# V Consumer Loan Barometer ASUFIN

June 2023

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ASUFIN ASOCIACIÓN DE USUARIOS FINANCIEROS

MINISTERIO DE CONSUMO

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## About **ASUFIN**

**ASUFIN**, the association of financial users, was founded in 2009 for the defense and protection of the financial consumer. Registered in REACU, it is a member of the CCU (Council of Consumers and Users), BEUC (Bureau Européen des Unions de Consommateurs), the largest European organization of consumer associations, and Finance Watch.

**ASUFIN** is present, through its president Patricia Suárez, in the Advisory Council (BSG) of the EBA (European Banking Authority), the Investor Protection Committee (IPISC) of the ESMA (European Securities and Markets Authority) and the Financial Services Users Group (FSUG) of DG FISMA of the European Commission where she holds the vice presidency. She is also Vice President of Finance Watch.

At the national level, **ASUFIN** actively participates in the promotion of green finance, through Spainsif, and in the development of the digital economy, as a partner of the Alastria network.

It is part of the Finance for All program coordinated by the Bank of Spain and the CNMV. Within this framework, the association develops, among others, financial and digital education programs, as well education on over-indebtedness and responsible lending, housing, insurance, investment and sustainable finance, within the framework of the 2030 Agenda. That is why it received the 2021 Financial Education Lifetime Achievement Award from the Finance for All program.

## About **the author**

Study carried out by **ASUFIN**'s Studies Department, in collaboration with Antonio Luis Gallardo Sánchez-Toledo. A graduate in Business Administration and Management from the Autonomous University of Madrid, specializing in Financial Management and Economic Research. After having worked in the securities company La Caixa (now CaixaBank) and in the Santander Group, he has been working for more than 18 years in the field of consumer protection and financial education, carrying out educational programs that includes the preparation of studies in the field of personal finance and insurance.

# Introduction

The period between our IV Consumer Loan Barometer of June 2022 and this new barometer **has been clearly marked by the rise in rates** which, as we have seen from the income statements of financial institutions, have been quickly passed on to mortgages. This fact anticipates a clear rise in consumer loans, as upward trends are transferred much more quickly into this segment.

Nor should we forget another economic effect, which is precisely the cause of this rate hike: inflation. **Its impact on loans is very important**. On the one hand, it reduces purchasing power and this leads to an increase in loan requests to cover financial needs, either to obtain liquidity or to reunify debts. On the other hand, the increase in the price of products and services means that loans for classic destinations, such as renovations or vehicle purchases, have fallen significantly since 2020.

Right now, **interest rates and inflation are experiencing two different evolutions**. Rates are at 15-year highs, with a 12-month Euribor already standing at 4%. Inflation, on the other hand, reflects a clear trend towards leveling out, although many commodities accumulate very significant increases. This comes at a time of year when more loans are traditionally taken out for various uses such as renovations, car purchases or holidays.

This study delves into the following questions:

- **How has the rate increase been transferred to the loan segment?** Has it been done equally in those offered by financial institutions, Financial Credit Establishments (FCEs) as well as entities and FCEs that finance the purchase of vehicles?
- **How do consumers perceive the market?** Is there greater use of personal loans, and what are the short- and long-term trends in financing?
- **How are financial institutions using** a fundraising mechanism as relevant as pre-approved loans?
- **What is the situation of loans in Spain** with respect to Europe?

(*) See ANNEX for more details on the methodology of this study.

# **Five main keys**

1

**Interest rates have not stopped the intention to ask for consumer loans**, which have reached their maximum level since 2020, despite the significant rise in interest rates. We reached 32.30% this year, compared to 29.30% in 2022.

2

**About one in four consumers**, 23.80%, express a recent change of opinion and **say they have decided to apply for a loan in recent weeks**. This percentage rises slightly compared to last year, which was 23.20%.

3

The leading reasons leading to decide to request a loan are the need for money, at 27.00% of cases, and the refinancing of debts, at 16.50%, with little change compared to the previous year. It is followed by the purchase of vehicles, at 15.10%, and **the reason that is most dynamic is for renovations**, which goes up to 9.90%, 1.00% up from 8.90% in 2022.

4

**Interest rates on loans in all their tranches are skyrocketing**, especially in the short term, which reaches 13.17% APR, representing a 2.75% increase in just one year compared to 10.43% in 2022. The increase in loans for more than five years is also noteworthy, although more moderate than the previous one, from 10.06% in 2022, to 11.46%, this year.

