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Hyundai Card/Hyundai Capital and GE Money:

Re-branding Decisions in a Successful Joint Venture

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This case was written by Nina Paavola, Research Associate, under the supervision of Amitava Chattopadhyay, the L'Oréal Chaired Professor of Marketing Innovation and Creativity at INSEAD. It is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. The support of Mr. Ted Chung, Mr. Bernard van Bunnik, Ms. Jihae Kim, and all the interviewees of Hyundai Card, Hyundai Capital and GE Money is gratefully acknowledged.

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Introduction

At 8:00 am on a crisp and sunny day in Seoul, Ted Chung, President and CEO of Hyundai Card Co., Ltd. (Hyundai Card) and Hyundai Capital Services, Inc. (Hyundai Capital), was deep in discussion with General Electric's Bernard van Bunnik, Deputy CEO and GE Board Member of the two joint ventures (JV).[1] The discussion focused on two critical branding issues raised at a recent Focus Meeting, a weekly gathering of the senior management team where key issues were freely discussed.

The Hyundai Capital joint venture was formed in October 2004, and the Hyundai Card joint venture followed in October 2005, with a total initial investment (equity injection and subordinated debt) of US$1.8 billion from General Electric (GE). GE's share of the JV was 43%. In the first full year since the formation of the partnership, results greatly exceeded expectations. While Hyundai Card/Capital had registered a loss of US$600 million in 2004, it now showed a healthy US$650 million profit. The JV boosted local revenue from US$2.1 billion in 2004 to US$2.5 billion in 2005, an increase of almost 20%.

By early 2006, the JV ranked number one in size among non bank-affiliated financial services companies in Korea and had already become one of the most successful Korean-foreign joint ventures. For GE, it represented the corporation's largest investment in a minority JV. For Hyundai Motor Company (HMC), the JV was its first global partnership. Throughout the first successful year, the two companies had worked together to complement each other, each filling the gaps in the other's capabilities with their specialised skills.

The Issue

Several issues had emerged as the JV matured and its vision extended beyond Korea. Two specific issues which needed immediate attention concerned the external face of both Hyundai Card and Hyundai Capital. At the time of the JVs' formation, both parties had agreed to leverage only the Hyundai brand for corporate and product branding purposes, given its strong brand recognition among consumers in the Korean market. However, the brand decision had not been definitively resolved.

With the success of the JV, and as management began contemplating international expansion – including the US and China – to turn the JV into a truly global partnership, the issue of whether to include the GE name in corporate and product branding, and how, had risen to the fore. There were potential benefits to being associated with the GE brand, especially if the partnership were to extend its reach to global markets where GE's reputation was well established.

Ted Chung and Bernard van Bunnik needed to make a recommendation as to whether to include the GE name in corporate and product brands, and if so, how it should be done. As they discussed what to recommend and why, they both agreed that the decision should be made in the best interests of the JV, rather than those of the respective shareholders.

[1] Both joint ventures together are referred to as the JV.

Background

GE

GE traces its origins to 1878, when Thomas A. Edison established the Edison Electric Light Company. In 1890, Edison established the Edison General Electric Company by bringing his various businesses together under one roof. During the same period, a competitor emerged: the Thomson-Houston Company, led by Charles A. Coffin, from Lynn, Massachusetts. As both businesses expanded it became increasingly difficult for either company to produce complete electrical installations relying solely on its own patents and technologies. Thus, in 1892 the two companies combined to form the General Electric Company. Today, GE is the only company listed in the Dow Jones Industrial Index that was included in the original index in 1896.

GE is a diversified technology, media and financial services company focused on solving some of the world's toughest problems. With products and services ranging from aircraft engines, power generation, water processing and security technology to medical imaging, business and consumer financing, media content and industrial products, GE serves customers in more than 100 countries and employs more than 327,000 people worldwide. It is made up of four businesses – Energy Infrastructure, Technology Infrastructure, GE Capital and NBC Universal, each comprising a number of units aligned for growth and designed to "fuel the global economy and improve people's lives".

GE Money

In 1993, GE started to provide consumer financial services outside the US, having served the financial needs of millions of American consumers since the 1930s. GE Money now provides services ranging from consumer credit cards, mortgages and personal loans, to retail sales finance and small business leasing. From its modest start in 1995 with a net income of US$400 million, GE Money has grown rapidly. In 2005, its earnings totaled US$3.1 billion, and assets reached US$148 billion. It had a presence in more than 50 countries worldwide and was considered the most global business in GE, with over 75% of its revenues generated outside the US.[2]

An eye on Korea

GE's financial services business had shown an interest in Korea long before the creation of GE Money. A key market for financial services, Korea was the eleventh largest economy in the world, the third largest in Asia, and one of the most attractive markets among OECD countries in terms of growth potential. The housing mortgage market, auto loan business, personal loans and credit card business were all attractive opportunities. However, since its entry into Korea in the mid-1990s, GE had found the going heavy.

GE Capital Korea began doing business in 1995 as Sindo GE Capital, a JV between GE and Sindo Ricoh, Kyongnam Leasing and Kyongin Leasing, an organisation involved in the

2 "William H. Cary Named President and CEO of GE Money, Succeeds David R. Nissen, who helped build global financial leader", February 7, 2008, www.gemoney.com.

selling and leasing of office equipment such as copiers. After three years, the partnership was dissolved, and GE Capital Korea was launched in 1998, over which GE had full control. However, the company encountered several barriers. Personal loans carried a certain stigma in the country, and the auto loan business was largely in the hands of the Hyundai Motor Company (HMC), which had 80% of the Korean automotive market. Even though the credit card business had grown dramatically as a result of a government drive to encourage the use of credit cards in order to decrease tax-related corruption, GE Money was unable to participate in the business as it did not have the specific license required by Korean regulations to issue credit cards. Thus, almost a decade after its entry into Korea, its business in Korea in 2003 amounted to only US$280 million of new volume in auto loans, and US$40 million of new volume in personal loans, well below what it had hoped to achieve. As a result, GE was actively looking at several opportunities in the Korean market.

Hyundai

Hyundai's roots go back to 1947 when Chung Ju-yung, a Korean farmer, began a construction company in Seoul. He and his brothers began building the company one piece at a time. Ultimately, the various branches of the Hyundai Group covered automotives, department stores, heavy industries, elevators, container services and tourism. It quickly grew to become the largest conglomerate in the country, and the family legacy was carried on through the work of the Chung brothers and their sons. In the late 1990s, as a result of the 1997 Asian financial crisis, the company was broken up, and HMC, which Chung Ju-yung had started as a small car repair shop, remained one of the most successful businesses of the Hyundai group. Kia Motors, the oldest automotive company in Korea, joined HMC in 1998. By 2005, the combined entity ranked sixth among the world's largest automobile manufacturers.

Hyundai Card

Hyundai Card was added as a Hyundai Motor Company subsidiary in 2001 when HMC acquired (and renamed) Diners Club Korea's card business. Hyundai Card became a major player in the credit card industry in 2002. The initial target audience was automobile consumers as 70% of consumers purchased new and used vehicles by taking out automotive loans.

Hyundai Capital

Hyundai Capital sits atop Korea's auto financing business. More than 70% of the cars sold in Korea are Hyundai and Kia brands, and around 80% of those financing a new car take out loans from the company. The entity emerged from the renaming in 1999 of Hyundai Auto Finance Company, which was established in 1993 to finance auto purchases.

The expansion, in 2001, of Hyundai Capital's car financing business into various new types of consumer loans created significant difficulties. Employees were automotive specialists (a legacy of the Hyundai Auto Finance Company era) and lacked a broader understanding of the credit business, especially aspects of risk assessment and management. The company retained a culture of internal promotion and shied away from hiring outside for senior positions, which made it difficult to acquire the requisite skills to play in a broader credit market. The result was a burgeoning portfolio of bad loans, ultimately leading to a liquidity crisis in 2003. When Ted Chung took over as CEO in late 2003, he estimated that the firm needed an immediate capital injection of US$2 billion. However, the parent company, HMC, was prepared to come up with just US$700 million.

The Joint Venture

To procure the remaining capital and help reinforce the company, Hyundai chose to pursue a joint venture. Ted Chung approached GE Money, not only because it could bring badly needed funds to the table, but it also enjoyed recognition and respect across global financial markets and would bring technical skills and processes, particularly those in the areas of credit risk assessment and governance systems.

The JV deal for Hyundai Capital took one year to finalise. Negotiations began in late 2003 and the deal was signed in August 2004, with GE Money buying a 38% stake. In October 2005, GE acquired a 43% stake in Hyundai Card. In November 2005, it increased its stake in Hyundai Capital from 38% to 43%, bringing GE's total commitment to US$1.8 billion through a combination of capital injection and subordinated debt provided to Hyundai Card and Hyundai Capital. An additional back-up credit line of US$600 million was extended to Hyundai Capital, which facilitated its ability to raise funds in the bond market.

The Corporate Set-up

The JV was jointly managed and jointly controlled by the two shareholders. The board was composed of four directors from HMC and three from GE Money (see Exhibit 1). For the management team, GE Money appointed five key executives, who took on the main responsibilities of finance, control and risk management. Bernard van Bunnik joined the JV as Deputy CEO and Executive Board Member, along with a Deputy Chief Financial Officer, Chief Risk Officer, Deputy Chief Operating Officer and Controller. In addition, GE Money's Asia CFO sat on the Executive Finance Committee. Hyundai held the CEO position. While the CEO had day-to-day operating control (which did not require GE approval), the annual business plan required sign-off by both partners, and each had the power of veto. Similarly, all critical management decisions necessitated agreement by GE Money's and HMC's respective nominees, each having the right of veto.

The main decision-making branches of the JV were divided into three sub-committees composed of representatives from both companies, with Bernard van Bunnik as a member of all three. The Risk Control Committee determined the level of risk the company was exposed to and the course of action to pursue, and also created and deployed the risk management strategy and a new product review process. The Executive Finance Committee reviewed and approved new product lines or changes of credit policies, and the Compliance Review Board was responsible for reporting quarterly audit results (see Exhibit 1).

In the years that followed, the GE Money team grew to more than 20 employees. With the exception of a few specialists, GE team members were all fully embedded in the JV and had specific roles within its organisational structure. Thus, there was no real difference between JV and GE employees, although all GE employees had a reporting line into Bernard van Bunnik.

The Secrets of Success

Several factors explained the rapid but steady success of the JV. First, it benefited from the fact that CEO Ted Chung had extensive international experience. With his arrival prior to the JV, Hyundai Card and Hyundai Capital had already developed a culture that was distinct from that of typical Korean companies. Having spent four years in Japan and seven in the US, Chung had developed a cross-cultural sensitivity which made it easier for both sides to understand each other. As the son-in-law of the Hyundai Group founder's family, he carried clout with the HMC leadership, being both trusted and respected. He played a key role in encouraging Hyundai employees to accept the GE Money executives, with instructions that they should be given full support. He dealt firmly with isolated cases of the Hyundai team trying to bypass GE Money executives, delivering a clear message that GE was to be treated as a full partner in the JV.

Second, the rapid growth of the JV led to a need for expeditious recruitment. Several senior-level executives were hired from outside the HMC fold, raising the percentage of externally sourced executives to 70%. The new recruits had all-important international exposure, having earned their MBA degrees from US universities or by working in consulting firms, which made them open to collaborating with the GE Money executives. This allowed sufficient room for the JV to develop a unique culture that was distinct from those of the parent companies.

Third, the complementary skills of the two parent companies strengthened their brand and enhanced their image. Hyundai brought an established and reputable brand to Korea, along with a deep understanding of the Korean consumer and a strong base of existing auto loan customers that provided an extraordinary opportunity for cross-selling. It had proven skills in marketing and brand building and the ability to make quick decisions and execute them rapidly and effectively. GE offered its global reputation and recognition in the financial services industry stemming from its AAA rating, world leading skills in risk management and corporate governance, sophisticated analytical tools designed to better understand the consumer, and processes for monitoring and resolving customer complaints. It also brought a well-established new product development process, a management-by-the-numbers approach and skills in cross-selling.

