



# State of the Automotive Finance Market Q4 2023

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Head of Automotive Financial Insights

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# Today's speaker



## Melinda Zabritski

**Head of Automotive Financial Insights**  
Experian

Throughout her career with Experian, Zabritski has overseen the product strategy for Experian Automotive's lending channel and creation of the automotive credit vertical. After over 18 years in product management, she transitioned into sales and consulting. Zabritski also serves as Experian's primary analyst and spokesperson regarding key automotive finance trends.

# Session overview

- Overall origination trends
- Origination trends on New loans & leases
- Origination trends on Used financing
- Portfolio balances & delinquency

Category	Score Range
Super prime	781 – 850
Prime	661 – 780
Nonprime	601 – 660
Subprime	501 – 600
Deep subprime	300 – 500



# Data sources

## Velocity Market, Risk and Performance

- Monthly subscription service sourced from US vehicle titles, manufacturer data and credit information
- Quickly view dealer and lender activity and share by market, make, segment and more
- Gain insight into credit and loan/lease characteristics across vehicle metrics
- Review loan performance by origination attributes, vehicle and dealers

## Ascend Market Insights

- Instant access to credit market trends across the entire credit universe (review by industry type)
- Deep-dive across numerous themes (delinquency, originations, total accounts & balances and more)
- Easy navigation and dashboards with weekly Executive Summary insights



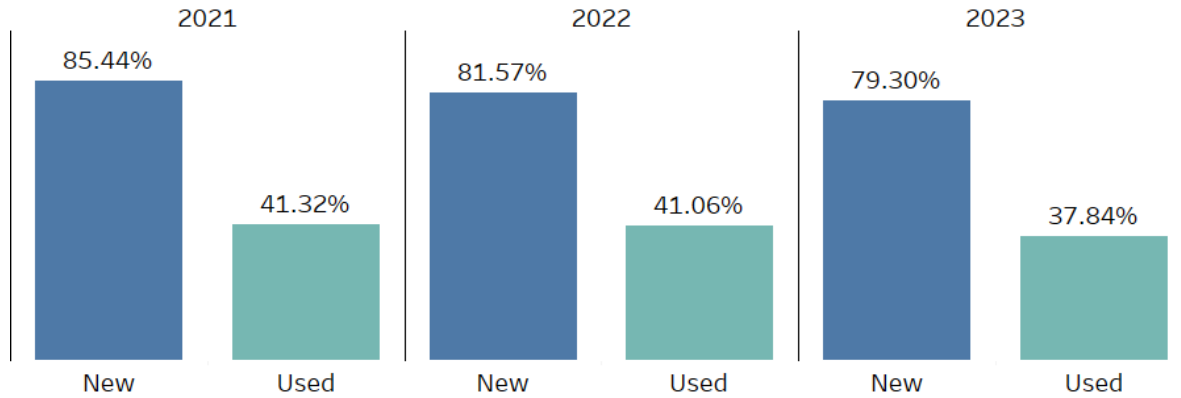
# Q4 2023 Originations

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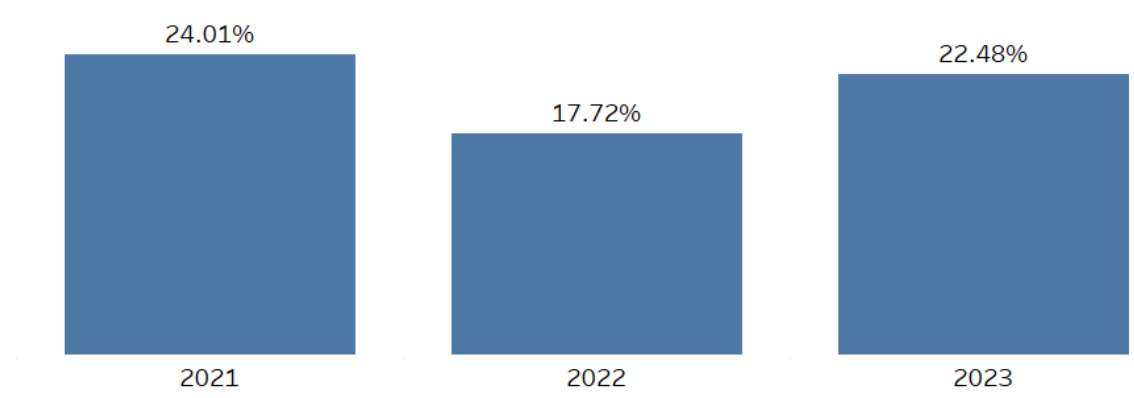
Trends in automotive loan and lease originations

# Automotive financing: Snapshot of how and what consumers are financing

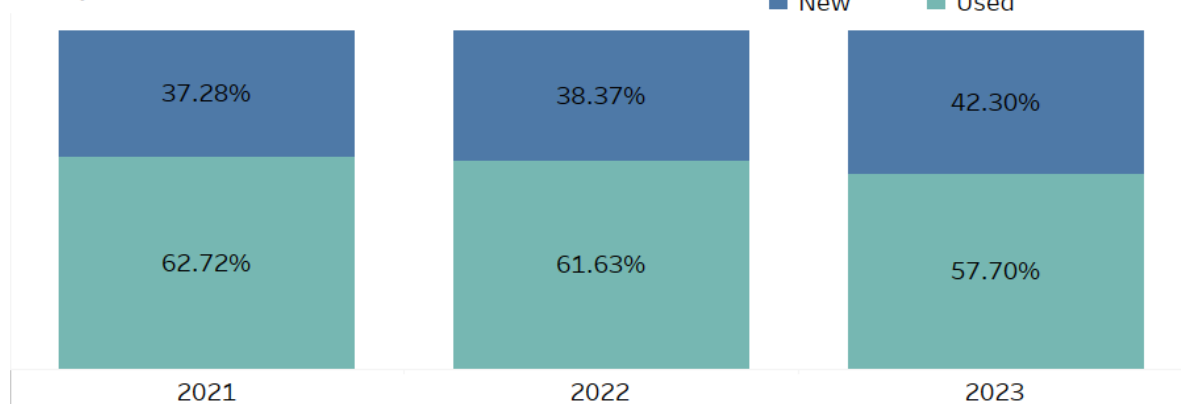
Percentage of vehicles with financing



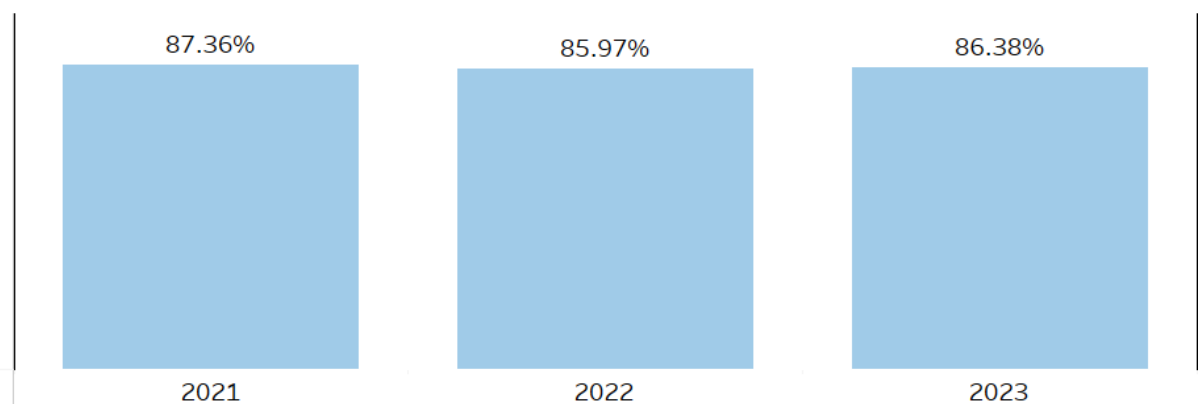
% of all new vehicles that are leased



New/Used percentage of financing

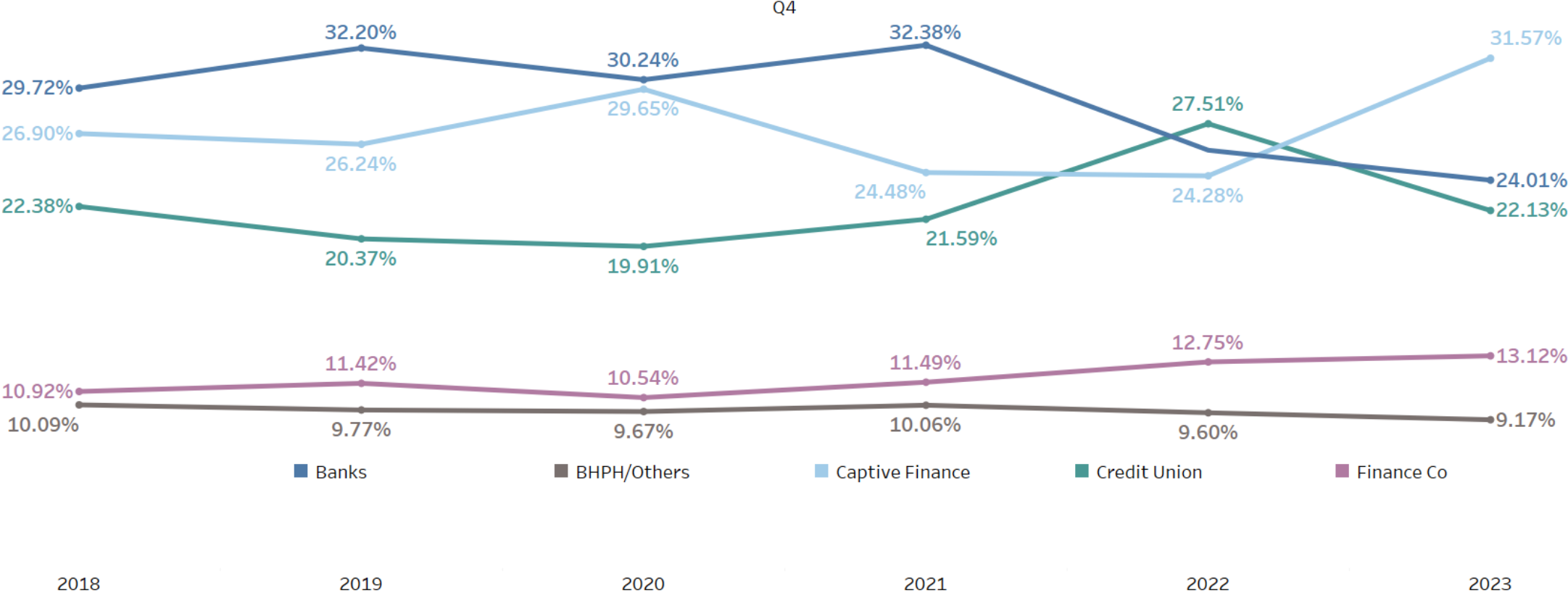


Current +8MY share of financing



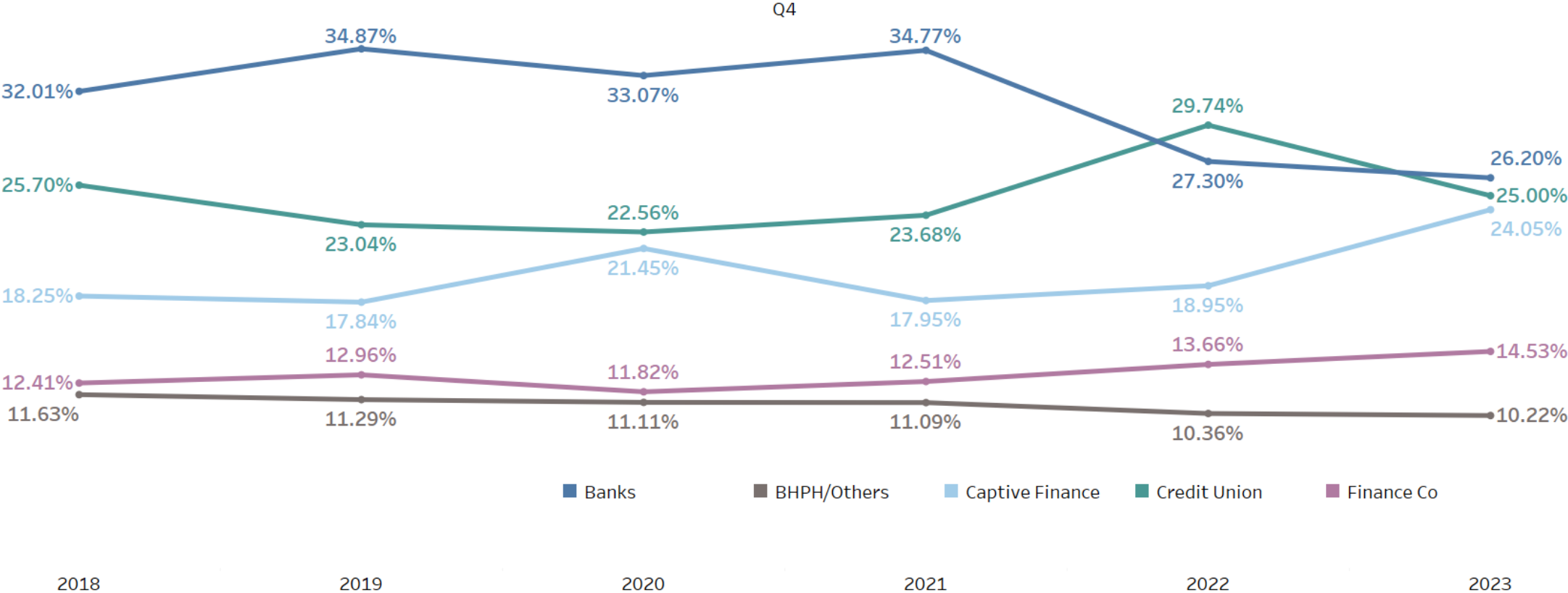
# Captive share continues to grow

Market share of total financing



# Banks still maintain largest loan share, but has steadily declined while captives increase share

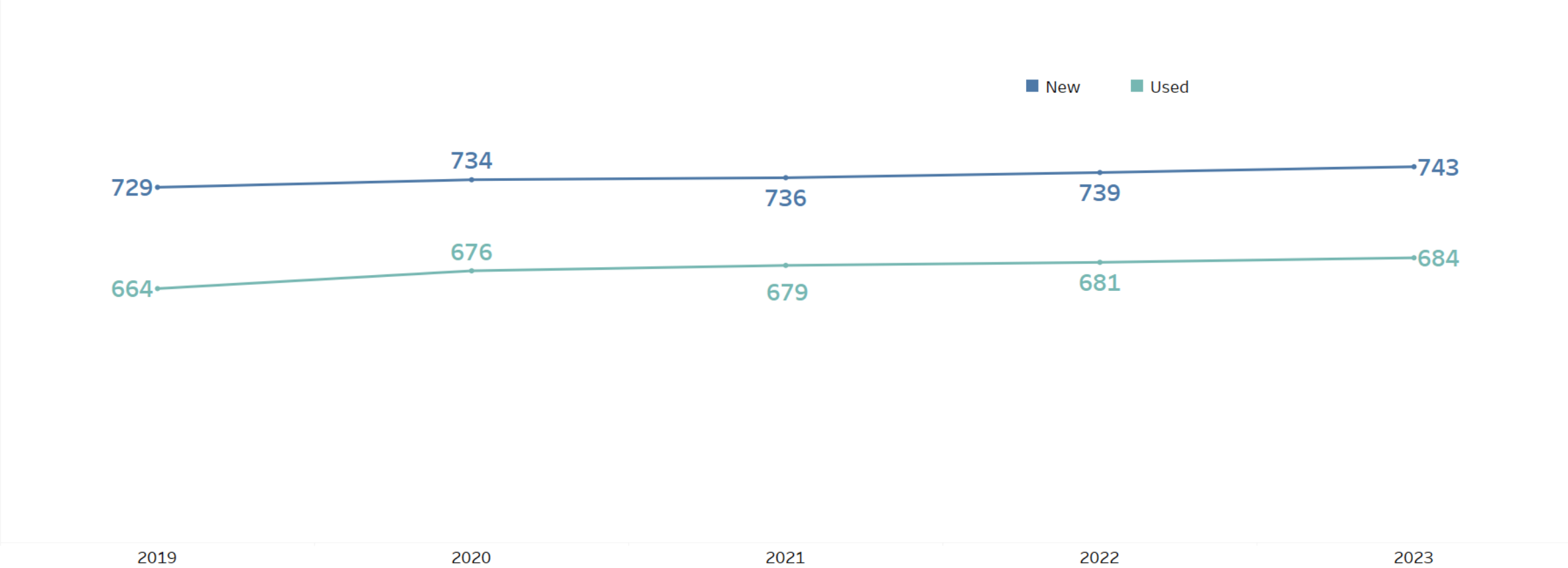
Total loan market share





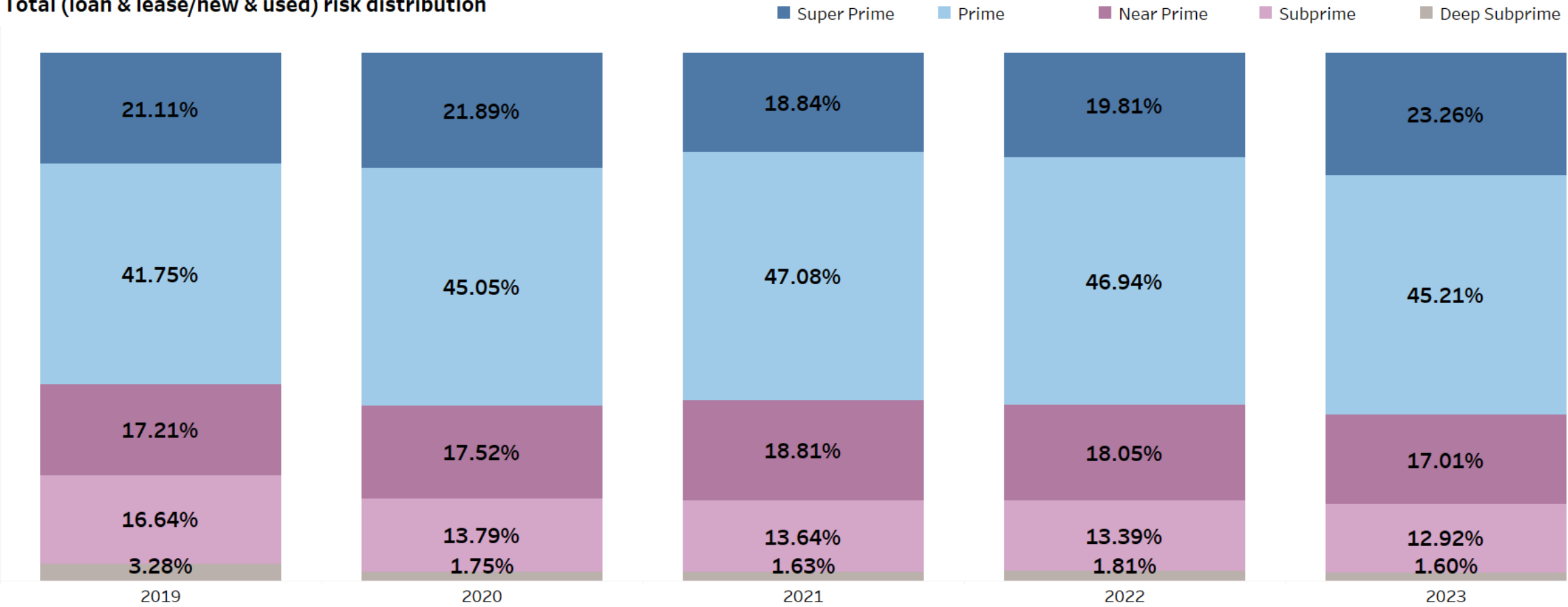
# New scores up 4 points while used increases 3 points

Average score by vehicle type



# Prime is over 68% of total financing, while subprime falls under 15%

Total (loan & lease/new & used) risk distribution



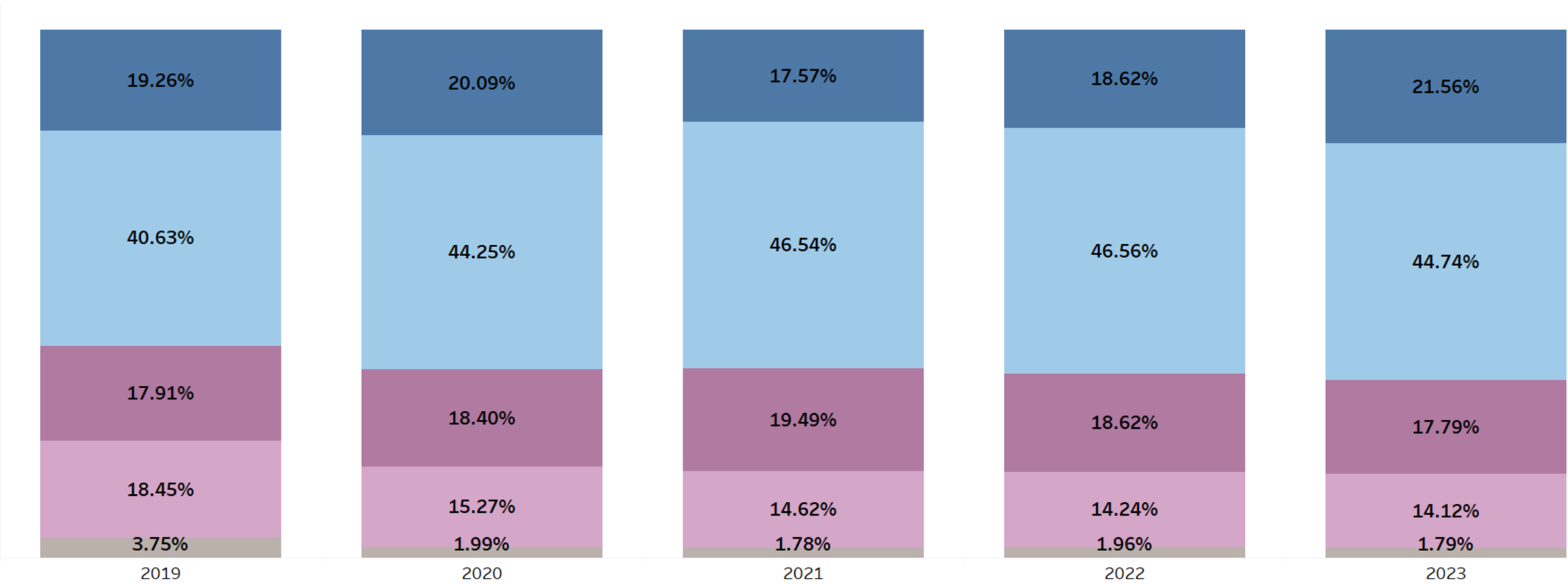
<sup>1</sup>Total financing = loan and lease transactions on both new and used vehicles