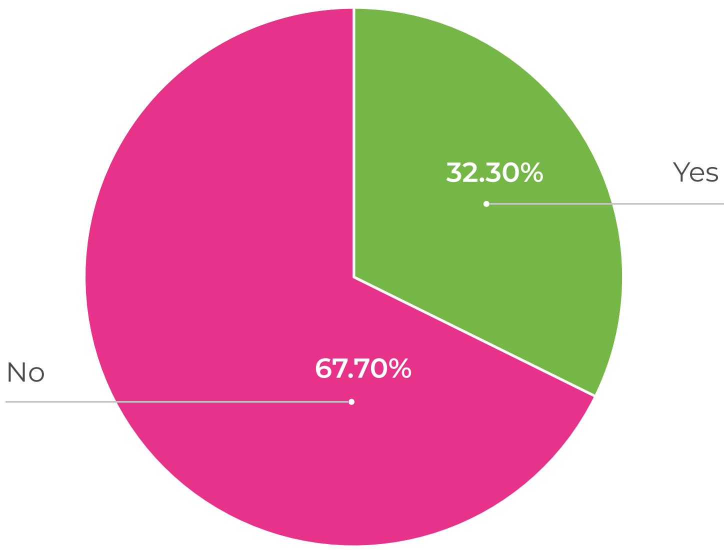
5

Banks and FCEs are leading the increases, especially the latter in the short term, while **the increase in the entities that finance the purchase of vehicles is lower**. The most expensive are short-term FCE loans, which reach 17.42%, 5.82% more than a year ago. The cheapest are those offered by financial establishments associated to vehicles in the long-term, with 9.83%, 0.31% more than a year ago.

# The intention to apply for consumer loans is at a maximum

The significant increase in interest rates, which is transferred to consumer loans, should lead to a decrease in requests, since their cost are a discouragement, thus postponing financing decisions. However, we see that **the percentage of consumers who say they intend to apply for a loan in the next six months is at a maximum** of 32.30%,3.00% more than in 2022, which registered 29.30%.

**DO YOU INTEND TO APPLY FOR A LOAN IN THE NEXT 6 MONTHS?**

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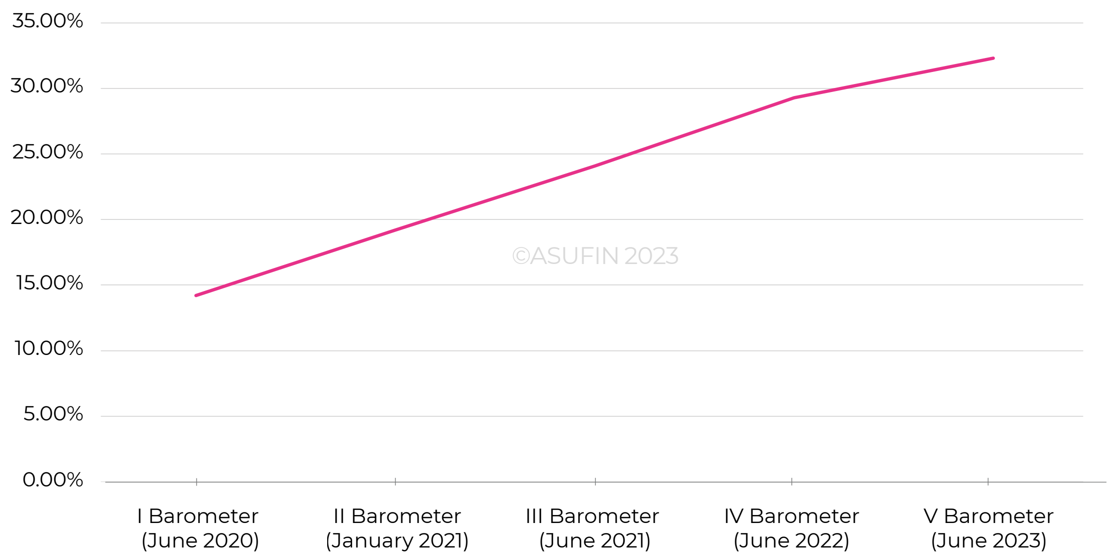
Behind this data, we find reasons such as:

- **Other economic circumstances**, which are more important than the rate hikes, such as inflation.
- **Financing decisions have been postponed in previous years** and although the financial conditions are worse, it is preferred to face them now for renovations or vacations.
- **There is a background or perception of a good economic situation**, presently and also for the future.

**DO YOU INTEND TO APPLY FOR A LOAN IN THE NEXT 6 MONTHS?**

| | |
|---|---|
| **I Barometer** (June 2020) | **14.20%** |
| **II Barometer** (January 2021) | **19.20%** |
| **III Barometer** (June 2021) | **24.10%** |
| **IV Barometer** (June 2022) | **29.30%** |
| **V Barometer** (June 2023) | **32.30%** |