Fourth, the JV synergized the respective strengths of the partners, adopting best practices from both sides, such as parts of GE's governance system, in particular its ethical compliance norms concerning competitor contact as well as its gift and entertainment policy. The JV followed GE's lead in sending an annual compliance review and quarterly compliance status to the board. The focus on compliance generated positive PR for the JV and made it a leader in the Korean market in the domain of compliance and corporate governance. Whereas GE's decision making was characterised by a rigorous and established process of buy-in and support from its complex matrix organisation, especially when it came to seeking additional funds for further investments, Hyundai leveraged its reputation as a dynamic company with a capacity for rapid decision making and implementation, and a talent for brand building and staying marketing-oriented. However, in its rush to implement, Hyundai tended to give short shrift to due process, an area where GE Money was strong and able to contribute significantly. As the two companies began building a bridge of trust, GE Money opened up its management know-how to Hyundai, while GE Money Asia benefitted from Hyundai's best practice in the marketing domain.

The effects were immediate. GE's support and the JV's demonstrated willingness to blend best practices from both partners and further improve on them gave it the necessary boost to improve Hyundai Capital's local financial rating of A+ to AA. Its first S&P rating was BBB, making it possible for the JV to raise funds from global capital markets. The association with GE not only opened doors for raising capital in the global financial markets, but also drove down the cost of capital for these funds, thanks to the recognition and respect it commanded. Moreover, the introduction of GE's analytical tools and the implementation of new processes within the JV led to a slew of new offerings which accounted for half the revenue growth achieved since the JV started.

Shaping the JV Culture

When the JV was first set up, the corporate cultures of GE Money and Hyundai were a study in contrast. To shape a unique culture for the JV, management began by agreeing on four core values - strategy focus, speed, continuous change and innovation – and three zero tolerance policies (ZTP) – customer information protection, sexual harassment prevention, and supplier management transparency. With support from Ted Chung and the leadership team, the JV started reaping the benefits of the key lessons learnt at GE, a process that was facilitated by the creation of the Human Resources Steering Committee, with a mandate to transfer knowledge and best practices from GE to the JV.

With strong leadership support, best practices from GE were quickly adopted by the business. A firm believer in communication among employees, Ted Chung increased the accessibility and closeness of senior executives by replacing the brick walls of senior executives' offices with glass. Formal reporting sessions with the senior management team were minimised in favour of discussing critical issues in depth at weekly Focus Meetings, where senior executives debated without formality. To overcome the traditional top-down orientation of Korean companies, GE introduced a bottom-up process called "Work-Out" that enabled employees to share ideas that helped them to solve business problems. In addition, the Women's Network of GE was introduced in the JV to nurture female business leaders.

To create a learning environment, best practice sharing sessions were held frequently – an idea borrowed from GE – and in-house best practice sharing sessions took place during the annual Leadership Forum.[3] In the same spirit, employees on overseas trips were asked to take advantage of their stay to learn about the locale they were visiting so they could fully leverage each travel opportunity.

To empower employees to own their careers and enable them to show their initiative, the JV invested in the personal development of employees. One of its distinguishing features was an innovative in-house, online 'Career Market', whereby staffing needs could be advertised internally through job postings and staff could proactively post their CVs online through an 'Open Career Zone'.

With the same objective, training and development became a key area of focus and a strategic part of human resource management. The JV introduced GE's talent and leadership

3 The Leadership Forum provides people in managing positions to convene and share the company's vision, strategy and best practices. It is an annual, three-day event, and division/department heads, regional managers, and branch managers participate in the forum.

development programme for grooming and building future business leaders. All employees participated in basic training in finance, and were offered other optional continuing education. To recognise, reward and retain high performers, selective training course opportunities were provided at leading international educational institutions. This was of particular importance as the JV had its eyes on the horizon, and the possibilities for expansion worldwide. A GE 'JV Executive Programme' was launched for senior management team members at Crotonville, and a 'New Hire Orientation Programme' developed specifically for the Hyundai JV run in Shanghai every six to 12 months. To complement the formal training, a talent exchange with GE Money was undertaken, sending the 'brightest and best' of the JV and GE Money through the STIR programme.[4]

Performance management was based on individual key performance indicators and made use of 360-degree feedback tools. Performance evaluation shifted from scoring to descriptive feedback of individual development needs, designed to make managers think more about people development and enable employees to get constructive feedback. Moreover, if JV employees felt that they had not been fairly evaluated at any stage, they were offered a re-assessment opportunity.

The net effect of these initiatives was a shift in the overall culture of the JV. Management by functional silos was replaced by a more holistic, cross-functional management within a matrix structure. It changed from an authority-driven system to a responsibility-driven organisation, from a hierarchy that rewarded tenure to a meritocracy that valued achievement.

Forging a New Corporate Identity

Both Hyundai Card and Hyundai Capital had undergone a revamp of corporate identity. The first step had been for the brands to differentiate themselves from the competition, as Hyundai Card was one of many contenders in the Korean marketplace, and Hyundai Capital needed to maintain its market share in the automobile loan market as well as to grow by offering a more diverse portfolio of consumer finance products (see Exhibit 2). New logos were developed for both brands, and the JV designed communication strategies for the new brands.

Hyundai Card: Science in a Tiffany Box

The CEO was the active force behind Hyundai Card's efforts to build a brand. Market research had revealed that credit card consumers did not necessarily differentiate among their various cards, and so Ted Chung focused on trying to imagine what could captivate a cardholder's attention.[5] He looked to some hot and hip brands for inspiration, including Starbucks, iPod and Louis Vuitton, whose products were so much more than simply coffee, MP3 players and women's accessories. They emanated a specific feeling, an assuredness and the company's character. Building such brands went beyond a specific focus on pricing, brand awareness, the product portfolio or sales strategy. It meant finding an image that could transmit soul and personality. Chung and the marketing team sought to do likewise for Hyundai Card, a concept they referred to as "science in a Tiffany box".

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4 STIR stands for "short-term international rotation", a GE programme whereby staff could work overseas for a three to 12 month period.

5 Internationalist Magazine, Winter, 2007.

The Hyundai Card design team set to work on creating new products and quickly launched the 'Alphabet cards'. These were marked with a prominent letter on the front, corresponding to a certain kind of cardholder with a specific need that the card was designed to meet. The first and flagship card was the M, representing "Multi". Others that were soon to follow included the S (shopping), W (weekend, or entertainment and leisure), V (Value) and H (Home).

For an annual fee of US$15, the M card targeted users in their late twenties to fifties looking to purchase a better vehicle than the one currently owned. The main benefit of the card was an upfront price reduction of up to US$500. The discount would be repaid through the 'Save Point' programme, which meant that the more the consumer used his or her card and accumulated points, the quicker they would be reimbursed. The results of the programme were very positive: in November 2006, the monthly rate at which cardholders used their cards[6] hovered at 45% for non-Save Point users, while the Save Point users' rate reached 80%. Moreover, the monthly spend per active account totalled around US$700 for non-Save Point users and US$1,100 for Save Point users. Customers who did not use the pre-discount could use accumulated M points for purchase discounts in the future.

Whether they were earning or burning points, M card customers had unique benefits. The M card offered the highest point-earning rate, from 0.5% to 3% per dollar, and the possibility to earn more than 2% of the value of purchases as reward points at about 1.6 million designated shops. It also allowed the customer to use the points in multiple ways, whether car-related (automobile purchase, maintenance, parts, accessories) or lifestyle-related (airline miles, shopping, dining, movies). Hyundai Card used the M card as the starting point for its brand extension, both horizontally and vertically (see Exhibit 3). After its launch in 2003, the M card quickly became the largest brand in Hyundai Card's portfolio and ultimately the largest single branded card in Korea, with four million cardholders by the end of 2005.

The Purple and Black cards were designed to penetrate the premium credit card market. The Purple card was positioned as the "VIP card for the top 5%". For an annual fee of US$300, it offered enticements such as double rewards of M points and airline mileage, gift vouchers for free airline tickets and hotel stays in major cities across the Asia-Pacific region.

The Black card was the first super-premium credit card in Korea, launched in February 2005 (see ad on this page), and positioned as an exclusive VVIP card targeting 0.05% of the total population, those at the pinnacle of society in terms of wealth and class. For an annual fee of US$1,000 the card offered services such as complimentary first-class upgrades with airline services, gift vouchers worth several thousand dollars, and discounts on luxury brands, hotels and restaurants. Hyundai Card received more than 50 applications for the card each month, but membership was limited to 9,999 cardholders and was offered by invitation only. Besides its functional advantages, the

[6] This is the percentage of customers who used the card at least once a month out of the total number of cards in circulation.

Black card differentiated itself by providing exclusive benefits such as “Time for the Black”, one-of-a-kind experiences such as the opportunity to hear world-renowned speakers from the spheres of management, culture and the arts. Usage statistics showed that 90% of the exclusive Black card accounts remained active every month. Hyundai Card ranked number one in the NCSI (National Customer Satisfaction Index) survey in 2005, thanks to its unique product line, distribution channel and cardholder services.

Brand Communication

Advertisements for the new portfolio of cards were launched in 2004 and focused on the specific benefits provided by individual cards. The initial focus was not on the corporate brand (Hyundai Card), but on individual card branding. In 2006, market research showed that despite Hyundai’s brand awareness levels being below those of Samsung and BC Card, the M card brand drew the highest rate of awareness. Beginning in 2006, Hyundai Card ads shifted focus, putting the corporate brand on the front, even to the extent of having commercials advertise only the corporate brand. In this way, Hyundai Card began building corporate brand awareness through the strength of its individual brand awareness (see Exhibit 4).

3% earning
Hyundai Card

Hyundai Card made significant investments in advertising and promotion, including television and print ads, as well as point-of-purchase signs posted at the entrances of participating stores informing consumers how many points they could earn with each purchase (see example on left). Hyundai Card commercials received positive feedback from customers, were ranked highly by customers on TV commercial-related websites and gained much popularity. Advertising spend totalled US$35 million for Hyundai Card in 2006, making it the fourth year running that it outspent its competitors (see Exhibit 5). As a result, unaided awareness for Hyundai Card shot up from 10% in January 2005 to 65% in March 2006.

Hyundai Card was able to build close relationships with leading brands, hotels and mass retailers through co-advertising with partners such as Starbucks, Nike Golf, Apple, Aveda, Puma, Harley Davidson, Coca-Cola and T.G.I. Friday’s restaurants (see Exhibit 6). Customers using the Hyundai Card with partners were offered the opportunity to participate in lucky draws or given discounts.

Event sponsoring was another form of communication, notably through Hyundai Card’s title sponsorship of high-level professional sports and music events, branded as ‘Super Concert’ and ‘Super Match’, which drew tennis, figure skating and pop music superstars. Two “Hyundai Card Super Matches” pitted tennis greats Maria Sharapova against Venus Williams and Roger Federer against Rafael Nadal. After the first Hyundai Card Super Match, brand awareness surged from 35% to 65%, showing a strong return on Hyundai Card’s investment. Heads continued to turn when the 2007 Hyundai Card Super Concert brought Beyoncé to Seoul. Cardholders were privileged guests at these events, receiving ticket discounts and VIP hospitality services such as a special red carpet entrance to the venue, the best seats (allocated by RSVP), and valet parking.

Hyundai Card also approached the design of the card as a means to project an image of innovation. The corporate identity and rebranding in 2003 placed the Hyundai Card logo on the top portion of the card, just where it peeked out from the edge of the consumer's wallet. Hyundai Card invested heavily in design, hiring designers Karim Rashid (well-known for his work with brands such as Alessi and Prada) and Leon Stolk (designer of Swiss currency) to fashion unique card templates. Cards of different sizes and dimensions were created to make them stand out from the crowd, all the while pursuing a chic, modern and inspired image (see Exhibit 7).

