

# VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY

## PRESS RELEASE

### **ACCELERATION OF AUTOMOTIVE DISRUPTION: VOLKSWAGEN FINANCIAL SERVICES (VWFS)**

- **Mike Todd: The consumer will be the judge of whether we respond, adapt and evolve correctly through this crisis**
- **Covid-19 impact will accelerate the disruption of car ownership**
- **Flexibility to deliver on customer needs in post-lockdown world the big driver in the captive finance market**
- **Low carbon mobility a real opportunity to grow and show understanding of customers**

The seismic impact of Covid-19 on the economy will accelerate the disruption many expected in the automotive industry requiring different financial offerings that must enable low carbon, flexible-ownership models demanded by consumers, according to VWFS CEO Mike Todd.

Increased remote working, a reluctance to use public transport or car share due to health concerns, and an opportunity to rethink how we travel in a more environmentally considerate way will see changes to how vehicles are used and owned, Mr. Todd believes.

"How we work has been turned on its head for the past few months and as we begin to ease out of lockdown it's hard to see everything going back to the way it was. If how, and where, we work is set to be altered, then so will our commute and, subsequently, our motoring requirements. At VWFS, we're constantly reviewing what we do, by considering what lessons we have learnt during lockdown, we are understanding and creating better ways to solve the current problems of our customers.

"The next step is to make sure that we're solving the future requirements of our customers by changing how we think about our offering.

"We have to earn trust and part of this is considering how altered commuting, social distancing, and changes to perception and availability of public transport, create a completely new set of needs for motorists."

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THE KEY TO MOBILITY

## **Subscribing to the new definition of ownership**

Mr. Todd said that pre-empting how vehicles are used and owned, such as through the VWFS Rent-a-Car or on a subscription basis via Drover, is key to adapting the potential changes triggered by the Covid-19 pandemic.

"We are constantly looking to shape our products around our customers – and this will be key in not only getting the country moving again but also how both the longer-term social and workplace change will impact individuals.

"The rapidly expanding “sharing economy” has changed the way we think about ownership. This is filtering into all aspects of our lives. Music, clothes, technology, and many more are all moving towards subscription, giving consumers a huge range of options and an on-off switch for their spending. To ensure we truly understand future customer requirements and provide options the consumer wants, we know that we have to fully explore this."

VWFS is already piloting different products and services such as its new direct-to-consumer proposition DRIVE live for Audi and Volkswagen Commercial Vehicles, helping Contract Hire customers to find their next vehicle online from available stock and introduce them to their local franchised dealer.

This initiative will also be expanded to include Volkswagen Passenger Cars, SKODA, and SEAT over the coming months. Additionally, the Rent-a-Car proposition that has been rolled out into a number of Volkswagen and SKODA retailers over the past couple of years will support those customers with their shorter-term needs.

VWFS has also partnered with Drover to offer Volkswagen and SKODA vehicles for customers that want flexibility in their vehicle needs with the ability to cancel and hand back the vehicle at any time. To make these initiatives happen VWFS is already working on offerings such as daily rent, flexible rent, pay-by-phone, digitalisation and a customer portal.

## **Carbon future facilitated by finance**

Mr. Todd also believes that there will be a renewed taste for carbon reduction after emissions fell by up to 31% during lockdown – levels not seen since the 1970s.

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"The clearer skies and lower pollution levels during lockdown have accelerated our pivot away from a carbon economy, with transport and mobility a clear focus.

"The goal for many consumers is the zero-emissions car. To help consumers make these purchases we are creating new ways to finance with our new Lease&Care package recently released alongside the launch of the ground-breaking Volkswagen ID.3. These changes mean that more people can make the move to an electric car, bringing affordability and flexibility to the consumer. The goal is to make it so that customers don't have to worry about what the vehicle will be worth in a few years, and by choosing the right package, won't have to worry about running costs either.

"At the end of the lease, it should just be a case of handing back the vehicle and getting the latest model in return while keeping their carbon footprint lower. We have to make this process easier and facilitate progress, not be seen as a hurdle.

"Before this crisis, we had a view on where the world was heading. Our journey towards that destination has been accelerated by Covid-19. We have to listen to customers more than ever, learn from our mistakes and be the facilitator of their needs. That means getting ahead of the game to be flexible and quick enough to adapt to the changing climate – like introducing and implementing payment deferrals for new and existing customers during the lockdown.

"The needs of the UK have changed because of Covid-19 and we must support customers through this change whatever the circumstances. We have to constantly learn from our experiences during lockdown and the ongoing pandemic. We have to make everything we do work for the customer. Our business will be judged on its ability to respond, adapt and evolve to and through challenges swiftly and effectively. And the consumer will be the judge."

**Ends**

Information for editors

**Volkswagen Financial Services** is a business division of the Volkswagen AG group of companies and comprise Volkswagen Financial Services AG along with its associated companies, Volkswagen Bank GmbH, Porsche Financial Services, and the financial services

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THE KEY TO MOBILITY

companies in the USA and Canada that belong directly or indirectly to Volkswagen AG – with the exception of the financial services of the Scania brand and Porsche Holding Salzburg. The key business fields embrace dealer and customer financing, leasing, the bank and insurance business, fleet management and mobility offers. Volkswagen Financial Services have a total of 16,571 employees worldwide, Volkswagen Financial Services report total assets of around EUR 223.5 billion, an operating result of EUR 2.96 billion euros and a portfolio of around 21.5 million current contracts (as at: 31.12.2019).

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