

Asia Pacific Used Car Financing Market By Body Style Type (Hatchbacks, Sedans, Sports Utility Vehicle, Multi-purpose Vehicle), By Financier (OEM, Banks, Non-Banking Financing Companies), By Country, Competition, Forecast & Opportunities, 2020-2030F

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Report description:

The Asia Pacific Used Car Financing Market was valued at USD 39.34 billion in 2024 and is projected to reach USD 66.24 billion by 2030, registering a Compound Annual Growth Rate (CAGR) of 9.07% during the forecast period. The market is experiencing robust growth driven by factors such as rising disposable incomes, an increasing preference for personal mobility, and the rapid expansion of digital lending platforms. Urbanization, coupled with a growing middle class, has heightened demand for pre-owned vehicles, making financing solutions increasingly important. Financial institutions and non-banking lenders are providing competitive interest rates and flexible repayment terms, improving affordability.

Key Market Drivers

Increased Demand for Affordable Mobility Solutions

The need for affordable mobility is a key factor driving the growth of the Asia Pacific used car financing market. With urbanization advancing and disposable incomes rising, a large portion of the middle class is turning to used cars as a cost-effective alternative to new vehicles. In India, for example, per capita disposable income increased by 8% in FY24, following a 13.3% rise the previous year. The high cost of new cars, along with concerns about depreciation, has made pre-owned vehicles an attractive choice for budget-conscious consumers. Additionally, the growth of app-based transportation services like ride-sharing and delivery businesses has further driven demand for second-hand cars, escalating the need for financing options. Countries such as India, China, and Indonesia have seen significant growth in used car sales, prompting financial institutions to offer competitive interest rates and flexible repayment options. The combination of affordability and easy access to financing is fueling substantial growth in the market.

Key Market Challenges

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High Credit Risk and Loan Default Rates

A major challenge in the Asia Pacific used car financing market is the high credit risk associated with borrowers, which results in increased loan default rates. Many consumers seeking used car loans come from middle- or lower-income groups where financial stability may be uncertain. Unlike new car financing, used car loans are frequently extended to individuals with limited or no credit history, especially in emerging economies such as India, Indonesia, and the Philippines, where formal credit systems are still developing. Lenders face difficulties in assessing borrowers' repayment capacity, increasing the risk of bad debts. Furthermore, used car values tend to depreciate more quickly and may not provide sufficient collateral in case of default, heightening lenders' financial risks. Non-Banking Financial Companies (NBFCs) and digital lenders, who play a significant role in the market, often raise interest rates to compensate for these risks, making loans less affordable. As a result, financial institutions need to adopt advanced credit assessment tools, such as AI-driven risk modeling and alternative credit scoring methods, to minimize defaults and improve lending efficiency.

Key Market Trends

Rise of Subscription-Based and Lease-to-Own Models

A notable trend shaping the used car financing landscape in Asia Pacific is the growing adoption of subscription-based and lease-to-own models. Traditionally, car ownership required outright purchase or loan financing, but changing consumer preferences, particularly among millennials and urban residents, are driving demand for more flexible access to vehicles. Subscription services allow customers to use a car for a fixed monthly fee, which covers maintenance, insurance, and taxes, offering an alternative to long-term ownership. Similarly, lease-to-own models allow customers to gradually pay towards ownership while benefiting from lower initial costs. This trend is gaining momentum in high-growth markets such as India, China, and Indonesia, where urban congestion, changing work habits, and evolving lifestyles make temporary car usage more appealing than full ownership. Automotive startups and traditional lenders are collaborating with car dealerships and fintech firms to offer these financing options through digital platforms, simplifying the leasing and subscription process. As a result, these innovative models are becoming a significant component of the used car financing ecosystem, catering to consumers who prioritize affordability and flexibility over traditional loan structures.

Key Market Players

- Ford Motor Credit Company
- The Bank of China
- BYD Auto Finance Company Limited
- Changan Auto Finance Co. Ltd
- Mahindra Finance
- Sundaram Finance Ltd
- HDFC Bank Ltd
- Cholamandalam Investment and Finance Company Limited
- Sumitomo Mitsui Banking Corporation Group
- Korea Development Bank

Report Scope

This report segments the Asia Pacific Used Car Financing Market into the following categories, in addition to providing an in-depth analysis of industry trends:

- By Body Style Type:
 - o Hatchbacks
 - o Sedans
 - o Sports Utility Vehicles (SUVs)
 - o Multi-Purpose Vehicles (MPVs)
- By Financier:
 - o OEMs
 - o Banks
 - o Non-Banking Financial Companies (NBFCs)

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-□By Country:

- o China
- o India
- o Japan
- o Indonesia
- o Thailand
- o South Korea
- o Australia
- o Vietnam
- o Malaysia
- o Bangladesh
- o Rest of Asia-Pacific

Competitive Landscape

Company Profiles: A comprehensive analysis of the major players in the Asia Pacific Used Car Financing Market is provided.