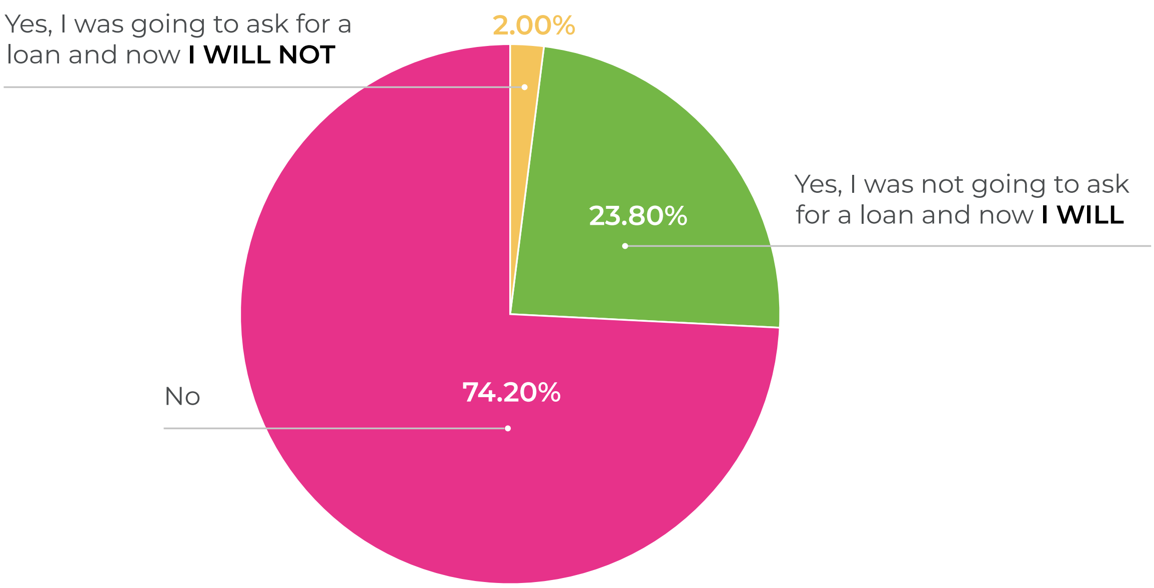



This shows a clear upward trend. It is true that the growth rate is lower than in previous years (3.00% compared to the 5.20% increase from 2021 to 2022), but this accumulated growth means that from June 2020, a time still very marked by the pandemic, to June 2023, it has gone from 14.20% to 32.30%, that is, 2.27 times more.

# **23.80% changed their mind** and will apply for a loan

**A fairly clear indication of the propensity to ask for a loan at the moment** is the change of opinion in favor of contracting greater debt, up to 23.80% dof the cases, a slightly higher percentage than last year, at 23.20%. On the other hand, those who change their mind and decide not to ask for that loan they were expecting, go from 2.50% last year to 2.00% today.

**HAVE YOU CHANGED YOUR MIND IN THE LAST FEW WEEKS?**

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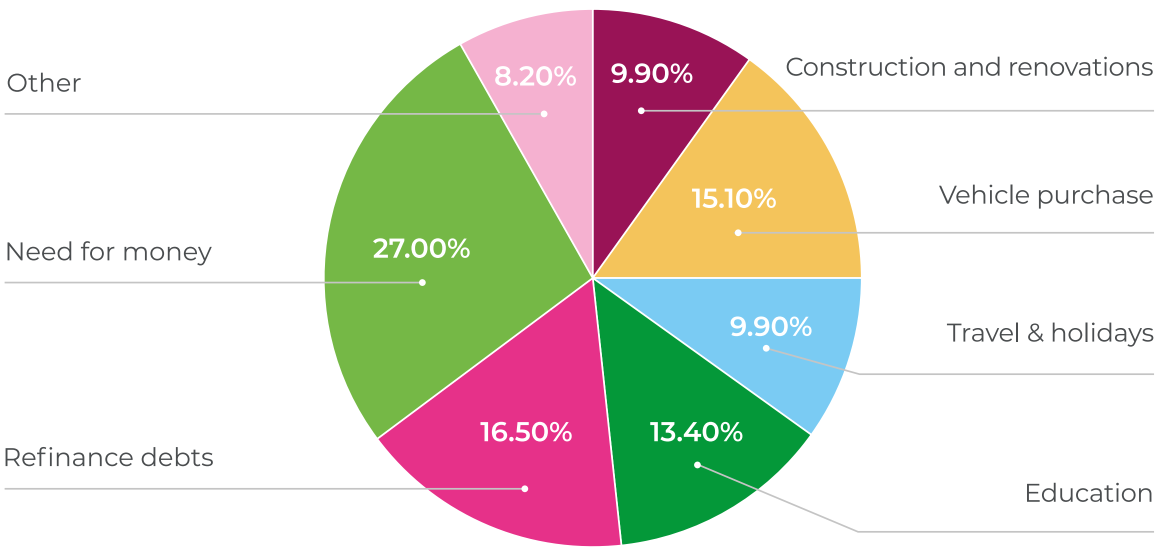
This situation is in line with the latest statistics from the Bank of Spain (April 2023), **given that the only loans with growth in the balances (more is owed) in the last three years are short term loans of less than a year**, precisely the most compulsive, which are aimed more at consumer products or leisure services such as travel.