Also setting the Hyundai Card apart from the rest was the 'Privia' service brand introduced to assure quality service for cardholders. It offered Hyundai cardholders products and services to fit their lifestyles, aiming to earn higher profits and maximise the total brand power of Hyundai Card by establishing the best service brand in the industry. Services ranged from helicopter rentals, winery tours for high-end premium consumers and vacation package tours, to low-price gifts for general consumers. It published, for example, the Zagat Survey hotel and restaurant information for Hyundai Card clients, sold New York City's Museum of Modern Art's (MOMA) products exclusively in Korea through the Privia online shopping mall (privia.hyundaicard.com), and proposed an annual soccer academy for 6- to 13-year-olds (see Exhibit 8).

Hyundai Capital: Changing Finance

Hyundai Capital had four major business areas: Autoplan instalment payment service for new and used automobiles; KlassAuto, an auto leasing product that started in 2001 and included a new fleet service that was added in 2005; a personal loan service which was extensively restructured after the JV; and mortgage loans freshly started in 2005 for home loans (see Exhibit 9).

With Hyundai's commanding lead in the automotive sales category in Korea, the Autoplan product was quite stable. When the JV was formed, the Hyundai Capital portfolio was 90% constituted by auto finance. This allowed room for product expansion, particularly in personal loans and mortgages as GE Money's skills in risk assessment and management could be leveraged. There was also a great opportunity for cross-selling to Hyundai's large auto loan consumer base, another key strength of GE Money. Thus, Hyundai Capital regarded cross-selling to this group as the 'low-hanging fruit' in its bid to ramp up business.

The mortgage product showed promise and targeted both salaried and self-employed customers. The personal loan business, however, was a very different story. As there was no credit bureau in Korea until 2003, credit organisations faced a serious problem when trying to assess the credit risk of individuals. Traditionally, personal loans were largely obtained through personal contacts. What was perhaps even more of an obstacle was the social stigma attached to personal loans. Therefore, Hyundai Capital focused its efforts on finding creative ways to work around the issues and grow the possibilities.

Brand Communication

Hyundai Capital's advertising focused on increasing customer awareness of Hyundai Capital as an advanced, solid company that provided diverse types of financial products besides auto financing. With the tagline "Changing Finance", the basic concept of its corporate advertising campaigns was to give conventional financing products a new spin and communicate the idea that Hyundai Capital was innovating consumer financial products to meet the ever-changing needs of consumers. Like Hyundai Card, Hyundai Capital actively leveraged sports marketing, with events branded as part of the 'Hyundai Capital Invitational Series'. Lance Armstrong participated in the Tour de Korea under this banner.

In a further effort to differentiate itself from the competition, Hyundai Capital launched a membership service, 'Hyundai Capital Plus+', incorporating elements of GE Money's 'Responsible Lending' initiative. As a leading provider of consumer finance solutions worldwide, GE Money's Responsible Lending practices were aimed at helping to make a difference to consumers by providing them with appropriate solutions and helping them to use credit responsibly to build good credit histories.

Hyundai Capital Plus+ Membership encompassed Responsibility Plus+, Finance Plus+ and Life Plus+. Customers of Hyundai Capital could become a member and enjoy a wider array of services as their membership grade went up. Services included free payment protection insurance for personal loan customers, free fire insurance for mortgage customers, and a free extended warranty for used car customers. Members also benefitted from personal financial counselling and received discount benefits from participating partners.

Finance Shop

In addition to the existing auto loan and personal loan dedicated branches, Hyundai Card and Capital initiated a new type of outlet called the 'Finance Shop'. Created to enhance customer awareness and loyalty at a time when more and more financial institutions were shutting down outlets and expanding their online presence, the concept was designed to fulfill the analogue needs of customers while providing convenience through the web.

Finance Shops were designed to allow visitors to experience the corporate identity of Hyundai Card and Hyundai Capital (see Exhibit 10). They displayed Privia products – although purchases could only be made online – and had a coffee bar for customers. These non-finance aspects of the Finance Shop drew people in, creating an opportunity for building a relationship. Importantly, since the Finance Shops could be used for all manner of financial transactions – applying for a credit card, auto loan, making payments and so on – they created an environment where customers could seek personal loans without the traditional stigma attached.

Use of GE Branding

With domestic success in Korea under its belt (see Exhibit 11), the JV began to explore the option of expanding internationally. One clear direction was to grow with HMC, which was already running eight manufacturing plants globally: three in Korea, one in the US, one in Turkey, two in India and one in China. HMC's R&D centres were located in North America, Japan and Europe. Future plans included targeting the 2008 Olympic Games in Beijing as an opportunity to gain a stronger foothold in the Chinese market, leveraging the plant in India as a jumping-off point into South West Asia, and penetrating the European market through the development of a new plant in the Czech Republic, scheduled to begin operations in autumn 2008.

The JV also planned to ride the wave of growth of the Hyundai/Kia vehicle business through its auto finance business and then branch out through cross-selling, as it had done in Korea. This brought the issue of branding – unresolved at its inception – to the fore. Specifically, the question that had to be resolved was whether to include the GE name in corporate and product brands, and if so, how?

Despite GE's leadership and expertise in co-branded cards in other markets, at the time of its deal with Hyundai it had agreed to leverage the latter's brand as the primary customer-facing brand. There were several reasons for this decision. First, GE was more well-known within the business community as a global leader in traditional B2B businesses such as healthcare, industrials and commercial finance, rather than by the general public. Moreover, a double-barreled brand like 'Hyundai Capital GE Money' was not easy to communicate, and unlikely to be offset by the value represented by the GE brand in the minds of consumers. Hyundai had tied the products to its brand and invested a great deal in doing so, hence GE was working with a brand that enjoyed strong consumer recognition and reputation in Korea.

As the relationship with investors and partners as well as the public expanded and as the JV's future vision widened to the worldwide market, the branding issue became increasingly important. What was the best direction to take from the consumer, business partner and investor perspectives – three important stakeholders to whom the brand name would matter? The JV began by looking at both existing market analysis as well as conducting additional research to inform the decision.

GE External Brand Market Studies

Data from GE's annual brand reputation study conducted with 100 executives from the largest companies in 30 countries revealed that in Korea the GE brand had relatively low unaided brand recall, although this had improved from 20% to 27% between 2005 and early 2006 (see Exhibit 12). At the same time, when asked about their familiarity with GE, the survey showed a universal awareness of the GE brand, from 84% in 2005 to 100% in 2006. In 2006, seven executives out of ten rated GE favourably, which showed an improvement over the ratings of the previous survey. Although 26% of executives rated the company unfavourably, GE was ranked higher than other global brands such as Toyota, Sony, ExxonMobil, and Citibank. When executives were asked to rank GE among other top companies, the rating moved up from ninth place in 2005 to sixth place in 2006. When asked whether their opinion of GE had changed in the past year, 47% reported that their impressions had become more favourable. Executives were likely to associate GE with being "global" and "traditional", with "trustworthiness" and "reliability" also scoring highly in both executive and consumer surveys (see Exhibit 12).

A survey had also been conducted among consumers in 2005. This comprised 100 respondents from 30 countries, age 25 to 49, with household incomes greater than US$50,000. The responses of Korean consumers (see Exhibit 13) revealed that 40% of consumers believed they knew GE quite well, although a little over a quarter had never heard of the company. Among those who knew the company very or fairly well, GE was ranked fourteenth out of 18 of the peer group companies included in the study. In terms of associations with product and service categories, the GE name had an unaided association primarily with major appliances and consumer electronics. Only 8% associated GE with financial services in response to the unaided measure of association. This number jumped to 25% for the aided measure. Interestingly, in the aided measure, the association with financial services was the fifth strongest association. Also in the aided measure, 53% of consumers were neutral towards the GE brand and 7% were unfavourable. The remaining 40% were either very or mostly favourable towards GE. This translated into a favourability ranking in the middle of the pack of the 18 companies rated by consumers. In terms of attribute associations, consumers saw GE as an "American" company with a global presence.

Internal Survey

The JV also had to come to an internal consensus about the branding options at hand. In 2005, Hyundai and GE Money organised a survey of several different groups, including Hyundai Card and Hyundai Capital end users, major stakeholders and employees. The latter group included both Hyundai Card and Hyundai Capital employees, team leaders, branch managers and centre managers, 158 people in all, with 61 from Hyundai Card and 97 from Hyundai Capital. Respondents were asked to select their preferred company name from the following three choices:

1. Maintain the current names.
   Hyundai Capital | HyundaiCard

2. Expose GE name, keeping the current names and adding an extension.
   2-1 Hyundai Capital GE affiliated company | HyundaiCard GE affiliated company
   2-2 Hyundai Capital GE Partner | HyundaiCard GE Partner

3. Expose GE name and change the names.
   Hyundai GE Capital | Hyundai GE Card

The Results

The respondents' data were divided between Hyundai Card and Hyundai Capital employees, and subsequently split into job function, marketing and internal relations/recruiting teams (see Exhibit 14 for summary results). The marketing group showed that for Hyundai Capital, 39% were in favour of option 1 (i.e., going with only Hyundai Capital as the brand), an equal percentage were in favour of option 3 (giving GE equal exposure), while a significant minority favoured option 2, which gave GE an endorser role in the brand. At Hyundai Card, 44% favoured option 1, while 39% favoured option 3, and 15% favoured option 2. Thus, at Hyundai Card, there was less support for featuring GE in the branding. On the whole, the internal relations group felt more strongly than the marketing group in favour of changing the name and providing exposure for GE. The preference to change was higher for Hyundai Capital than for Hyundai Card.

Reasons for Choosing a Particular Branding Option

With option 1, supporters felt that the familiarity of the brand would allow it to keep building its consumer awareness. It would also reinforce the connection of the Hyundai Card and Hyundai Capital brands with HMC, which was especially important in Korea where Hyundai's brand power was significantly stronger than that of GE and where recognition of GE as a financial services provider was low. For the supporters of this option, the shorter the name, the better.

Option 2 felt good to others because it was a solution of compromise. Having GE appear in the brand name as an extension would still give Hyundai top billing, while acknowledging GE's financial support. Also, if ever the alliance were discontinued, this would be the preferred option to make a smooth transition.

Option 3 was the most hotly debated. Some felt that adding GE to the name could reinforce the perceived reliability of the brand. It could solve some of the problems plaguing the negative image of Hyundai Capital and improve the image of foreign investing companies. For those looking ahead to foreign market expansion, exposing GE seemed to create an advantage. However, eyebrows were raised about the level of GE awareness and the impact the name could have in the Korean market. Despite the aid that GE had brought to the company with its initial investment, consumers might resent the idea of foreign capital as it implied an erosion of domestic capital. Some feared that the new name could be misunderstood as a merger. After all, unlike GE, the Hyundai brand had never had a multinational image. Others voiced concerns that GE might be seen as another product offering rather than a brand: for instance, its appearance on the Hyundai Card could be misconstrued as Alphabet card branding or mistaken for something meant to be pronounced in Korean. Either way, it would detract from GE's desired impact.

The JV had to decide which choice was best suited to represent the JV to investors, business partners and consumers. Which option would neither weaken the image nor detract from it? Would the marketing impact be sufficient to justify a name change, especially considering GE's low recognition in Korea in the financial services category? How much would the transition cost, specifically for Hyundai Card, given its heavy investment in branding? How much of the money invested so far would the JV stand to lose? And what about the opinion GE should be linked to the Hyundai Capital brand but not to the Hyundai Card brand – would it make sense to have two distinct approaches to branding within one organisation?

Product Branding – Personal Loan

In line with the question of whether and how to include the GE name on the Hyundai Capital and Hyundai Card corporate brands, another issue was the name of the product brand for personal loans. Currently, these were sold under distinct product brand names: Cashvill and Prime Loan. Cashvill was a high APR personal loan product, originally launched by GE in Korea in 2002, and brought to the JV following its formation in 2004. Other personal loan products were sold under the Prime Loan brand.

