



# AUTO FINANCE INSIGHTS

**Industry Pulse: Q2 2021 Highlights**

Presented by: **Melinda Zabritski**

©2021 Experian Information Solutions, Inc. All rights reserved. Experian and the Experian marks used herein are trademarks or registered trademarks of Experian Information Solutions, Inc. Other product and company names mentioned herein are the trademarks of their respective owners. No part of this copyrighted work may be reproduced, modified, or distributed in any form or manner without the prior written permission of Experian.

Experian **Public**

# Session Overview

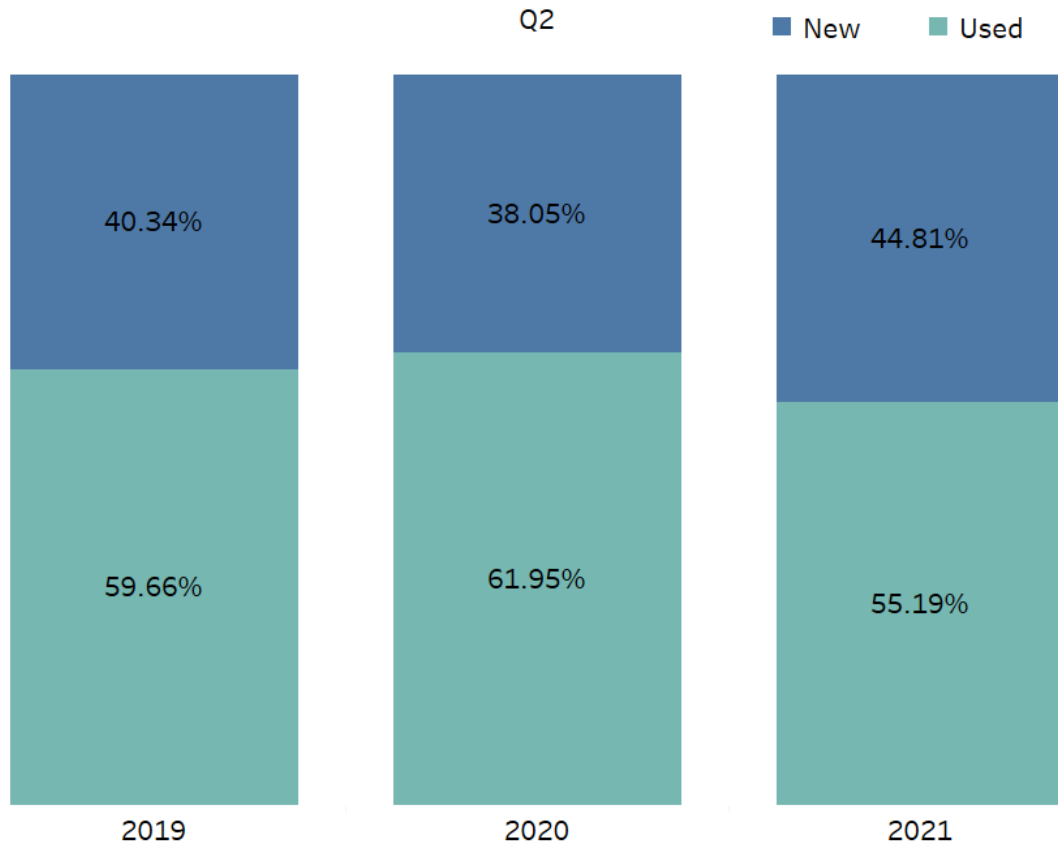
- Overall financing trends and how COVID has impacted the subprime market
- New vehicle financing trends
- Used car market review and a look at affordability