# **Renovate the house and go on vacation**, the loans that go up the most

As already happened in 2022, the main category that motivates the population to ask for loans is the need to obtain cash, which scores **27.00%**, up by just 0.10% more than the previous year. Followed by refinancing debts, which becomes the second category with **16.50%**, 0.30% more than the 16.20% of the previous year. Both categories make up 43.50% of the total, and reflect that the rise in mortgages leads many families to have to make adjustments in their expenses, refinancing or directly asking for money.

**WHAT IS THE PURPOSE OF YOUR LOAN?**





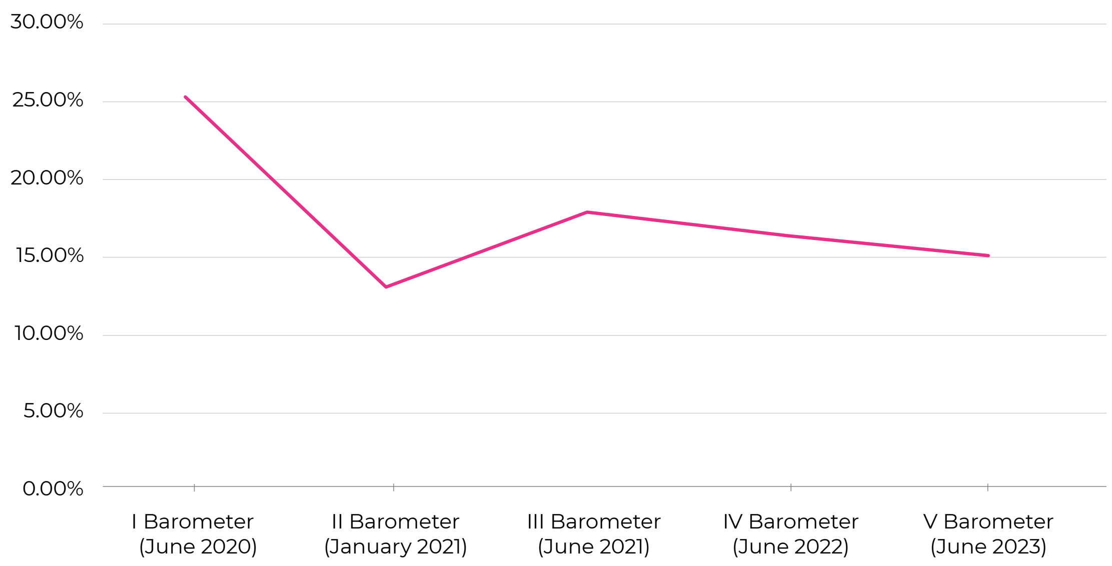

However, we see striking signs in other financial needs, such as home renovations, which go from 8.90% in 2022 to **9.90%** % in 2023, rising by one percentage point and standing as the main reason that experiences the greatest rise, along with that of travel, which does the same, in identical percentages: from 8.90% to **9.90%**.

# **No attractive incentives** to purchase a financed car

**The vehicle acquisition market has changed radically in recent years in many aspects**, but one of the most important aspects is that individuals are increasingly opting for unconventional formulas, such as renting. It is only necessary to review the latest registration statistics, in which after falling by 5.40% globally in 2022, the progress that is being seen at the start of the year (8.20% in April) is due to the increase in company cars (9.00% more) and mainly in rental cars (31.00% more), while vehicles for individuals continue to fall in interannual rates (2.00% less).

**THOSE WHO USE FINANCING FOR THE PURCHASE OF A CAR**

| | |
|---|---|
| **I Barometer** (June 2020) | **25.30%** |
| **II Barometer** (January 2021) | **13.10%** |
| **III Barometer** (June 2021) | **17.90%** |
| **IV Barometer** (June 2022) | **16.40%** |
| **V Barometer** (June 2023) | **15.10%** |

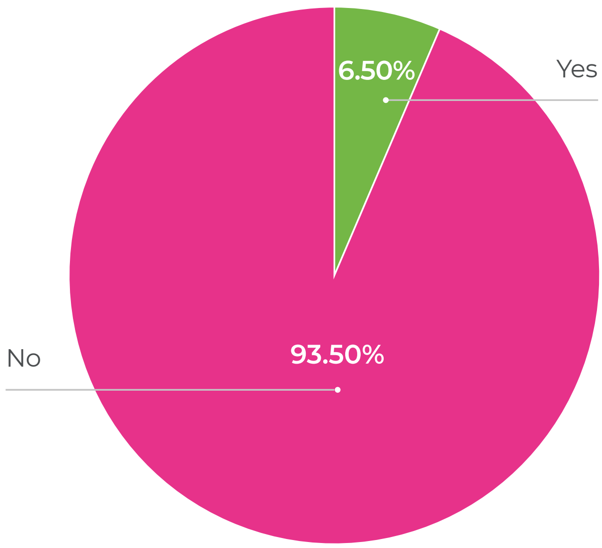





In fact, not counting the post-pandemic anomaly of January 2021, the global drop between June 2020 and June 2023 is 10.20% points.

