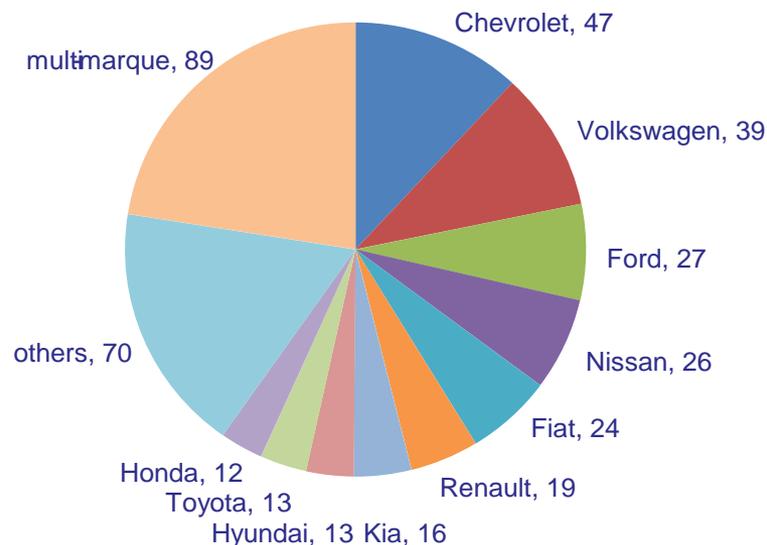
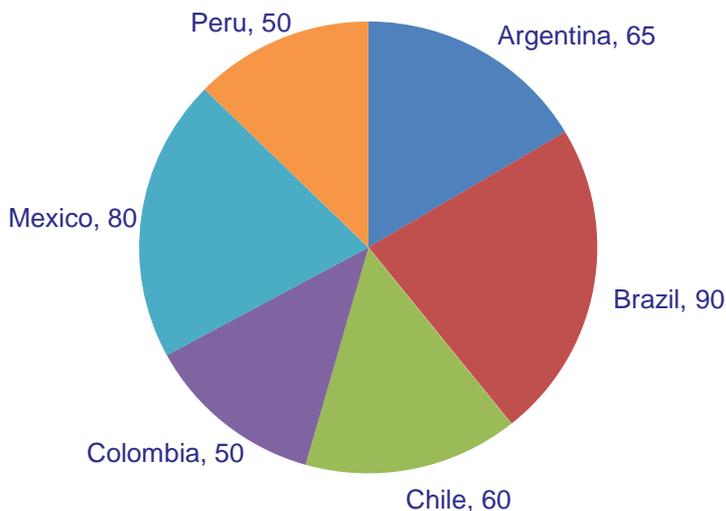
What is the rationale?

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 car 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, including both the point-of-sale and direct lender 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 395 respondents in total spread across six countries including manufacturer-owned dealerships, franchised dealerships and multi-marque dealerships. 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:

Acura	Dodge	Kia	Peugeot
Alfa Romeo	Dongfeng	Lamborghini	Porsche
Aston Martin	Ferrari	Land Rover	Renault
Audi	Fiat	Lexus	Rolls-Royce
Bentley	Ford	Lifan	SEAT
BMW	Geely	Lincoln	Smart
Brilliance	GMC	Mahindra & Mahindra	SsangYong
Buick	Great Wall	Maserati	Subaru
BYD	Hafei	Mazda	Suzuki
Cadillac	Honda	Mercedes-Benz	Toyota
Changan	Hyundai	MG	Troller
Chery	Infiniti	MINI	Volkswagen
Chevrolet	JAC	Mitsubishi	Volvo
Chrysler	Jaguar	Nissan	Zotye
Citroën	Jeep		

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 57 billion market for providing finance and leasing to consumers in conjunction with the purchase of new and used passenger vehicles across the ten countries. Analyses include: trends in sales of new and used passenger vehicles; 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. *Argentina*: 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; 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 and leasing programs; combined implied new business market shares.

4 - 8: *the other five countries (for all, contents as for Argentina).*

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 six countries in Latin America;
- 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 in Latin America and how this differs by country;
- appreciate how this opportunity breaks down between finance for new and used cars and between finance provided through dealerships and credit 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 GM and VW;
- evaluate the potential for establishing partnerships with manufacturers or importers for branded or endorsed consumer finance and leasing propositions across six countries in Latin America.

