

FOR IMMEDIATE RELEASE

European Consumer Credit Market Experiencing Stall in Recovery in First Half of 2012

BRUSSELS – 3 December 2012 – European consumer credit providers represented through Eurofinas¹ granted new loans worth €156.8 billion in the first half of 2012, a decrease of -6.3% compared to the same period in 2011².

The results of the Eurofinas first semester 2012 Biannual Survey show that total new consumer credit lending³, which accounts for the majority of new Eurofinas lending (75%), experienced a stall since its recovery in 2011, declining by -1.0% in the first half of this year. In the context of a recessionary European economic climate and weak domestic demand, this drop is fairly minor.

This overall decrease was mirrored by decreases across all consumer credit product categories for personal consumption. Personal loans suffered a decline of -2.8% on the back of a strong recovery in 2011. Revolving credit has yet to see positive growth in new business since the financial crisis, and the first half of 2012 continues this trend with a drop of -1.3%. Non-automotive credit at the point of sale remained stable with a decline of -0.9%.

The consumer car lending market managed a better performance in the first half of 2012. Loans for new consumer vehicles grew by 2.0%, while loans for used cars remained stable at 0.1%. When taking into account the drop in European passenger car registrations this year, the buoyancy of these automotive lending figures is highly encouraging.

This year saw an even greater divergence in individual country performance. For instance, Germany and Denmark remained strong performers, with growth in consumer credit above 8%, and the UK showed a dramatic recovery of 7%, largely due to strong performance in their consumer car lending market. On the other hand, Mediterranean countries continued on their downward trend, with Portugal suffering the largest declines. France and Sweden also experienced declines, mainly sourced in personal loans and revolving credit for the former, and consumer vehicle lending for the latter.

Private consumption in the Euro Area has been declining since the end of 2011, and by the end of 2012 is forecast to have fallen by 0.6%.⁴ Therefore, it is unlikely that a recovery in consumer credit will be seen in the second half of the year. Looking forward to 2013, the European Commission reports that consumer confidence in the EU for the coming year has improved slightly, while the outlook for the Euro area remains negative. Private consumption is expected to stagnate in the EU next year, while a decrease is expected in the Euro area due to a higher tax burden and unemployment.

Hayley McEwen, Advisor at Eurofinas, commented that “these figures, while showing great divergence between countries, highlight that the consumer credit industry in Europe is holding firm during very challenging economic times. While the Southern markets are experiencing some profound downturns, many other markets are enjoying healthy levels of growth. The overall rally we are seeing in the consumer car lending market is also highly encouraging.”

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¹The following Eurofinas members took part in the survey: UPC/BVK (BE), CLFA (CZ), BFACH (DE), Finans og Leasing (DK), ASNEF (ES), FKL (FI), ASF (FR), ASSOFIN (IT), LVLKA (LT), APSF (MA), FINFO (NO), ASFAC (PT), ALB (RO), AFINA (SE), FLA (UK).

² The growth rates shown are adjusted to exclude the impact of exchange rate fluctuations. On an unadjusted basis, Eurofinas members' overall new lending decreased by 4.9%.

³ Total consumer credit includes consumer credit for personal consumption (including personal loans, revolving credit and non-automotive point of sale finance) and consumer point of sale vehicle finance.

⁴ Source: Eurostat quarterly indicators.



Media Contact

Anne Valette
Head of Communications
+32 2 778 05 65
a.valette@eurofinas.org

Hayley McEwen
Adviser in Statistics and Economic Affairs
+32 2 778 05 71
h.mcewen@eurofinas.org

About Eurofinas

Eurofinas, the European Federation of Finance House Associations, is the voice of the specialised consumer credit providers in the EU. As a Federation, Eurofinas brings together associations throughout Europe that represent finance houses, specialised banks, captive finance companies of car, equipment, etc. manufacturers and universal banks. The scope of products covered by Eurofinas members includes all forms of consumer credit products such as personal loans, linked credit, credit cards and store cards. Consumer credit facilitates access to assets and services as diverse as cars, studies, furniture, electronic appliances, etc. Eurofinas members financed over 326 billion euro worth of new loans during 2011 with outstandings reaching 815 billion euros at the end of the year.

More information on Eurofinas activities available at www.eurofinas.org