All this translates **into a sustained drop in financing needs for the purchase of vehicles**, which neither a more dynamic market for second-hand vehicles is compensating for, nor does it seem that aid focused on ecological vehicles in their different varieties is helping, even though they already account for 13.00% of total sales. In fact, the effect of the aid that focuses on this segment is minimal and continues to fall. Only **6.50%** think that the aid would lead them to change a purchase decision, down from 6.80%, 0.30% less than a year ago.

**WOULD YOU CHANGE YOUR DECISION TO FINANCE THE PURCHASE OF A VEHICLE FOR THE AID OFFERED BY THE STATE?**



# **Loan prices skyrocket** in the short and long term

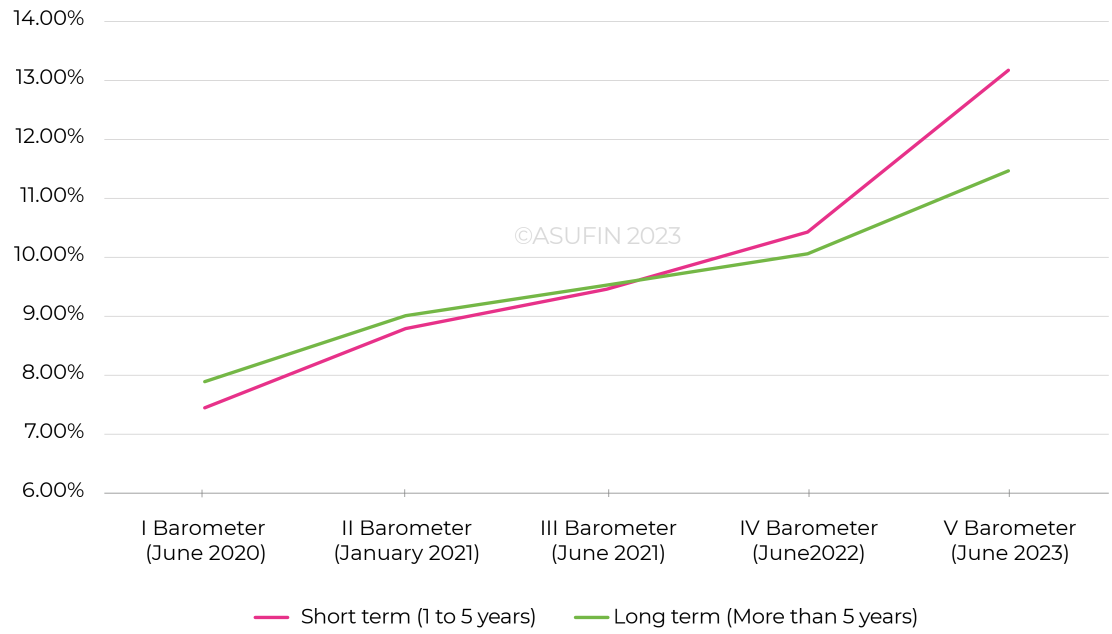
The cost of financing **skyrockets at a time when the demand for loans also** skyrockets. Thus, for short term loans (from 1 to 5 years) it goes up to 13.17%, 2.75% more than 10.43% a year ago and 5.72%, since 2020. For long term loans, the increase is significant, but more moderate, rising to 11.46%, 1.40% more than a year ago and 3.57% more than in June 2020

**RISING COST OF CREDIT**

| | Short term (1 to 5 years) | Long term (More than 5 years) |
|---|---|---|
| **I Barometer** (June 2020) | 7.45% | 7.89% |
| **II Barometer** (January 2021) | 8.79% | 9.01% |
| **III Barometer** (June 2021) | 9.46% | 9.53% |
| **IV Barometer** (June 2022) | 10.43% | 10.06% |
| **V Barometer** (June 2023) | 13.17% | 11.46% |

All this is leading to a very relevant structural change that we can see better graphically: if three years ago, long-term loans were the most expensive, and this trend continued until June 2021, now the reverse is happening, **with a spectacular rise in the category of loans that are more often contracted in these last three years: short-term** loans.

**EVOLUTION OF FINANCIAL LOANS IN SPAIN 2020 - 2023**



# **The cost of short-term FCE loans**, at the same rate as credit cards

Although there is a rise in all terms, if we consider the nature of the entities, the result is uneven. The highest increase occurs in the Financial Credit Establishments (FCE) and specifically in the short term, which **with an average of 17.42%**, represents an increase of 5.82% compared to 11.59% the previous year, **at a level similar to that of credit cards.** In the long term, the increase is significant but lower, 2.27% to 13.13%, well above the 10.86% of a year ago.

**Banks also increase their financing, both in the short and long term**. In the short term, the average cost is 12.16%, a 2.88% increase from a year ago, when its average cost was 11.43%. In the long term, the cost is 11.43%, up 2.42% from 9.01% a year ago.

