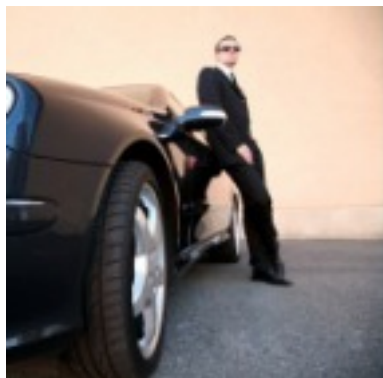


# Car Finance - UK - September 2009

Report Price: £1500 / \$3000 / €2250



## What is this report about?

The car market has been hit hard by the recession – as a big-ticket purchase, and one that can often be delayed, the industry has always been vulnerable to economic slowdowns. Car finance providers have been hit even harder, not only by falling car sales, but also by the turmoil in the credit markets, and a growing reluctance among consumers to take on new credit commitments.

## What have we found out?

- The market for car finance was already in decline before the credit crunch, with lending falling by half between 2003 and 2009. Mintel forecasts another tough year in 2010, but a return to growth from 2011 onwards.
- Dealer finance held up remarkably well in 2009, boosted by the car scrappage scheme – it's the direct lending market, chiefly consisting of personal loans, that was hardest-hit.
- Car dealers have never been particularly well-trusted. People who own more than one car, though, are even more suspicious than most: they are half as likely again not to trust dealers to offer the best finance package.
- The more affluent the car-buyer, the more convinced they are that high street banks offer better loan rates than dealers. Lowering rates for low-risk borrowers will help dealers break into this highly attractive consumer segment.
- Seven in ten of those planning to buy a new car in the next two years are hoping to pay for it from savings.
- The proportion planning to buy a car in the next year has fallen sharply. The most active in the market are the young – who don't have the option simply to make do with their current car – and the better-off, who have been largely unaffected by the slowdown.

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