

## Vehicle Financing - US - July 2013

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“As Americans suffer from upside down mortgage payments and from stagnating wages, there continues to be a large portion of “payment buyers” in the automotive lending sector; these are buyers who care more about their monthly payments than the net expense of the financing. These borrowers will benefit more from longer loan terms and longer lease installments.”  
--Colin Bird, Automotive Analyst

### In this report we answer the key questions:

Some issues addressed in this report include:

- Millennials have less-established credit histories, need help in putting the right foot forward
- Consumers care more about getting the car they want and how they can afford the monthly payment over any other consideration

As post-recession America continues to lighten its overall debt loads, automotive lending has once again begun to grow. Auto loans have increased, and now a total of \$794 billion in outstanding loans exist in the marketplace. This is still below the recessionary peak, but the number is growing fast. As the vehicle financing market continues to make a recovery, more lenders are extending credit to subprime borrowers and are extending the length of loans for prime borrowers, which is increasing payment affordability. However, many consumers have not yet fully recovered from the recession and retain a cautious approach to borrowing.

This report includes the exploration of a range of consumer issues including:

- In the vehicle purchase decision-making process, are consumers considering promotional interest rates and monthly payment?
- How are Millennials coping with their high levels of educational debt, and is it affecting their willingness to take on vehicle debt?
- How do consumers respond to 0% APR loan incentives compared to other types of offers?
- Are borrowers interested in longer term loans – longer than 72 months – and are they more interested in deferred payment or vehicle repurchasing options?

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### DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

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