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

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Report description:

The auto loan market has a loan outstanding of USD 4.12 trillion in the current year and is poised to register a CAGR of more than 5% for the forecast period.

Automobile sales globally have observed a continuous increase over the years, increasing the number of vehicles purchased with a rise in rise in number of auto loans taken by people for financing them. Based on the duration, loan providers globally are increasing their rate of interest as long-term loans are associated with higher risk. With differences in the types of vehicles purchased between developed and developing countries, sales of auto loans category also vary. As developing countries such as India exist with a major share of two-wheelers in automobile sales, developed countries such as the United States exist with a major share of four vehicles (Light Truck) in their automobile sales. In terms of global motor vehicle sales, passenger cars have emerged with a share of more than 60%, and the remaining share is occupied by commercial vehicles. Post-COVID-19 price of passenger vehicles has almost stabilized, with commercial vehicles observing a price rise of 10-12%, resulting in a decline in their sales and their associated loan business.

The Auto loan market exists with a varied demand for its products, having intra-country differences. Loan providers are continuously emerging with new loan products for making the purchase of automobiles easy and more convenient. Among the Automobile loan providers, Banks, Captive finance, and credit unions exist with a major share of around 70%, with the rate of interest varying between 4% to 10% in different countries.

To promote the adoption of Electric vehicles, Auto loan providers are coming with low and long-term interest rates on these vehicle loans. Post-COVID-19, China, the United States, and India have emerged as the world's largest auto market, resulting in rising opportunities for Auto loan providers in the regions.

Auto Loan Market Trends

Rising Sales Of Passenger Vehicles

The passenger vehicles market includes sales of two-wheeler, four-wheeler vehicles, and other vehicles mostly used for passenger transportation. Globally average passenger vehicle price is around USD 28,000, with regional variation. Among the sales of four-wheeler passenger vehicles, SUVs and medium cars are among the segments with the largest sales of more than 30 Million vehicles globally. With an increase in y-o-y sales, these two segments of passenger vehicles are occupying more than 50% of the passenger vehicle sales share and leading Automobile loan providers to focus their products on specific segments of passenger vehicles to reap the existing benefits and increase their automobile loan sales. Last year United States observed an increase in the price of passenger vehicles, with rising vehicle loan prices leading to more automobile buyers entering into debt. The rise in price of passenger vehicles is increasing the business of Automobile loan providers. With the increase in income and standard of living, passenger vehicles are becoming an opportunistic segment of Auto loans.

Increasing Vehicle Loan By Credit Union

Credit Unions are financial cooperative institutions providing users with traditional banking services. With the global tightening of monetary policy by central banks, interest rate by banking institutions is observing a continuous increase, making their loan products more expensive to the borrowers. Credit unions exist with comparatively lower interest rates and processing fees than banks for borrowing loans, as a result of which, post-COVID-19, with a decline in the savings of people, credit unions have emerged as an efficient automobile loan provider. In terms of the distribution of vehicle loans by sources in the United States, Credit unions have observed an increase in the share of more than 7% post coronavirus. For loans in the used vehicles market purchase, the share of credit unions observed an increase to 31% last year from a level of 25% during COVID-19. As a result of the rising price of automobiles with increasing interest rates on loans, credit unions are emerging as an attractive financing solution for automobile buyers.

Auto Loan Industry Overview

The auto loan market currently exists in a fragmented form, with the existence of a large number of players. Rising competition among firms for lower interest rates on loans with minimization of processing fees is leading to more competitive firms investing to occupy a large share of the customers. The technological innovation of digital loans and banking apps is further making Auto loans more efficient for borrowers. Some of the existing players in the Auto Loan Industry are Ally Financial, Wells Fargo, Chase, Capital One, and Bank of America.

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
4.2 Market Drivers
4.2.1 Increase in Demand for Passenger Vehicles
4.2.2 Quick Processing of Loan Increasing Automobile Loan Sales
4.3 Market Restraints
4.3.1 Rising of Interest Rates by Banks
4.3.2 Rising Price in Automobile Market
4.4 Market Opportunities
4.4.1 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 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 Region
5.5.1 North America
5.5.1.1 United States
5.5.1.2 Canada
5.5.1.3 Rest of North America
5.5.2 Europe
5.5.2.1 United Kingdom
5.5.2.2 Germany
5.5.2.3 Rest of Europe
5.5.3 Asia-Pacific
5.5.3.1 China

5.5.3.2 Japan
5.5.3.3 India
5.5.3.4 Rest of Asia-Pacific
5.5.4 South America
5.5.4.1 Brazil
5.5.4.2 Peru
5.5.4.3 Rest of South America
5.5.5 Middle East
5.5.5.1 Saudi Arabia
5.5.5.2 United Arad Emirates
5.5.5.3 Rest of Middle East
5.5.6 Rest of the World

6 COMPETITIVE LANDSCAPE
6.1 Market Concentration Overview
6.2 Company Profile
6.2.1 Ally Financial
6.2.2 Wells Fargo
6.2.3 Chase
6.2.4 Capital One
6.2.5 Bank of America
6.2.6 BNP Paribas Financial Service
6.2.7 Credit Agricole
6.2.8 HDFC Bank
6.2.9 ICICI Bank
6.2.10 Mashreq Bank*

7 MARKET FUTURE TRENDS

8 DISCLAIMER AND ABOUT US

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