**The cheapest loans and those experiencing fewer increases are those of banks and FCEs that finance vehicles**, which happen to have an average cost of 9.94%, 0.24% more than 9.70% in the short term, and 9.83% in the long term, 0.31% more than 9.52% a year ago.

**DATA JUNE 2022**

| | Banks | Non-vehicle FCE | Vehicles | Average |
|---|---|---|---|---|
| Short term (1 to 5 years) | 9.28% | 11.59% | 9.70% | 10.43% |
| Long term (More than 5 years) | 9.01% | 10.86% | 9.52% | 10.06% |



**DATA JUNE 2023**

| | Banks | Non-vehicle FCE | Vehicles | Average |
|---|---|---|---|---|
| Short term (1 to 5 years) | 12.16% | 17.42% | 9.94% | 13.17% |
| Long term (More than 5 years) | 11.43% | 13.13% | 9.83% | 11.46% |



**DIFFERENCES FROM JUNE 2022**

| | Banks | Non-vehicle FCE | Vehicles | Average |
|---|---|---|---|---|
| Short term (1 to 5 years) | 2.88% | 5.82% | 0.24% | 2.75% |
| Long ter (More than 5 years) | 2.42% | 2.27% | 0.31% | 1.40% |

**The cost of short-term FCE loan**, is at the same level as credit cards

## LOANS FROM 1 TO 5 YEARS

| BANKS | NIR | APR |
|---|---|---|
| BANCO SANTANDER | 11.75% | 13.95%* |
| DEUTSCHE BANK | 12.45% | 13.89% |
| BANCO SABADELL | 12.35% | 13.55% |
| ING | 12.49% | 13.23% |
| COFIDIS | 12.17% | 12.86% |
| CAIXABANK | 11.90% | 12.53% |
| AVERAGE RATE | 11.06% | 12.16% |
| BANCO CETELEM | 9.90% | 11.05% |
| UNICAJA | 9.50% | 10.77% |
| IBERCAJA | 9.40% | 10.11% |
| BBVA | 8.70% | 9.67%* |

| NON-VEHICLE FCE | NIE | APR |
|---|---|---|
| SANTANDER CONSUMER | 16.72% | 21.91%* |
| AVERAGE RATE | 14.63% | 17.42% |
| CAIXABANK PAYMENTS & CONSUMER | 15.80% | 16.99% |
| SERVICIOS FINANCIEROS CARREFOUR, EFC | 12.00% | 15.84% |
| BANKINTER CONSUMER FINANCE | 13.99% | 14.92%** |

| FCE OR BANKS VEHICLES | NIR | APR |
|---|---|---|
| OPEL BANK | 9.99% | 11.22%* |
| BMW BANK GMBH | 8.50% | 10.05% |
| AVERAGE RATE | 8.85% | 9.94% |
| PSA FINANCIAL SERVICES SPAIN | 8.50% | 9.87% |
| VOLKSWAGEN BANK | 9.00% | 9.55% |
| TOYOTA KREDITBANK | 8.25% | 9.01%** |

## LOANS OVER 5 YEARS

| BANKS | NIR | APR |
|---|---|---|
| COFIDIS | 12.70% | 13.45%* |
| BANCO SANTANDER | 10.90% | 12.87% |
| ING | 11.50% | 12.41% |
| DEUTSCHE BANK | 11.50% | 12.33% |
| CAIXABANK | 11.90% | 12.25% |
| BANCO SABADELL | 10.50% | 12.14% |
| AVERAGE RATE | 10.46% | 11.43% |
| BANCO CETELEM | 8.95% | 10.33% |
| IBERCAJA | 9.40% | 9.89% |
| UNICAJA | 8.50% | 9.44% |
| BBVA | 8.70% | 9.22%** |

| NON-VEHICLE FCE | NIR | APR |
|---|---|---|
| BANKINTER CONSUMER FINANCE | 13.99% | 14.45%* |
| CAIXABANK PAYMENTS & CONSUMER | 12.45% | 13.25% |
| AVERAGE RATE | 12.04% | 13.13% |
| SANTANDER CONSUMER | 10.83% | 12.72% |
| SERVICIOS FINANCIEROS CARREFOUR, EFC | 10.90% | 12.08%* |

