**Ford Credit to use new approach in car financing In Hungary**

**BUDAPEST, Hungary, 28. February. 2019** – Ford Credit, the financial services arm of Ford Motor Company, has just launched a new Ford Options product. This allows more frequent replacement of vehicles and shorter term financing to be used, thus making car financing more predictable and projectable for customers.

Sales of new passenger vehicles and small commercial vehicles were up by nearly 17 % in 2018 in Hungary, surpassing 166 000 units in total.\*

The growth seen in the Hungarian vehicle market in recent years was due primarily to the strengthening of retail vehicle purchases. 35% of the growth seen since 2017 came from retail purchases. Finance programmes supporting retail vehicle sales have been a contributory factor to this increase.

After the years of crisis in 2008 and 2009, dynamic growth began in the financing market in 2014 – as seen from official data published by the Hungarian Leasing Association. Since 2014, the volume of financing granted in the retail passenger, and small commercial vehicle segments has expanded by more than 150 %, surpassing HUF 180 billion in total, according to data from the first three quarters of 2018.\*\*

The growth of the retail market has an effect on the retail vehicle leasing market as well. While retail customers accounted for 22 % of the total financing granted in the first three quarters of 2016, this percentage was 31 % in the first three quarters of 2017 and 33 % in the first three quarters of 2018.

This is the segment where Ford Credit is offering a brand new product – Ford Options.

Ford Credit is a financial service provider owned by the Ford Motor Company. This year, Ford Credit Hungary is launching a retail-financing product, which has a long history, and has become a very popular method of financing vehicles in Western Europe.

Ford Options was launched in the UK, Ford’s largest European market, in 1992, and other financing companies soon launched similar products, called Personal Contract Purchases (PCP). In 2018, it was estimated that 83 percent of newly registered cars in the UK were financed on PCPs.

Experience across the UK car industry shows that PCP financing has resulted in customers driving a new car more often than with a conventional loan agreement, and that some customers remain in a PCP programme to drive multiple new vehicles over time.

„Actually, Ford Options represents a new approach to financing for Ford in Hungary” – said Tamás Gyureskó, head of operations from Ford Credit. „This product has proven to be so successful in other European markets because it turns the vehicle financing cost of ownership into a predictable cost with lower monthly payments and shorter trading cycles. This allows customers to replace their vehicles, after expiry of the financing contract, with another new Ford, which will have the latest safety, technology and design features available, without having a substantial increase in the monthly cost of financing, or having to invest energy into selling their old vehicle. ”- added Mr. Gyureskó.

So, how does Ford Options work?

1. The customer chooses their new Ford, how long they wish their agreement to run for (XX or YY months), their anticipated annual mileage and their deposit amount (maximum deposit of MM percent).
2. Ford Credit states fixed monthly payments for the duration of the agreement and the optional final payment, which is the anticipated future value of the vehicle assuming its mileage and condition are as agreed with the customer.
3. At the end of the agreement the customer has three options: renew, return or retain.

**Renew:** The customer can drive another new Ford by trading in their car in or selling it privately. Once the customer has fully settled their Options account, including the optional final payment, any money left may be used as deposit for a new Ford car.

**Return:** Assuming all monthly payments have been made, the customer has nothing further to pay, providing the car is in good condition and within the agreed mileage.

**Retain:** If the customer decides to keep the car, assuming all monthly payments have been made, they just need to make the optional final payment plus the purchase fee, and it’s theirs to drive away.

In 2018, almost half of the retail financing contracts of Ford Credit were trade cycle financing products like Ford Options in Europe. With experience showing that, the use of trade cycle financing has resulted in the period of use for cars decreasing to between 3 and 4 years, with customers having their fourth, fifth or sixth Ford car financed under similar conditions. Ford Credit, as the financing provider for the market-leading brand in Hungary is working on changing the prevailing approach to financing and the financial education of vehicle buyers. Ford Options is offered solely by Ford dealers, where fully trained dealership staff will help customers become familiar with the opportunities provided by this new product.

\* Based on data from Datahouse

\*\* www.lizingszovetseg.hu/hasznos/elemzesek

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***About Ford Motor Company***

*Ford Motor Company is a global company based in Dearborn, Michigan. The company designs, manufactures, markets and services a full line of Ford cars, trucks, SUVs, electrified vehicles and Lincoln luxury vehicles, provides financial services through Ford Motor Credit Company and is pursuing leadership positions in electrification, autonomous vehicles and mobility solutions. Ford employs approximately 199,000 people worldwide. For more information regarding Ford, its products and Ford Motor Credit Company, please visit* [*www.corporate.ford.com*](http://www.corporate.ford.com) *or* [*www.ford.hu*](http://www.ford.hu)*.*

***Ford of Europe*** *is responsible for producing, selling and servicing Ford brand vehicles in 50 individual markets and employs approximately 53,000 employees at its wholly owned facilities and approximately 67,000 people when joint ventures and unconsolidated businesses are included. In addition to Ford Motor Credit Company, Ford Europe operations include Ford Customer Service Division and 24 manufacturing facilities (16 wholly owned or consolidated joint venture facilities and eight unconsolidated joint venture facilities). The first Ford cars were shipped to Europe in 1903 – the same year Ford Motor Company was founded. European production started in 1911.*

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