

Auto Finance Offerings in China Must Increase Diversification and Innovation to Remain Competitive, J.D. Power FindsDongfeng Finance and SAIC-GMAC Automotive Finance Rank Highest in Respective Segments

SHANGHAI: 27 May 2021 – With significant changes in the automotive market landscape and increased financing requirements of vehicle buyers in China, dealers will need more diversified and innovative offerings by auto finance providers, according to the J.D. Power 2021 China Dealer Financing Satisfaction (DFS) Study,SM released today.

The study, now in its seventh year, examines dealer satisfaction with finance providers in two segments, retail credit and floor planning. Retail credit is defined as the credit granted by auto financial providers to new-vehicle buyers while floor planning allows dealers to obtain loans from auto finance companies or banks to finance their inventory.

The study finds that in the retail credit segment, satisfaction is highest for application/approval process (833 on a 1,000-point scale), followed by sales representative relationship (828), and is lowest for finance offerings/products (817). Additionally, among the 10 metrics with the lowest satisfaction scores, nine are financing offering-related (e.g., competitiveness of rates on new vehicles without discount; competitiveness of flat fee of new vehicles; flexibility of program policy of used vehicles).

“As younger generations and sophisticated vehicle owners get more comfortable with financing their vehicle purchase, the requirement for financing offerings definitely rises,” said **Ann Xie, digital retail consulting practice at J.D. Power China**. “In the meantime, as an increasing number of new energy vehicles are sold, auto financing providers need to come up with more creative offerings to relieve consumers’ concerns regarding buying NEVs. In a rapidly changing market, auto financing providers must enhance their consumer insights and risk management capabilities as well as their product portfolios, to gain a competitive edge.”

Following are additional findings of the 2021 study:

- **Premium vehicles see higher finance penetration:** Among transactions for vehicles priced below USD 16K (RMB 100K), only 26% are financed, but for vehicles priced higher than USD 47K (RMB 300K), the penetration of auto finance increases to 58%.
- **Banks lag further behind in dealer satisfaction:** In the retail credit segment, captive finance companies continue to lead in dealer satisfaction and leasing companies are catching up quickly, while the performance of banks decreases.
- **The efficiency of loan approval and release of new vehicle retail credit significantly improves:** The usage of digital tools and big data credit scoring has accelerated the speed of loan approval and release. In 2021, the proportion of loans approved within one hour (including automatic approval) has risen to 58% from 50% in 2020 and the proportion of loans released within one hour (including automatic approval) has increased year over year to 51% from 41%.

Study Rankings

Dongfeng Finance ranks highest in the retail credit segment with a score of 875, followed by **Genius Auto Finance** (869) and **Volkswagen Auto Finance** (868).

In the floor planning segment, **SAIC-GMAC Automotive Finance** (874) ranks highest, followed by **GAC-SOFINCO Auto Finance** (864) and **China Merchant Bank** (858).

The study is based on responses from 2,792 dealers, covering 46 vehicle brands and 86 finance providers across 85 cities in China. The study was fielded from December 2020 through March 2021 and examines dealer satisfaction with finance providers in two segments: retail credit and floor planning. In the retail credit segment, satisfaction is measured in finance provider offerings/products; application/approval process; and sales representative relationship. In the floor planning segment, satisfaction is measured in finance provider credit line; floor plan portfolio management; floor plan support; and salesperson representative relationship.

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