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)
Alciautos (Bogotá)	Colombia	Mazda	Yes	Dealer (non-tied)	2	2	Bancolombia, Banco de Occidente
Alemana Automotriz (Barranquilla)	Colombia	Mercedes-Benz	No	Dealer (non-tied)	2	2	Bancolombia, Banco de Occidente
Alemautos Palacé (Medellín)	Colombia	Mercedes-Benz	Yes	Both	4	2	BBVA, Banco Finandina
Armotor (Bogotá)	Colombia	Kia	Yes	Dealer (non-tied)	2	2	Banco de Occidente, BBVA
Audi Center (Bogotá)	Colombia	Audi	Yes	Dealer (non-tied)	1	1	Bancolombia

Select country (points to Country column)

Identify product partners (points to Non-tied partner(s) column)

Look up specific dealers (points to Dealer column)

Search by brand of vehicle sold (points to Brands distributed column)

Understand dealer use of tied and non-tied providers (points to Product source column)

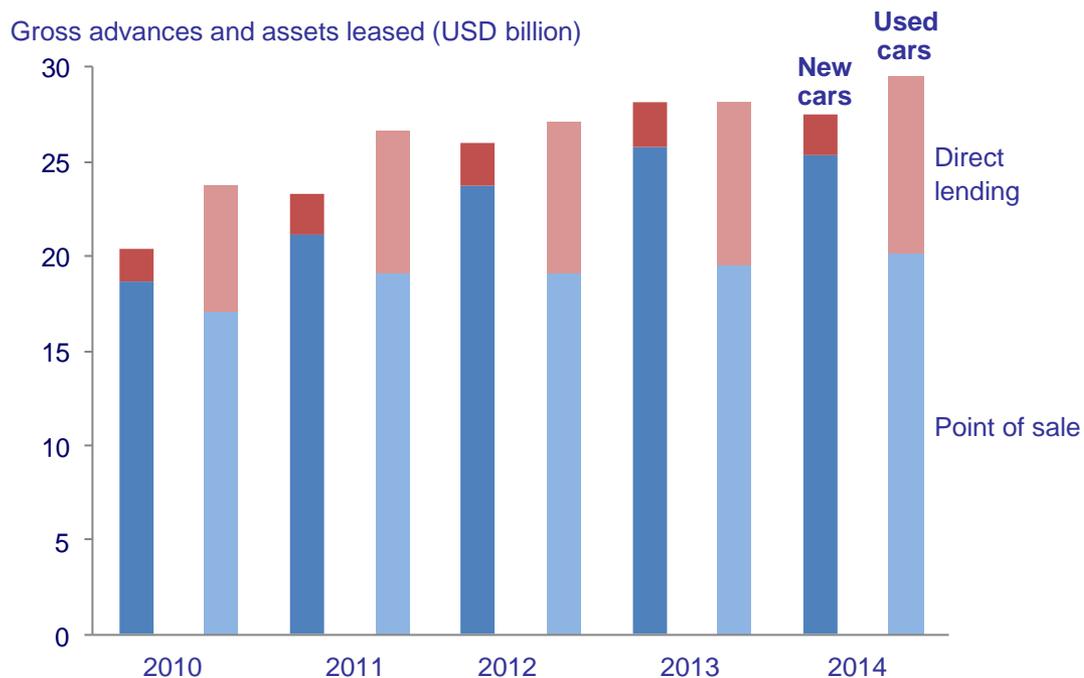
Note: for this report, PartnerBASE also covers between 20 and 40 manufacturer brands in each country.

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 lending 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 Latin America? Understand the current status of this market across ten countries, saving time and effort on researching the subject yourself.

What are some of the key findings?

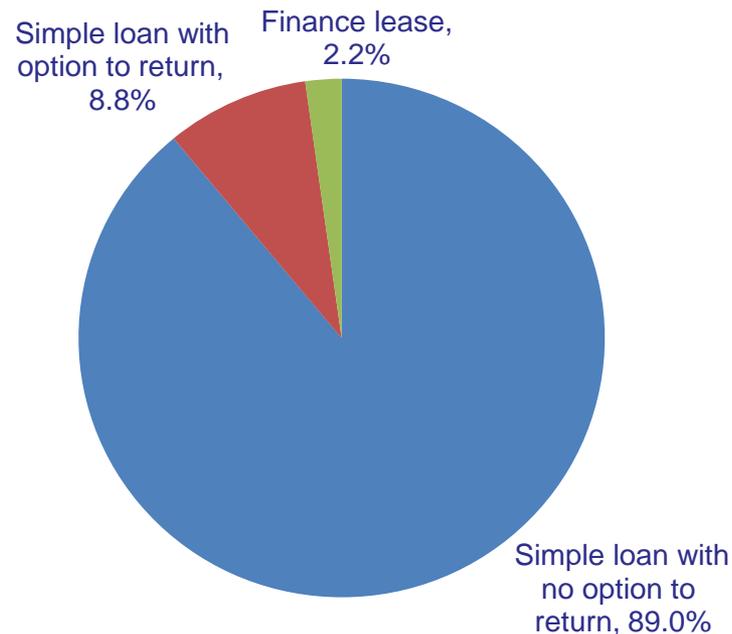
1. Across Latin America, the annual value of used car finance is higher than that for new car finance in most years