The question at hand was: "How should the personal loan product portfolio be managed?" Research revealed that people took out personal loans for a variety of reasons, which could be broadly grouped into five categories: for "my business", to fund the family business, refinancing, for personal use such as housing, marriage or education, or due to an unexpected emergency, e.g., accident or medical (see Exhibit 15 for more details). From a demographic standpoint, research uncovered four groups: those new to the workforce, young breadwinners, those facing difficulty in mid-life, and older heavily indebted consumers (see Exhibit 15 for more details). In terms of features, Hyundai Capital identified seven loan characteristics that mattered: interest rate (APR), credit line, tenure, handling fee, documentation, payment method, and early payment penalty.

One sentiment within the organisation was that having two different personal loan brands was inefficient in terms of both the financial resources required to support two separate brands, as well as the human resources required. Also, the product split based on APR was not the optimal product structure. Those expressing this sentiment felt that it would be better to have a single personal loan umbrella brand under which the various personal loan products could belong. Such an approach would help the JV focus its human and financial resources to take advantage of the $2 billion personal loan market in Korea, a market that was growing at the same rate as the economy. Another advantage would be that a set of sub-brand products that varied in terms of the seven loan characteristics above could be easily created under the umbrella personal loan brand (see Exhibit 16 for more details on possible variability on each characteristic). This would enable Hyundai Capital to better target the prime customer segment, which it needed to do to strengthen its presence in that segment.

Two obvious candidates for the umbrella brand were the existing brands: Cashvill and Prime Loan. Cashvill had the advantage of being a well-established brand. It was distributed through 40 kiosks located at subway stations and targeted primarily at office workers. It was strongly associated with high APR loans and the sub-prime segment. Prime Loan was a lower APR loan targeted at the prime and near-prime customer segments. Prime Loan was distributed through direct sales agents with offices located on the upper floors of commercial buildings – a location for sales agents to convene rather than for customer visits. With an umbrella brand, product segmentation could be based on loan purpose and demographics, rather than solely on APR.

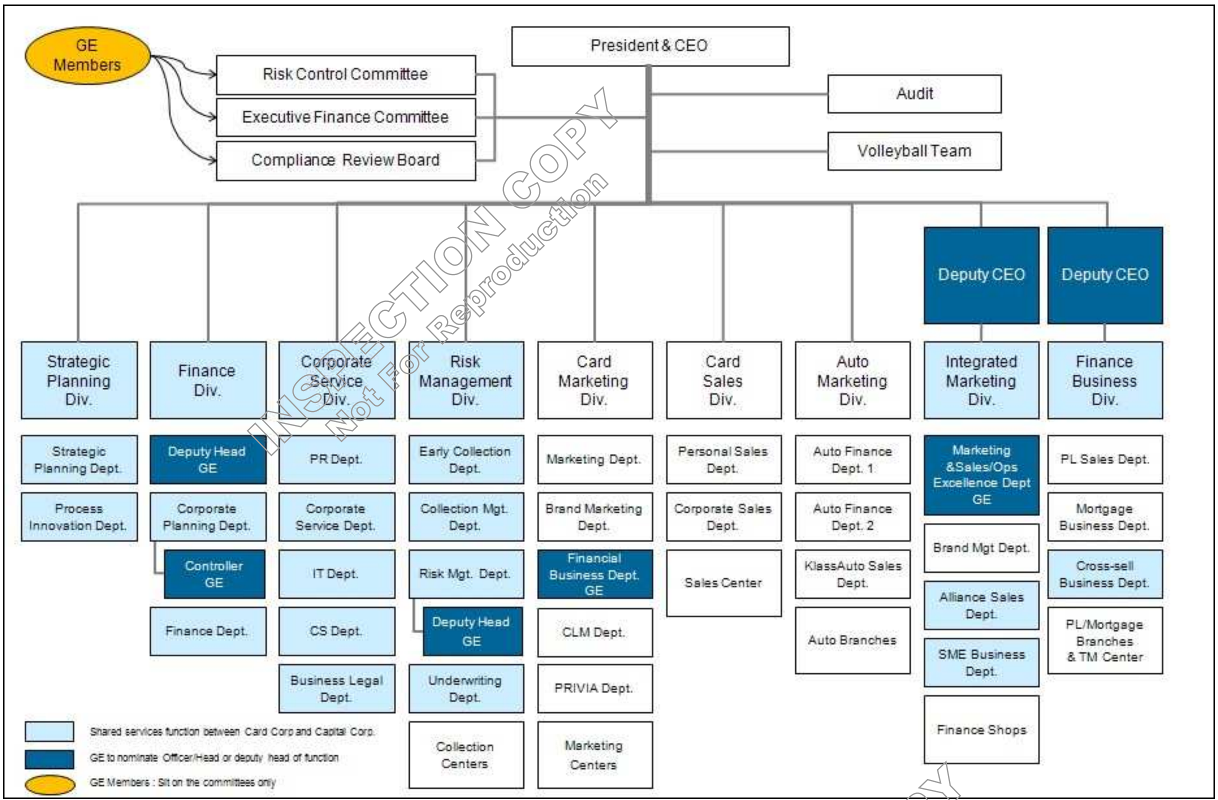
One concern associated with the idea of putting the entire personal loan product portfolio under the Cashvill brand was its strong brand association with high APR financing and the salaried worker segment. Some believed that this would hinder the Cashvill brand's ability to make inroads into the prime and near-prime segments with lower APR offers, and also hurt the reputation of Hyundai Capital's corporate brand. This could also stir up social criticism that Hyundai, a conglomerate, was selling high APR loans. Cashvill's distribution system was also seen as problematic for a broader brand footprint. Whatever the decision, to retain the current approach to personal loans or use the Cashvill or Prime Loan names for an umbrella brand, a related question was the role of the Hyundai and GE names in the branding.

Ted Chung and Bernard van Bunnik now had to wrap up their discussion and decide what recommendations to make at the forthcoming Focus Meeting. Clearly, they needed to back their recommendations with reasoned arguments if they were to get buy-in from the senior management team.

Exhibit 1

JV Organisation

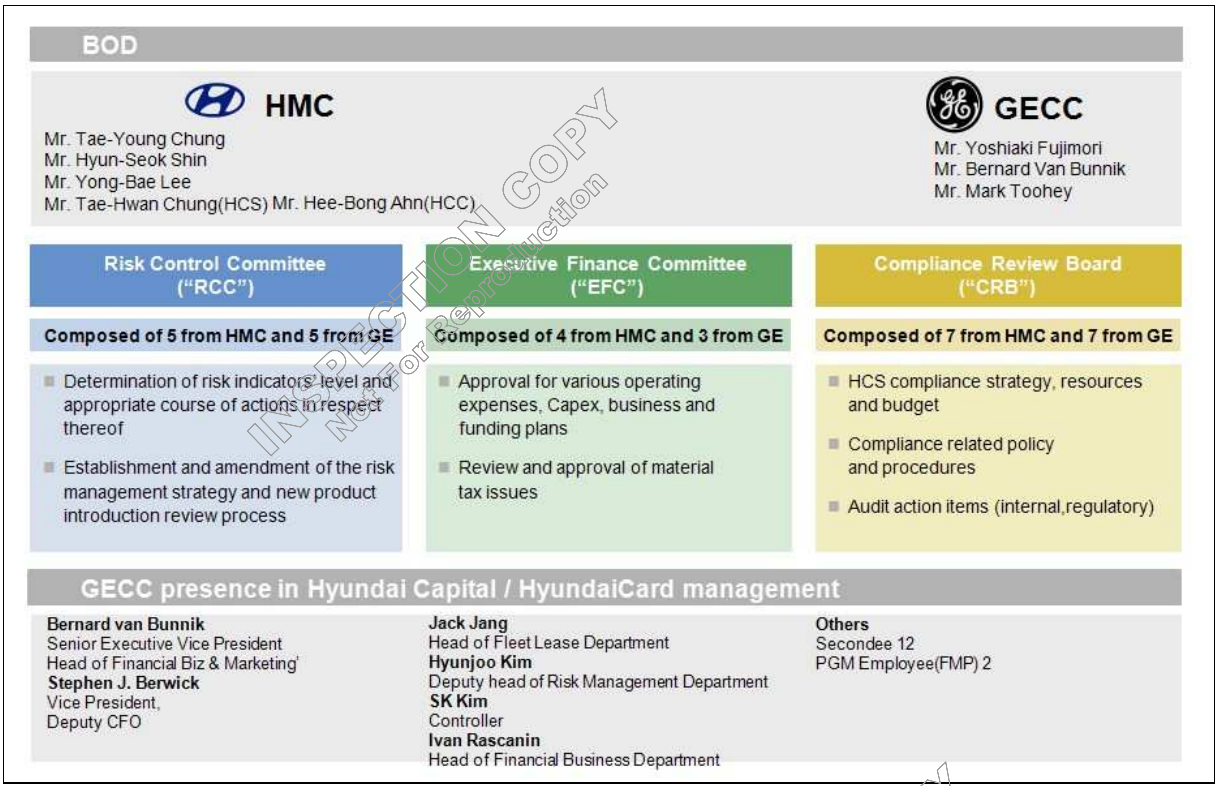
Organisational Chart



Source: HMC/GE.

Exhibit 1 (Cont'd)
JV Organisation

Management Structure



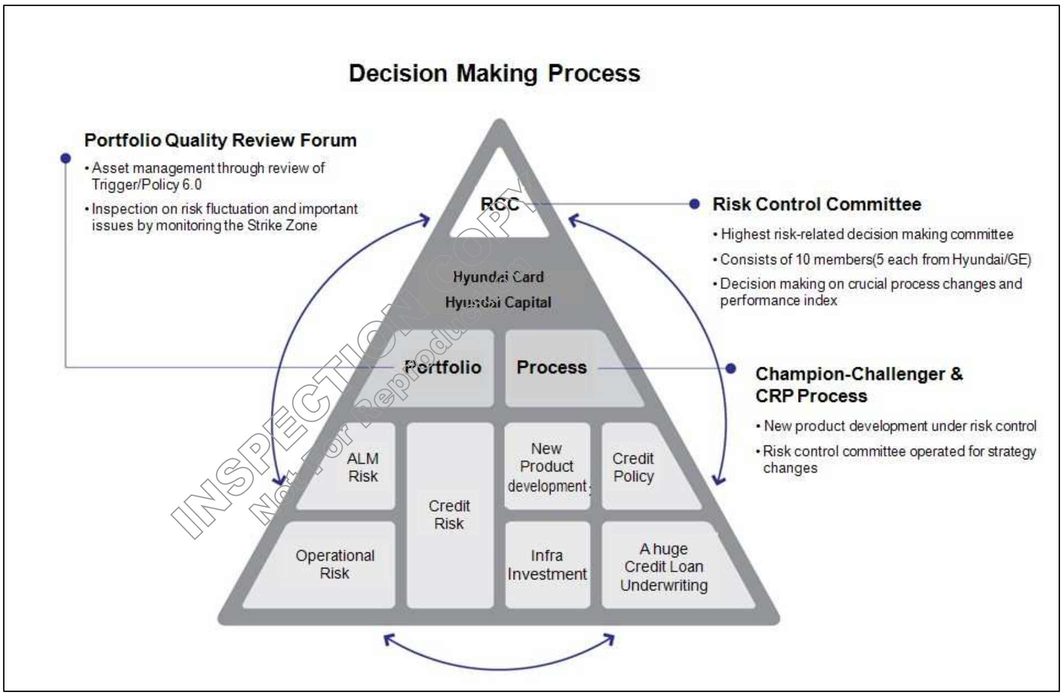
Source: HMC/GE.

Note: HCS = Hyundai Capital.

