

## Car Finance - UK - June 2018

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“The number of car finance contracts for new cars decreased in 2017. In part, this is due to the cyclical nature of the product. However, wider economic concerns could lead to consumers holding onto older cars longer. Lenders need to ensure car finance continues to appeal to existing customers, while also addressing the issue of residuals by maintaining the expansion of PCP for used cars.”

– **Rich Shepherd, Sr Financial Services Analyst**

This report looks at the following areas:

- Use of consumer credit to access car finance is a worrying sign
- Understanding is high but there's room for better education
- Subscriptions can satisfy young drivers' demand for convenience

The value of car finance products grew in 2017. However, the rate of growth was much lower than in recent years, while the volume of new contracts grew by just 2%. The period of rapid growth in the market is over, at least for now. Car manufacturers and providers are therefore faced with a new set of challenges, simultaneously having to find new ways to appeal to consumers, and to deal with the increased number of used cars generated by customers returning them at the end of their finance plan.

Although car ownership is falling among some demographic groups, it remains important for most consumers. They are, though, split on the use of finance to achieve this.

This Report covers the UK market for car finance for private individuals. This includes analysis of the size of the market, including recent performance and forecasts for the next five years. The major market drivers and distribution trends are discussed, as well as key providers and competitive strategies. Finally, Mintel's exclusive consumer research explores car ownership, how people paid for their last car, how car finance customers researched and arranged their contract, and attitudes towards car finance in general.

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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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### The Market – What You Need to Know

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