# Prime+ is over 66% of total loans while total subprime nearly 16%

Total loan risk distribution

■ Super Prime    ■ Prime    ■ Near Prime    ■ Subprime    ■ Deep Subprime





# Q4 2023 New financing

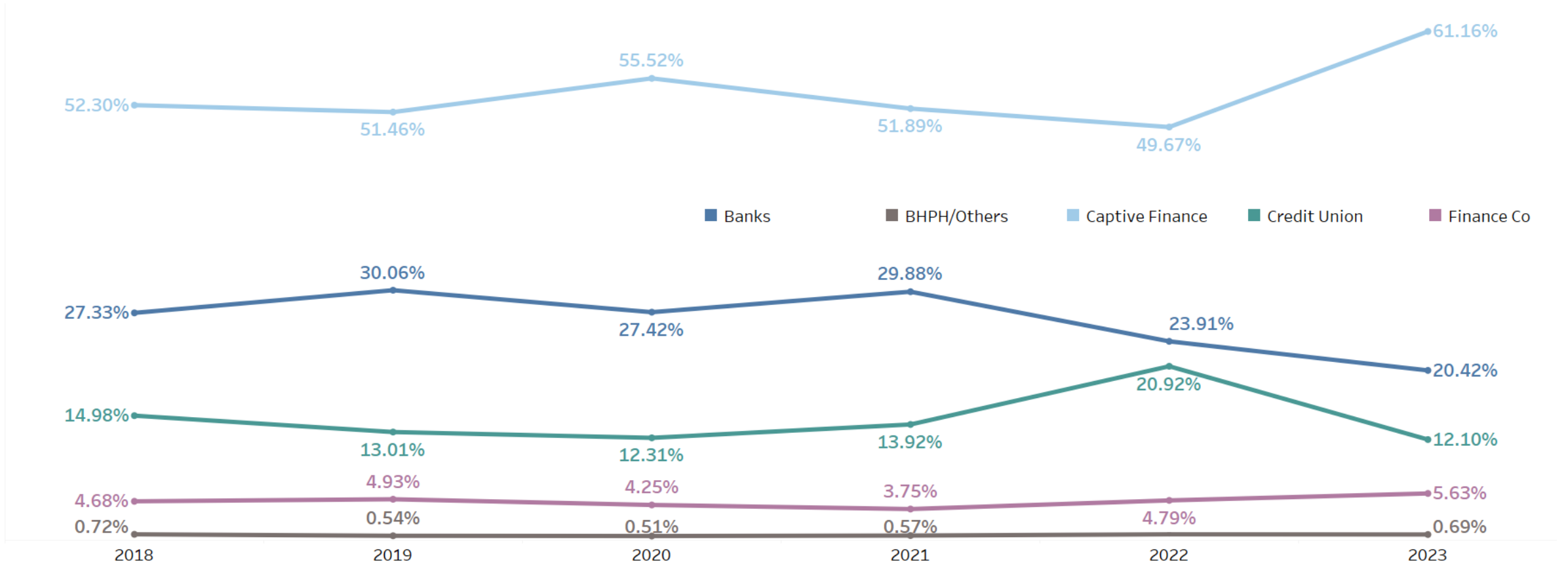
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A look at new lease & loan trends



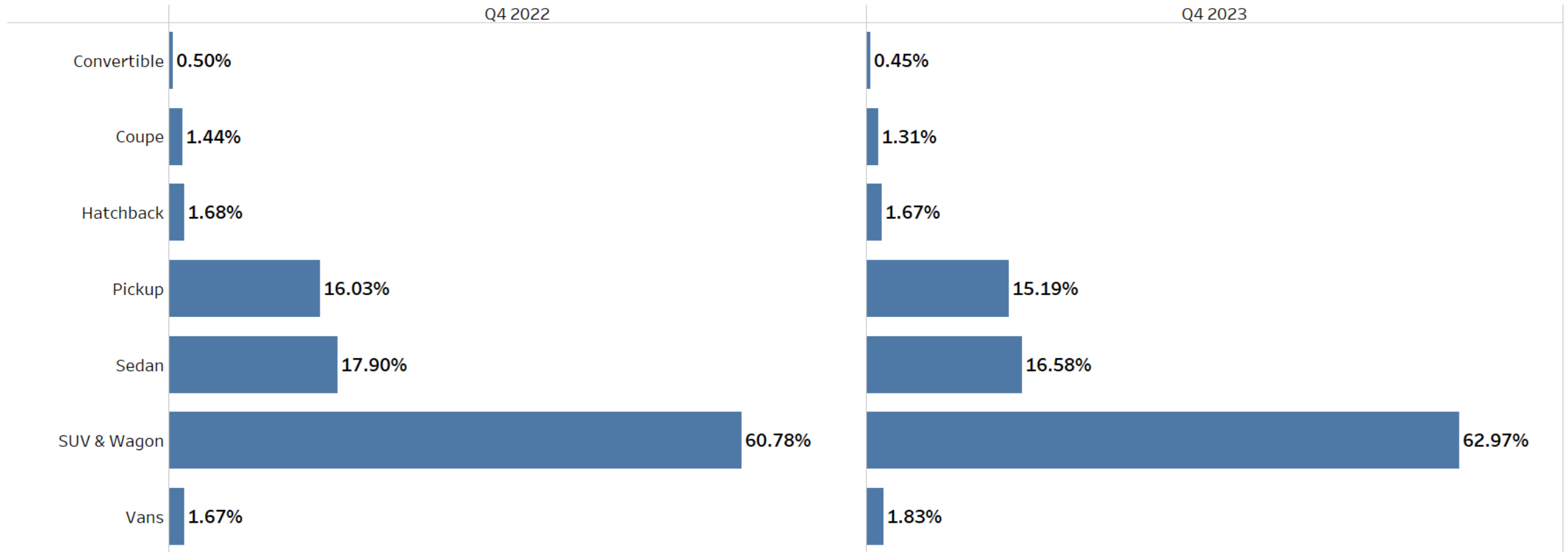
# Captive share climbs for new financing while Credit Unions and Banks continue to decline

Market share of new financing (loan/lease)



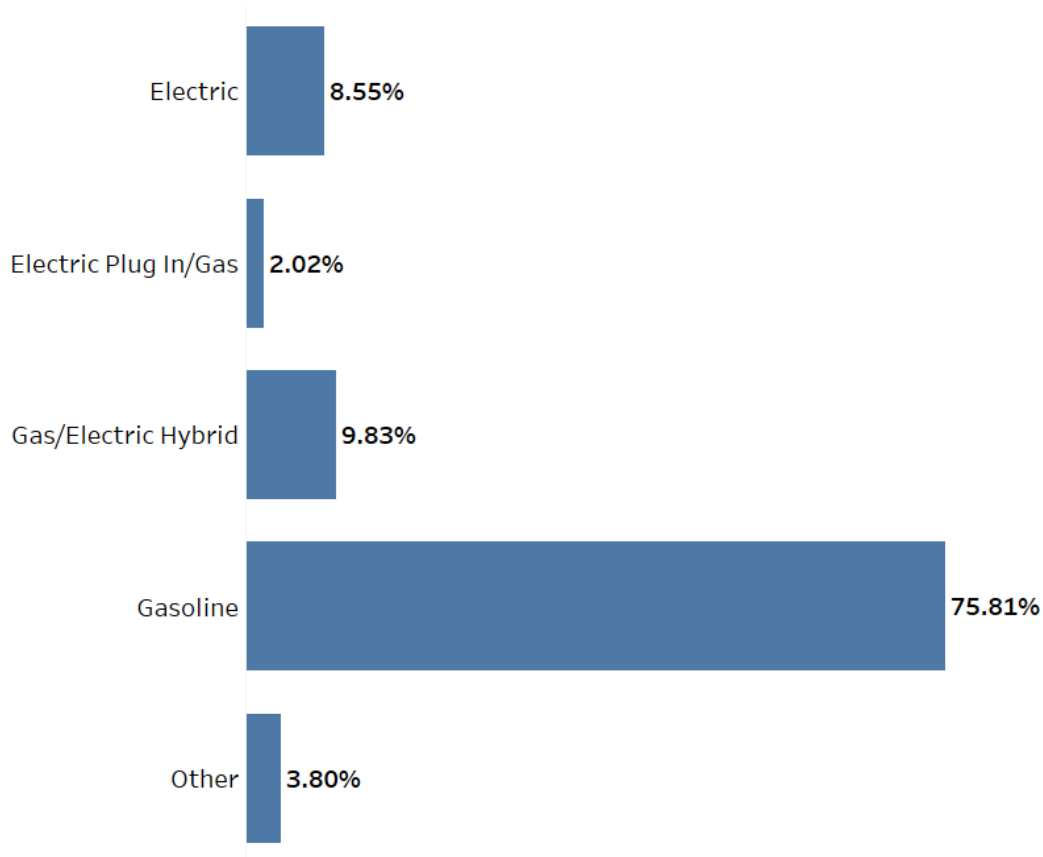
# SUVs pull share from Pickups and Sedans