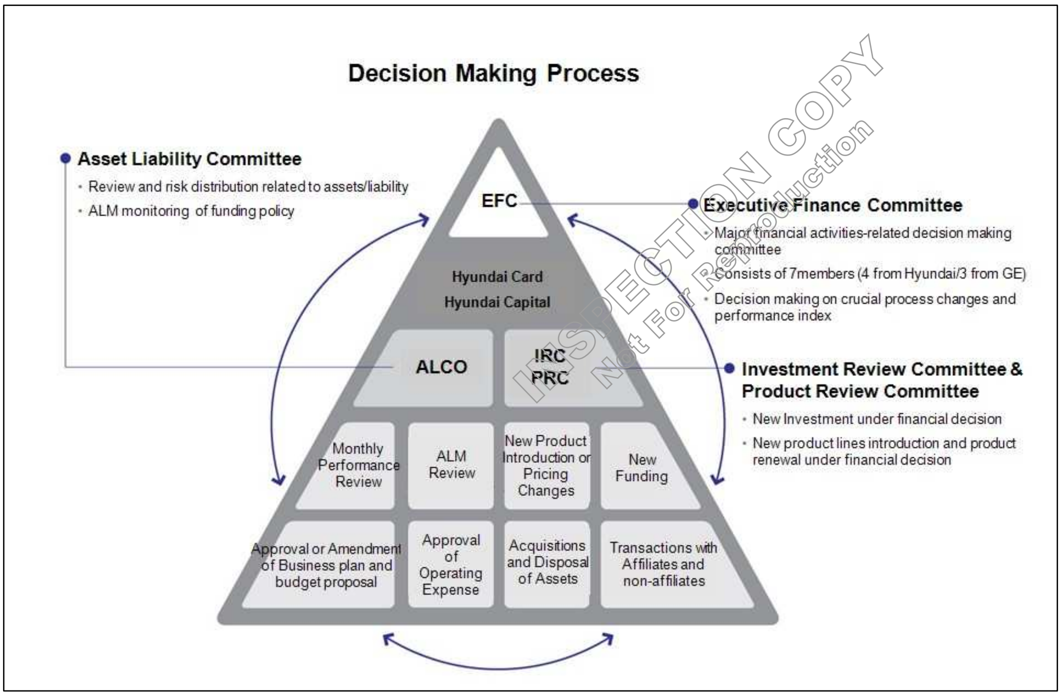
Exhibit 1 (Cont'd)

JV Organisation

Risk Control Committee GE Money/Hyundai Card/Hyundai Capital



Executive Finance Committee GE/Hyundai Card/Hyundai Capital

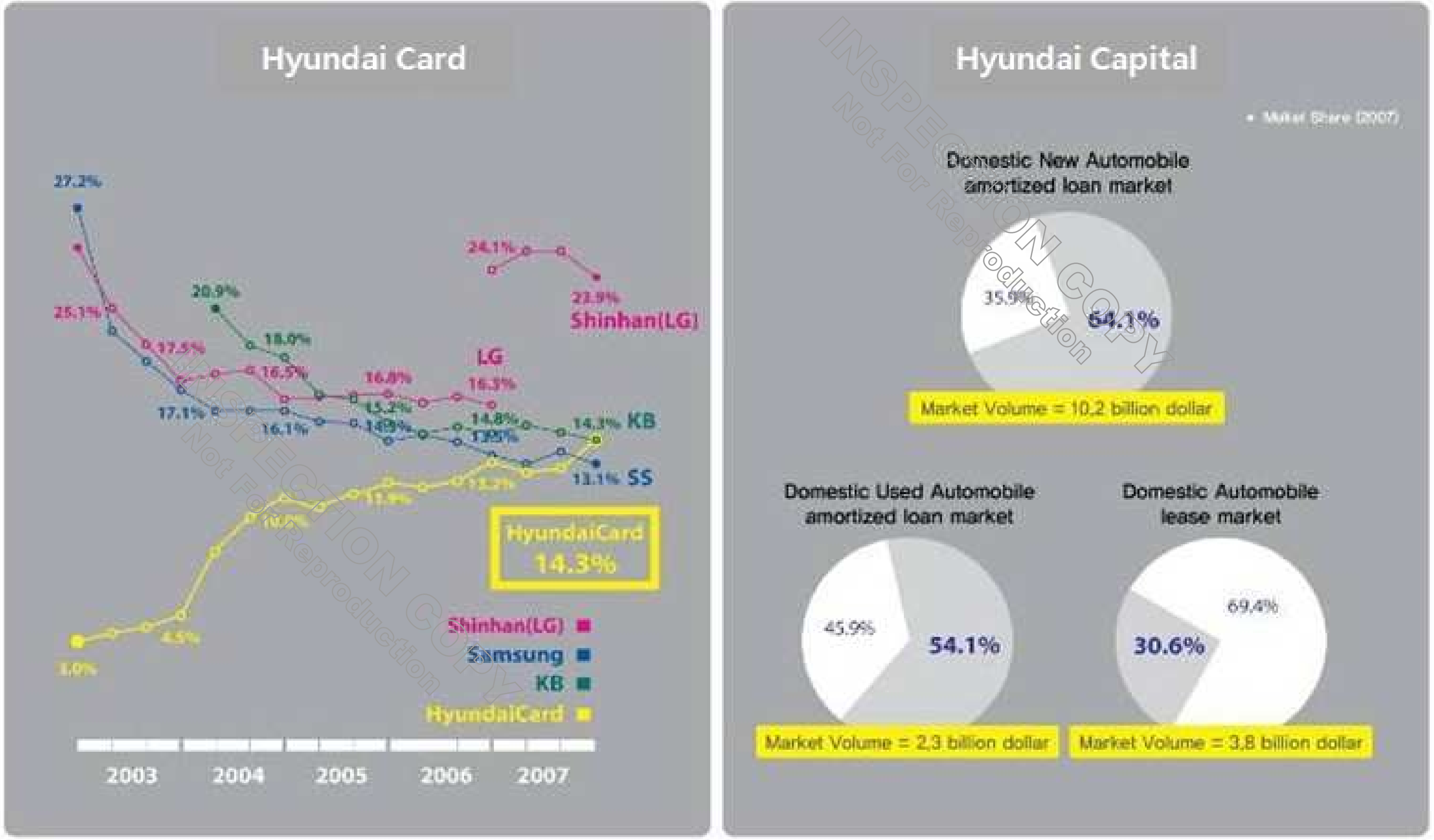


Source: HMC/GE.

Exhibit 2

Benchmarking

Hyundai Card Competition/Hyundai Capital Market Share



Source: HMC/GE.

Exhibit 3

Hyundai Card Brand Portfolio and Identity

Brand Portfolio

Brand Identity

M	M Lady	Platinum	S	W	the Purple	Diners
Brand Personality						
Sage / Working / Contemporary / Urban life / Chic		Masstige Neo-luxury Modern – Traditional	Stylish Rational Seeking for variety of shopping	Pleasurable Active Characteristic fun	Prestige Noble Artistic	Authentic Classic International

Source: HMC/GE.

Exhibit 4

Hyundai Card Advertisement Shift

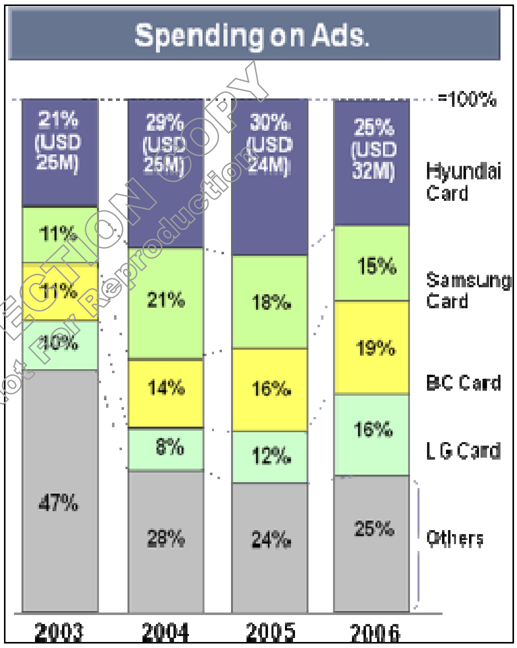
Sample Advertisement 2003-04 Promoting the W Card

Sample Advertisement 2006-present: Promoting M Card with Corporate Logo

Source: HMC/GE.

Exhibit 5

Hyundai Card and Competitors' Spending on Advertisements, 2003-2006



Source: HMC/GE.

Exhibit 6

Co-Advertising of Hyundai Card Brands with Partner Brands

Source: HMC/GE.

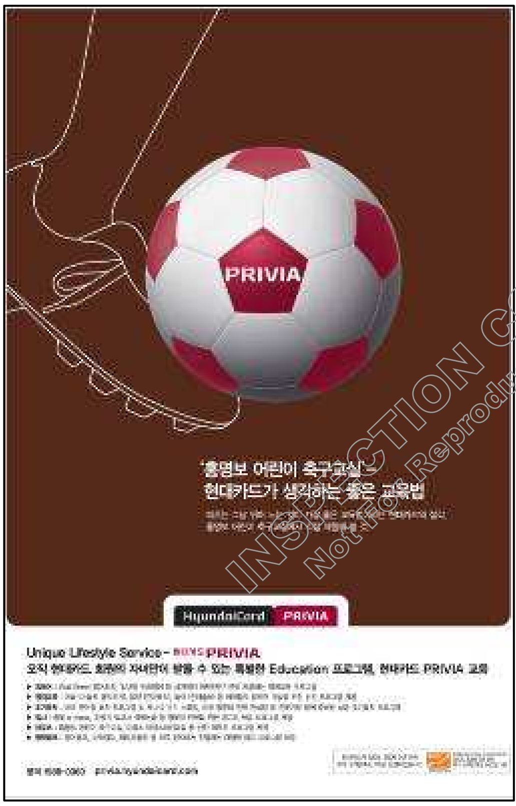
Exhibit 7

Hyundai Card Design, 2003-2007

Source: HMC/GE.

Exhibit 8

Print Advertisements for Privia Service



Source: HMC/GE.

Exhibit 9

Hyundai Capital Services Product Portfolio

Hyundai Capital	
Auto Finance	• Installment payment service for new /used automobiles • Financially stabilized asset • Superior market strength & domination
Auto Lease	• Initiated Auto Lease in 2001, Fleet Service in 2005 • Provides convenient accounting and tax benefits • Potential growth engine
Personal Loan	• Extensive restructuring after starting joint venture with GECC • Active cross-selling to Auto Finance /Lease customers • Adoption of systemized risk management methods
Mortgage	• Relatively new business initiated in 2005 after joint venture with GECC • Sustaining constant growth by pioneering Niche markets

Source: HMC/GE.

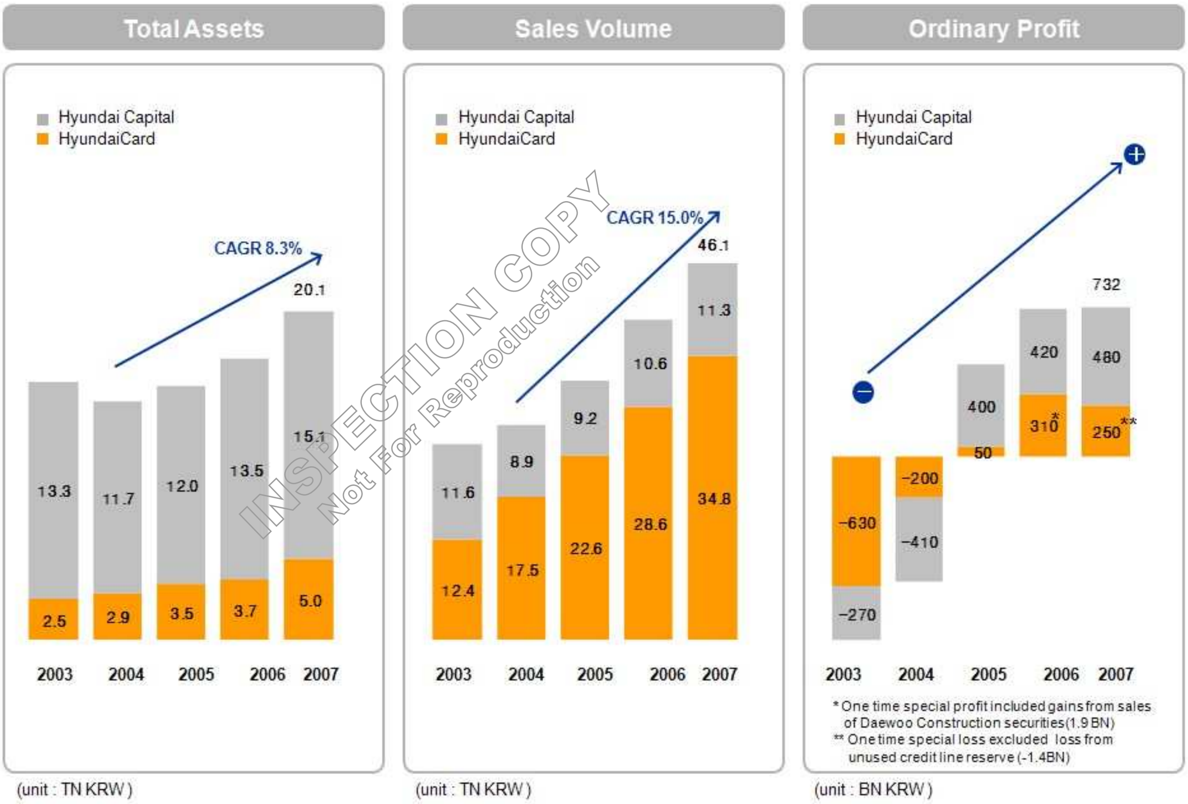
Exhibit 10

The Finance Shop Design

Source: HMC/GE.

