

## Car Finance - UK - May 2017

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“The car finance market has grown at a frenetic pace since the recession, supported by low interest rates and the popularity of affordable Personal Contract Purchase (PCP) products. The shadow of an upcoming FCA investigation into fairness is now looming, and new cars are expected to lose their shine over the next few years.”

– **Patrick Ross, Senior Financial Services Analyst**

This report looks at the following areas:

- Online distribution can threaten dealerships through user experience
- The temptation of that new car smell

The car finance market has grown at a great pace since the recession, to the extent that it even stands out among the booming consumer credit landscape. Low interest rates combined with an affordable flagship product in Personal Contract Purchase (PCP) have enabled this growth. Affordable and available credit is starting to change the way people view car buying. A shiny new car is no longer just the preserve of the wealthy, and there are concerns about the level of credit some car owners are taking on.

This has caught the attention of the FCA, which has announced it will conduct an investigation into the car finance market. The investigation won't be complete until 2018/19, which leaves an ongoing question mark hanging over future regulatory direction of the market.

In the meantime, there are opportunities to be explored that will make things easier and more straightforward for customers to get what they want from car finance, including leasing and online support.

This Report examines the market dynamics for UK car finance, including segmentation, distribution and growth. The Report also reviews the competitive environment, unearthing competitive strategies and exploring market share. Mintel's exclusive consumer research poses key questions relating to how people buy cars, how they approach car finance and general attitudes towards car finance.

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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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... but not before catching the attention of the FCA  
New and used car finance both grew by 12% in value in 2016  
Franchised dealers continue to dominate distribution

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Car dealerships control two thirds of finance distribution

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