Percentage of new financing by segment

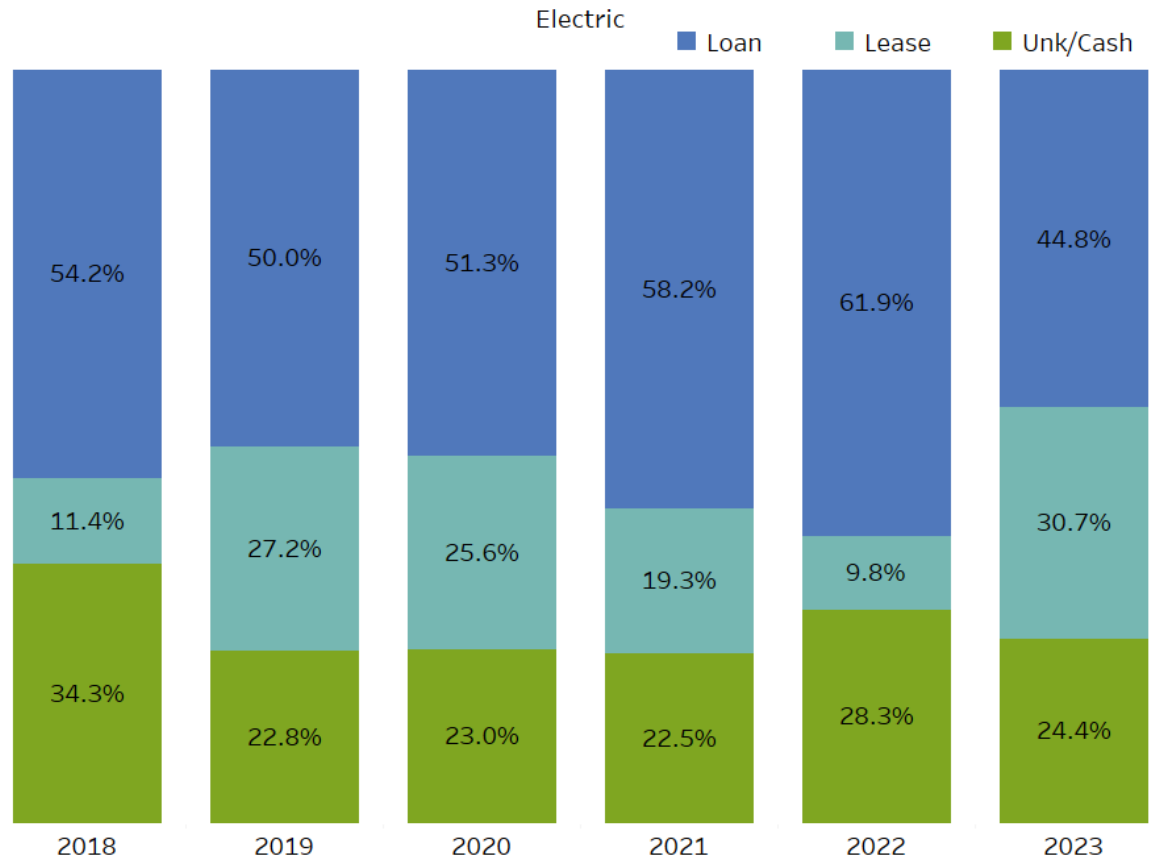


# EV reaches 8.55% of new retail with over 30% being leased

Percentage of new purchases by fuel type

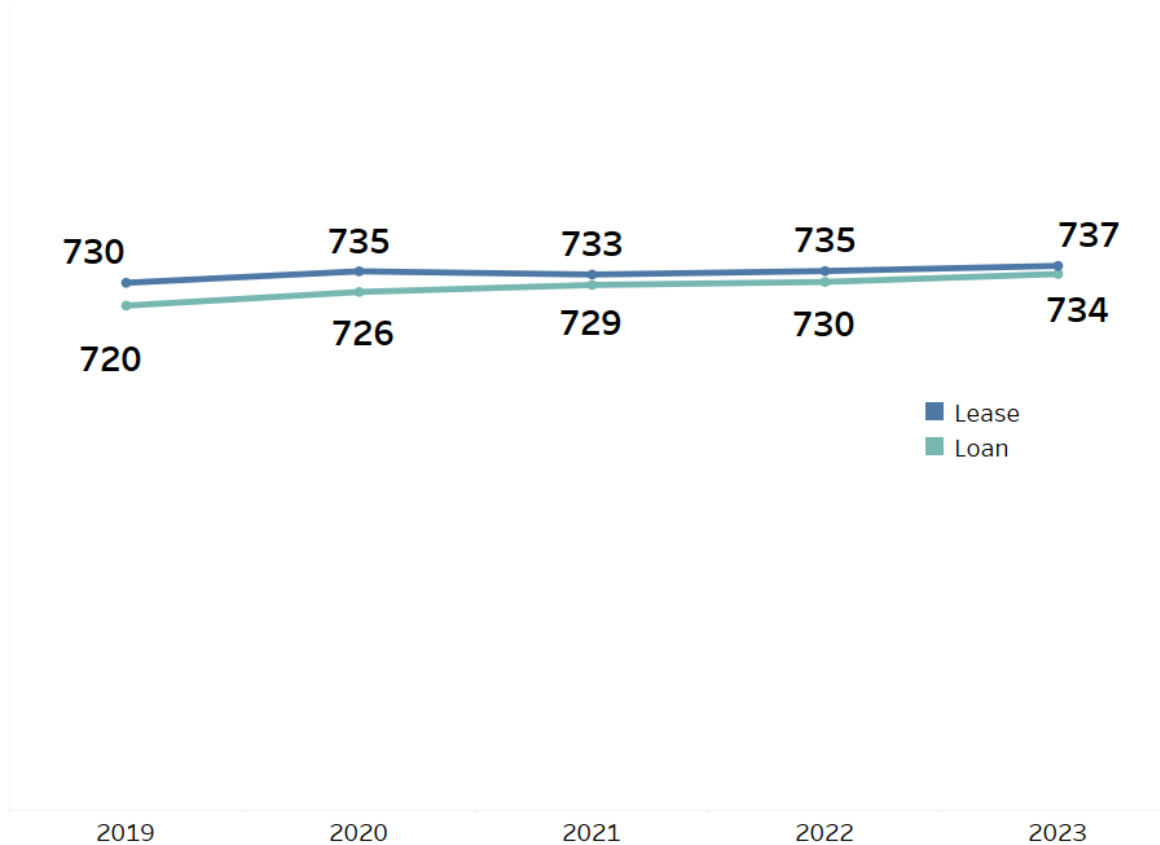


How are consumers purchasing new EVs

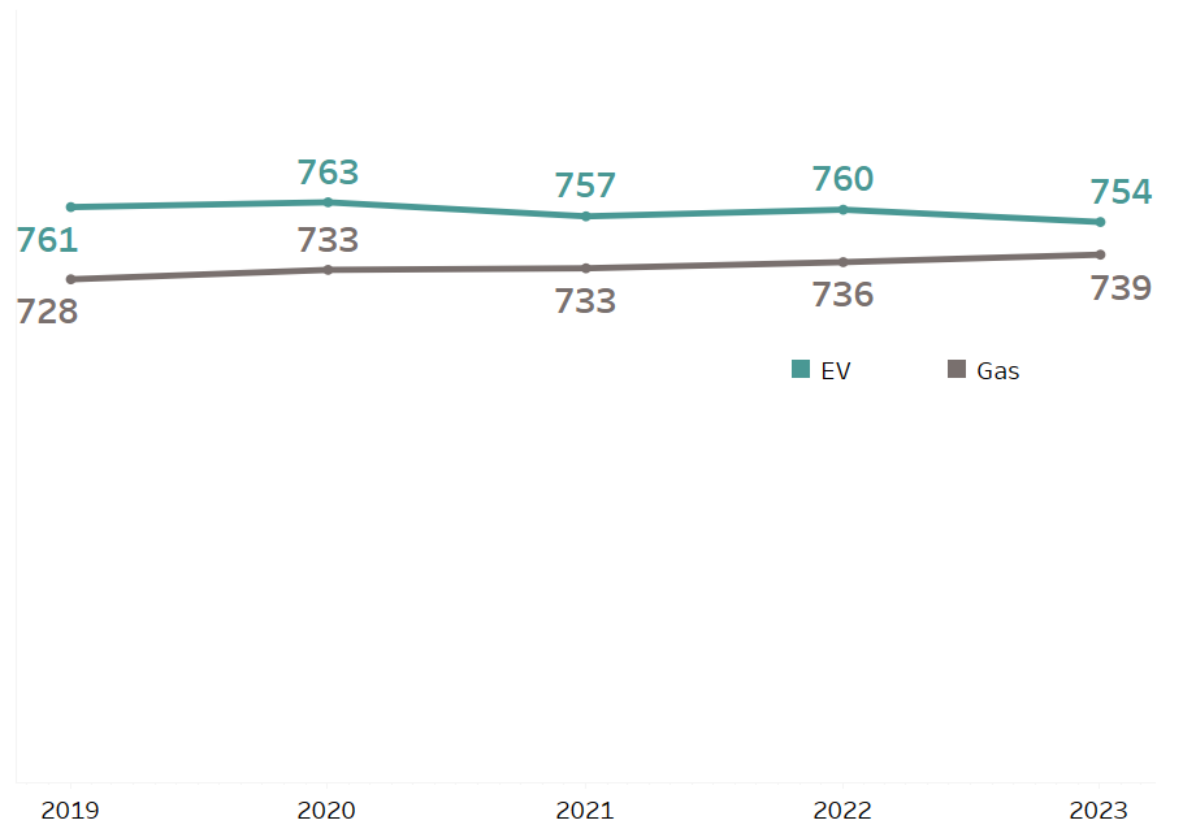


# New leasing score up 2 points while loans gain 4 points; new EV scores fall 6 points while gas increases 3

Average new score by transaction type



Average new score by fuel type

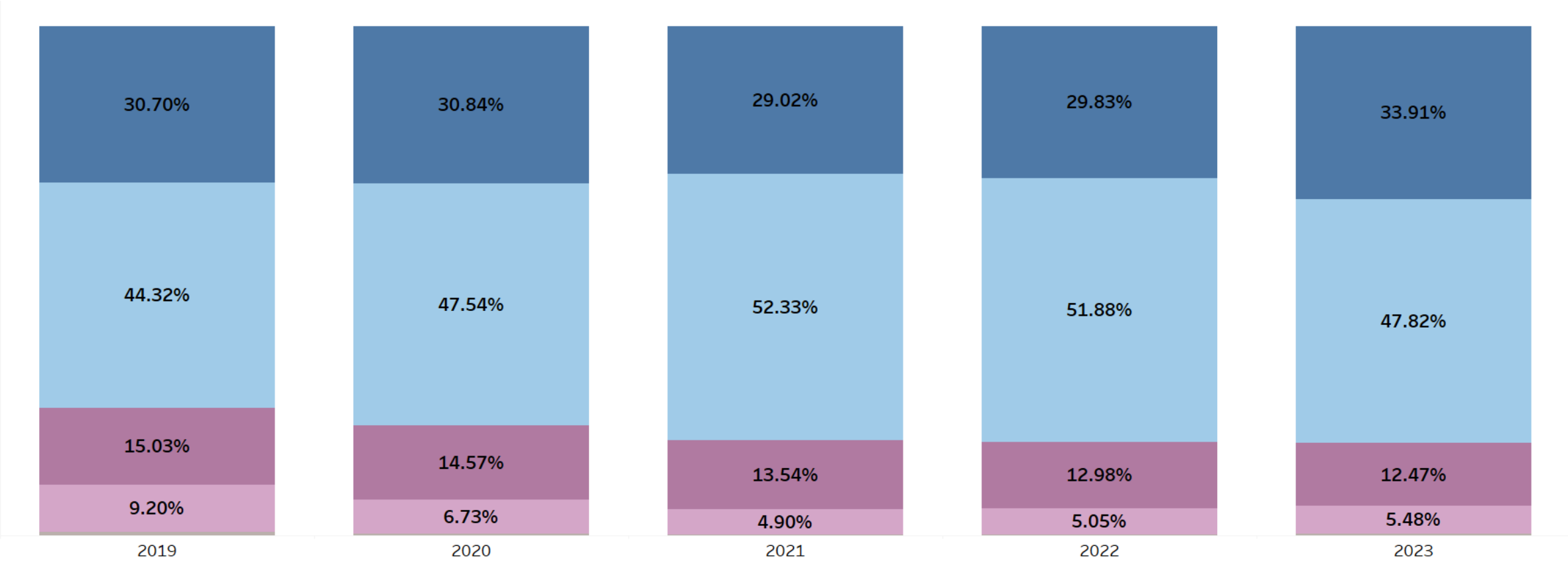




# Prime+ reaches nearly 82% with most growth occurring in Super Prime

New loan risk distribution

■ Super Prime   ■ Prime   ■ Near Prime   ■ Subprime   ■ Deep Subprime

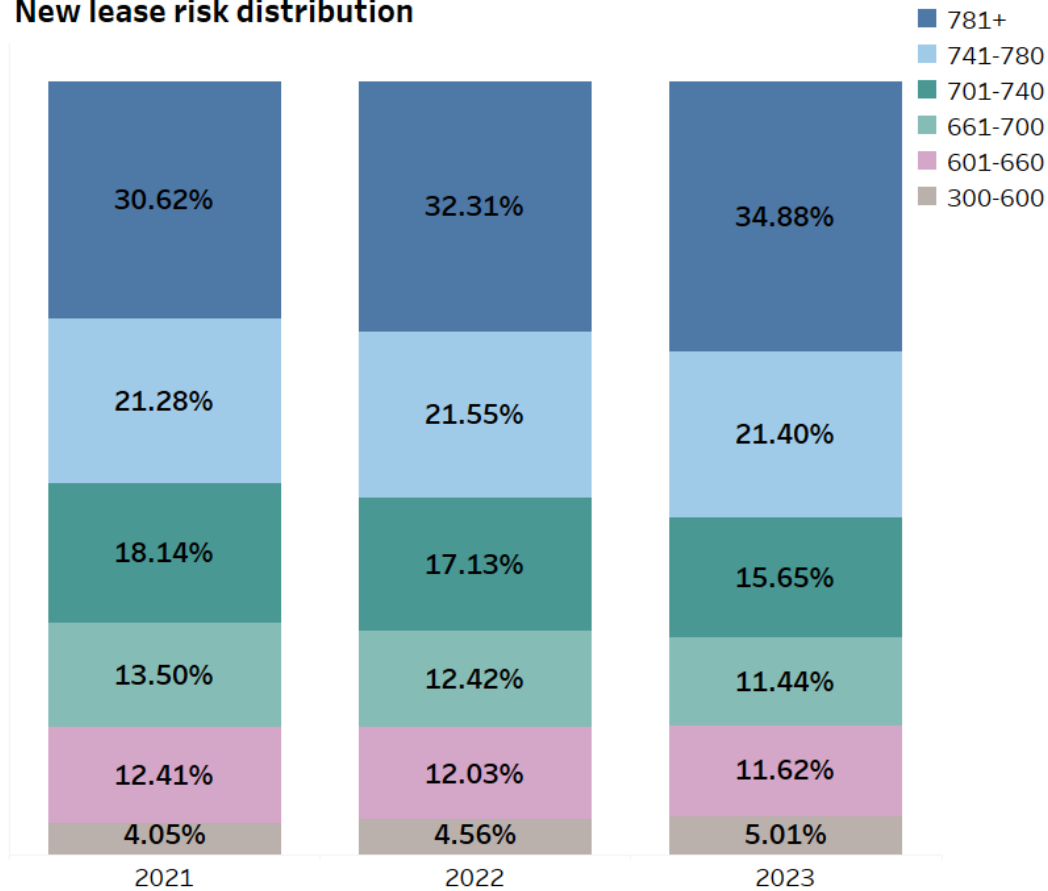


Deep subprime = 0.32%

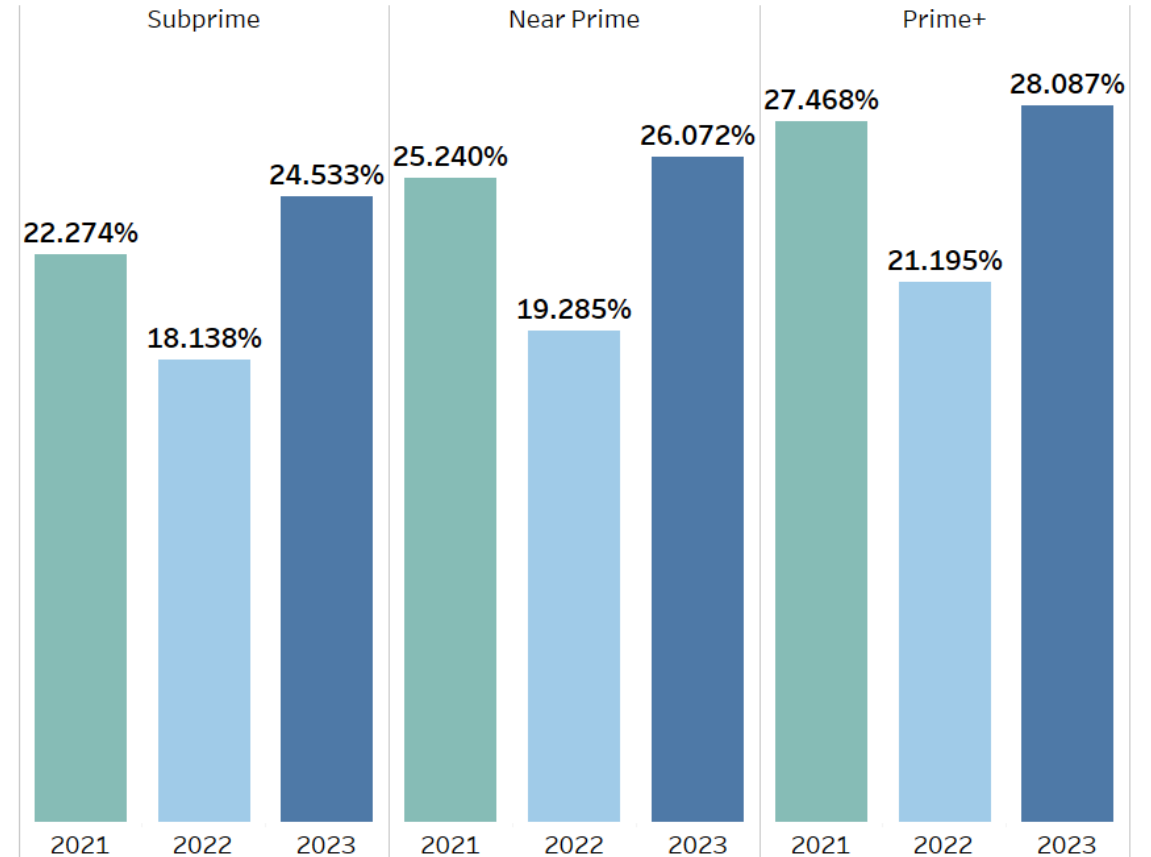


# Over 56% of leasing is 741+ while more consumers choose to lease

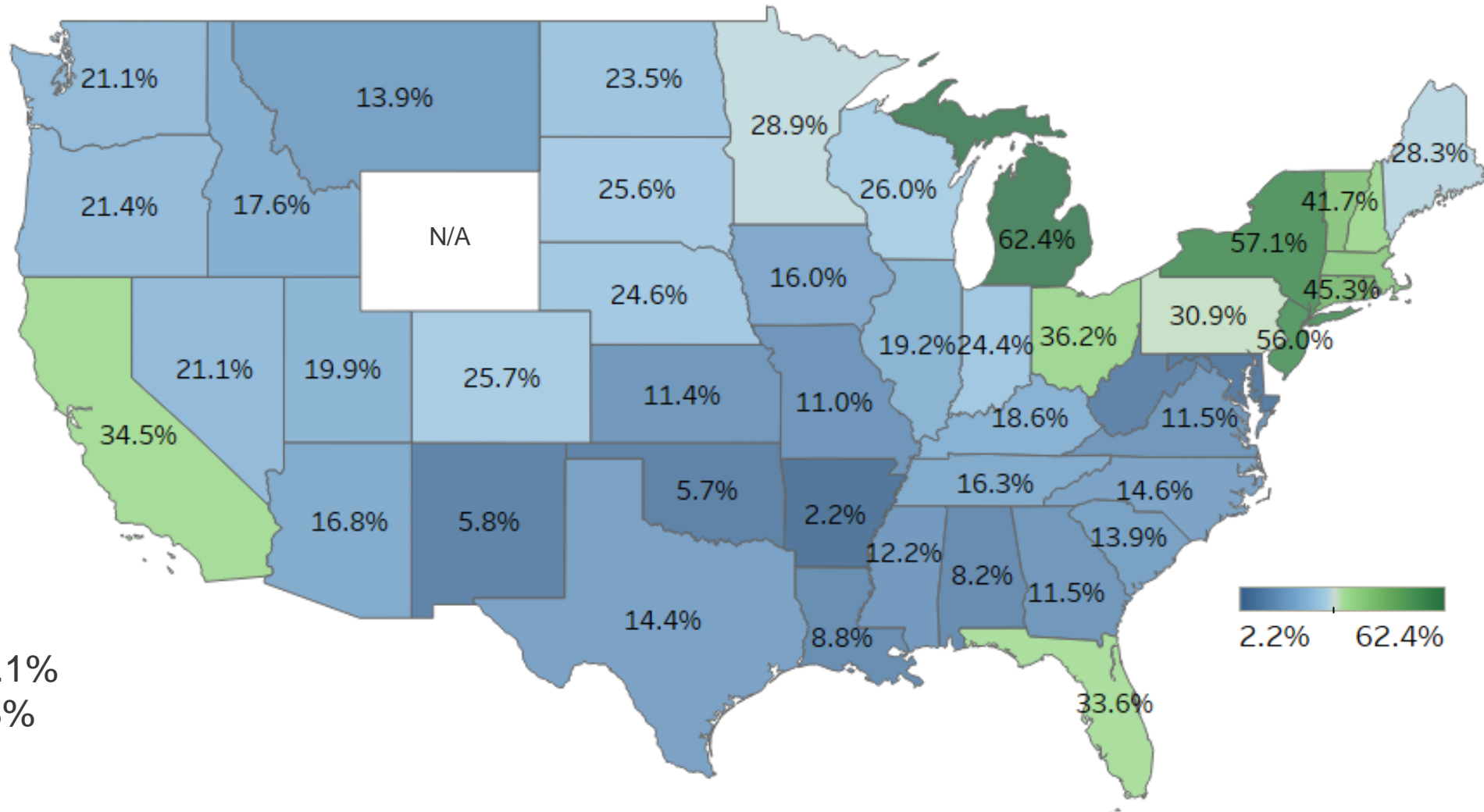
**New lease risk distribution**



**% of borrowers choosing to lease**



# Michigan and the NY lead with the greatest share of new state financing as lease

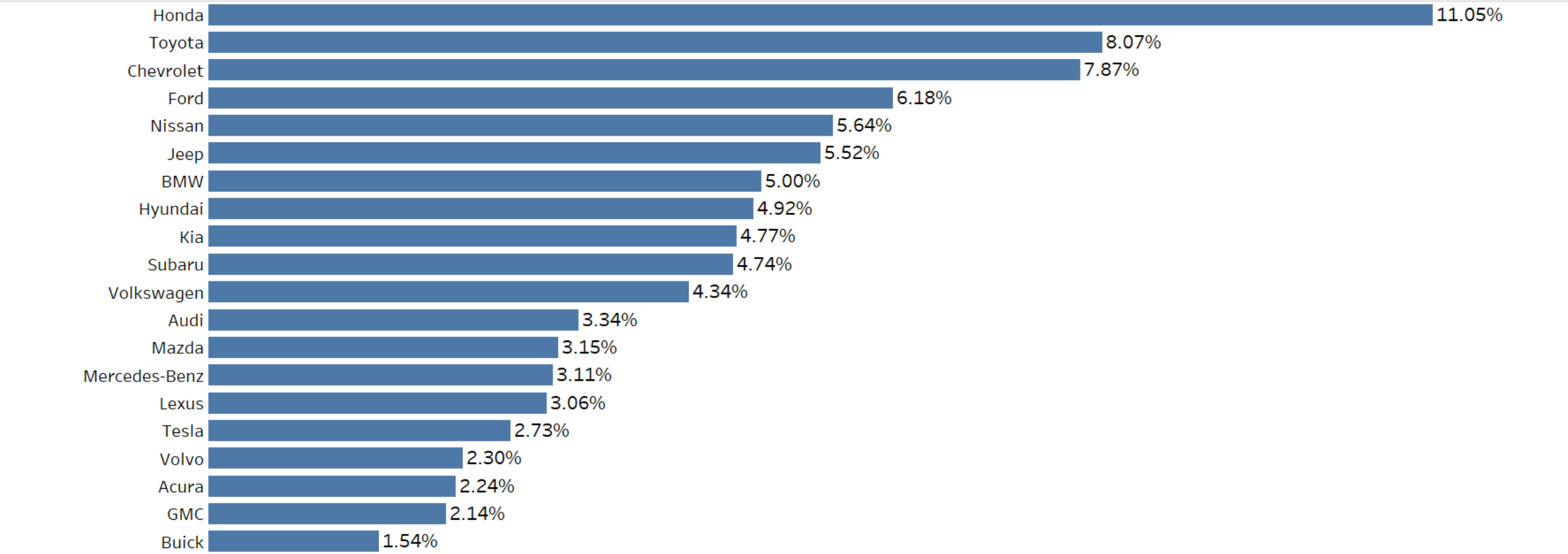


AK = 5.1%  
HI = 18%



# Honda leads as the #1 leased make for Q4

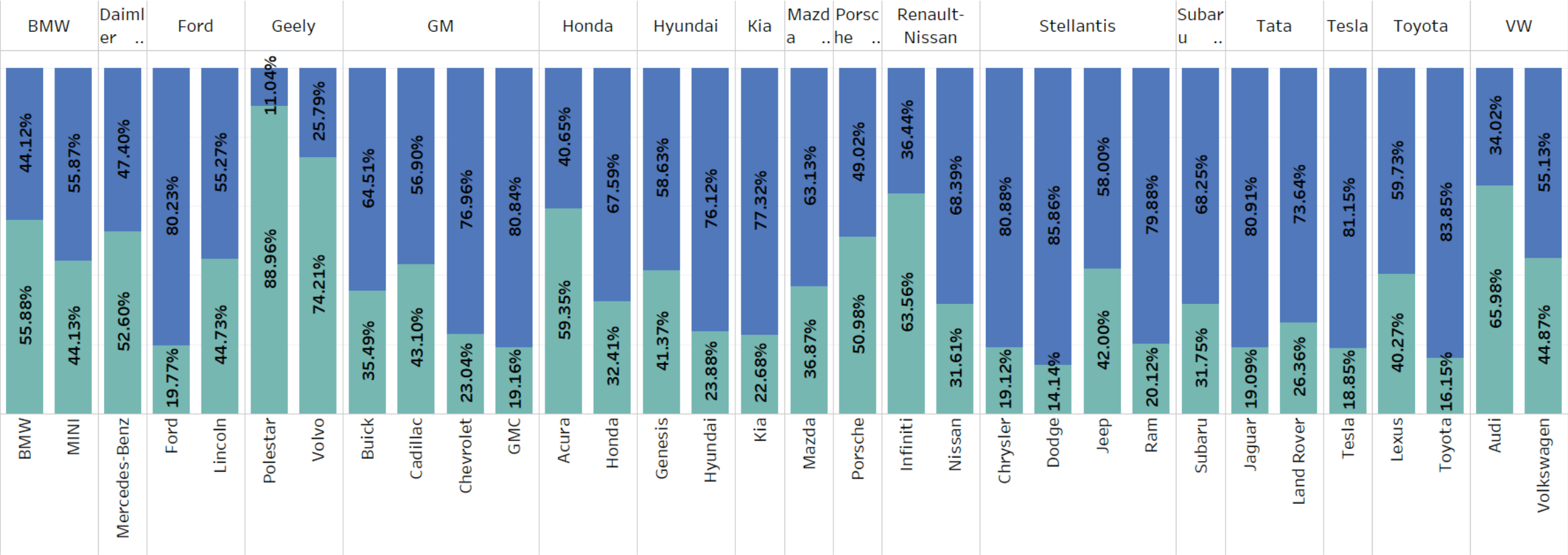
## Top 20 leased new makes





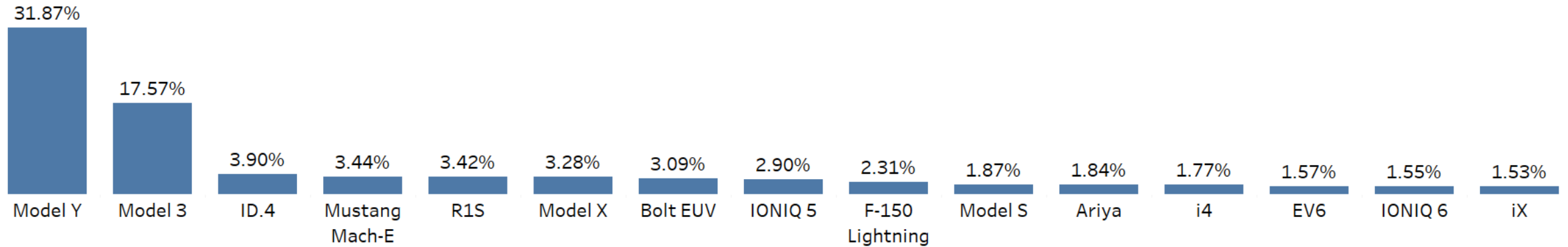
# Finance type by make

Share of new make by finance type

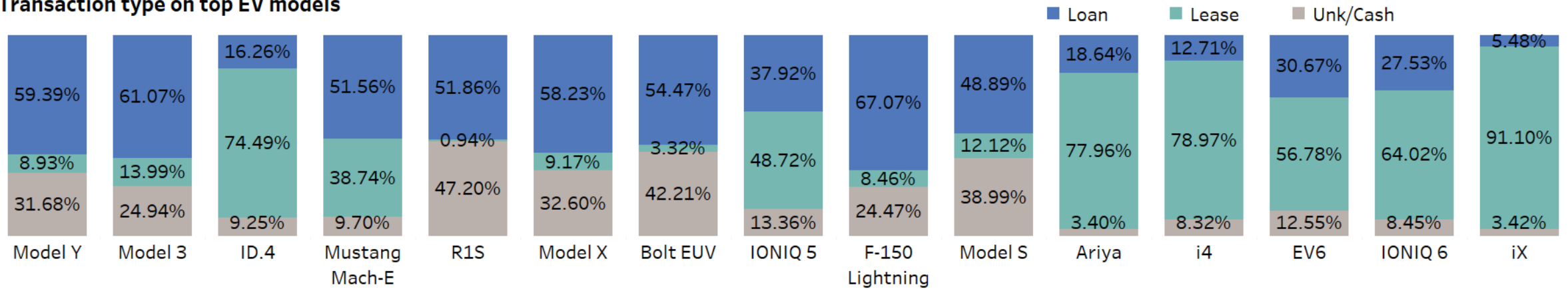


# Top new EV models and how consumers transact

## Top purchased electric models Q4 2023

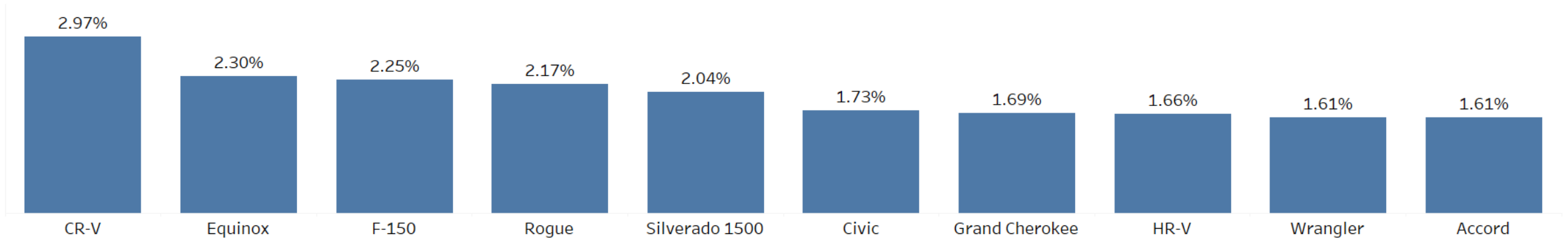


## Transaction type on top EV models

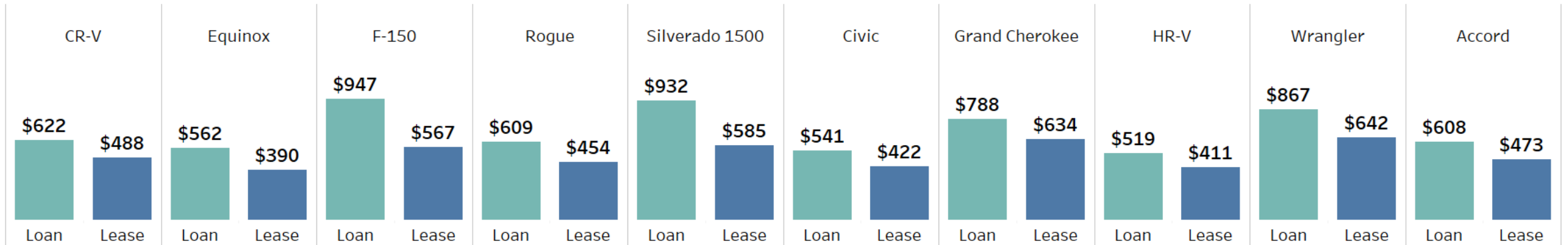


