

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

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Report description:

China's auto loan market has a transaction value of USD 308.24 billion in the current year and is poised to register a CAGR of more than 8% for the forecast period.

Total automobile sales in China are observing a continuous increase, with the sales of passenger vehicles far exceeding the commercial vehicles. Penetration of auto financing is observing a continuous increase in the country, with more than 50% of vehicle buyers taking auto finance. Auto finance companies and commercial banks in the country are emerging as major auto loan providers for expanding the share of Auto loans in the composition of lending in China. Even post-covid, the China government is taking initiatives to expand sales of automobiles through affordable financing.

For passenger vehicles, SUVs and Medium cars occupy more than 60% of the sales, resulting in automobile loan providers designing specific products as per sales and price of these segments. Post-COVID-19, the interest rate on borrowing in China is observing a decline with the accommodative policy of the central bank, resulting in an increasing number of people financing their vehicle purchases. With a rural-urban spread, rural areas exist with a share of 44% of country automobile sales, and the remaining 56% of sales are in urban centers, making auto loan providers focus both on the rural and urban centers.

In the emerging automobile market, as manufacturers are launching Electric vehicles combined with government initiatives, lending companies are offering a lucrative interest rate on Electric vehicle loans to promote their sales and increase their ESG scores. With these efforts, China is leading globally in the sales of electric vehicles, having more than 4 Million sales last year, and even in battery vehicles had the largest share. Lenders are adopting digital lending channels and the availability of long-term loans with competitive interest rates to attract a major share of vehicle buyers to opt for automobile loans.

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Rising Sales of Passenger Vehicles

Among the automobile sales in China, passenger vehicles exist with a major share of around 70%, making it an attractive segment for automobile loan providers. The sales of passenger vehicles in the country last year were at more than 17 million, with SUVs and medium cars occupying a major segment of the market. With a decline in the growth rate of passenger vehicle sales during the pandemic, post-COVID-19, the sales are observing an increase with rising pent-up demand of people and innovative policy initiatives taken by banks for reducing the interest rates on loans. Passenger vehicle manufacturers, with an increase in their vehicle sales, are offering their own flexible and tailor-made financial services to buyers to make vehicle purchases easier and more convenient. BYD, FAW, Great Wall, and Sinotruk are among some of the emerging manufacturers in passenger vehicle sales, and by partnership with the Auto Loan market or launching their innovative finance products are leading the auto loan market in a new direction.

Rising Auto Loan by NBFC

NBFC exists as a financial institution offering various banking services without having access to a banking license. The market share of NBFC in China automobile finance is observing a continuous rise with a declining rate of interest on vehicle loans and rising automobile product sales. With options of borrowing the full amount of the used and new vehicle price, the loan products had been made more flexible and user-friendly. Potential buyers of automobiles in China exist within the employed age group of 25-44, resulting in a major focus of NBFC towards attracting this range of buyers through advertisements and varying attractive offers. The share of NBFC in the overall automobile loan in China has observed a continuous rise over the years, with auto sellers themselves offering the buyers credit facilities, reducing the business of banks in automobile loans. Over the period, SAIC Motors Finance, BYD Auto Finance, and Herald International Finance have emerged among some of the leading companies in China for Auto loans.

China Auto Loan Industry Overview

China's auto loan market is fragmented, with a large number of banks, OEN, Credit unions, and financial services providing their loan. Existing players are competing in the market players to provide a competitive interest rate with long-term credit facilities, and digital innovations by lending companies are taking the market in a new direction. Some of the existing players in China's Auto Loan market are China Merchant Bank, China Minsheng Bank, SAIC Finance, China Bank, and Bank of China.

Additional Benefits:

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

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