

Vehicle Financing - US - April 2014

Report Price: £2466.89 | \$3995.00 | €3133.71

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“As the market for low interest loans has become saturated in the super prime and prime risk tiers, financiers are looking mostly toward nonprime and the higher end of subprime but some are even diving into the deep subprime risk tier for additional income. Traditionally, retail banks, credit unions, and captive lenders left this marketplace in the hands of subprime lenders.”
– Colin Bird, Automotive Analyst

This report looks at the following areas:

- Should retail banks and captives increase their share of the subprime market?
- How can a growing Hispanic audience be better catered for?

More consumers are looking to finance their vehicle purchases as credit remains cheap and plentiful. Today, more lenders are financing debt to subprime borrowers, because of the cheap and stable credit market. Second-chance lenders and buy here pay here car dealers have increased lending in this sector as have retail banks, credit unions, and captive lenders. Players that can win the trust of those looking for loans, particularly those in the nonprime and upper subprime risk tiers, will see increased profitability as it appears that most of the remaining growth in the vehicle financing sector will come from those with less-than-prime credit, where a growing swell of Hispanics and Millennials, with riskier credit, are gearing up to purchase cars in the near term.

This report builds on the analysis presented in Mintel's Vehicle Financing – US, July 2013 and Vehicle Financing – US, December 2010.

This report explores car financing in the US. For the purposes of this report, car financing refers to personal car finance through financing and leasing at commercial banks and automotive lenders, to alternative financial services, such as buy here pay here auto financing, subprime lending, and peer-to-peer micro lending. This report will provide insight into the external and internal factors affecting financing options and trends and what they mean for future sales, promotional campaigns, and industry innovations.

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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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Appendix – Trade Associations

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