

Car Finance – UK – 2023

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This report looks at the following areas:

- Market size and forecast for the car finance market.
- Economic context and market drivers.
- Competitive strategies, launch activity and advertising initiatives in the market.
- Types of car finance and popular features.
- Car purchasing intentions and finance preferences.
- Consumer behaviour towards the market.

Car finance is most popular amongst those aged between 17–34, with 39% of drivers in this age group buying their current car using finance. At this life stage, people may prioritise savings to fund other priorities, such as buying a house, and therefore are more likely to use car finance when buying a car.

Mintel forecasts the value of the UK car finance market to increase over the next five years, but expect it to experience a decline of around 4% in 2023. With the cost of living crisis continuing to impact personal finances as well as the price of used cars remaining high, more drivers are likely to keep their current car for a longer period of time. This will have a knock-on effect of reducing the demand for new finance agreements.

The new car market has sold two million fewer cars in the past three years due to production and supply chain issues. This has limited the opportunities for car finance. However, fewer new cars in recent years is feeding through into a reduced supply of used – or near-new – cars, leading to rising prices which could make car finance a more attractive proposition when purchasing a used car.

Many consumers now expect fast, easy-to-use, personalised digital services in car finance, in line with what they experience in other financial services markets. Strong digital offerings will enable customers to start their car purchasing journey online, while a physical trip to the showroom to discuss



“Car finance continues to offer an affordable solution for those who are unable to buy a car outright. Although the current economic situation has made the flexibility offered by alternative purchasing methods appealing, consumers are unsure on contract lengths and payment terms and are still likely to use finance when purchasing their next car.”

– Lewis Cone, Associate Director – Financial Services

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finance requirements will allow sales teams to build trust, 'know their customer' and develop a customer relationship that will help to finalise agreements and sales.

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