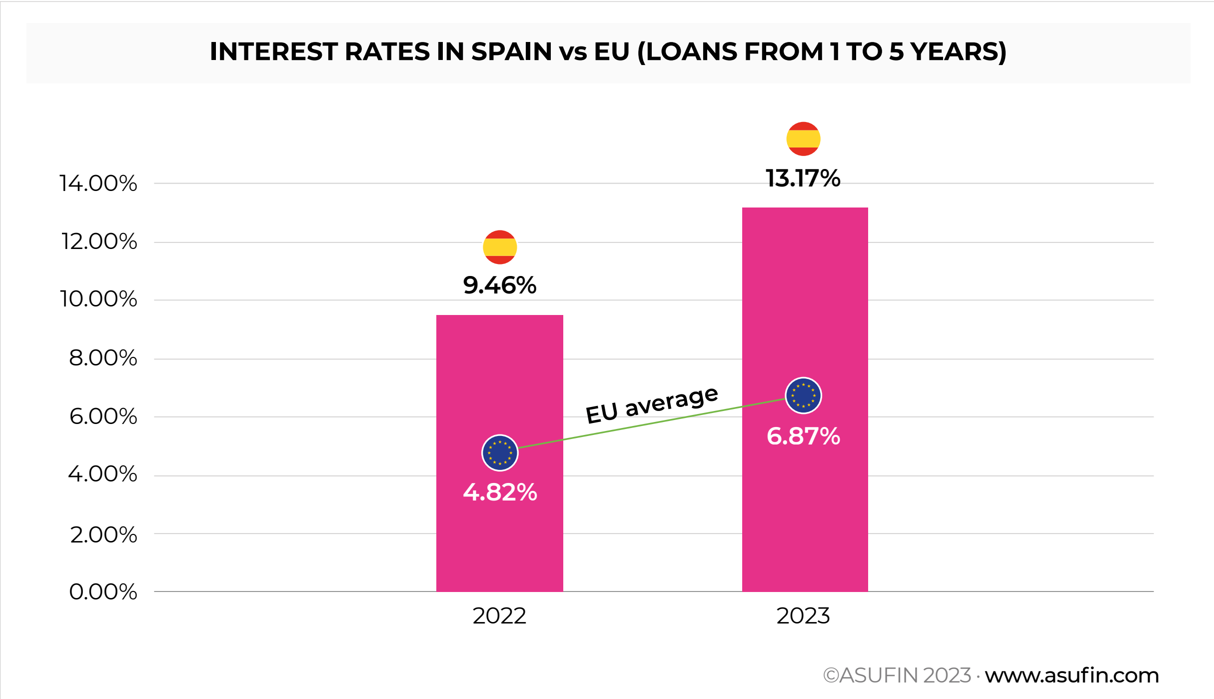
| FCE OR BANKS VEHICLES | NIR | APR |
|---|---|---|
| OPEL BANK | 9.99% | 10.30%* |
| BMW BANK GMBH | 8.50% | 9.88% |
| AVERAGE RATE | 8.85% | 9.83% |
| PSA FINANCIAL SERVICES SPAIN | 8.50% | 9.66% |
| VOLKSWAGEN BANK | 9.00% | 9.44% |
| TOYOTA KREDITBANK | 8.25% | 8.88%** |

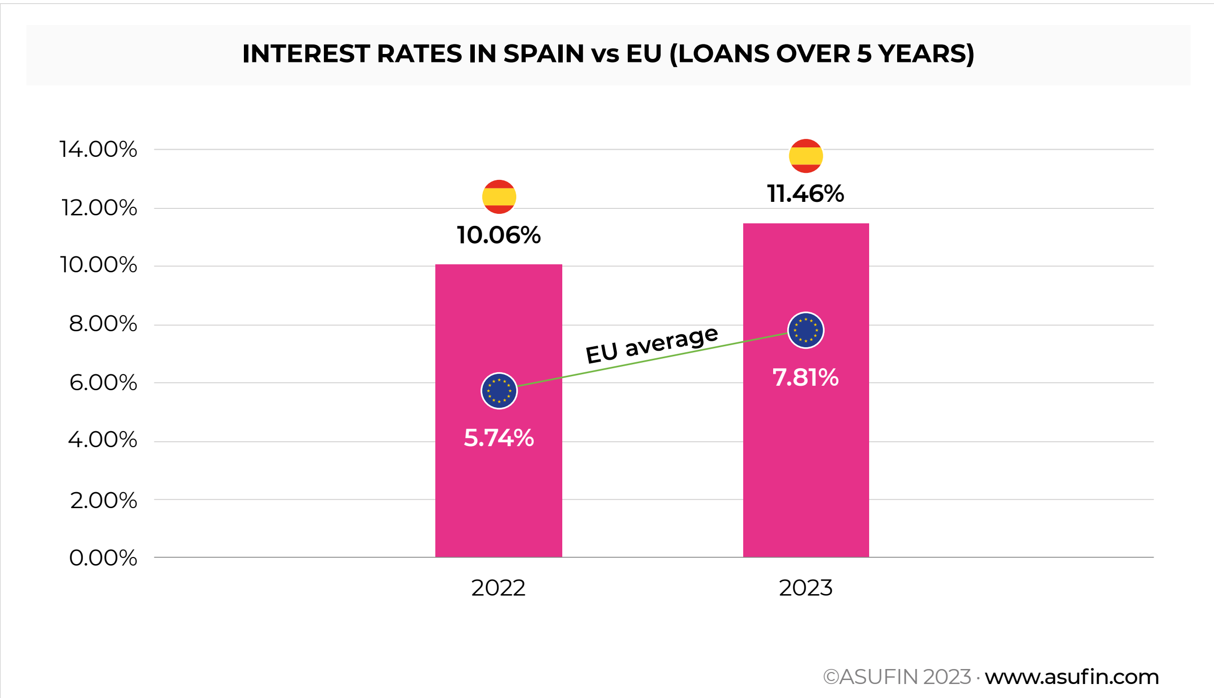
*More expensive.
**Cheaper.

