

Asia-Pacific Auto Loan - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020 - 2029

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Report description:

The Asia-Pacific auto loan market has a transaction value of USD 1.23 Trillion in the current year and is poised to register a CAGR of more than 6% for the forecast period.

Sales of automobiles in the Asia-Pacific region are observing continuous growth, resulting in an increasing number of people opting for loan options while purchasing their vehicles. China, India, and Japan are among the existing Asia-Pacific countries with the largest sales volume of automobiles. In addition to this, India, China, and Indonesia exist as the Asia-Pacific countries with the highest interest rate on bank loans, making automobile loans a profitable business in these regions with an existing higher rate of risk premium.

In the Asia-Pacific region, credit unions are emerging as competitive players in the auto loan business as they can provide borrowers with a lower interest rate in comparison to commercial banks, reducing the loan cost of the borrower. Entry of fintech and NBFC firms into the automobile credit business is helping to expand sales of new and used automobiles in the region. Post-COVID-19, sales volume and revenue of passenger vehicles have observed a sharp rise in the region.

With rising innovation and changing business model of banking in the region, loans on electric vehicles are emerging as a new segment in the automobile market with existing subsidies and a lower rate of interest on them. Asia-Pacific is observing a continuous increase in car ownership rates by households, resulting in banks, credit unions, and other loan issuers making available instant loans through the launch of their digital platforms to capture a significant share of the market.

Asia-Pacific Auto Loan Market Trends

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Rising Sales Of Passenger Vehicles

Sales of passenger vehicles in the Asia-Pacific region exist at about four times the level of commercial vehicle sales; this is leading to a major share of auto loan issues being used in the purchase of passenger vehicles. Among the passenger vehicles, SUVs and medium cars occupy a significant market share, with the rest of the sales being dominated by small trucks and large trucks. With an increase in living standards and rising purchasing power, the major share of passenger vehicle demand is emerging from the residential segments. As per the Central Bank of India release, vehicle loans from banks have observed a growth of around 137% over the last three years, exceeding the growth rate of home loans, with a major share being used in Cars and SUV purchases, leading to loan providers focusing on auto loan business. As passenger vehicle loans are considered less risky in comparison to commercial vehicles, a major share of automobile loans is focused on passenger vehicles.

Banks Leading in Automobile Loan

Bank account penetration in Asia-Pacific has observed a continuous increase over the years, leading to an increasing share of the population capable of taking auto loans. Recent auto loan interest rates in Asia-Pacific countries vary from 7.12% to 13%, resulting in a significant profit margin being generated for banks and an opportunity for global banking to enter to reap the emerging benefits of the market. With changing financial preferences, auto loan borrowers prefer a 35% to 40% down payment for vehicle purchases through banks instead of spending all their savings at once. In addition, banks are also offering a flexible range of auto financing options to their customers. Rising finance penetration of the used vehicles market in the region is expanding further opportunities for the banks in addition to new vehicle loans. With the employed population in the age group of 25-54 years emerging as a major segment financing their vehicle through bank loans, Asia-Pacific exists as an emerging market for auto loans with its largest youth population.

Asia-Pacific Auto Loan Industry Overview

The Asia-Pacific auto loan market is fragmented, with a large number of players existing in the region. With a continuous rise in the purchase of automobiles in Asia-Pacific, loan providers are coming up with different products with varying interest rates. Auto loans have been offered digitally by various banks and financing services with the adoption of digital banking. Some of the existing players in the Asia Pacific Auto Loan market are HDFC Bank, China Merchants Bank, Stratton Finance, Orient Corporation, and Pepper.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

Table of Contents:

1 INTRODUCTION

1.1 Study Assumptions and Market Definition

1.2 Scope of the Study

2 RESEARCH METHODOLOGY

3 EXECUTIVE SUMMARY

4 MARKET DYNAMICS AND INSIGHTS

4.1 Market Overview

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- 4.2 Market Drivers
 - 4.2.1 Increase In Demand For Passenger Vehicles
 - 4.2.2 Quick Processing of Loan through Digital Lending
- 4.3 Market Restraints
 - 4.3.1 Rising Interest Rates On Loans
- 4.4 Market Opportunities
 - 4.4.1 Lower Interest Rate by Emerging Finance Firms Making Auto Loan Attractive
 - 4.4.2 Emerging Market of Electric Vehicles Expanding the Auto Loan Market
- 4.5 Industry Attractiveness - Porter's Five Forces Analysis
 - 4.5.1 Bargaining Power of Suppliers
 - 4.5.2 Bargaining Power of Buyers
 - 4.5.3 Threat of New Entrants
 - 4.5.4 Threat of Substitutes
 - 4.5.5 Intensity of Competitive Rivalry
- 4.6 Technological Innovations in Asia-Pacific Auto Loan Market
- 4.7 Impact of COVID-19 on the Market

5 MARKET SEGMENTATION

- 5.1 By Vehicle Type
 - 5.1.1 Passenger Vehicle
 - 5.1.2 Commercial Vehicle
- 5.2 By Ownership
 - 5.2.1 New Vehicle
 - 5.2.2 Used Vehicle
- 5.3 By End-User
 - 5.3.1 Individual
 - 5.3.2 Enterprise
- 5.4 By Loan Provider
 - 5.4.1 Banks
 - 5.4.2 OEM
 - 5.4.3 Credit Unions
 - 5.4.4 Other Loan Providers
- 5.5 By Country
 - 5.5.1 China
 - 5.5.2 Japan
 - 5.5.3 India
 - 5.5.4 Australia
 - 5.5.5 South Korea
 - 5.5.6 Rest of Asia-Pacific

6 COMPETITIVE LANDSCAPE

- 6.1 Market Concentration Overview
- 6.2 Company Profile
 - 6.2.1 HDFC Bank
 - 6.2.2 China Merchants Bank
 - 6.2.3 Stratton Finance
 - 6.2.4 Orient Corporation

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- 6.2.5 Pepper
- 6.2.6 ICICI Bank
- 6.2.7 ICBC China
- 6.2.8 Bank of Kyoto
- 6.2.9 Angle Auto Finance
- 6.2.10 Hyundai Capital*

7 MARKET FUTURE TRENDS

8 DISCLAIMER AND ABOUT US

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