

Car Finance - UK - May 2016

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“Car finance has benefitted from a dramatic expansion in its popularity in recent years. Fuelled by innovations such as PCP (Personal Contract Purchase) as well as the development of retail leasing products, both the volume and value of car finance contracts sold have seen unprecedented expansion.”

– Deborah Osguthorpe, Head of UK Financial Services Research

This report looks at the following areas:

- Potential offered by the used car sector
- Evolution of car finance market will continue
- Preparing for the worst

This report presents a review of the UK car finance market. The market has recently been benefitting from strong growth mirroring the upward trend in new car sales. Data released by the FLA (Finance and Leasing Association) puts the number of car finance contracts from dealers to private buyers at 2.13 million in 2015 with the value of these contracts at £28.3 billion. Annual growth for both has exceeded 10% per annum since 2011 further illustrating the current buoyancy of the sector.

Car finance has traditionally played a greater role within the new car market with the high price of many new vehicles encouraging many buyers to look at credit to fund/part fund their purchase. Low rates of interest and the development of new products such as PCP (Personal Contract Purchase) and lease hire in recent years have increased the percentage of purchases made through such products. They accounted for 81% of new car purchases in 2015 compared with a much smaller 16% in the used car market.

To offer an insight into the market, this Report also presents the results of exclusive research into several aspects of buyer behaviour when it comes to car finance. These include a review of the importance of car finance alongside other methods of financing the purchase of a vehicle by private buyers as well as the likelihood of car buyers using car finance products over the coming 12 months. Views on the value for money of different types of providers offering car finance are presented as well as consumer thoughts on various statements associated with 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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