Available Customizations

TechSci Research offers customizations tailored to a company's specific needs. The following customization options are available for the Asia Pacific Used Car Financing Market report:

-□Detailed analysis and profiling of additional market players (up to five).

Table of Contents:

1. Introduction
 - 1.1. Market Overview
 - 1.2. Key Highlights of the Report
 - 1.3. Market Coverage
 - 1.4. Market Segments Covered
 - 1.5. Research Tenure Considered
2. Research Methodology
 - 2.1. Objective of the Study
 - 2.2. Baseline Methodology
 - 2.3. Key Industry Partners
 - 2.4. Major Association and Secondary Sources
 - 2.5. Forecasting Methodology
 - 2.6. Data Triangulation & Validation
 - 2.7. Assumptions and Limitations
3. Executive Summary
 - 3.1. Market Overview
 - 3.2. Market Forecast
 - 3.3. Key Countries
 - 3.4. Key Segments
4. Asia Pacific Used Car Financing Market Outlook
 - 4.1. Market Size & Forecast
 - 4.1.1. By Value
 - 4.2. Market Share & Forecast
 - 4.2.1. By Body Style Type Market Share Analysis (Hatchbacks, Sedans, Sports Utility Vehicle, Multi-purpose Vehicle)
 - 4.2.2. By Financier Market Share Analysis (OEM, Banks, Non-Banking Financing Companies)
 - 4.2.3. By Country Market Share Analysis

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- 4.2.3.1. China Market Share Analysis
- 4.2.3.2. India Market Share Analysis
- 4.2.3.3. Japan Market Share Analysis
- 4.2.3.4. Indonesia Market Share Analysis
- 4.2.3.5. Thailand Market Share Analysis
- 4.2.3.6. South Korea Market Share Analysis
- 4.2.3.7. Australia Market Share Analysis
- 4.2.3.8. Vietnam Market Share Analysis
- 4.2.3.9. Malaysia Market Share Analysis
- 4.2.3.10. Bangladesh Market Share Analysis
- 4.2.3.11. Rest of Asia-Pacific Market Share Analysis
- 4.2.4. By Top 5 Companies Market Share Analysis, Others (2024)
- 4.3. Asia Pacific Used Car Financing Market Mapping & Opportunity Assessment
- 4.3.1. By Body Style Type Market Mapping & Opportunity Assessment
- 4.3.2. By Financier Market Mapping & Opportunity Assessment
- 4.3.3. By Country Market Mapping & Opportunity Assessment
- 5. China Used Car Financing Market Outlook
- 5.1. Market Size & Forecast
- 5.1.1. By Value
- 5.2. Market Share & Forecast
- 5.2.1. By Body Style Type Market Share Analysis
- 5.2.2. By Financier Market Share Analysis
- 6. India Used Car Financing Market Outlook
- 6.1. Market Size & Forecast
- 6.1.1. By Value
- 6.2. Market Share & Forecast
- 6.2.1. By Body Style Type Market Share Analysis
- 6.2.2. By Financier Market Share Analysis
- 7. Japan Used Car Financing Market Outlook
- 7.1. Market Size & Forecast
- 7.1.1. By Value
- 7.2. Market Share & Forecast
- 7.2.1. By Body Style Type Market Share Analysis
- 7.2.2. By Financier Market Share Analysis
- 8. Indonesia Used Car Financing Market Outlook
- 8.1. Market Size & Forecast
- 8.1.1. By Value
- 8.2. Market Share & Forecast
- 8.2.1. By Body Style Type Market Share Analysis
- 8.2.2. By Financier Market Share Analysis
- 9. Thailand Used Car Financing Market Outlook
- 9.1. Market Size & Forecast
- 9.1.1. By Value
- 9.2. Market Share & Forecast
- 9.2.1. By Body Style Type Market Share Analysis
- 9.2.2. By Financier Market Share Analysis
- 10. South Korea Used Car Financing Market Outlook

