

Auto-loan firm moves toward bundled products

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THE NATION

Kasikorn Leasing Co, the auto-loan arm of Kasikornbank, will shift its focus from conventional products to bundled products in an effort to crush the competition.

“Banks that have been transformed from non-banks do not have the variety of financial services of commercial banks, and we expect the demand for bundled products from customers will be higher in the next three to five years,” Akaranant Thitasirivit, the new managing director of KLeasing, said yesterday.

“The company has set its strategy to move to bundling and cross-selling to cash in on the trend and also support all the products of Kasikorn Group,” he said.

Units of commercial banks will play a bigger role in the auto-loan business than the leasing units of banks that were upgraded from non-banks because customers want value-added products, not just loans, he said. Bundled products make customers feel they can get more value from banks.

At present, instalment lenders offer both conventional and bundled products, but the bundled products are offered by the hire-purchase subsidiaries of commercial banks, while upgraded banks still concentrate on offering conventional products that come with lower down payments and

instalments. Cash for cars is one of the modified products that upgraded banks have been playing up to offer a new choice to customers besides conventional loans. However, the segment is smaller and commercial banks have also entered it.

Upgraded banks currently control the auto-loan market, with Thanachart Bank the leader. However, market control will be changed to commercial banks in three to five years, Akaranant predicts.

Loan volume is not a significant target; rather, the aim is to bundle products in KGroup with KLeasing’s auto loans. This cross-selling strategy is expected to help KLeasing achieve sustainable growth.

Based on the estimate for sales of 1 million autos in 2012, KLeasing expects to approach new loans of Bt60 billion. Its outstanding loans would rise to Bt80 billion at the end of this year and to Bt100 billion within three years from Bt70 billion at the end of last year.

The company is looking for new dealers, new auto-company partners and cash-for-car products to offset the reduced supply of Japanese cars in the first three months of this year.

All leasing firms are waiting anxiously for the motor show in April, which should spark demand for new autos and auto loans, and Kasikorn Group led by KLeasing will be there, Akaranant said.

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