# Top 10 leased models; average payment difference of \$132

## Top 10 leased models

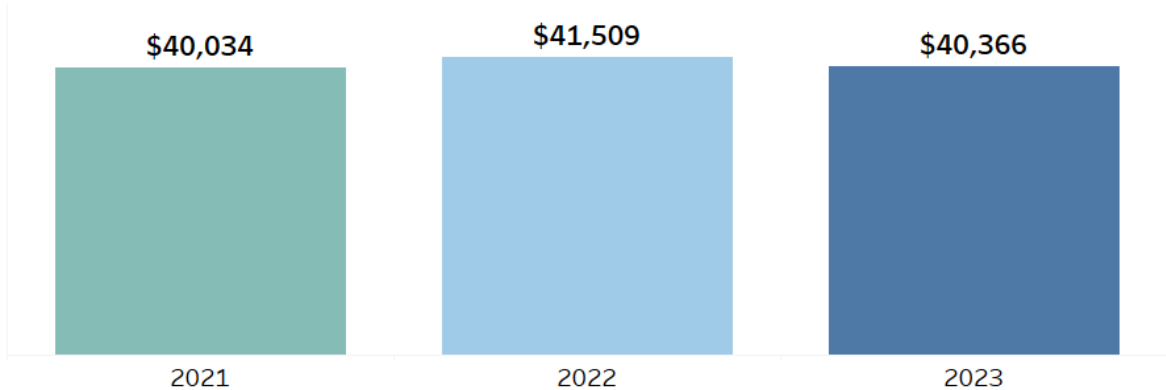


## Average monthly payment on top leased models

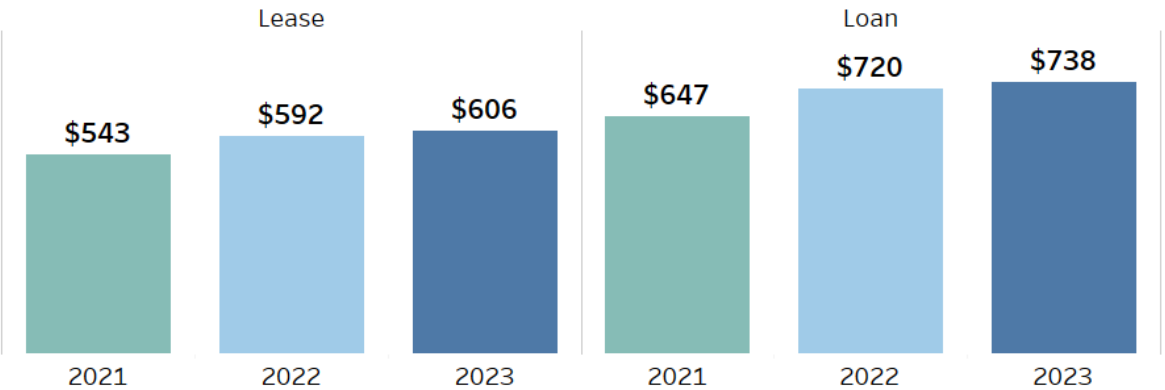


# New loan attribute summary: while loan amounts decrease, payments rise with increased rates and lower terms

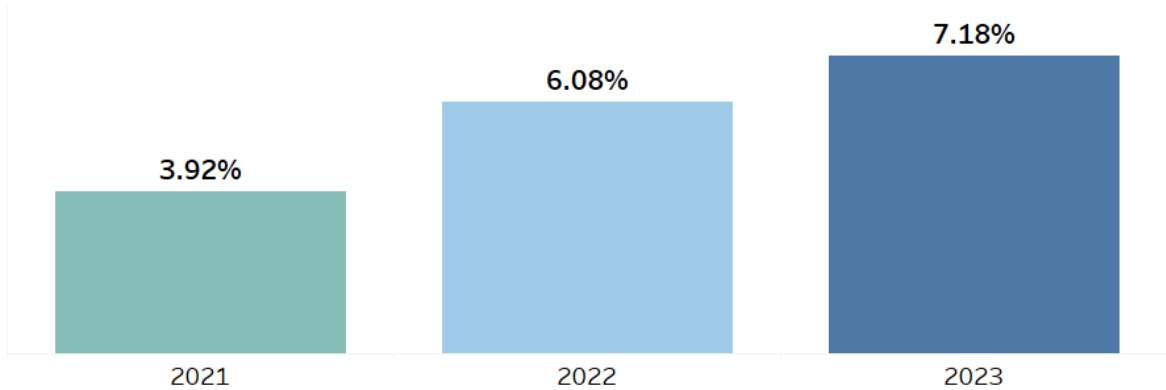
Average new amount financed



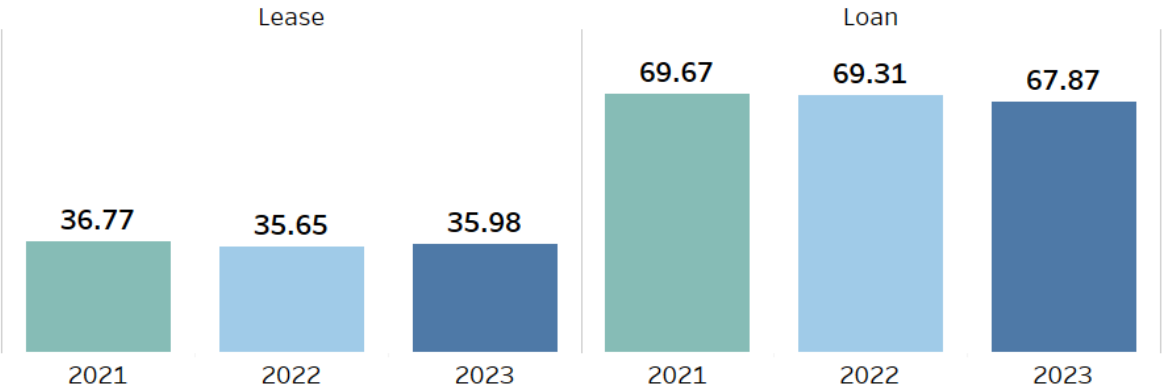
Average new monthly payment



Average new loan rate

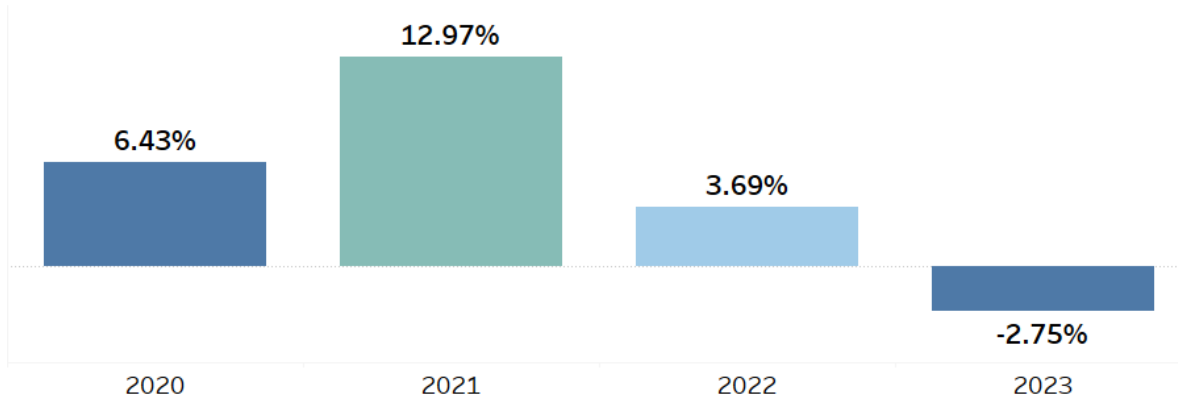


Average new loan term

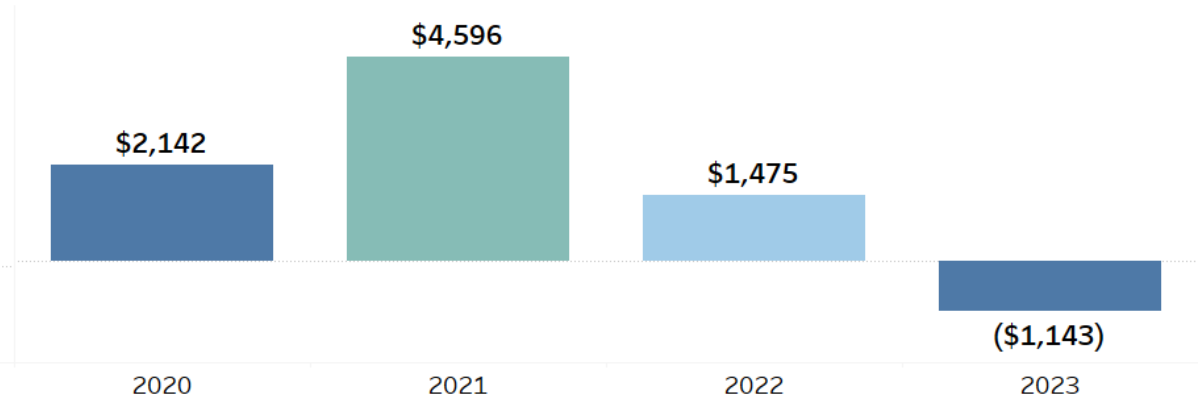


# Average new loan amount is down slightly year-over-year but saw a slight uptick quarter-over-quarter

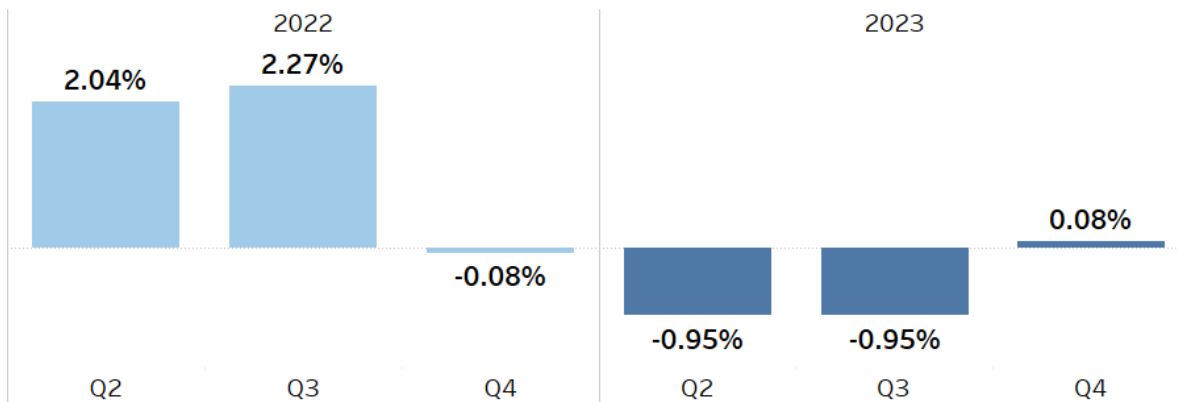
YOY growth in average new loan amount



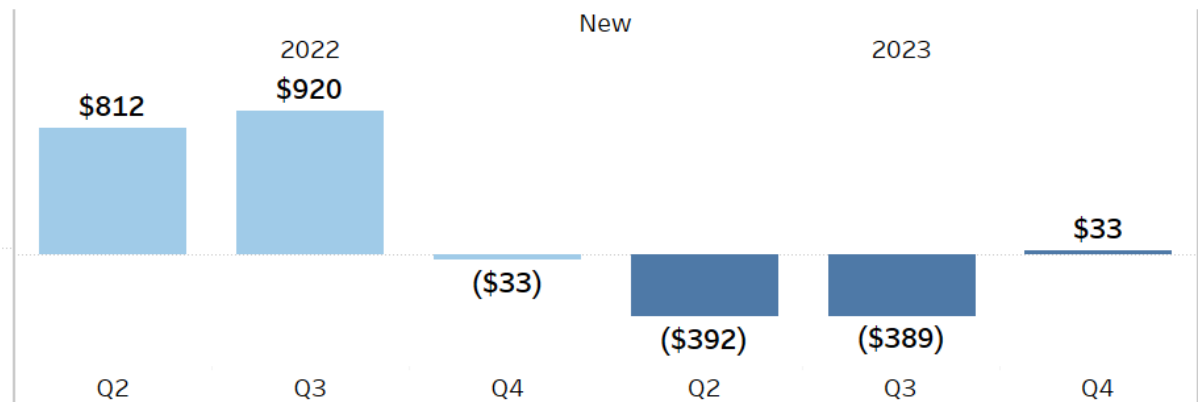
YOY \$ difference in average new loan amount



QOQ growth in average new loan amount



QOQ \$ difference in average new loan amount



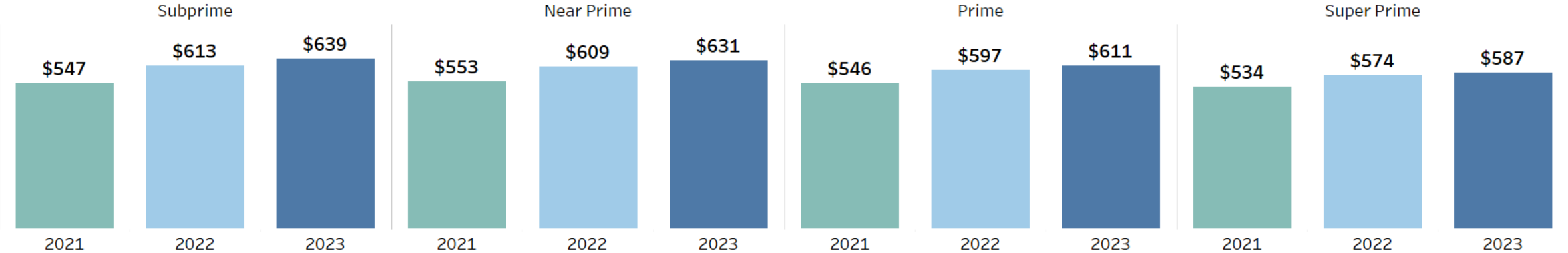
# Loan amount decreased moving into 2023 and remained stable

Average new loan amount through 2023

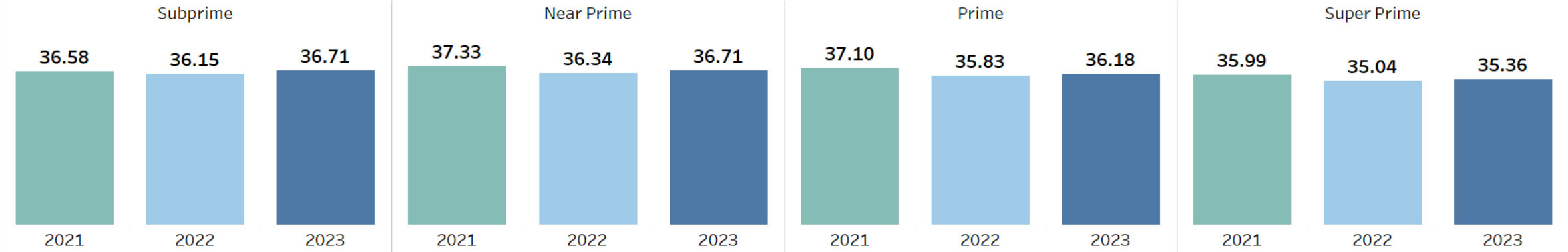


# Leasing payments and terms increase

Average lease payment by risk tier



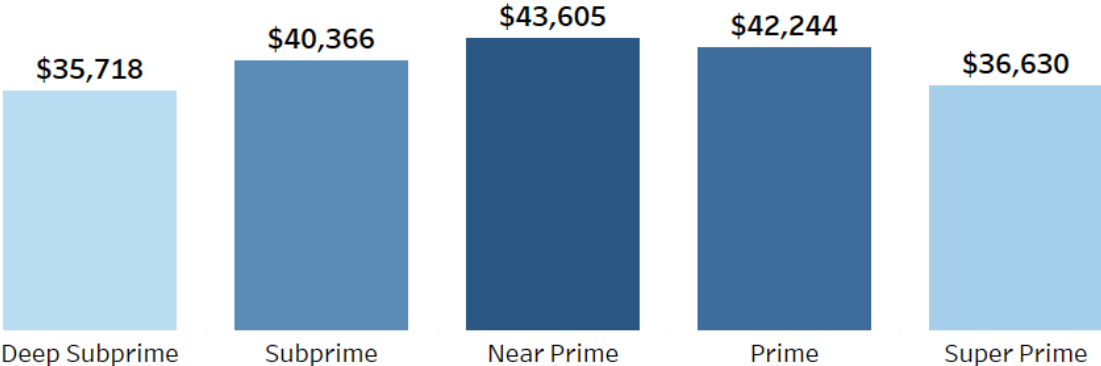
Average lease term by risk tier



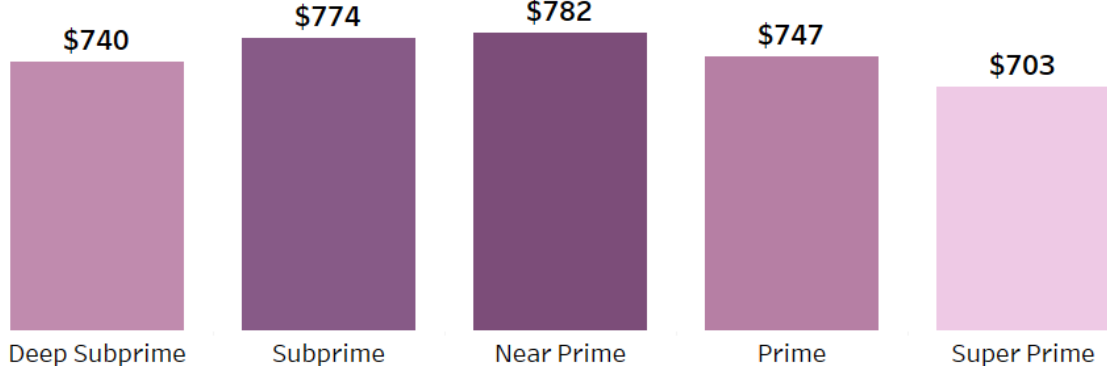


# Loan amounts decrease for nearly all risk segments and payments rise

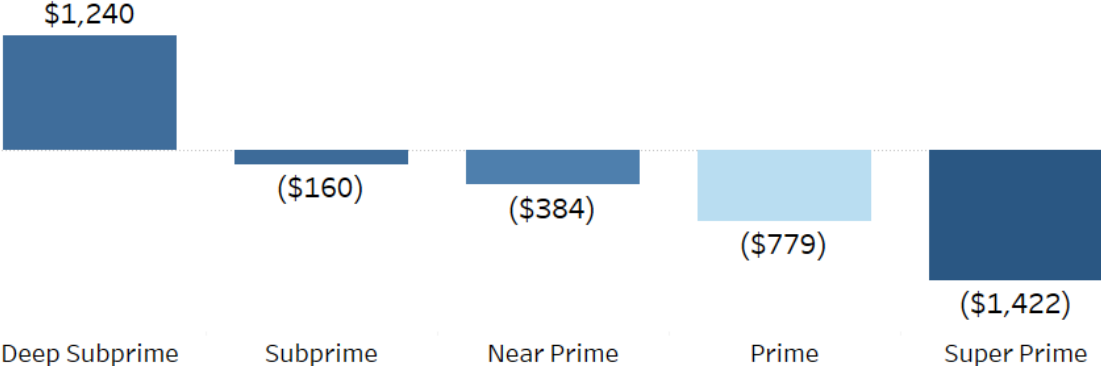
Average new loan amount financed by risk



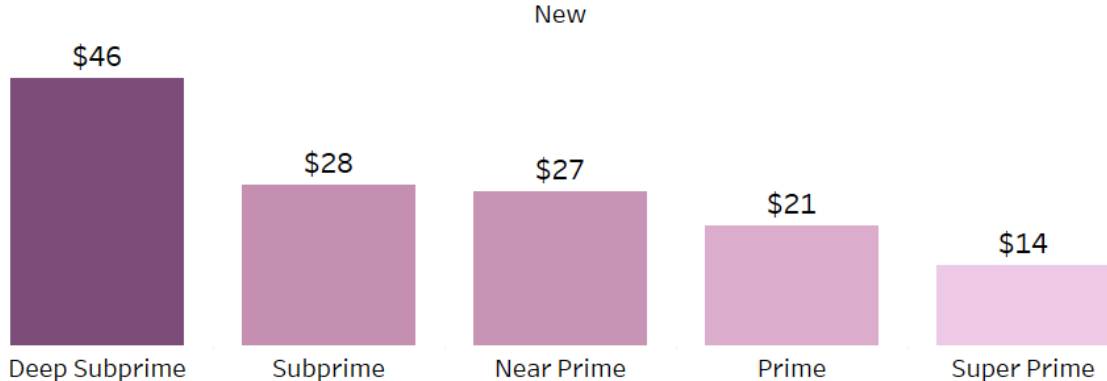
Average new loan monthly payment by risk