Exhibit 11

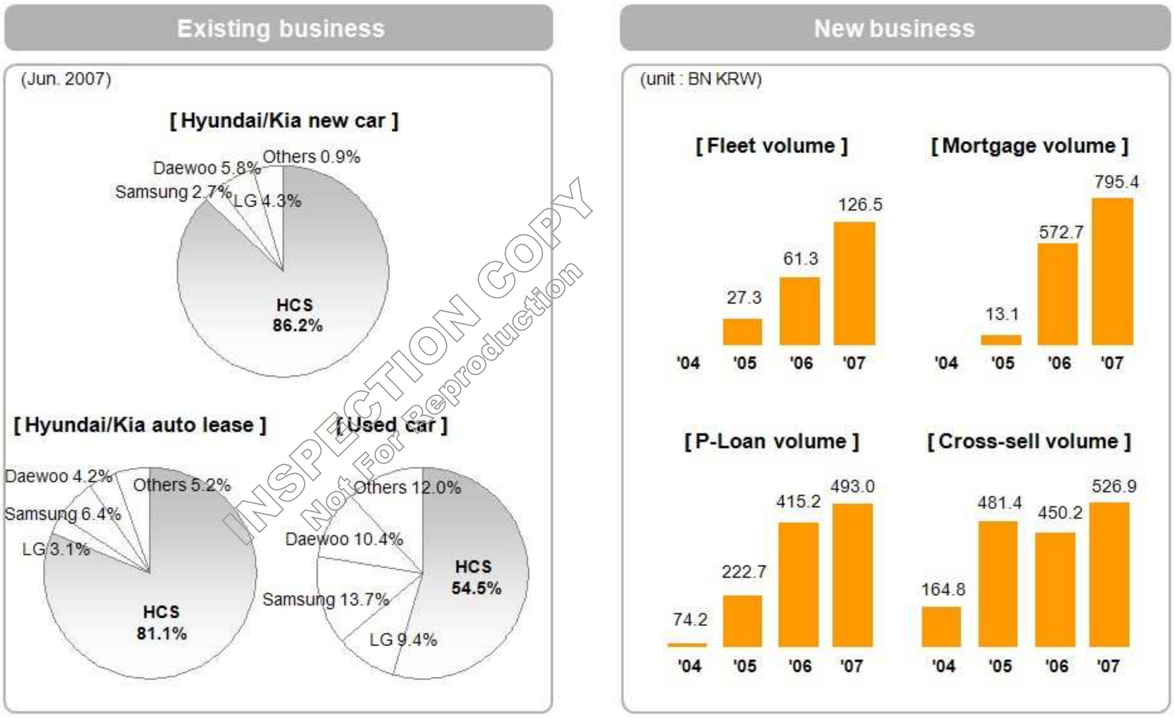
JV Results

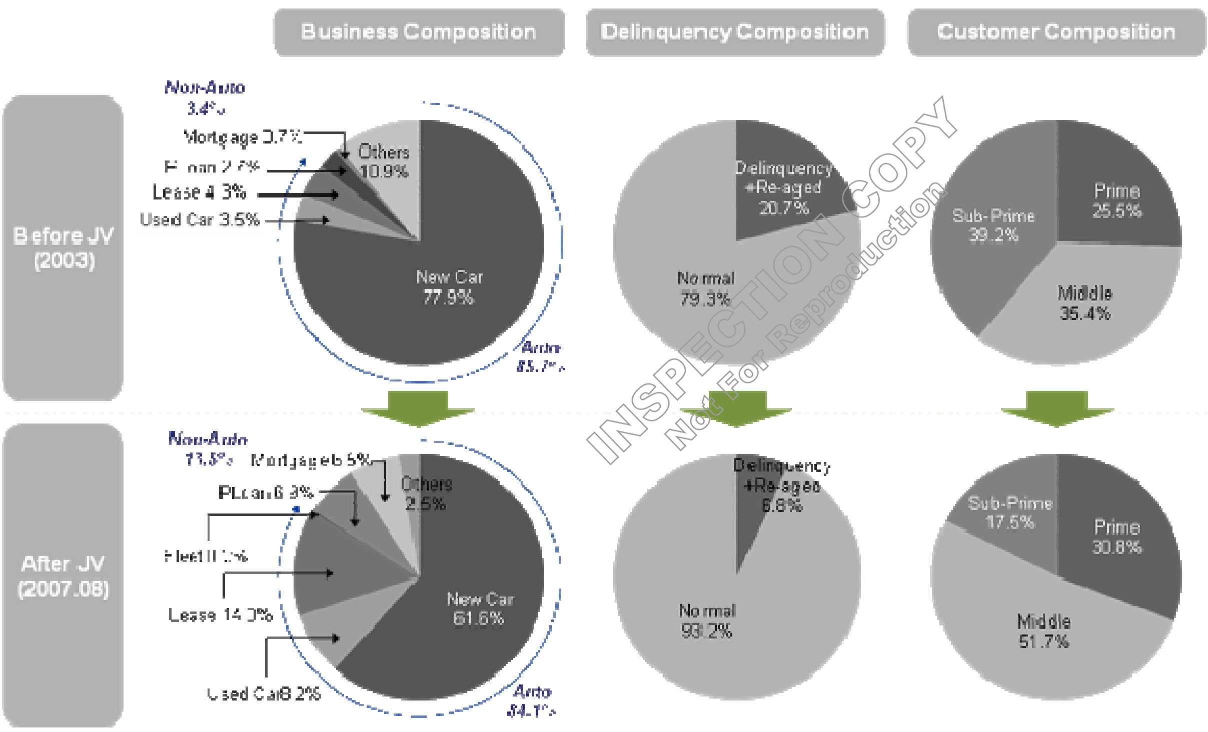


Source: HMC/GE.

Exhibit 11 (Cont'd)

JV Results





Source: HMC/GE.

Exhibit 12

GE Executive Survey Results

Q: When you think of major global companies, what are the companies that come to mind?

	2005 % A	2006 % B
Samsung	55	69 A
LG	10	37 A
Hyundai	8	30 A
Microsoft	43 B	29
GE/ General Electric	20	27
Sony	24	27
IBM	12	20
HP	7	18 A
GM	18	16
Toyota	16	14
Coca-Cola	16	12
Base: Total	100	102

AB = Significantly different at the 95%confidence level

Exhibit 12 (Cont'd)

GE Executive Survey Results

Q: How familiar would you say you are with each company?

2005	% A	2006	% B
LG	90 B	LG	80
Sony	86 B	Microsoft	67
Microsoft	85 B	HP	65
IBM	79 B	IBM	61
Citibank	76 B	Sony	59
HP	75	Intel	58
Philips	74 B	Philips	51
Intel	73 B	Toyota	51
Toyota	70 B	GE	48
General Electric	68 B	General Electric	45
Nokia	63 B	Citibank	42
GE	62 B	Siemens	37
Siemens	40	Nokia	30
Exxon Mobil	--	ExxonMobil	19
BP	--	BP	14
Base: Total	**(100)**		**(102)**

AB = Significantly different at the 95% confidence level

Exhibit 12 (Cont'd)

GE Executive Survey Results

Q: How familiar would you say you are with GE?

	2005 % A	2006 % B
Know a lot	35B	15
Know a fair amount	27	33
Know a few things	18	40A
Only heard of name	4	12A
Never heard of	16B	0
Base: Total	**(100)**	**(102)**

AB = Significantly different at the 95% confidence level

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Exhibit 12 (Cont'd)

GE Executive Survey Results

Q: When you think of GE, what products or services come to mind?

	2005	2006
	%	%
	A	B
Major appliances	44	44
Consumer electronics	19	14
Lighting products	7	13
Financial services (all mentions)	14	12
Jet engines	0	7 A
Electric motors	4	5
Plastics	1	4
Power generation	4	3
Consumer finance	4	2
Small appliances	4	2
Air conditioning	4	1
TV/Movies	1	1
Don't know	--	21
Base: Aware of GE	**(84)**	**(102)**

AB = Significantly different at the 95% confidence level

Exhibit 12 (Cont'd)
GE Executive Survey Results

Q: In which of the following business areas would you say that GE is currently involved in?

2005	% A	2006	% B
Major appliances	89 B	Major appliances	77
Aircraft / Jet engines	77 B	Consumer electronics	75
Power generation . & energy	75 B	Lighting products	62
Consumer electronics	71	Small appliances	61
Locomotives	71 B	Power generation / & energy	57
Lighting products	70	Aircraft / Jet engines	57
medical equipment	69 B	Air conditioners	47
Wind power systems	63 B	Medical equipment	45
Small appliances	62	Wind power system	40
Plastics	46 B	Healthcare	37
TV & movies	46 B	Cars	37
Personal finance	40	Personal finance	35
Commercial finance	40	Solar power	33
Security technologies	33 B	Locomotives	29
Telephones	30	Commercial finance	28
Water purification	13	Plastics	27
healthcare	--	Telephones	27
Cars	--	Banks	23
Solar power	--	TV & movies	19
Banks	--	Security technologies	18
Air conditioners	--	Water purification	18
Base: Aware of GE	**(84)**	**Base: Aware of GE**	**(102)**

AB = Significant different at the 95% confidence level

Exhibit 12 (Cont'd)

GE Executive Survey Results

Q: What is your overall impression of these companies?

2005		2006	
	%		%
	A		B
LG	79	LG	84
Microsoft	70	Intel	79 A
Sony	65	HP	76 A
Philips	63	IBM	76 A
HP	63	Microsoft	75
IBM	62	GE	70 A
General Electric	61	Philips	70
Toyota	59	General Electric	63
Intel	58	Sony	63
GE	55	Toyota	62
Nokia	43	Citibank	56 A
Citibank	39	Nokia	52
Siemens	30	Siemens	52 A
Exxonmobil	N/A	Exxonmobil	43
BP	N/A	BP	38

AB = Significantly different at the 95% confidence level

Exhibit 12 (Cont'd)

GE Executive Survey Results

Q: Based on anything you've seen or heard or any impressions you may have, which of these companies do you think each of the following statements applies to?

