

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

Market Report | 2024-02-17 | 120 pages | Mordor Intelligence

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Report description:

The UK Car Loan Market size in terms of outstanding loan value is expected to grow from USD 56.62 billion in 2024 to USD 77.92 billion by 2029, at a CAGR of 6.60% during the forecast period (2024-2029).

Key Highlights

- The UK car loan market is a significant part of the overall consumer credit market. Various lending institutions, including banks, credit unions, and specialist finance companies, offer financing to consumers who want to purchase a car. Car loans are typically secured loans, which means that the lender uses the car as collateral in case the borrower defaults on the loan. This makes car loans less risky for lenders, which can result in lower interest rates for borrowers compared to unsecured loans.
- In recent years, the UK car loan market has seen significant growth, driven by factors such as low-interest rates, increased consumer demand for cars, and the rise of online lending platforms. However, the COVID-19 pandemic had a significant impact on the market, with a drop in consumer demand for cars and increased economic uncertainty leading to a slowdown in lending activity.
- Despite these challenges, the UK car loan market is expected to rebound in the coming years as the economy recovers and consumer demand for cars picks up.

UK Car Loan Market Trends

Low Interest Rates are Driving the Market

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- Low-interest rates have a significant impact on the car loan market in the UK. When interest rates are low, it means that borrowing money becomes more affordable, including taking out car loans. Low-interest rates encourage more people to finance their car purchases, as they can secure loans at lower costs and enjoy more favorable repayment terms.
- With lower interest rates, monthly loan payments decrease, making it easier for individuals to afford a car loan. This stimulates demand for new and used cars, as consumers find it more attractive to finance their purchases rather than pay the full amount upfront. As a result, the car loan market experiences increased activity, with more people seeking loans to buy vehicles.
- Financial institutions and lenders also benefit from this scenario. Lower interest rates incentivize borrowing, leading to more loan applications and business for banks. To remain competitive, lenders may offer attractive loan terms, such as longer repayment periods or lower down payment requirements, further driving demand in the car loan market.

Increased Consumer Demand for Cars

- The increased consumer demand for cars in the UK is driving the car loan market in several ways. As more people seek to purchase cars, they may require financing to cover the cost of the vehicle. This has led to an increase in the number of car loan providers in the market, as well as the range of products they offer.
- The demand for cars has also led to increased competition among lenders, which has resulted in lower interest rates and more attractive loan terms for consumers. This, in turn, has made car loans more accessible and affordable for a wider range of customers.

UK Car Loan Industry Overview

The market for UK car loans is highly fragmented. Major players like Barclays Partner Finance, Santander UK, and Lloyds Bank dominate the market. Competition is expected to intensify by the end of the forecast period due to the lucrative opportunities available to various players in the market.

The report highlights the numerous strategic initiatives, such as new business deals and collaborations, mergers and acquisitions, joint ventures, product launches, and technological upgrades, implemented by the leading market contenders to set a firm foot in the market. Hence, this section includes the company profiles of the key players and industry analysis.

Additional Benefits:

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

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