Year-over-year change in new loan amount

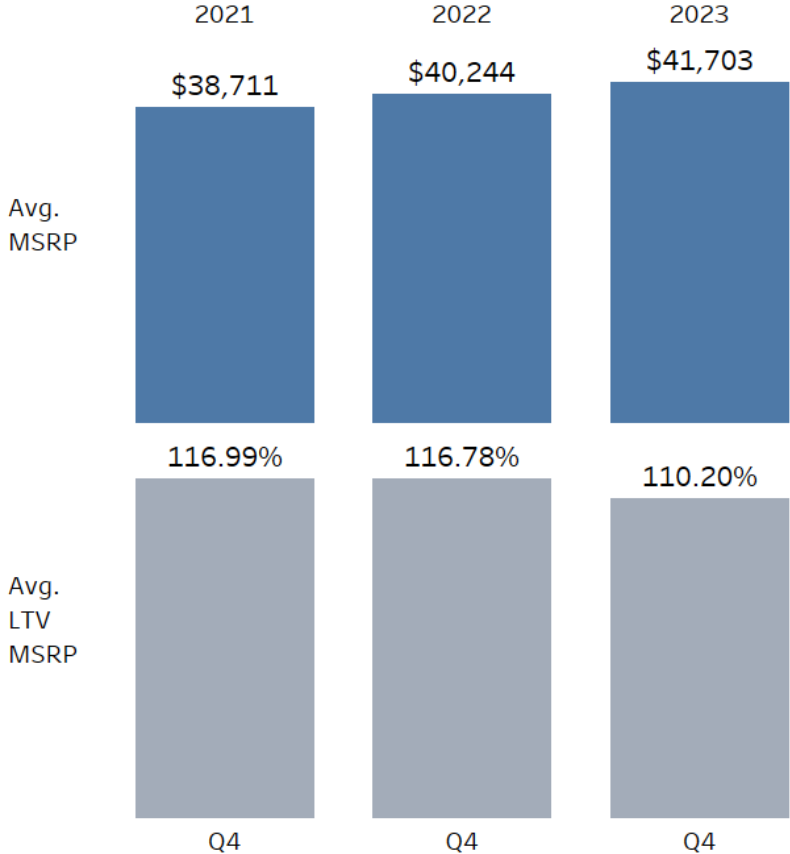


Year-over-year change in new monthly payment

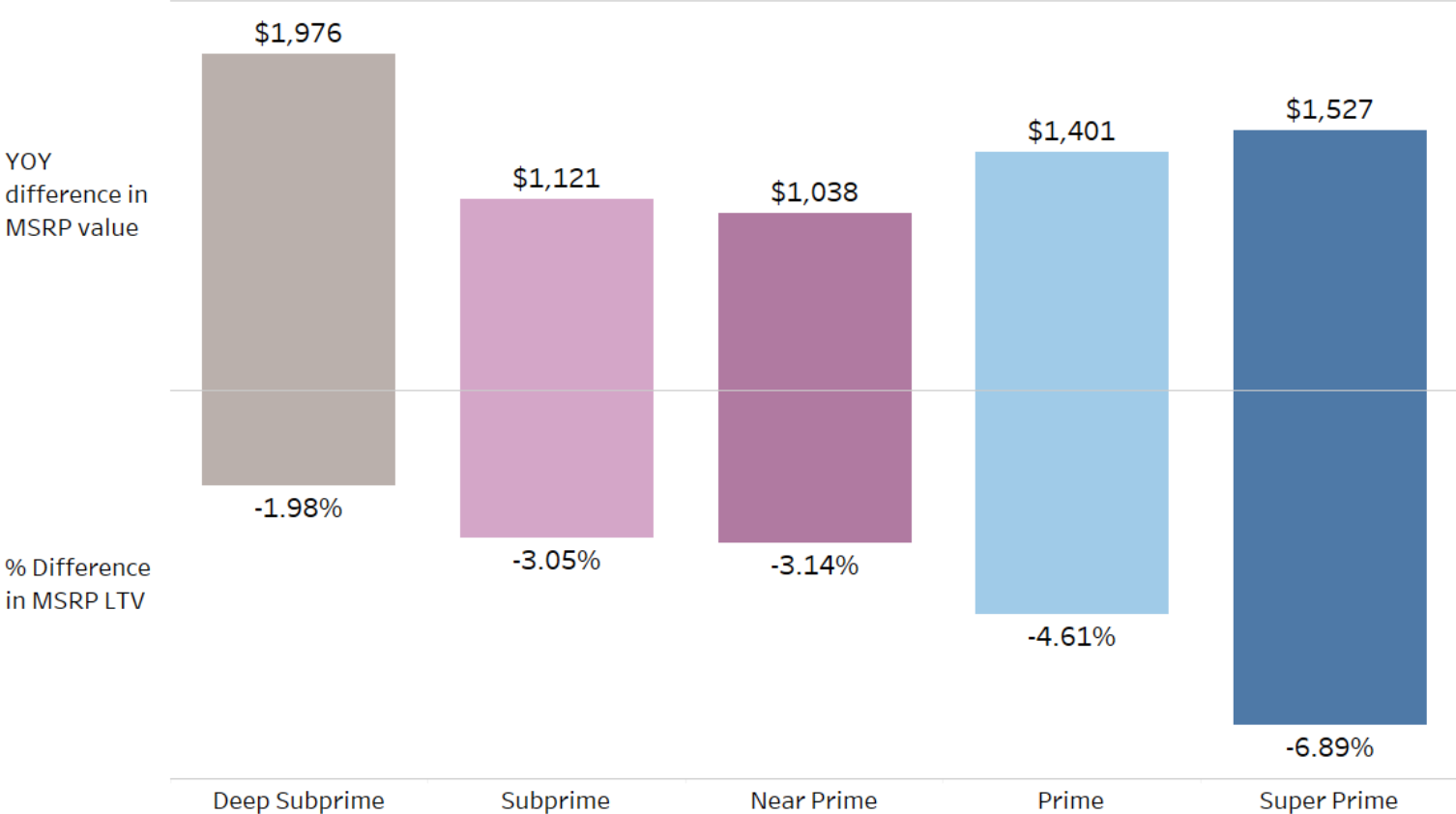


# New values continue to climb while LTV decreases

**Avg New Values**

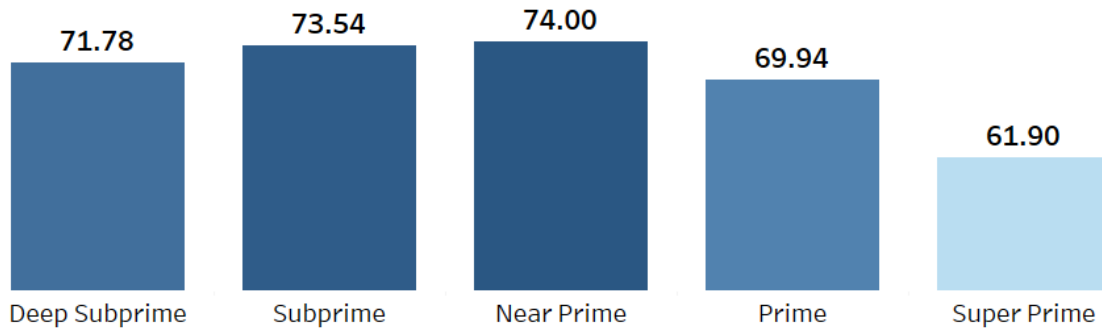


**YOY change in new values**

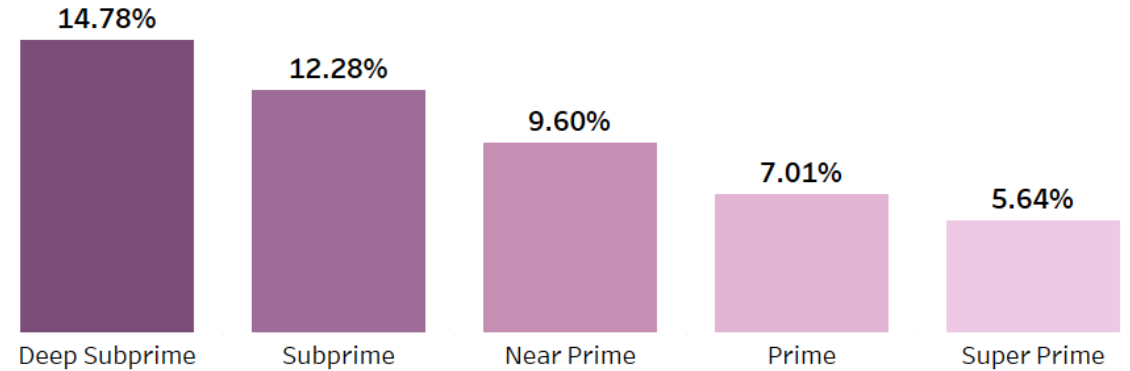


# Terms decrease across most of the market while rates are still climbing year-over-year

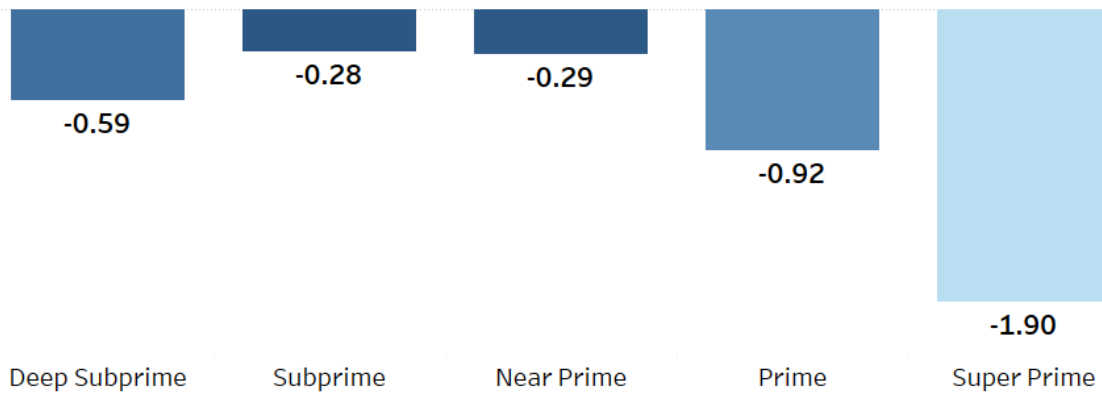
Average new loan term by risk



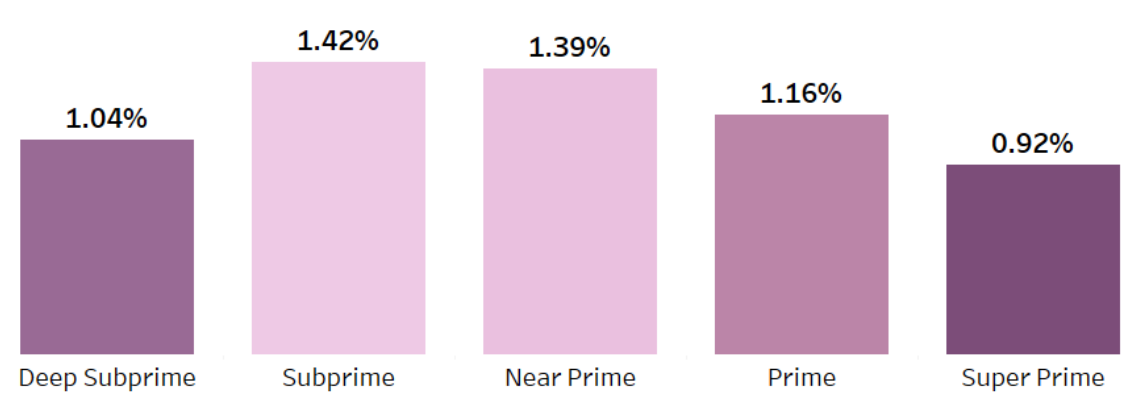
Average new loan rate by risk



Year-over-year change in new loan term

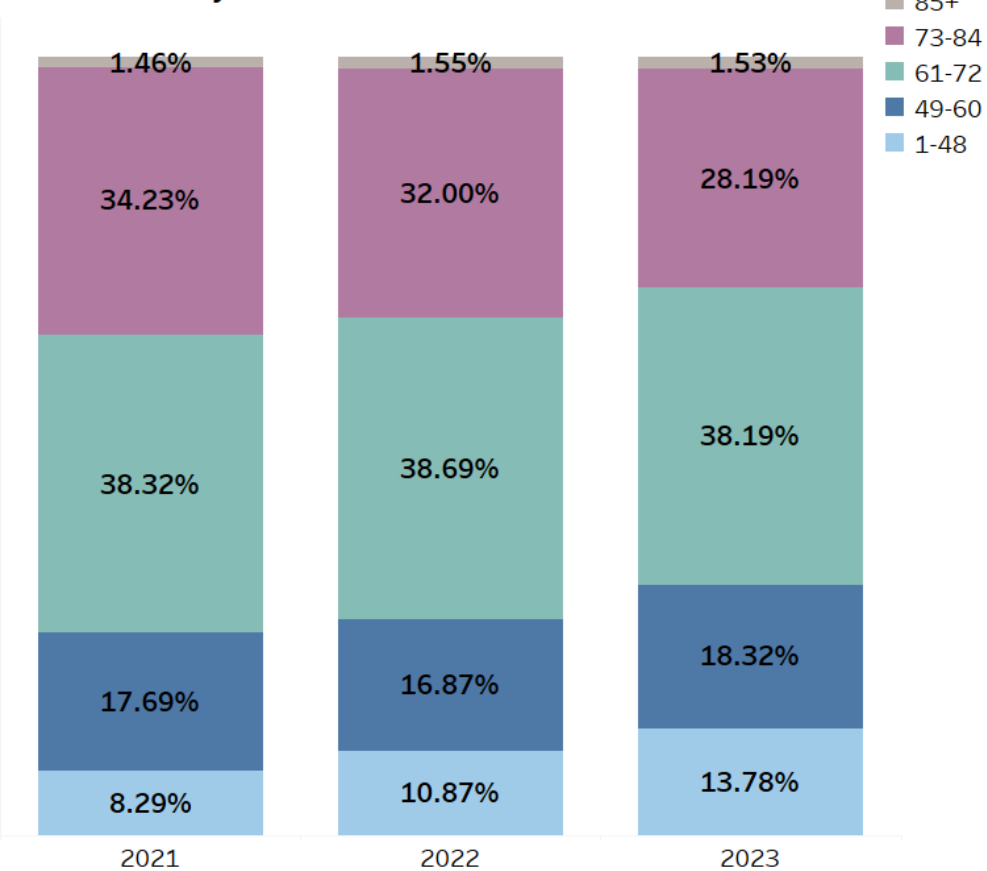


Year-over-year change in new rate

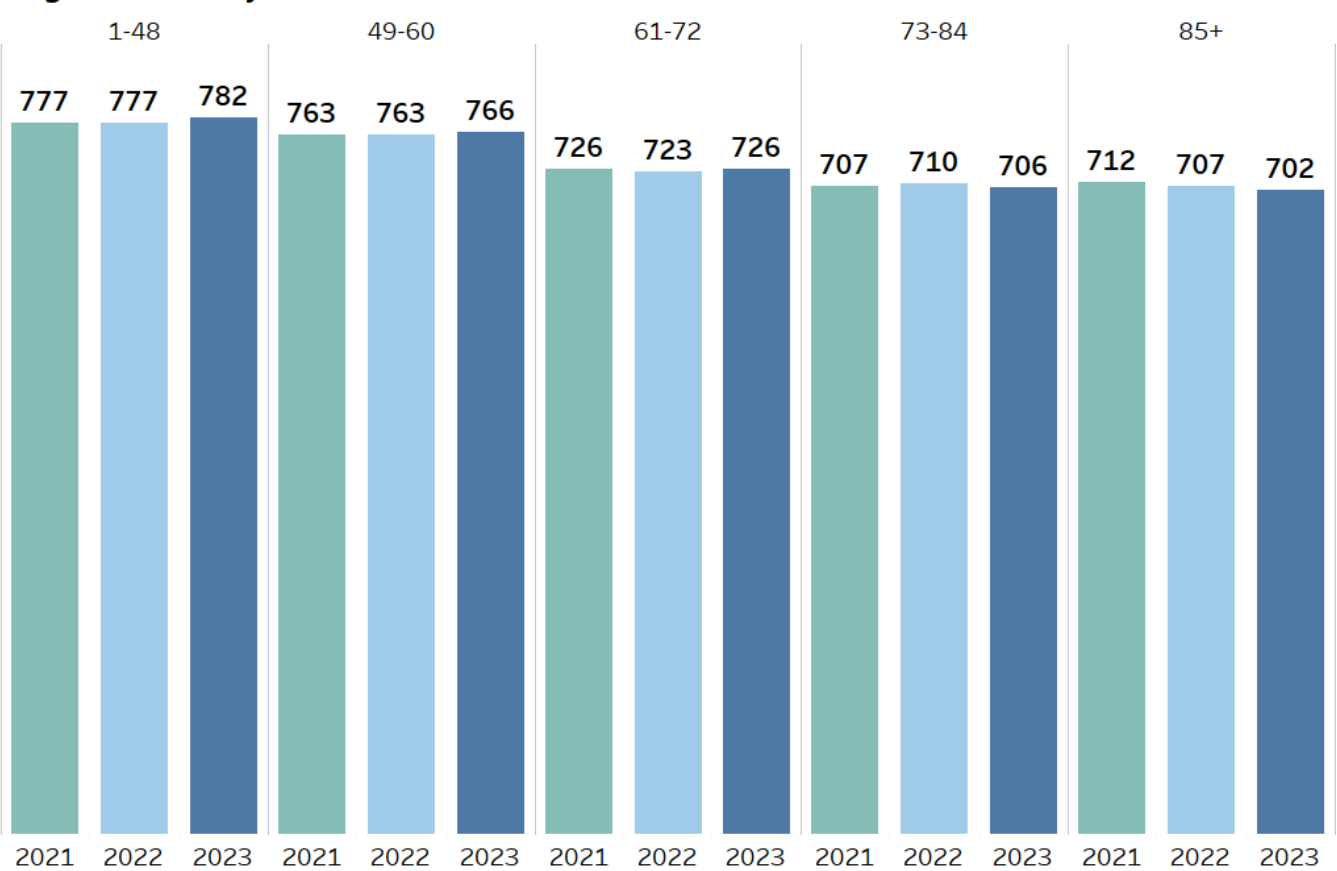


# Growth occurring in shorter term loans with higher credit scores

Distribution by new loan term

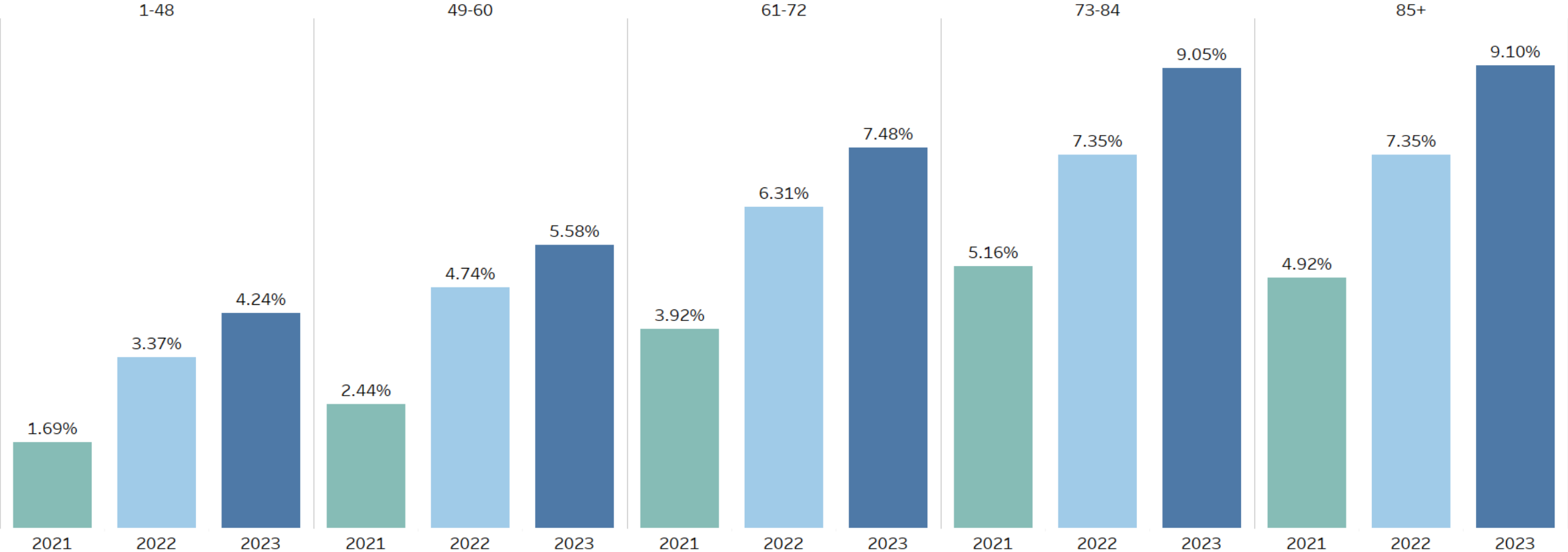


Avg new score by loan term



# Shortest terms offer lowest average new loan rates

Avg new loan rate by term



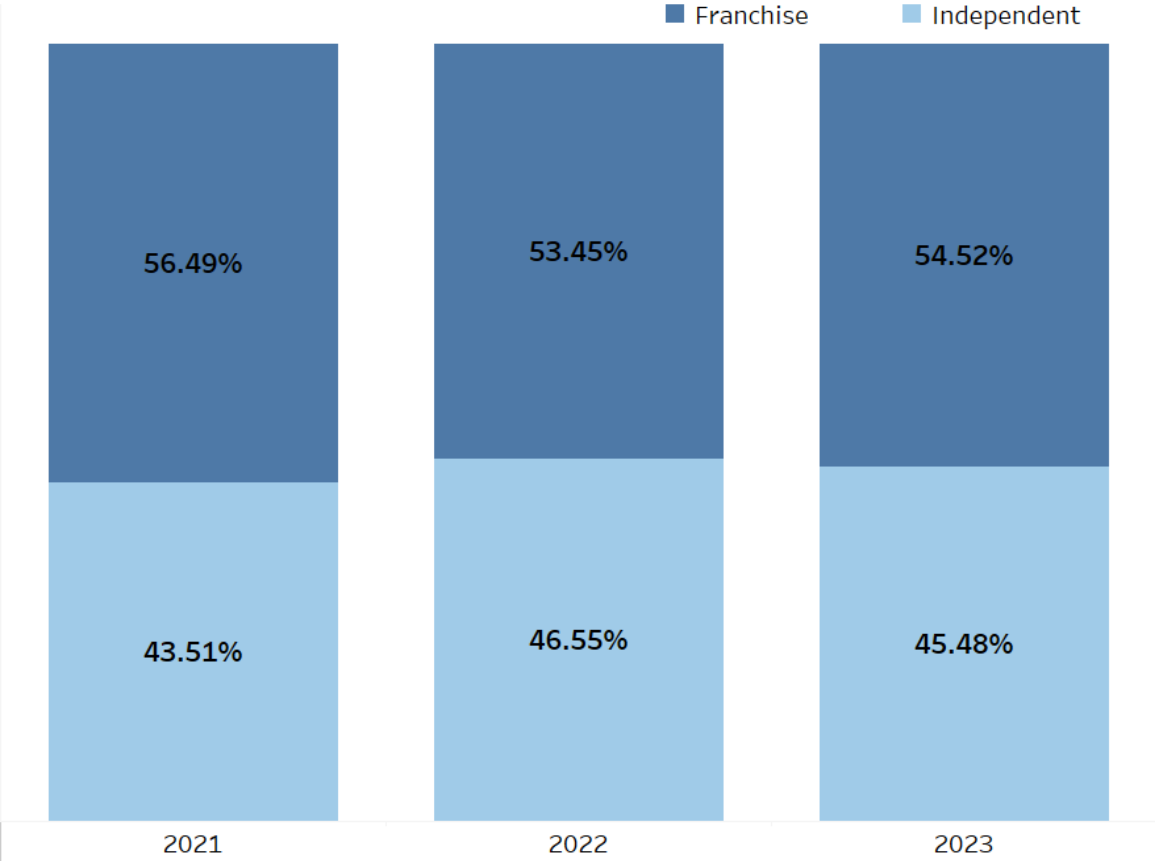
# Q4 2023 Used financing

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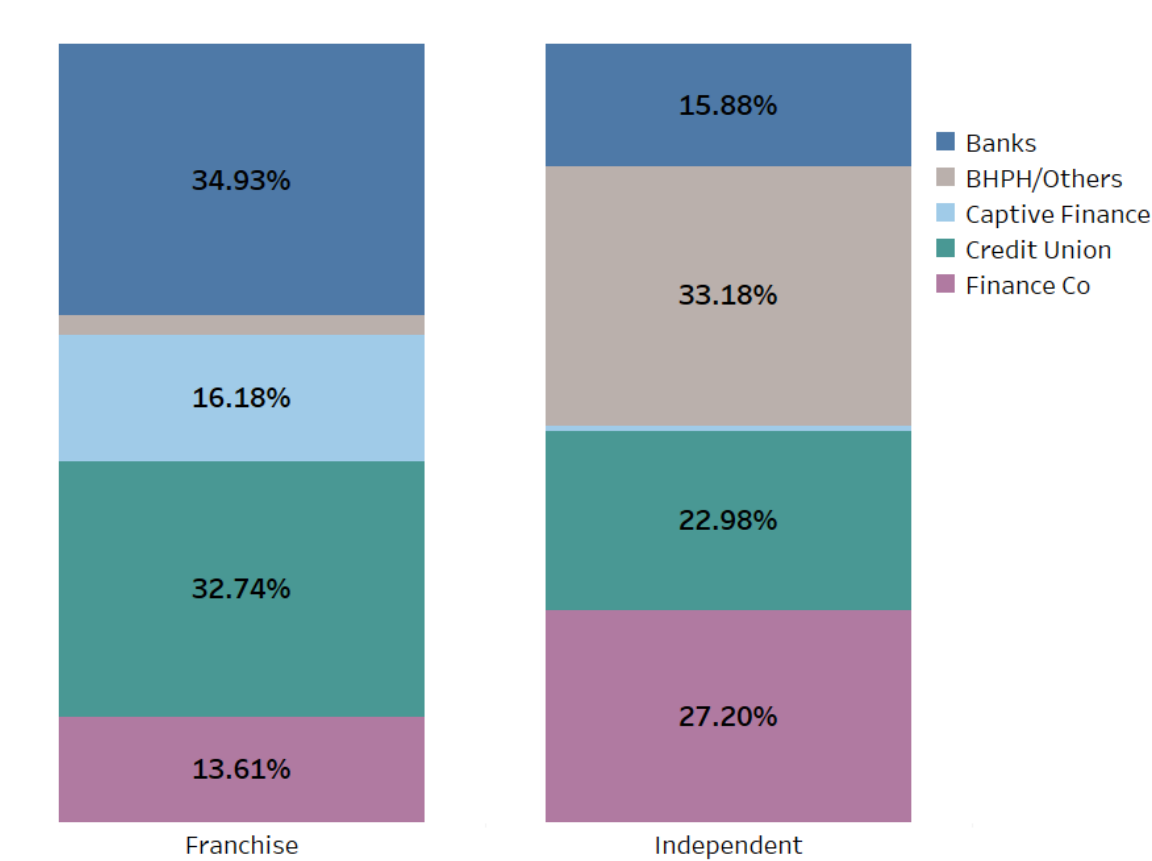
A look at used automotive loan trends