	2006 Findings					
	GE	Microsoft	IBM	Philips	Siemens	Sony
	%	%	%	%	%	%
	A	B	C	D	E	F
Global	52 DE	69 ACDEF	52 DE	38	33	41
Traditional	48 BDEF	15	38 BDEF	19	20	25
Reliable	33	36 E	41 EF	29	21	27
Successful	31	61 ACDEF	28	27	21	28
Impacting people's lives	29 E	63 ACDEF	30 E	40 E	15	36 E
Admired	29 DEF	43 ACDEF	20 D	6	13	16 D
Trustworthy	28	43 AEF	31	31	20	25
Honest	28 EF	27 E	22	21	13	16
Industry leader	25 DE	71 ACDEF	34 DE	14	12	25 DE
Leading edge	24	59 ACDEF	35 DE	20	21	28
Stodgy/stuffy	23 BD	3	22 BD	11 B	20 B	20 B
Friendly	22	30 E	27	34 E	15	20
At the forefront of technology	20	63 ACDEF	36 AD	13	25 D	29 D
Forward-thinking	19	59 ACDEF	32 ADE	19	12	22
Innovative	19	43 ACDEF	25 DE	14	11	23 E
Dynamic	19 DE	35 ADEF	24 DE	8	9	22 DE
Approachable	18	58 ACDE	40 AE	31 AE	9	43 AE
Modern	18	54 ACDEF	31 AE	25	15	34 AE
Caring	17	20 E	15	25 EF	9	11
Creative	16	55 ACDEF	24 E	21 E	9	26 E
Intelligent	16	53 ACDEF	20	19	14	30 AE
Exciting	8	21 AE	12	24 ACE	7	26 ACE
Base: Aware of Brand	(102)	(102)	(102)	(102)	(95)	(102)

ABCDEF = Significantly different at the 95% confidence level

Source: HMC/GE.

Exhibit 13

GE Consumer Survey Results

Q: Please tell me whether you know GE very well, know a fair amount about it, know just a little about it, have heard of it but know almost nothing about it, or have never heard of it.

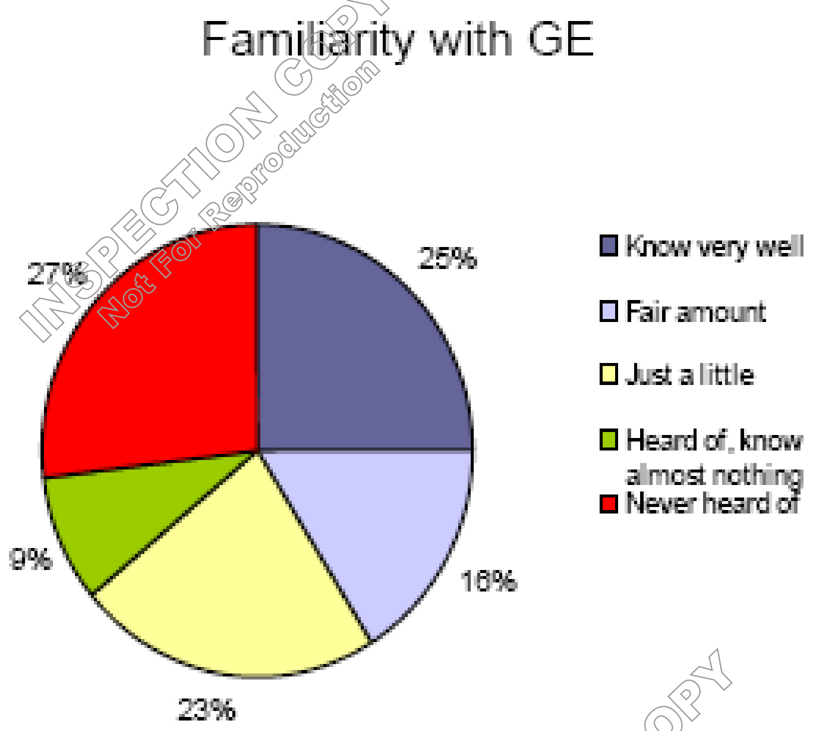


Exhibit 13 (Cont'd)

GE Consumer Survey Results

Q: Please tell me whether you know COMPANY X very well, know a fair amount about it, know just a little about it, have heard of it but know almost nothing about it, or have never heard of it.

Percent who know company "very well/fair amount"

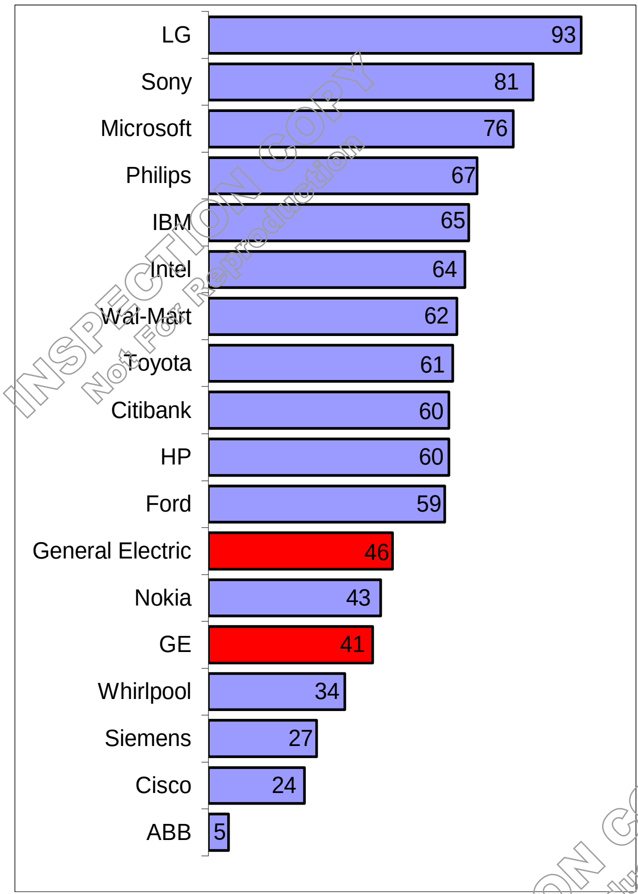
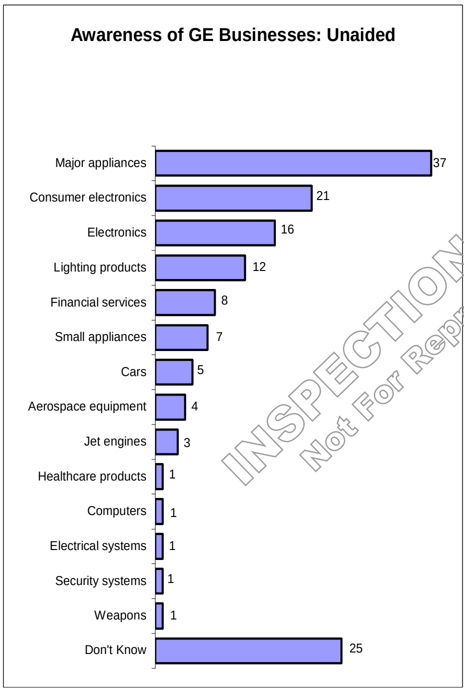


Exhibit 13 (Cont'd)

GE Consumer Survey Results

Q: When you think of GE, what products or services come to mind?

Q: As I read you a list of business areas, please tell me, to the best of your knowledge, whether or not GE is currently involved in each area



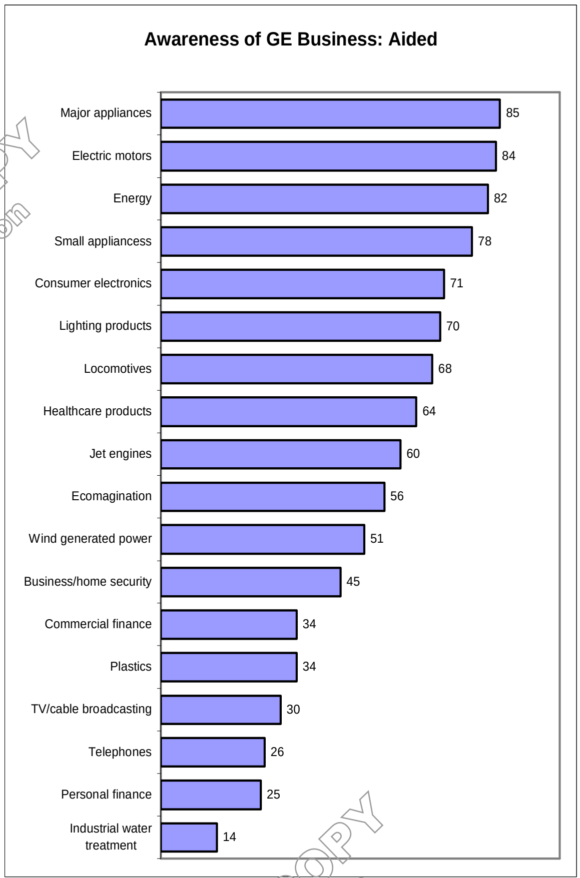


Exhibit 13 (Cont'd)