# The gap with European loans in the short term is widening

Although the rise in interest rates is general throughout the euro area, in Spain it is much higher for short term loans, and somewhat lower for long term loans. On average, 13.17% in Spain in the short term, compared to 6.87% in the euro area, representing a difference of 6.30%, almost double.

In the short term, Spain's rise to 11.46% represents a difference of 3.65% compared to the Eurozone average.



# Pre-approved loans, only slightly more expensive

**This rate increase has led to changes in pre-approved loans**, those offered by banks and FCEs to their customers to encourage contracting them under the claim of an easy approval.

If in the previous year they were significantly more expensive in the period we analyzed, from 1 to 5 years, specifically a 0.94% more expensive APR and 1.23% more expensive **NIR, this margin has been significantly reduced**. In 2023, the difference is significantly smaller, with the NIR only 0.10% higher (12.95% in pre-approved global loans compared to 11.85% in the total) and 15.32% in the APR of pre-approved loans compared to 14.74% APR of all loans.

The existence of a higher margin in APR than in NIR also denotes that these loans include higher costs such as opening and/or application fees or even the contracting of insurance.

**LESS THAN 5 YEAR PREAPPROVED LOAN COSTS**

| | NIR | APR |
|---|---|---|
| Pre-approved bank loans | 11.34% | 12.81% |
| Average | 12.95% | 15.32% |
| Pre-approved FCE loans | 14.55% | 17.83% |

| | NIR | APR |
|---|---|---|
| Average loans from banks | 11.06% | 12.06% |
| Average | 12.85% | 14.74% |
| Average FCE loans | 14.63% | 17.42% |

# Conclusions

**The rate hike is not making a dent in the intention to borrow in the summer, a special time for spending**. On the contrary, there is a very active demand that focuses especially on the shorter terms and presumably on amounts that are not too high.

Although these types of loans are requested by people with short-term financial problems, it seems clear that **two realities coexist**. On the one hand, that of families with liquidity problems or who try to refinance debts in order to balance their budget; on the other, consumers who cover needs that are not important, such as travel or even decisions that could be postponed, such as construction and renovations. This shows how they perceive a stability and degree of optimism, even though rates are at 15-year highs and prices are only beginning to moderate.

However, **the greatest danger we see is in the upward trend in the contracting of very short-term loans, compulsive and with exorbitant rates**, especially in FCEs that in some cases reach and exceed those of credit cards and that are closely related to the purchase of consumer products. This should alert us to the risk of dangerous over-indebtedness.

At this juncture, the segments that are performing better are those that finance the purchase of vehicles, **with very moderate increases**, and which highlights a sector with serious problems in selling cars to individuals. This along with the transition to ecological car models that are still expensive for many citizens, and other ways of having a vehicle, such as renting.

# Annex.
# Study methodology

This study consists of two parts. On the one hand, an online questionnaire was carried out between 29 May and 8 June on 1,088 people, over 18 years of age, residing in Spain, with a confidence level of 95.00% and a margin of error of + 2.98%. The sample analyzed has the following characteristics in order to obtain the highest proportionality between sample and population:

**A) Sex**

| | |
|---|---|
| Women | 53.20% |
| Men | 46.80% |

**B) Age:**

| | |
|---|---|
| 18 to 25 years old | 8.90% |
| 26 to 35 years old | 12,70% |
| 36 to 45 years old | 18.10% |
| 46 to 55 years old | 20.10% |
| 56 to 65 years old | 17.10% |
| Over 65 years old | 23.10% |

**C) Autonomous Community of residence:**

| | | | |
|---|---|---|---|
| Madrid | 17.00% | Murcia | 3.10% |
| Catalonia | 16.10% | Aragon | 3.00% |
| Madrid | 15.90% | Balearic Islands | 2.70% |
| Valencia | 9.20% | Extremadura | 2.00% |
| Galicia | 6,10% | Asturias | 1.80% |
| Basque Country | 5.40% | Navarra | 1.50% |
| Castilla y León | 4.80% | Cantabria | 1.40% |
| Canary Islands | 4.20% | La Rioja | 1.00% |
| Castilla - La Mancha | 4.00% | Ceuta and Melilla | 0.90% |

The second part, in order to understand the costs, was carried out by simulating a request for a loan of 6,000 euros to be repaid in 24 months and another of 30,000 euros to be repaid in 96 months. It was held between June 12 and 16, 2024.

# Contact

Let's talk!

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