# Dealer type snapshot

Used transactions by Dealer type



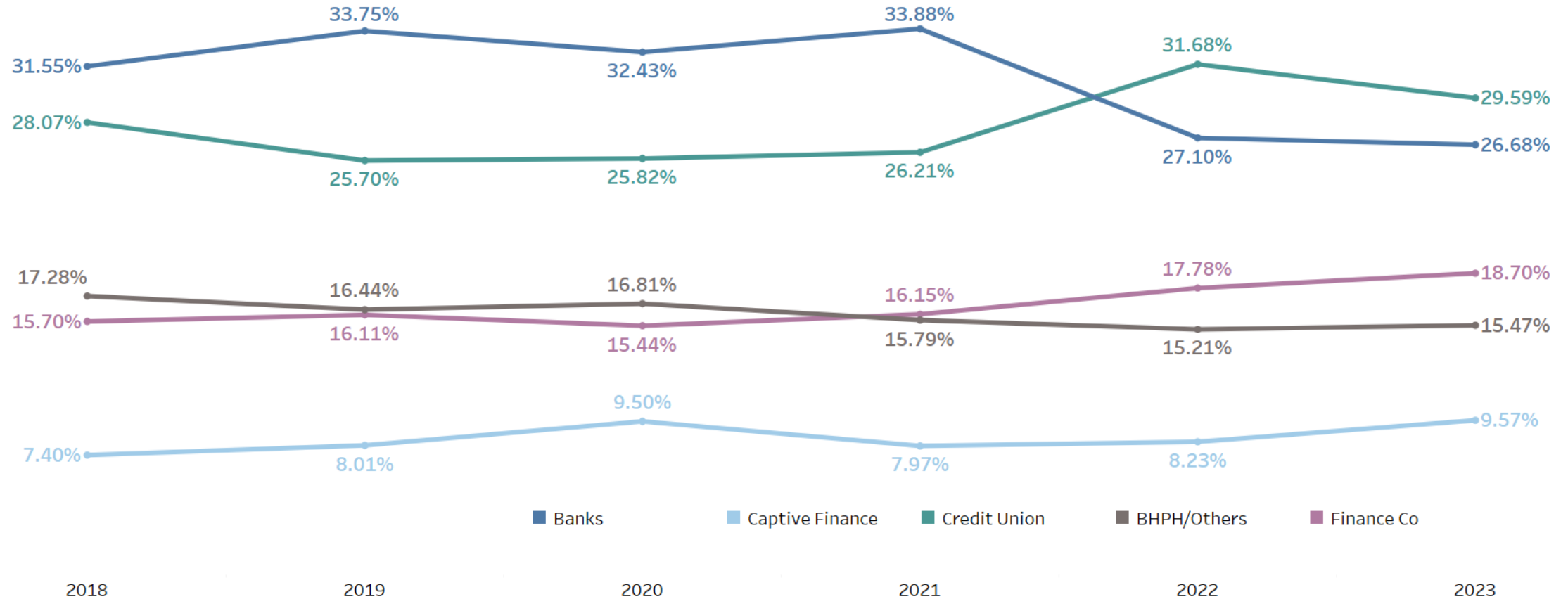
Used loans by lender type and Dealer





# Credit Unions continue to lead as largest used loan lender type yet share drops YOY

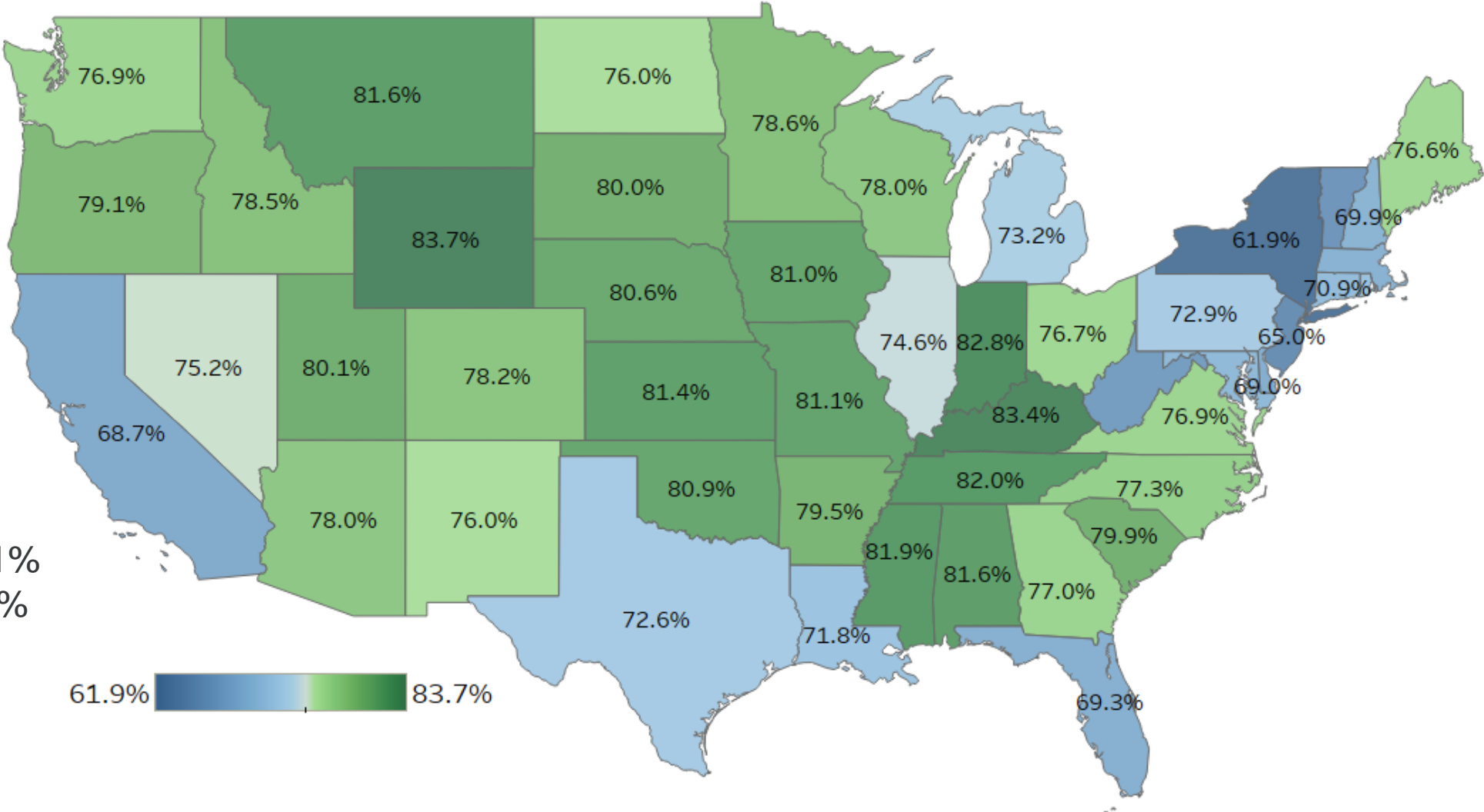
Used market share by lender type



All used transactions including private party



WY (83.7%) leads with the largest percentage of loans for used cars; NY (63.1%) has the lowest

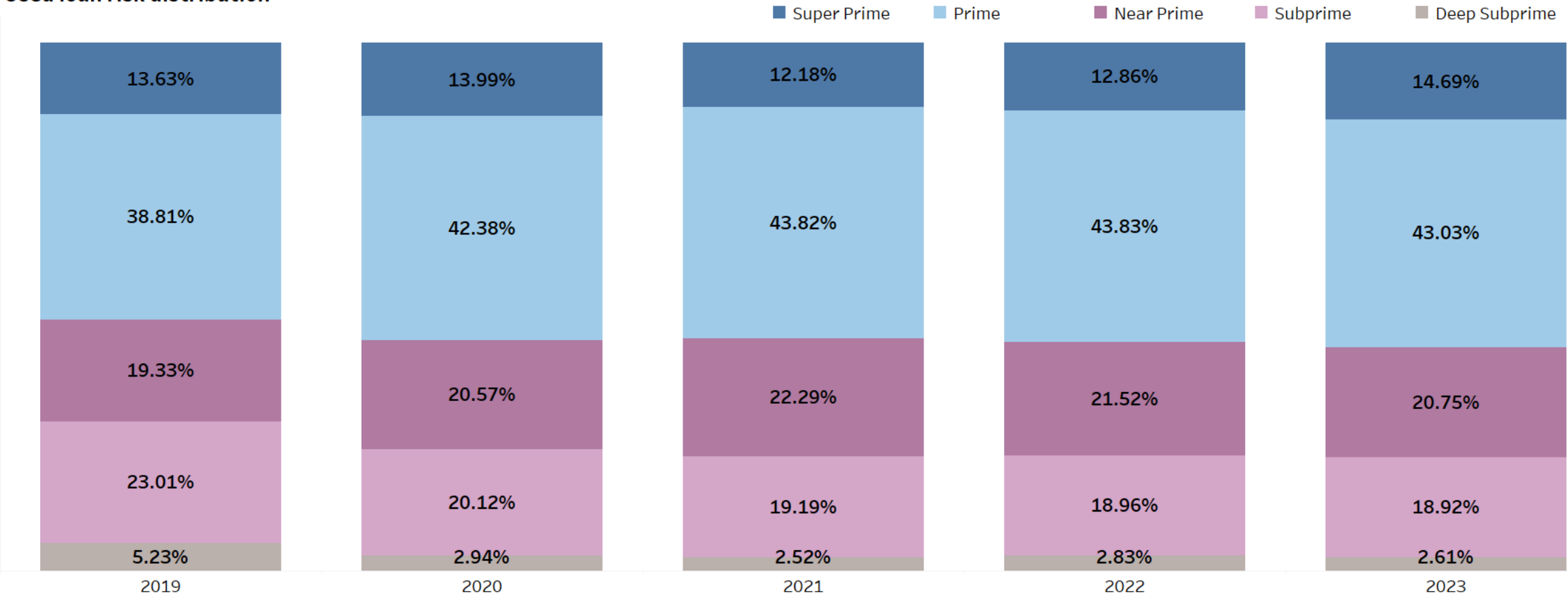


AK = 83.1%  
HI = 74.3%



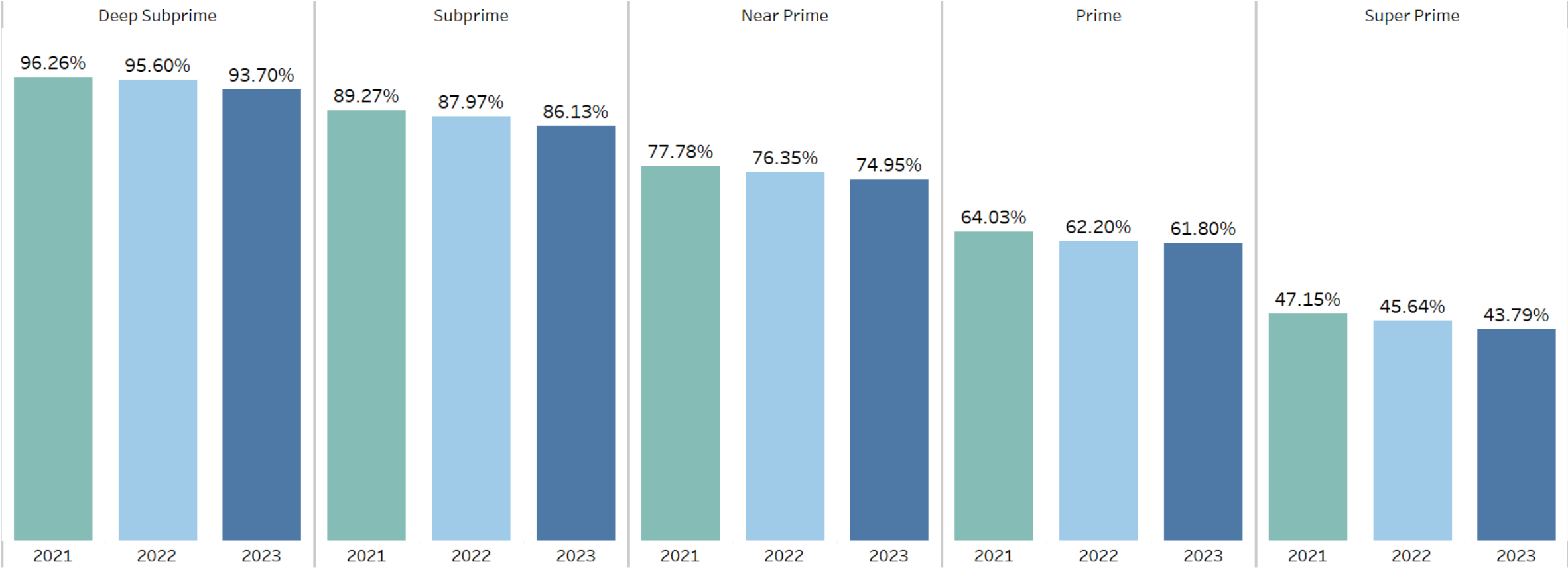
# Subprime used loans continue near record lows with prime+ over 57%

Used loan risk distribution



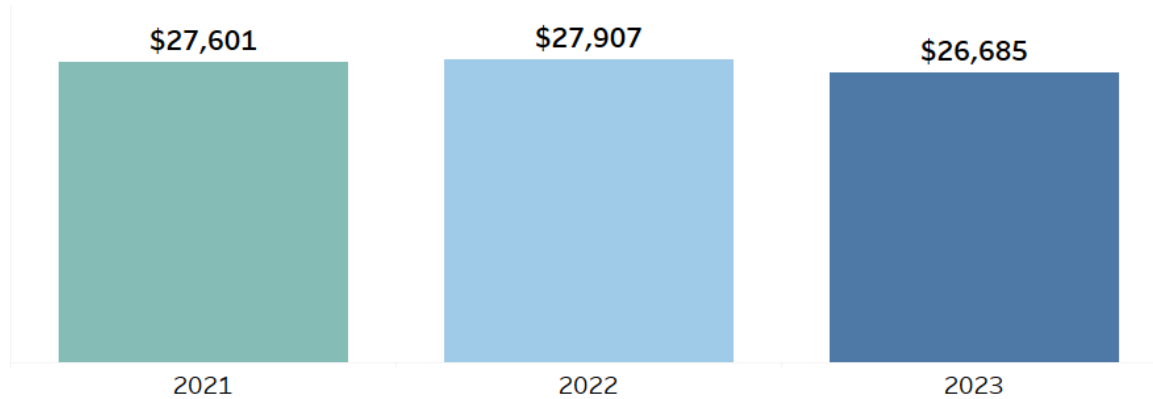
# Consumers shifting back to financing used vehicles at decreasing rates

## Consumers choosing used vehicles

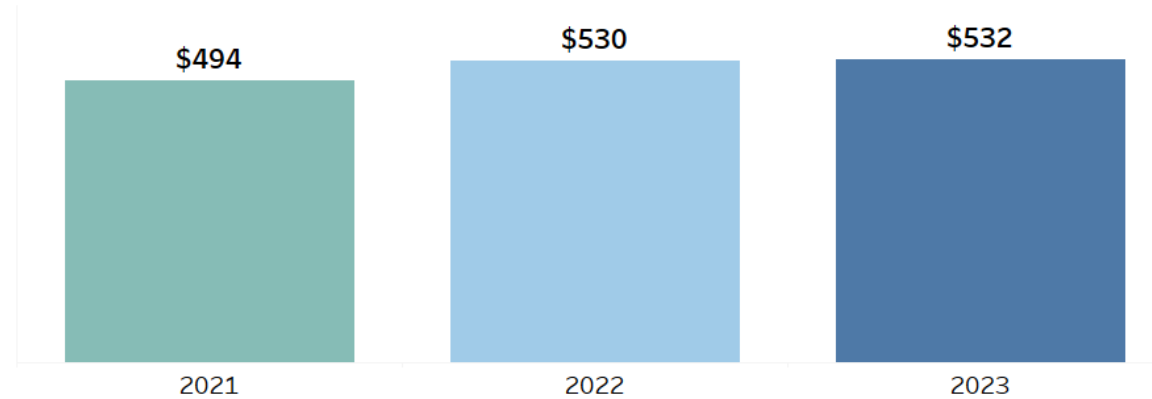


# Used loan attribute summary: rate increases, and shorter terms continue to cause payments to rise despite lower loan amounts

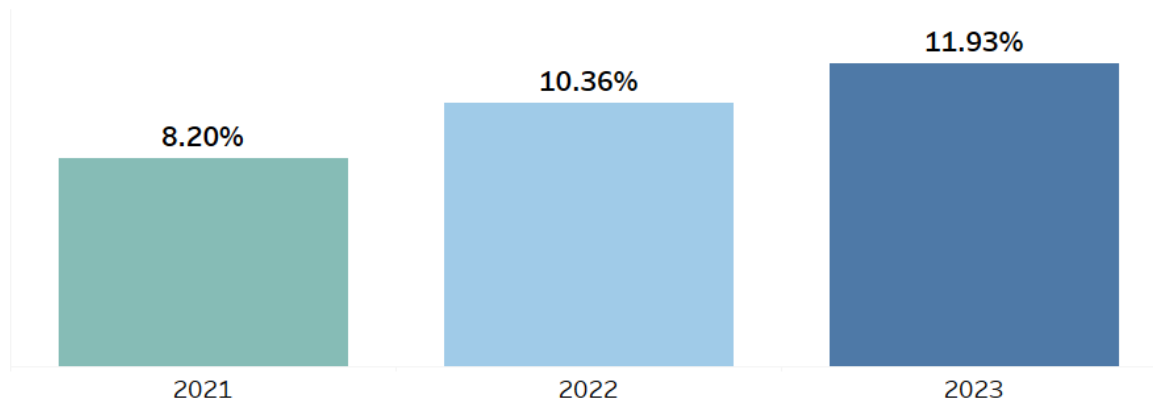
Average used amount financed



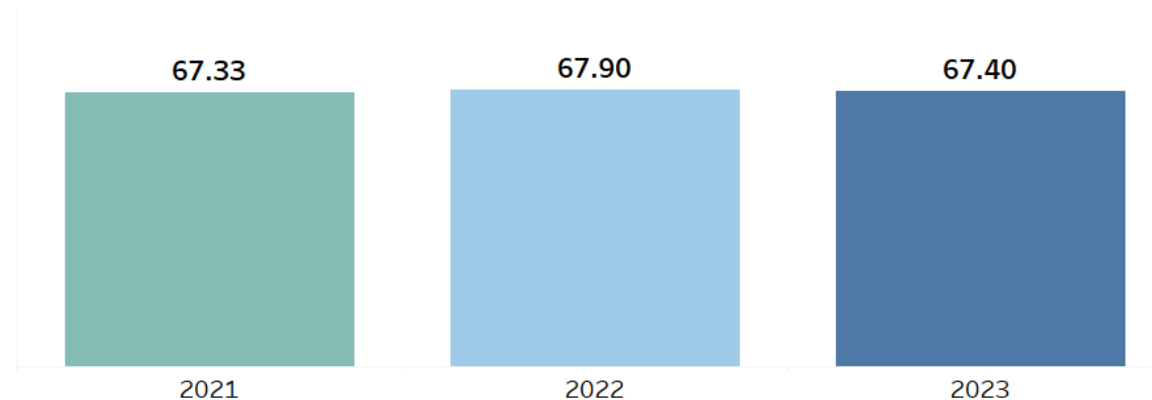
Average used monthly payment



Average used loan rate

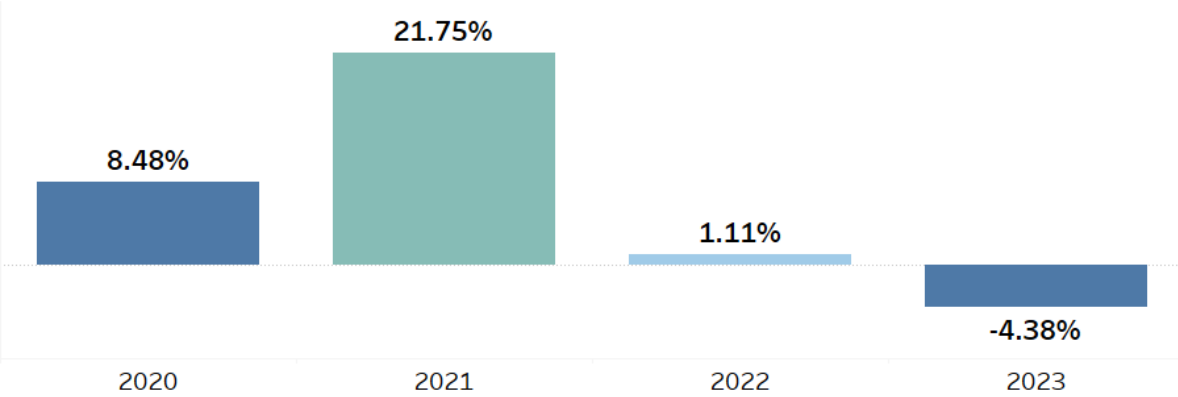


Average used loan term

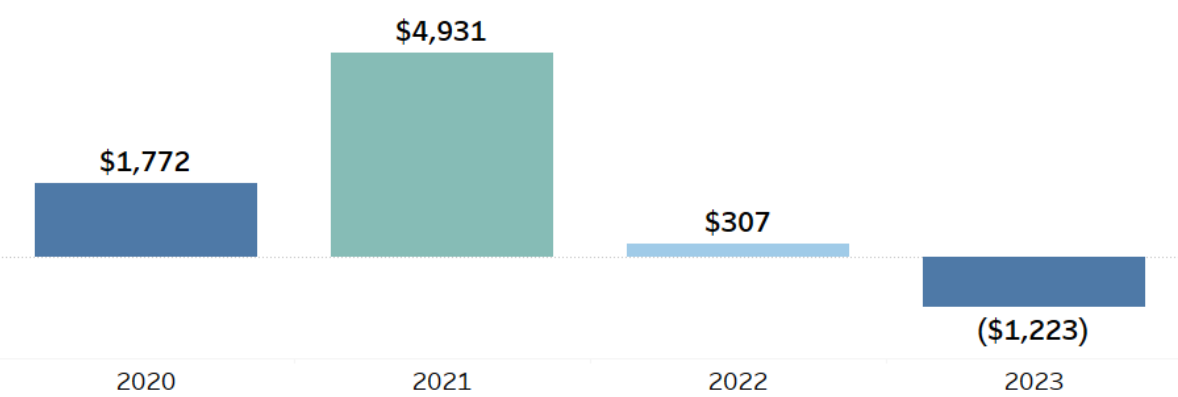


# Loan amounts continue to fall YOY, but see quarter over quarter growth

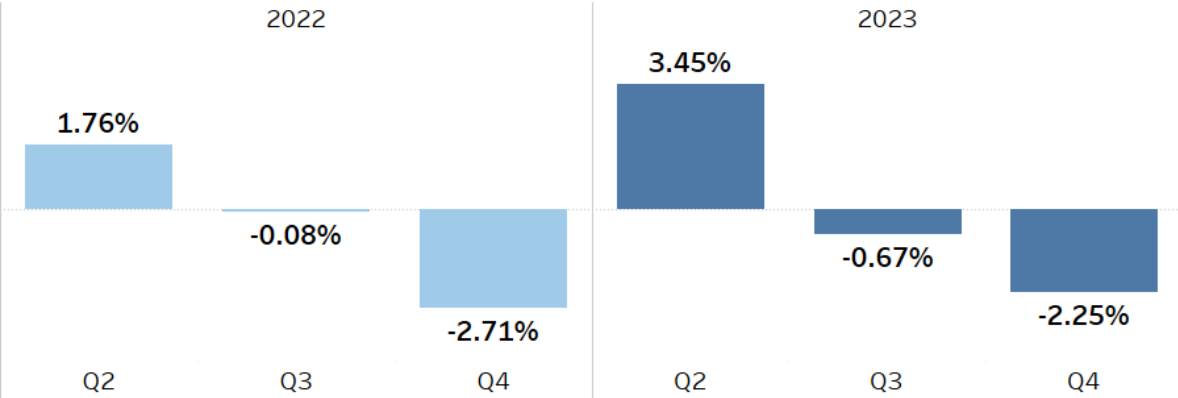
YOY growth in average used loan amount



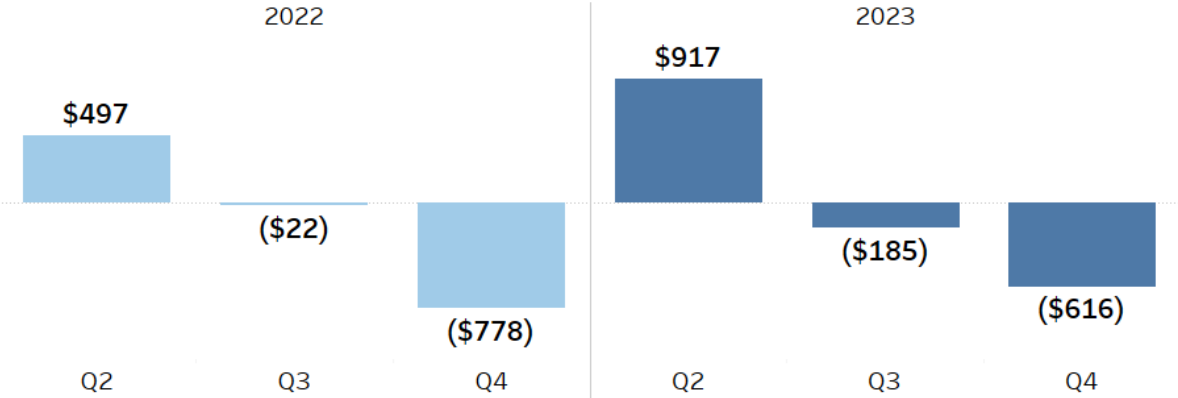
YOY \$ difference in average used loan amount