GE Consumer Survey Results

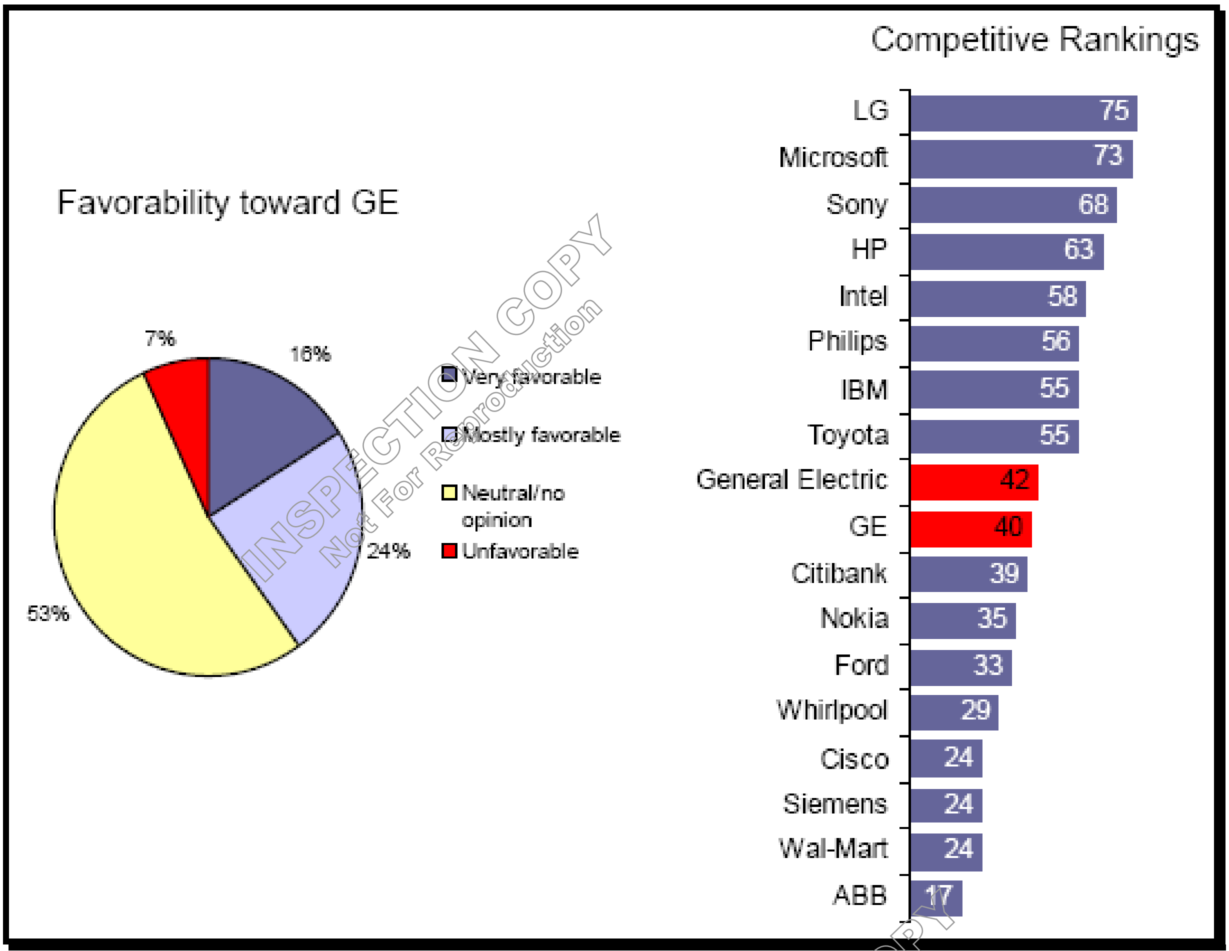
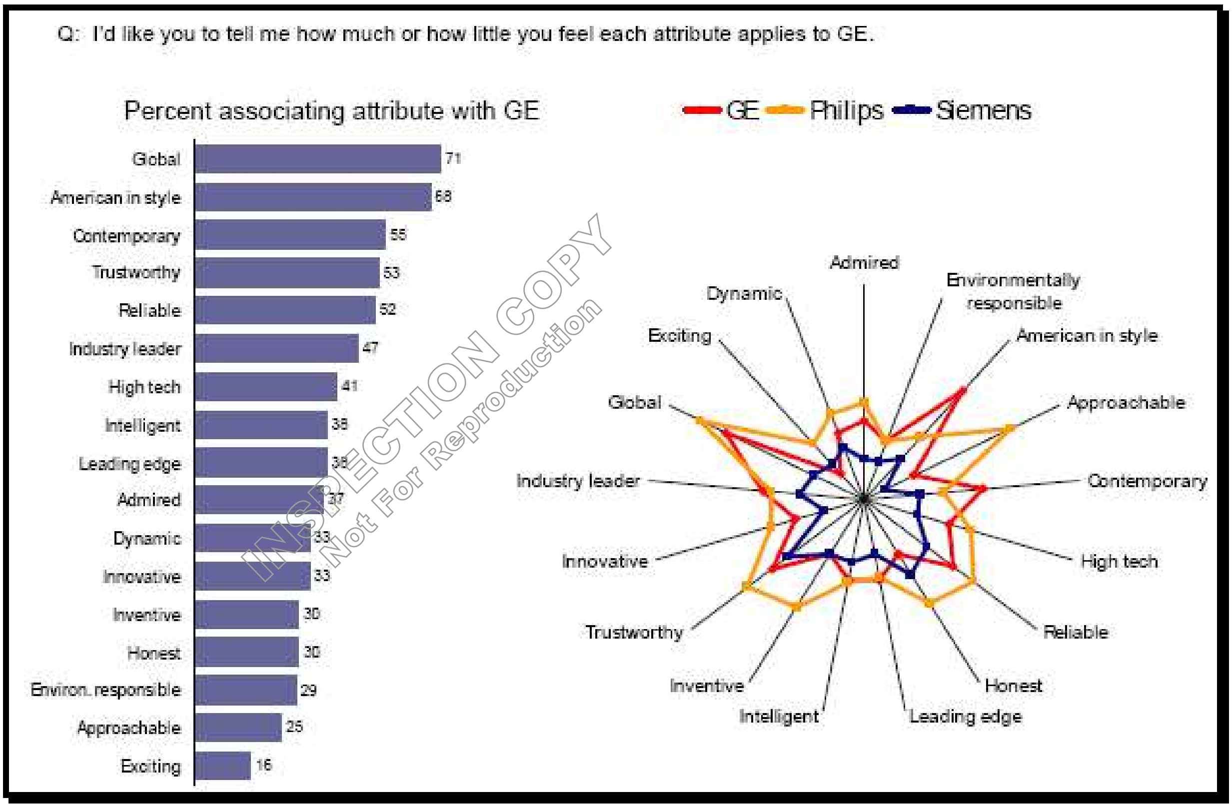


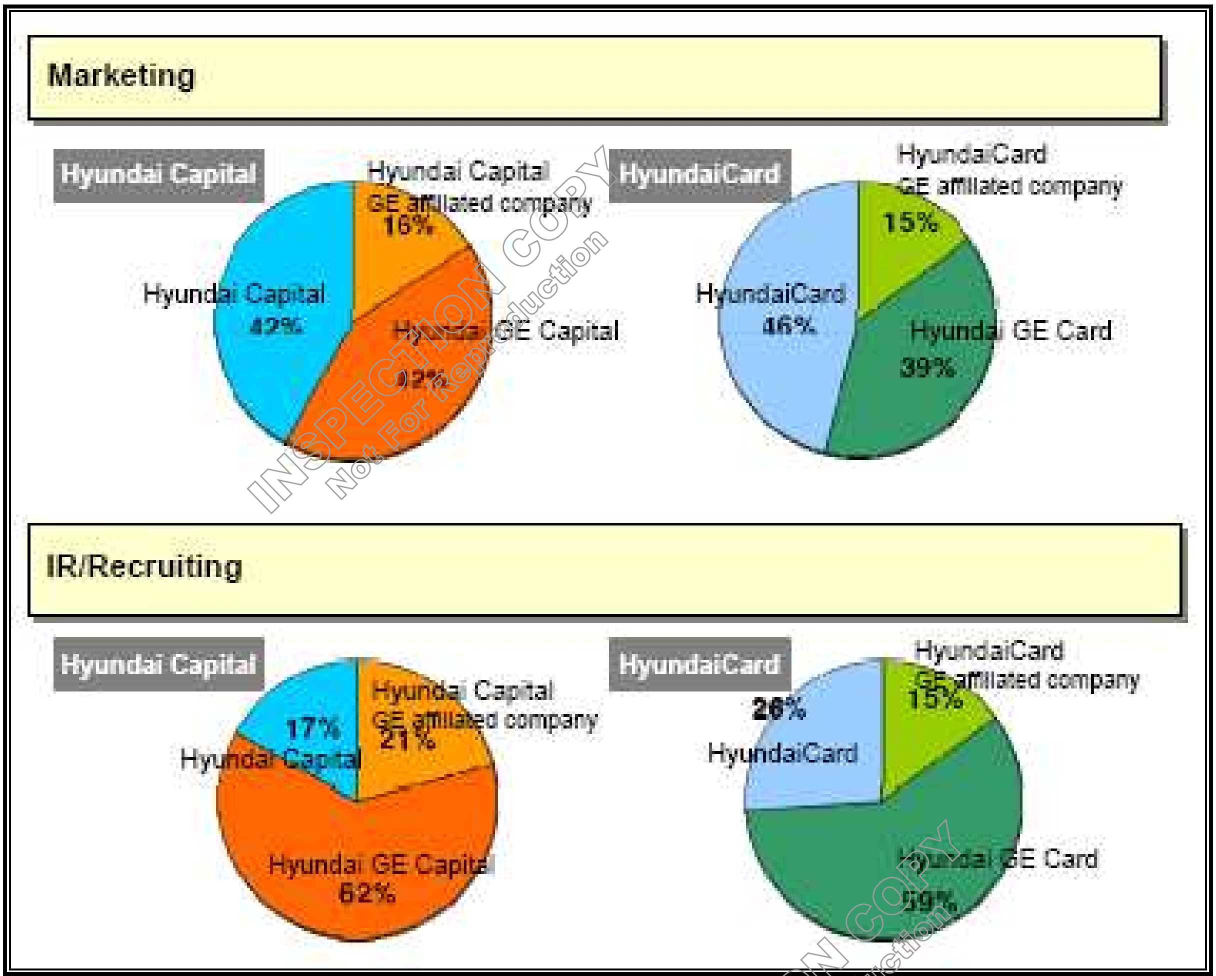
Exhibit 13 (Cont'd)

GE Consumer Survey Results



Source: HMC/GE.

Exhibit 14
Internal Survey Results



Source: HMC/GE.

Exhibit 15

Personal Loan Segments

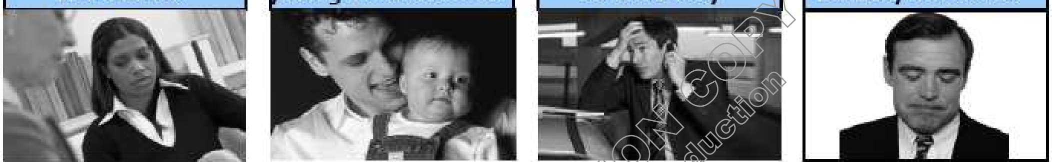
Loan Purpose Segments:

	My Biz*	Family Biz**	Refinancing	H/M/E***	Unexpected
	"I am running a mom-and-pop-business, and used HCS loan to fund the business"	"I used at least a part of my loan to fund my second job or business of my family"	"I got HCS loan to repay other outstanding loan of higher APR or loan due"	"I got HCS loan for my housing, marriage, or education"	"I got HCS loan for my Unexpected needs caused by accident/ medical or unexpected overspending"
% of customers	3.1%	38.6%	29.8%	14.3%	14.3%

* Self-employed customers who answered YES to "Did you use your HCS loan at least in part for the business of yourself or your family?"
** Non-self-employed customers who answered YES to "Did you use your HCS loan at least in part for the business of yourself or your family?"
*** Customers who used HCS loan for Housing/Marriage/Education purpose

Demographic Segments:

	1 "New to the workforce"	2 "Light-pocketed young breadwinner"	4 "Mid-life in difficulty"	7 "Sleek but heavily indebted"
Segment definition	20s, 12~25M, SME salaried	30s, 12~25M, SME salaried	30s & up, >=25M, SME salaried	30s & up, >=25M, large com./gov't*
	• Low income due to low tenure • Bound to have major lifetime events • Mostly single h holder - Large portion of female	• Have own family but still low income • Hard to live with earning cash flow due to increasing living expenses	• Work for SME earning mid-to-high income • Have much debt to establish assets and to fund the spending	• Work for large companies earning mid-to-high income • Have much debt to establish assets and to fund the spending
% of HCS customers	• 23%	• 20%	• 19%	• 16%
Avg. age	• 26 yrs	• 33 yrs	• 38 yrs	• 40 yrs
Avg. income	• W17.0M	• W19.2M	• W35.6M	• W42.4M
Gender	• M:F = 49:51	• M:F = 77:23	• M:F = 91:8	• M:F = 76:24

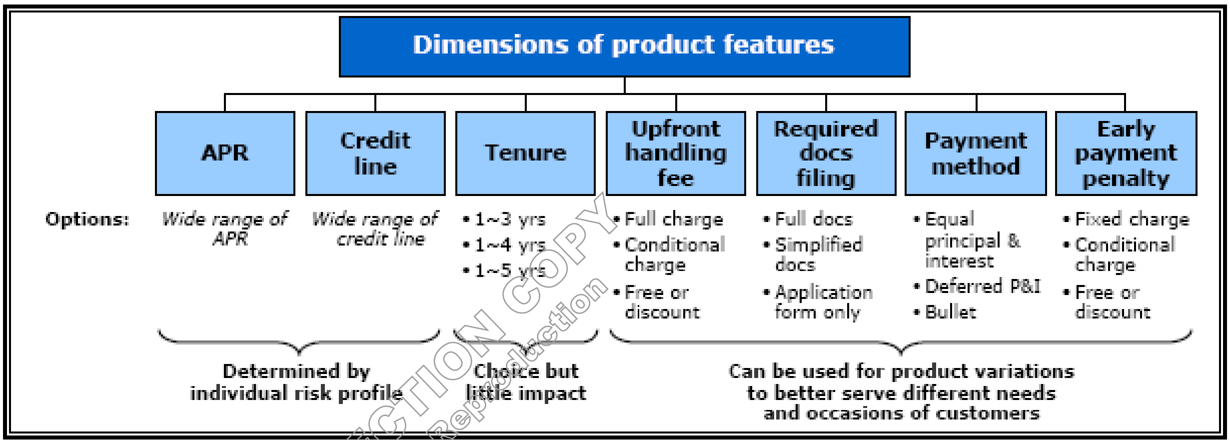


*Large companies and government officials (salaried employees of 30 largest conglomerates, companies with capital of >5B KRW, government officials and teachers, and selected government-related large organizations)

Source: HMC/GE (Sample size of 600 from HCS database).

Exhibit 16

Personal Loan Characteristics and Level



Source: HMC/GE.

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