Source: Finaccord Automotive Financial Services Model

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

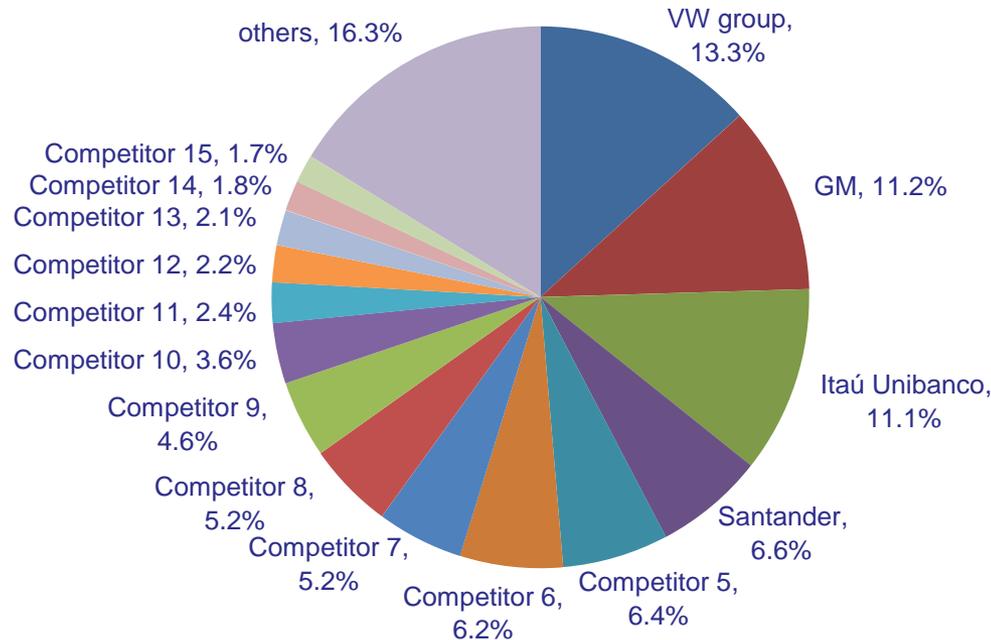
2. The market for point-of-sale car finance in Peru is dominated by simple loans (mainly with no option to return the car)



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 Latin America, captives owned by VW group and GM lead the way, followed by Itaú Unibanco and Santander



Note – the identities of competitors 5 to 15 is 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 six countries in Latin America, a total of 9.17 million cars were bought with some form of finance and leasing in 2014, compared to 10.09 million that were bought with cash only;
- between 2010 and 2014, the value of point-of-sale gross advances and assets leased rose from an estimated USD 35.71 billion to USD 45.44 billion, with the value of point-of-sale finance for new cars rising fastest;
- manufacturer brands' tied finance and leasing providers are strongest in Mexico, where 80% of dealers only used tied providers, whereas none at all relied solely on manufacturer brands' tied providers in Brazil where use of both tied and non-tied providers was preferred;
- across the six countries, dealers worked with an unweighted average of 2.60 finance and leasing providers each, ranging from a low point of 1.40 in Mexico to a high point of 6.18 in Brazil.

What is the cost and format?

Automotive Finance and Leasing for Consumers in Latin America 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:

Automotive Finance and Leasing for Consumers in the Asia-Pacific Region	USD 4,195
Automotive Finance and Leasing for Consumers in Europe	USD 4,195
Automotive Finance and Leasing for Consumers in Latin America	USD 2,095
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
Manufacturer-Branded and Dealer-Intermediated Motor Insurance and Road Assistance in Latin America	USD 2,095
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:

Consumer Automotive Financial Services in...					
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		

** 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.

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, clearly stating the product(s) required, associated price(s) and billing details for eventual invoice or card payment receipt.