QOQ growth in average used loan amount

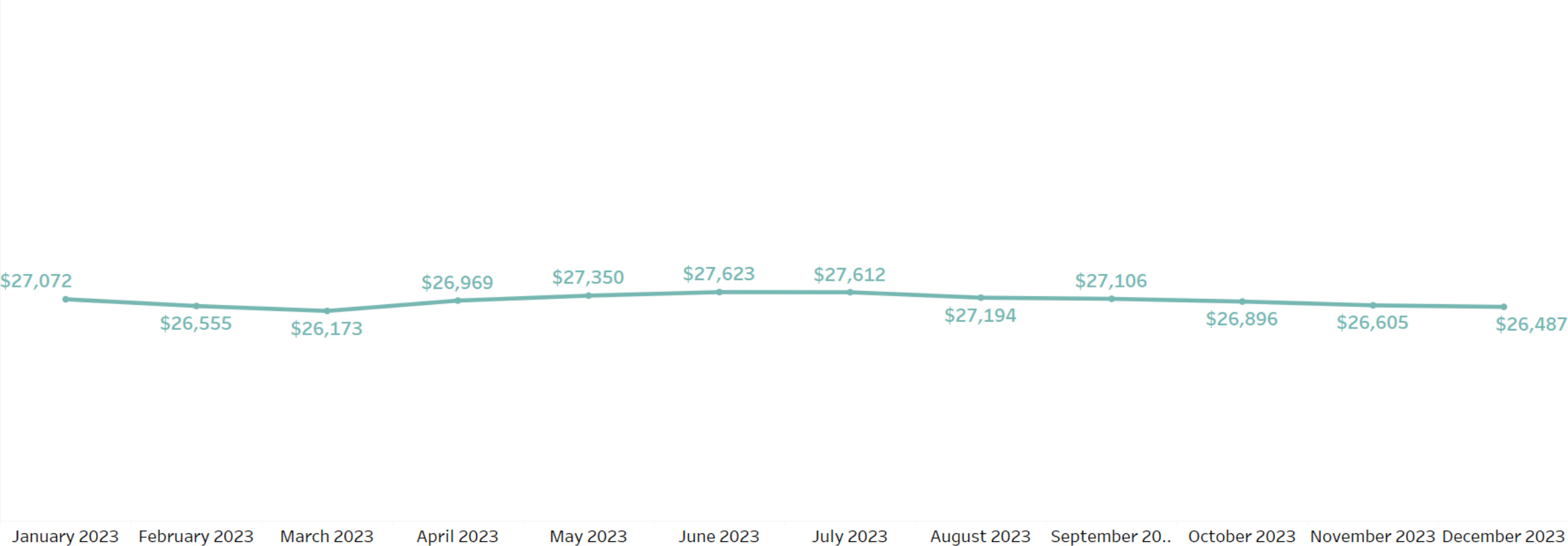


QOQ difference in average used loan amount



# Used loan amount decreased toward the end of 2023

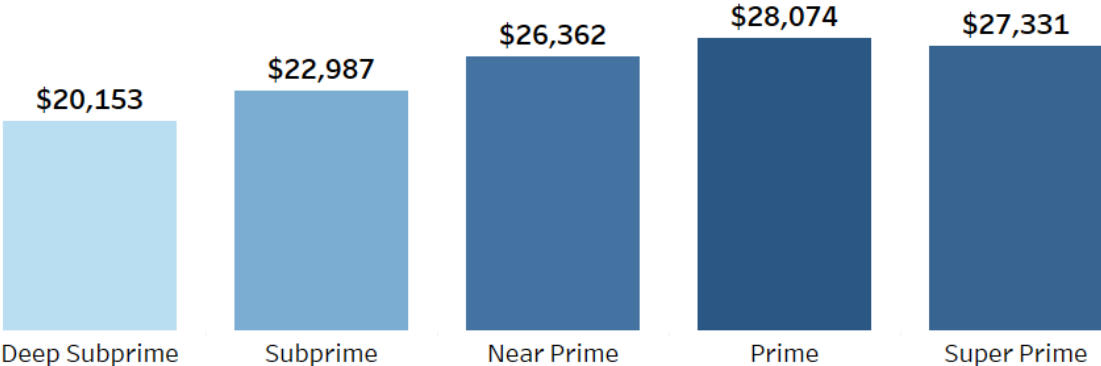
Average used loan amount through 2023



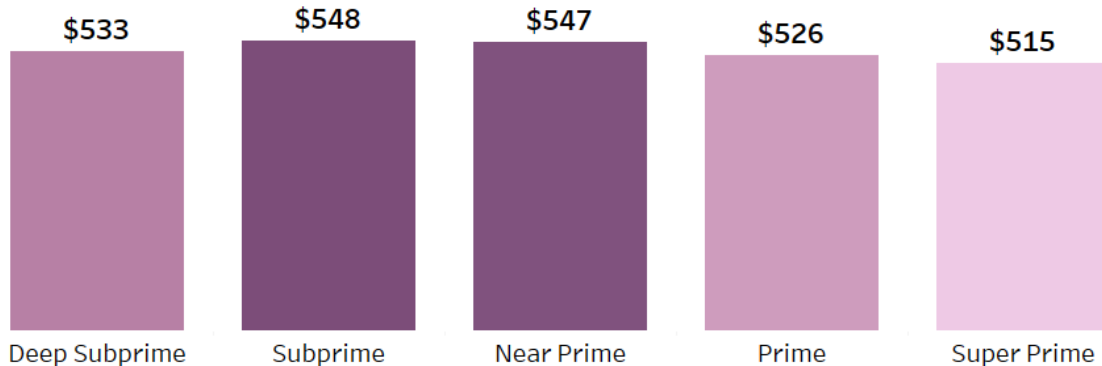


# Used loan amounts fall across all risk segments while payments rise slightly

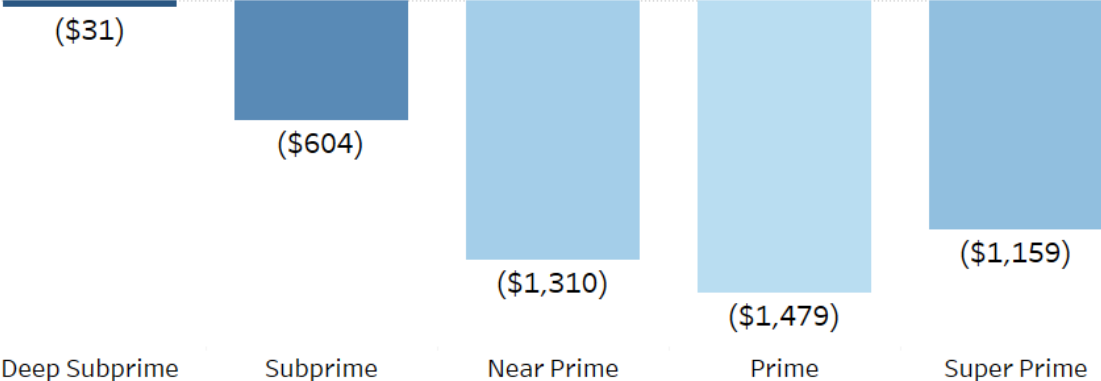
Average loan amount financed by risk



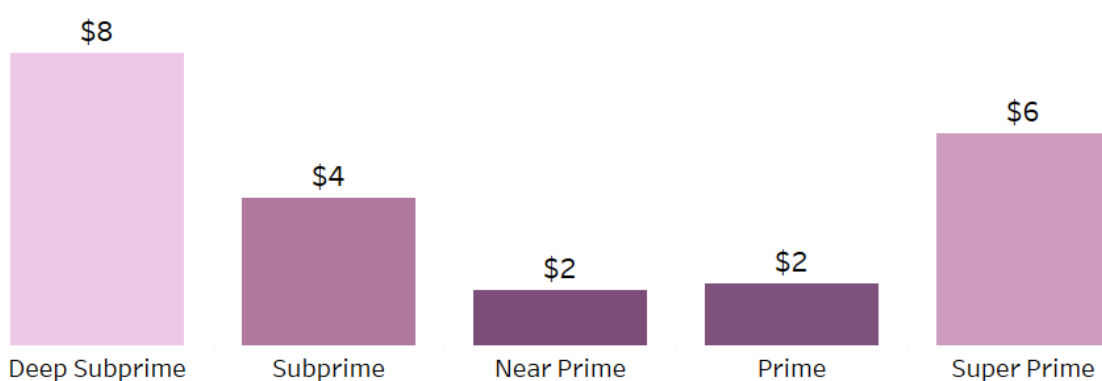
Average used loan monthly payment by risk