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- 10.1. Market Size & Forecast
 - 10.1.1. By Value
- 10.2. Market Share & Forecast
 - 10.2.1. By Body Style Type Market Share Analysis
 - 10.2.2. By Financier Market Share Analysis
- 11. Australia Used Car Financing Market Outlook
 - 11.1. Market Size & Forecast
 - 11.1.1. By Value
 - 11.2. Market Share & Forecast
 - 11.2.1. By Body Style Type Market Share Analysis
 - 11.2.2. By Financier Market Share Analysis
- 12. Vietnam Used Car Financing Market Outlook
 - 12.1. Market Size & Forecast
 - 12.1.1. By Value
 - 12.2. Market Share & Forecast
 - 12.2.1. By Body Style Type Market Share Analysis
 - 12.2.2. By Financier Market Share Analysis
- 13. Malaysia Used Car Financing Market Outlook
 - 13.1. Market Size & Forecast
 - 13.1.1. By Value
 - 13.2. Market Share & Forecast
 - 13.2.1. By Body Style Type Market Share Analysis
 - 13.2.2. By Financier Market Share Analysis
- 14. Bangladesh Used Car Financing Market Outlook
 - 14.1. Market Size & Forecast
 - 14.1.1. By Value
 - 14.2. Market Share & Forecast
 - 14.2.1. By Body Style Type Market Share Analysis
 - 14.2.2. By Financier Market Share Analysis
- 15. Market Dynamics
 - 15.1. Drivers
 - 15.2. Challenges
- 16. Market Trends & Developments
- 17. Competitive Landscape
 - 17.1. Company Profiles
 - 17.1.1. Ford Motor Credit Company
 - 17.1.1.1. Company Details
 - 17.1.1.2. Products & Services
 - 17.1.1.3. Financials (As Per Availability)
 - 17.1.1.4. Key Market Focus & Geographical Presence
 - 17.1.1.5. Recent Developments
 - 17.1.1.6. Key Management Personnel
 - 17.1.2. The Bank of China
 - 17.1.2.1. Company Details
 - 17.1.2.2. Products & Services
 - 17.1.2.3. Financials (As Per Availability)
 - 17.1.2.4. Key Market Focus & Geographical Presence

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- 17.1.2.5. Recent Developments
- 17.1.2.6. Key Management Personnel
- 17.1.3. BYD Auto Finance Company Limited
 - 17.1.3.1. Company Details
 - 17.1.3.2. Products & Services
 - 17.1.3.3. Financials (As Per Availability)
 - 17.1.3.4. Key Market Focus & Geographical Presence
 - 17.1.3.5. Recent Developments
 - 17.1.3.6. Key Management Personnel
- 17.1.4. Changan Auto Finance Co. Ltd
 - 17.1.4.1. Company Details
 - 17.1.4.2. Products & Services
 - 17.1.4.3. Financials (As Per Availability)
 - 17.1.4.4. Key Market Focus & Geographical Presence
 - 17.1.4.5. Recent Developments
 - 17.1.4.6. Key Management Personnel
- 17.1.5. Mahindra Finance
 - 17.1.5.1. Company Details
 - 17.1.5.2. Products & Services
 - 17.1.5.3. Financials (As Per Availability)
 - 17.1.5.4. Key Market Focus & Geographical Presence
 - 17.1.5.5. Recent Developments
 - 17.1.5.6. Key Management Personnel
- 17.1.6. Sundaram Finance Ltd
 - 17.1.6.1. Company Details
 - 17.1.6.2. Products & Services
 - 17.1.6.3. Financials (As Per Availability)
 - 17.1.6.4. Key Market Focus & Geographical Presence
 - 17.1.6.5. Recent Developments
 - 17.1.6.6. Key Management Personnel
- 17.1.7. HDFC Bank Ltd
 - 17.1.7.1. Company Details
 - 17.1.7.2. Products & Services
 - 17.1.7.3. Financials (As Per Availability)
 - 17.1.7.4. Key Market Focus & Geographical Presence
 - 17.1.7.5. Recent Developments
 - 17.1.7.6. Key Management Personnel
- 17.1.8. Cholamandalam Investment and Finance Company Limited
 - 17.1.8.1. Company Details
 - 17.1.8.2. Products & Services
 - 17.1.8.3. Financials (As Per Availability)
 - 17.1.8.4. Key Market Focus & Geographical Presence
 - 17.1.8.5. Recent Developments
 - 17.1.8.6. Key Management Personnel
- 17.1.9. Sumitomo Mitsui Banking Corporation Group
 - 17.1.9.1. Company Details
 - 17.1.9.2. Products & Services

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- 17.1.9.3. Financials (As Per Availability)
- 17.1.9.4. Key Market Focus & Geographical Presence
- 17.1.9.5. Recent Developments
- 17.1.9.6. Key Management Personnel
- 17.1.10. Korea Development Bank
 - 17.1.10.1. Company Details
 - 17.1.10.2. Products & Services
 - 17.1.10.3. Financials (As Per Availability)
 - 17.1.10.4. Key Market Focus & Geographical Presence
 - 17.1.10.5. Recent Developments
 - 17.1.10.6. Key Management Personnel
- 18. Strategic Recommendations
 - 18.1. Key Focus Areas
 - 18.2. Target Body Style Type
 - 18.3. Target Financier
- 19. About Us & Disclaimer

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