Year-over-year change in used loan amount

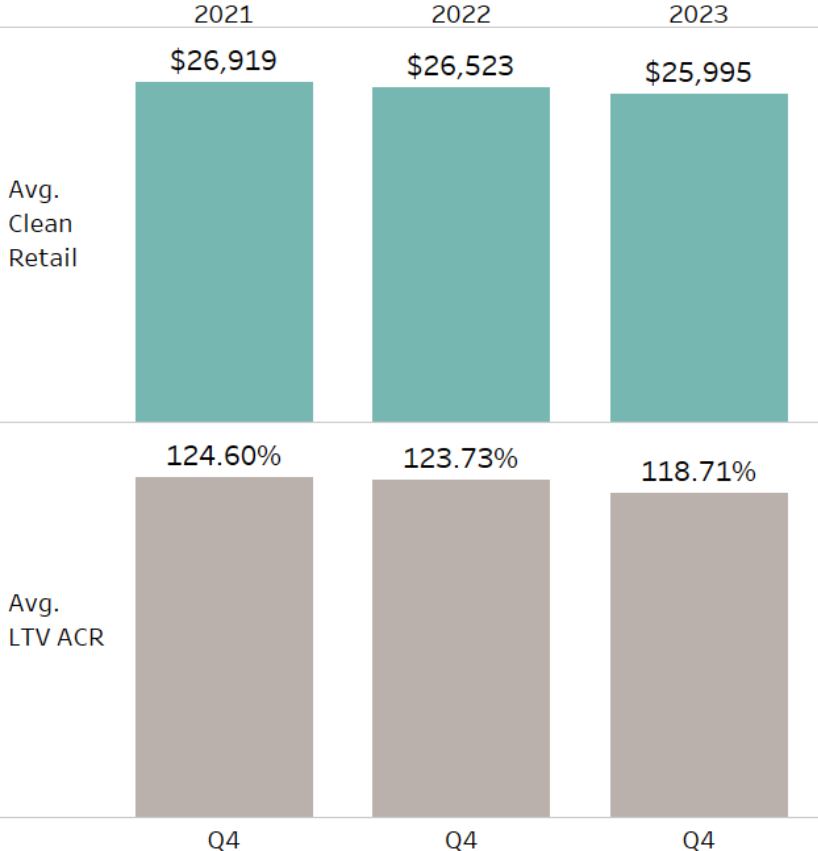


Year-over-year change in used monthly payment

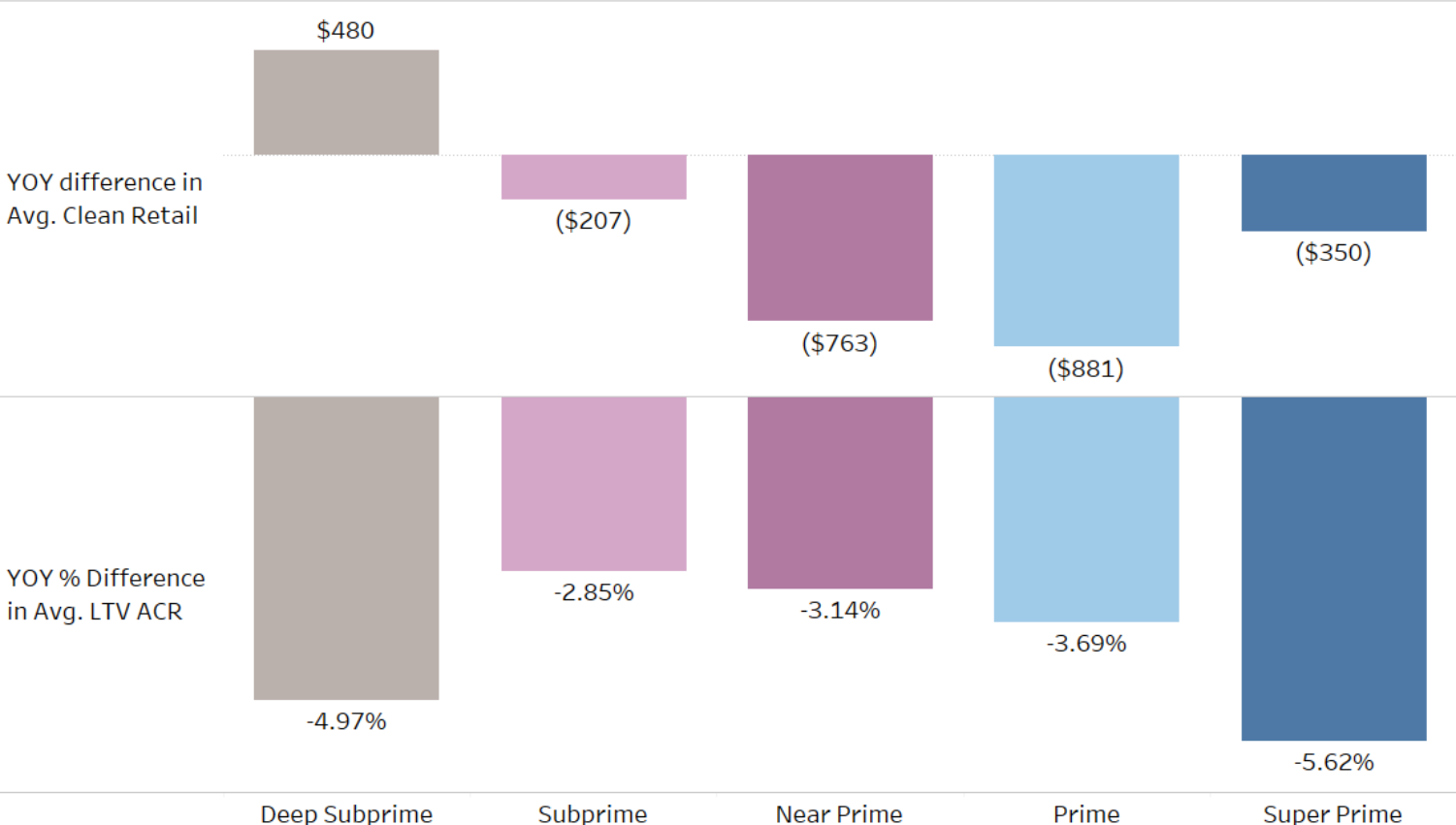


# Values and LTVs fall for used vehicles

**Avg Used Values**

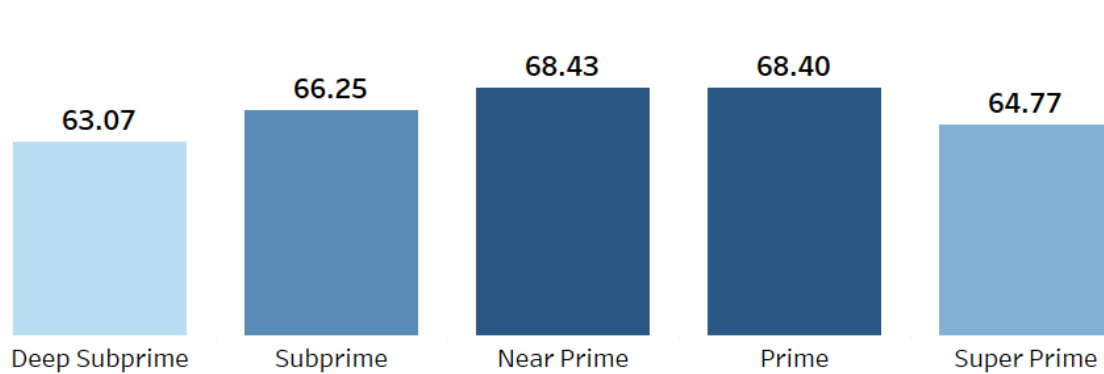


**YOY change in used values**

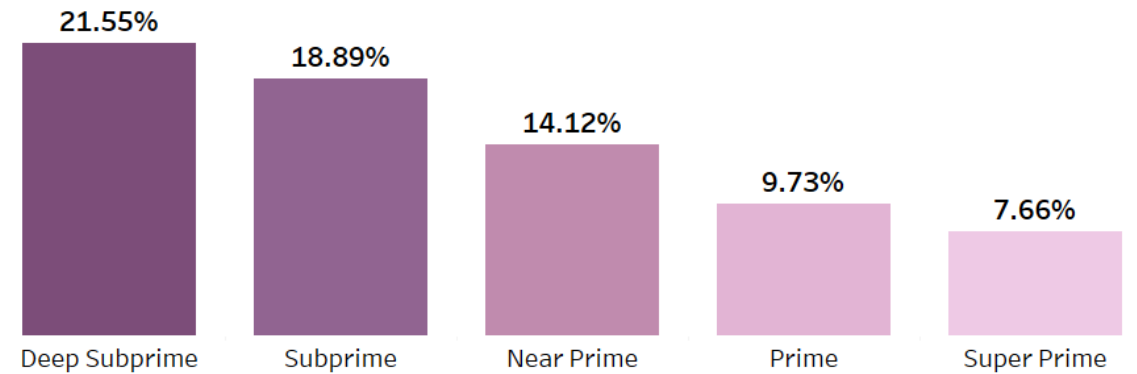


# Terms increase for lower scoring segments while rates climb

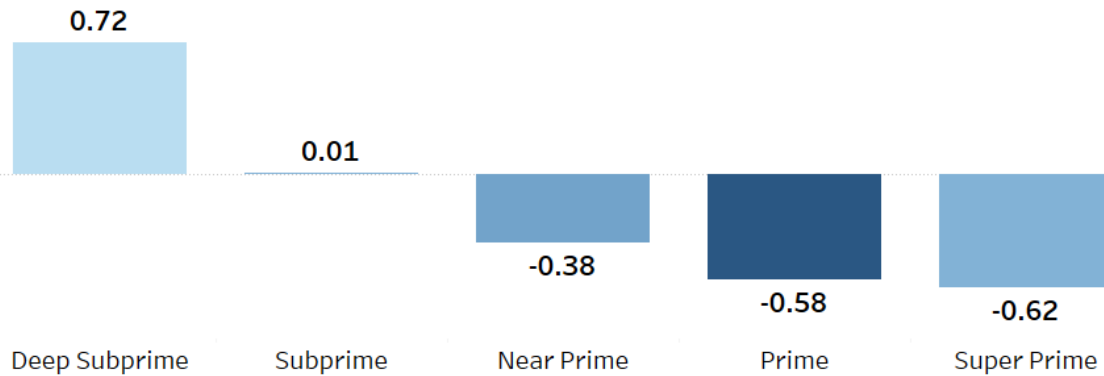
Average used loan term by risk



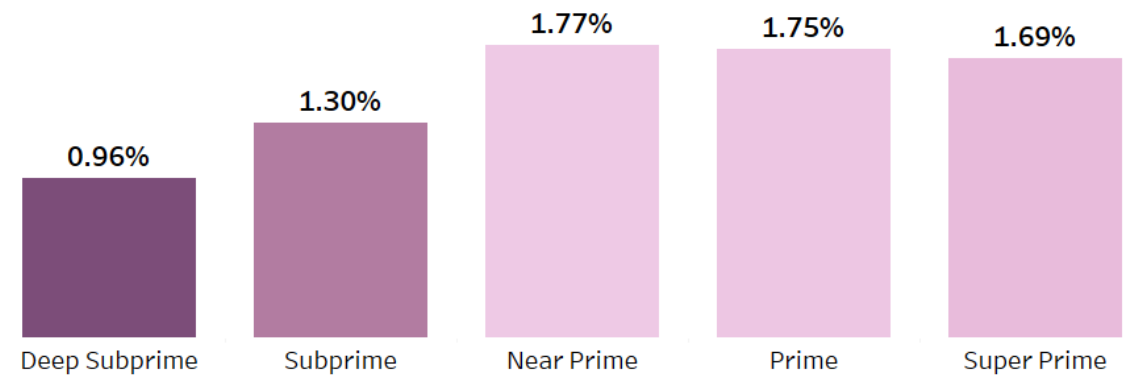
Average used loan rate by risk



Year-over-year change in used loan term

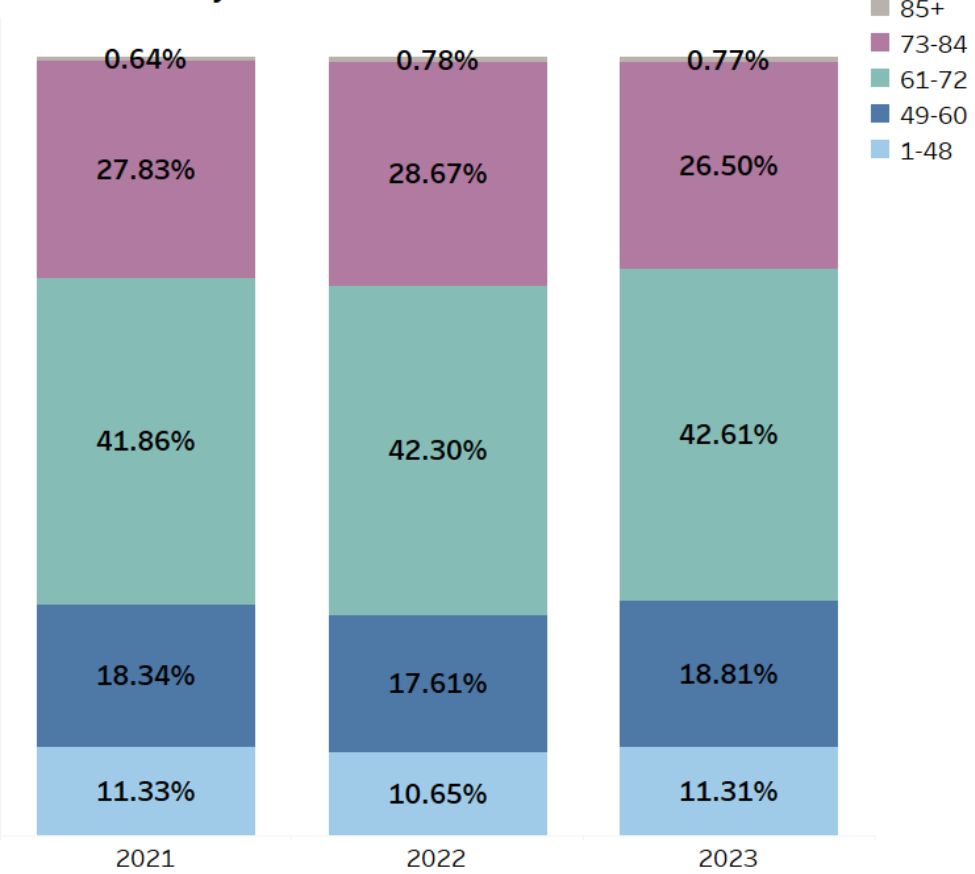


Year-over-year change in used rate

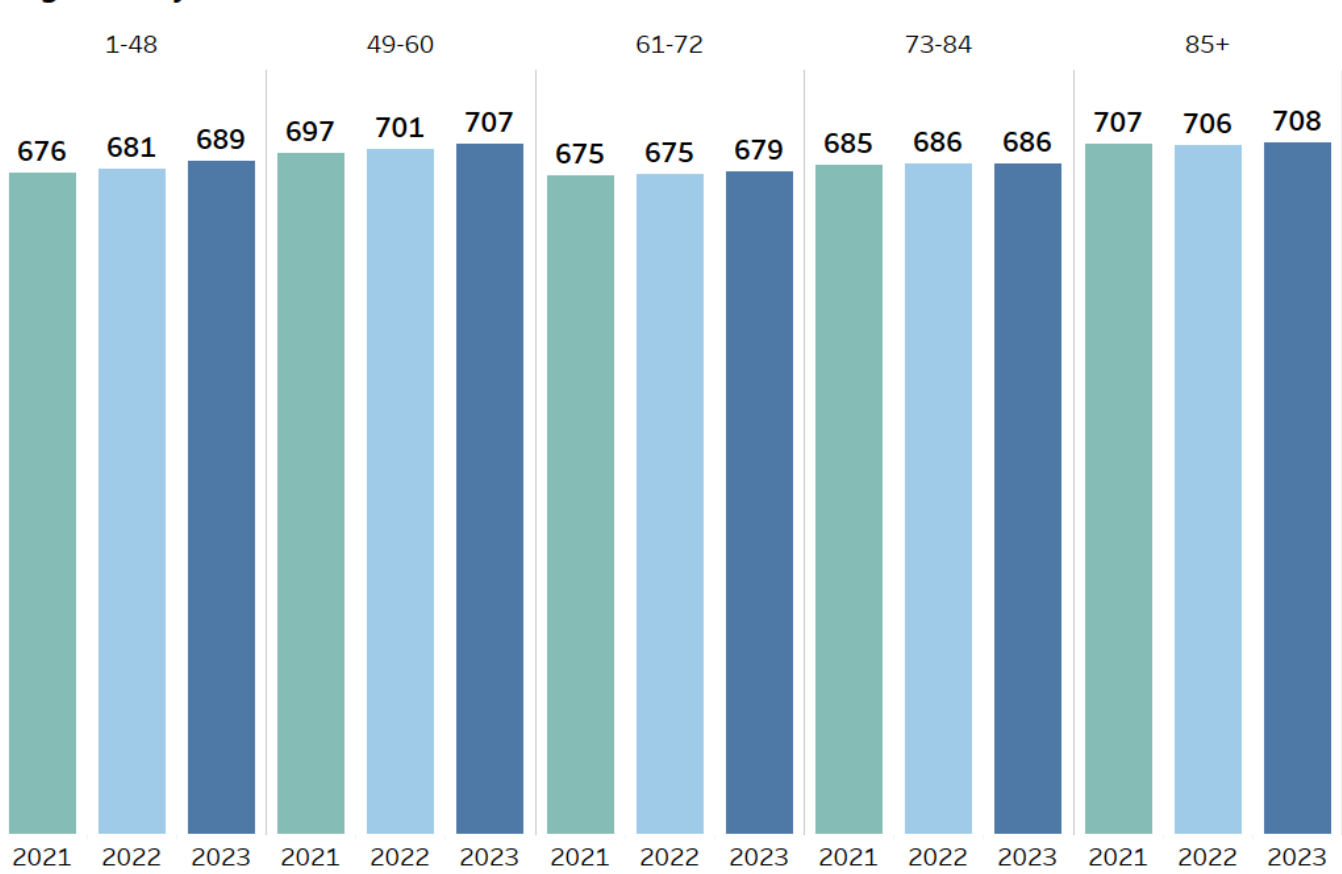


# Growth occurring in shorter term loans

Distribution by used loan term

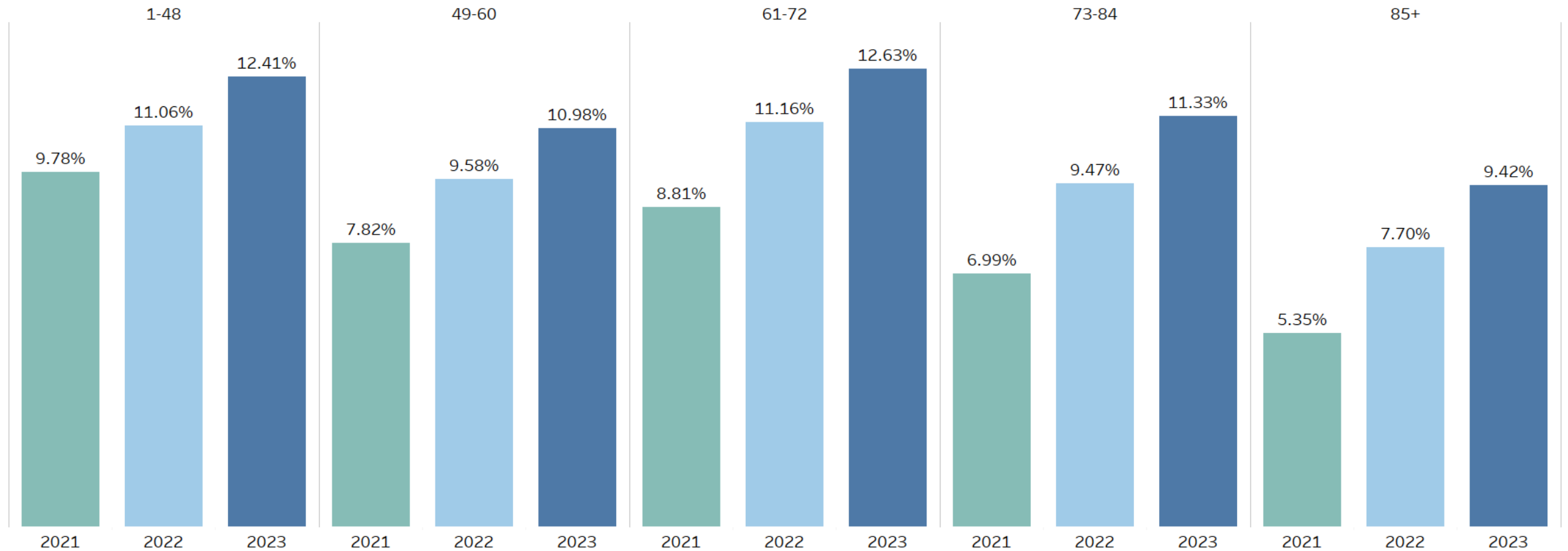


Avg score by used loan term



# Lower rates in 60 and 85+ month term reflect more prime/higher scoring loans

Avg used rate by loan term



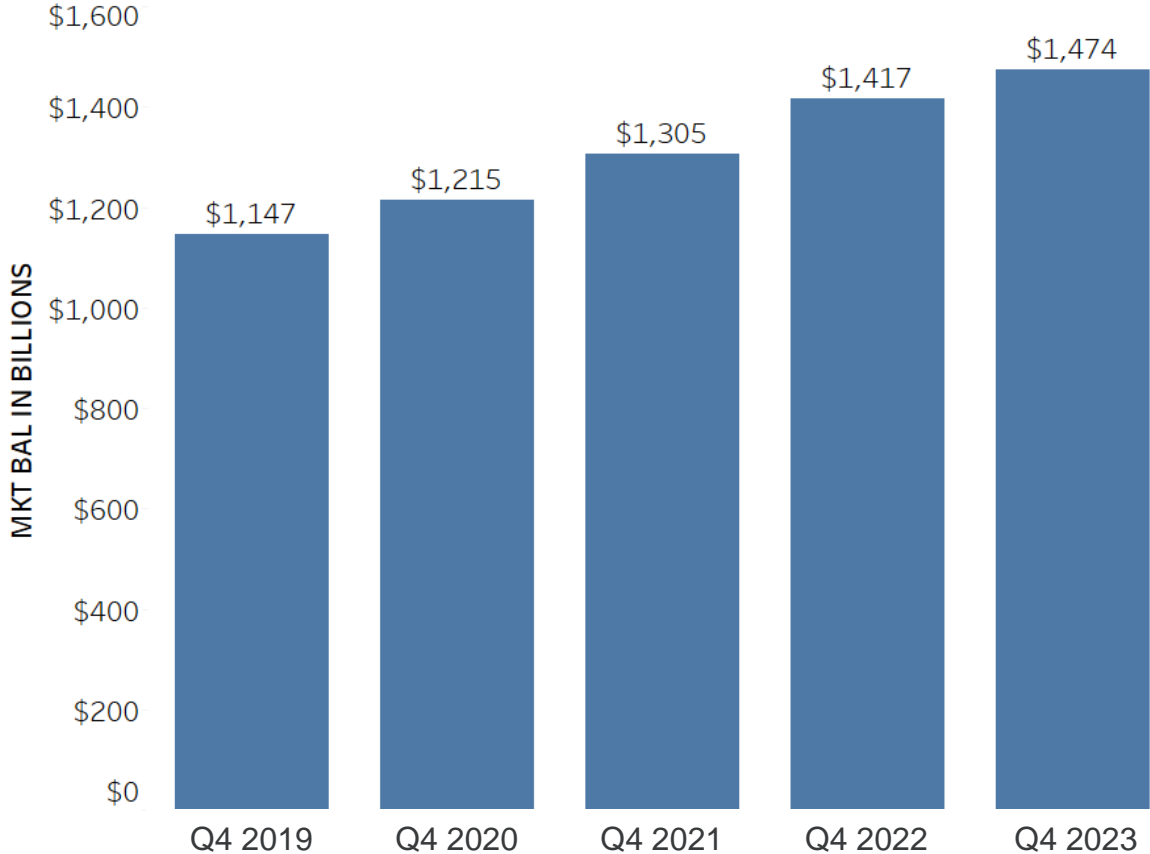
# Q4 2023 Market overview

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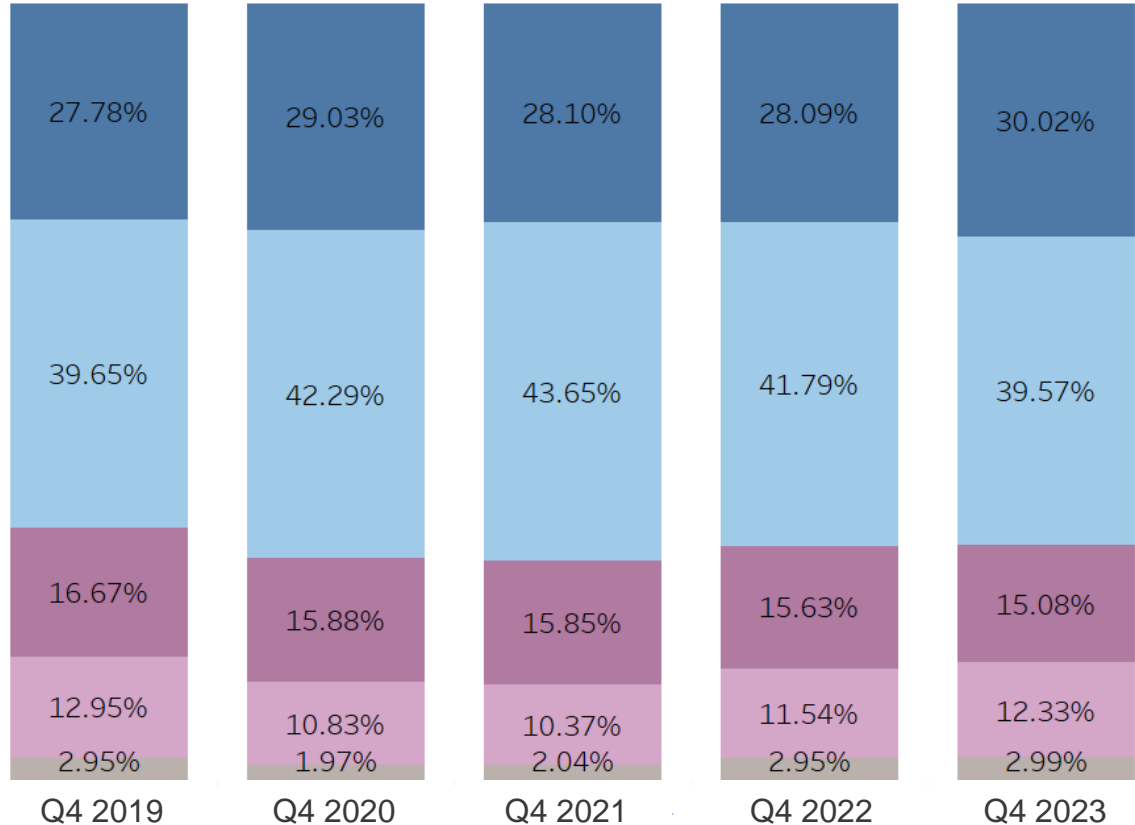
Balances and delinquency on all open auto  
loans & leases

# Overall loan balances (in billions) grew 4% YOY with growth occurring in Super Prime and Subprime segments

Outstanding automotive loan balance



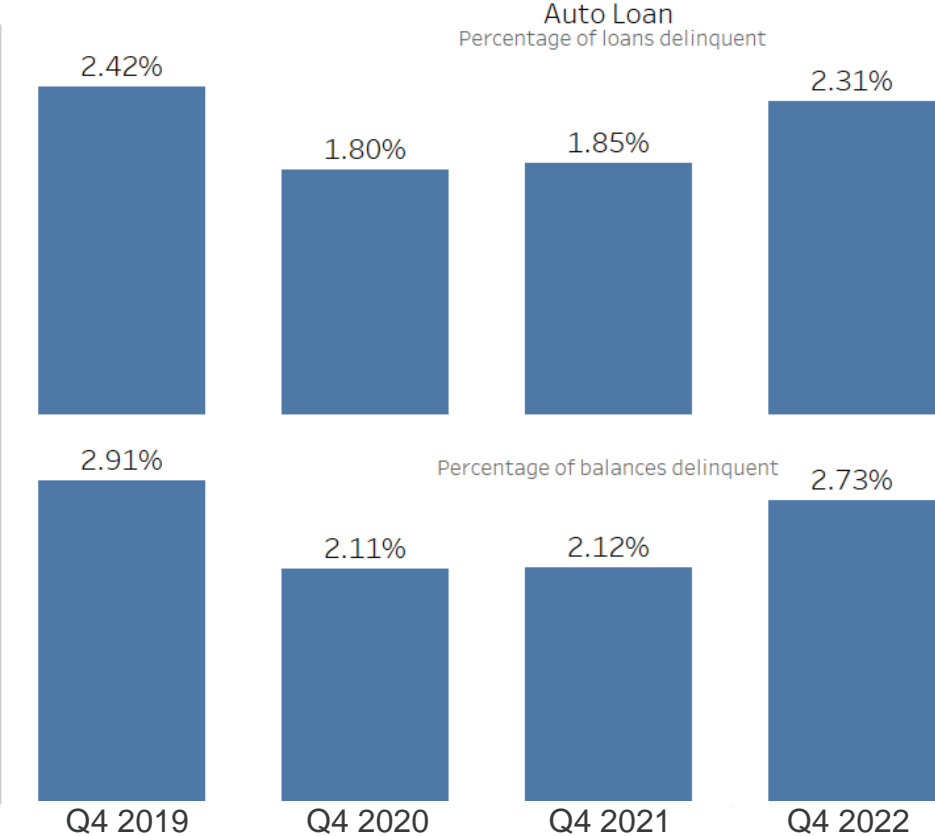
Auto loan balances by score band



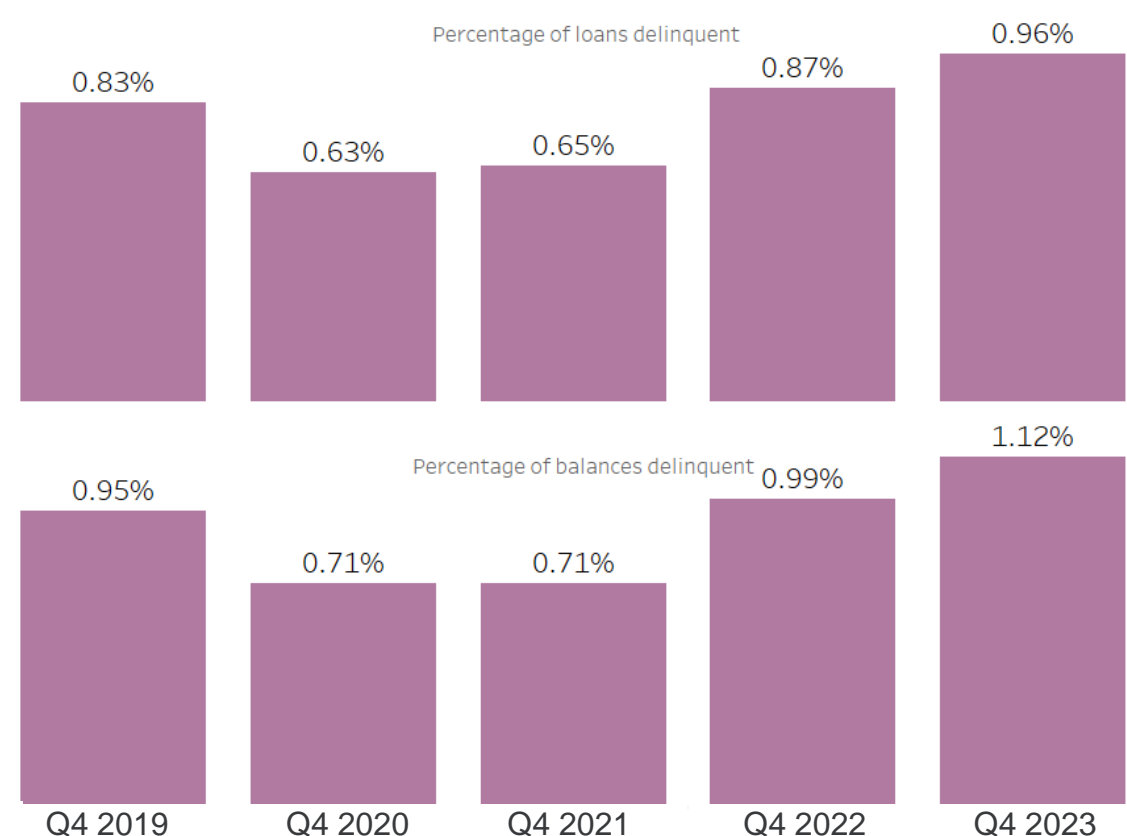


# Delinquencies continue to climb

30 day delinquency

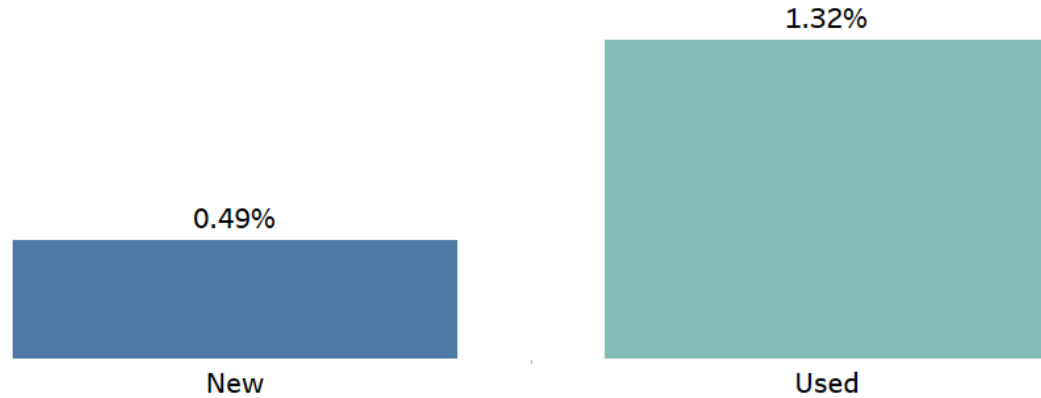


60 Day delinquency

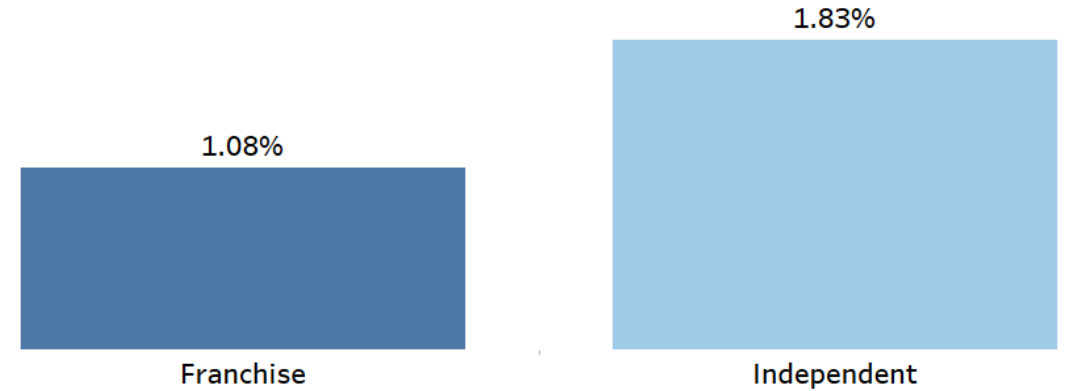


# 60-day delinquency rate dashboard (originations 2019+)

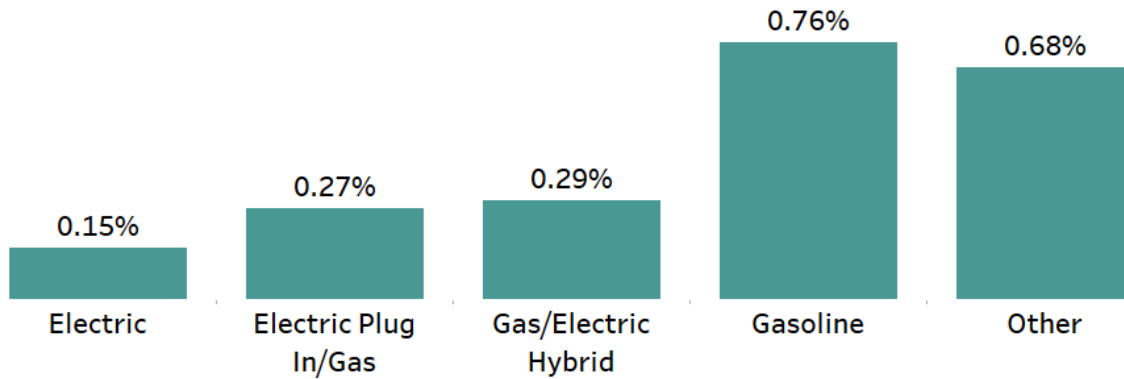
Current 60 day delinquency rate by new/used



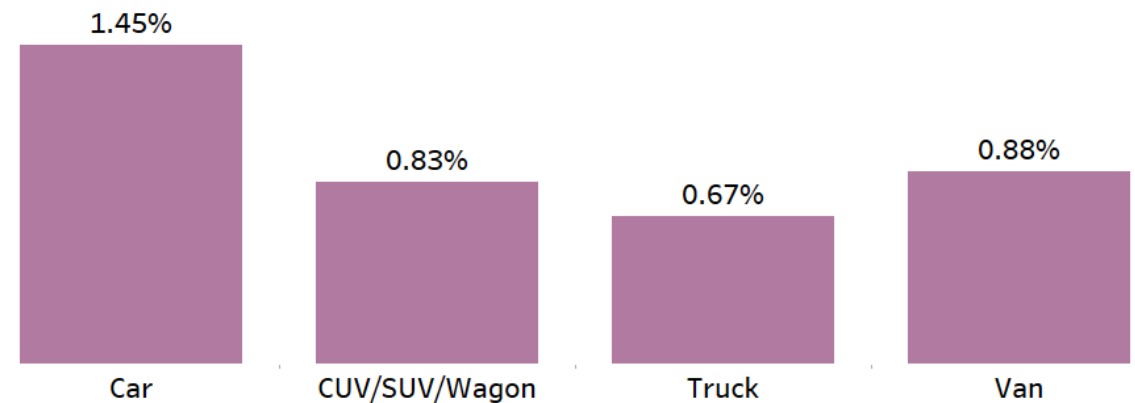
Current 60 day delinquency rate by dealer type on used loans



Current 60 day delinquency rate by fuel type (bought new)



Current 60 day delinquency rate by vehicle type (bought new & used)



# Q4 Summary

- Leasing remains low but is starting to increase and more cash comes into the market
- Subprime continues to reach record lows for automotive financing
- Payments continue to climb while loan amounts remain steady for new and decrease for used
- LTV continues to fall year-over-year for both new and used lending
- Overall balances climb and delinquencies continue to climb

Free resources on the industry: [ExperianAutomotive.com](https://www.experianautomotive.com)



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