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

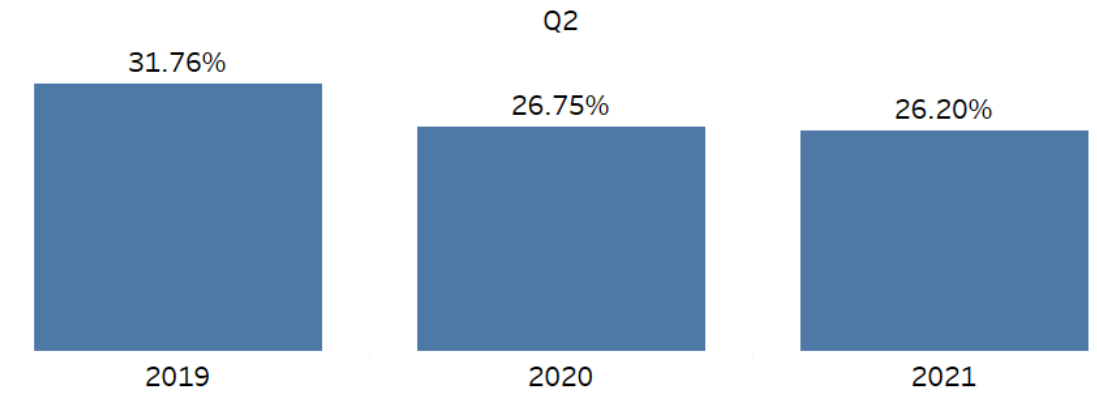
# Automotive financing

Snapshot of how and what consumers are financing

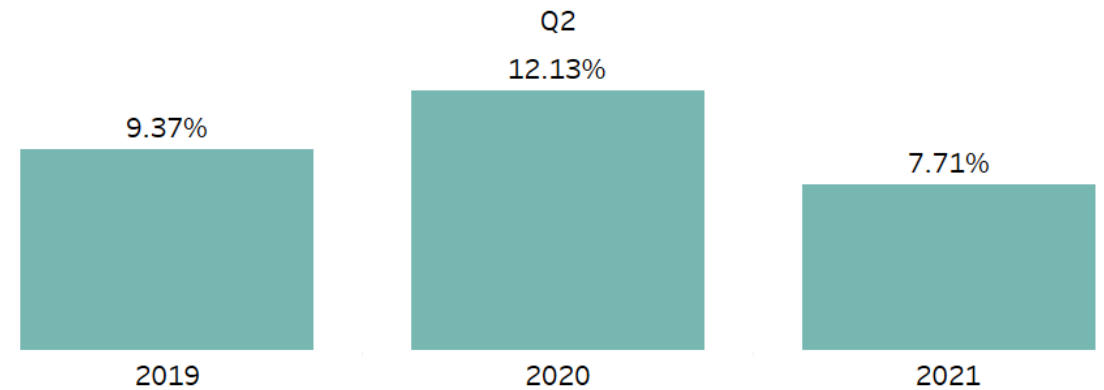
New/Used percentage of financing



% of all new vehicles that are leased

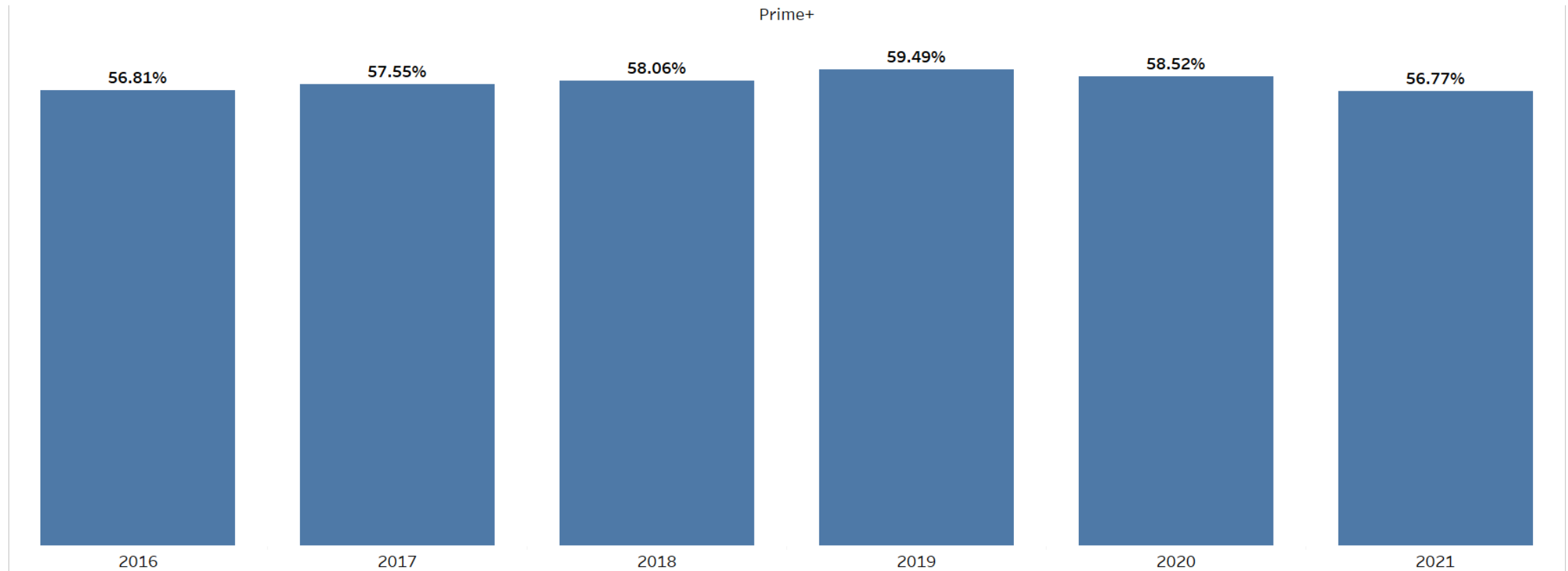


Used vehicle % of total lease market



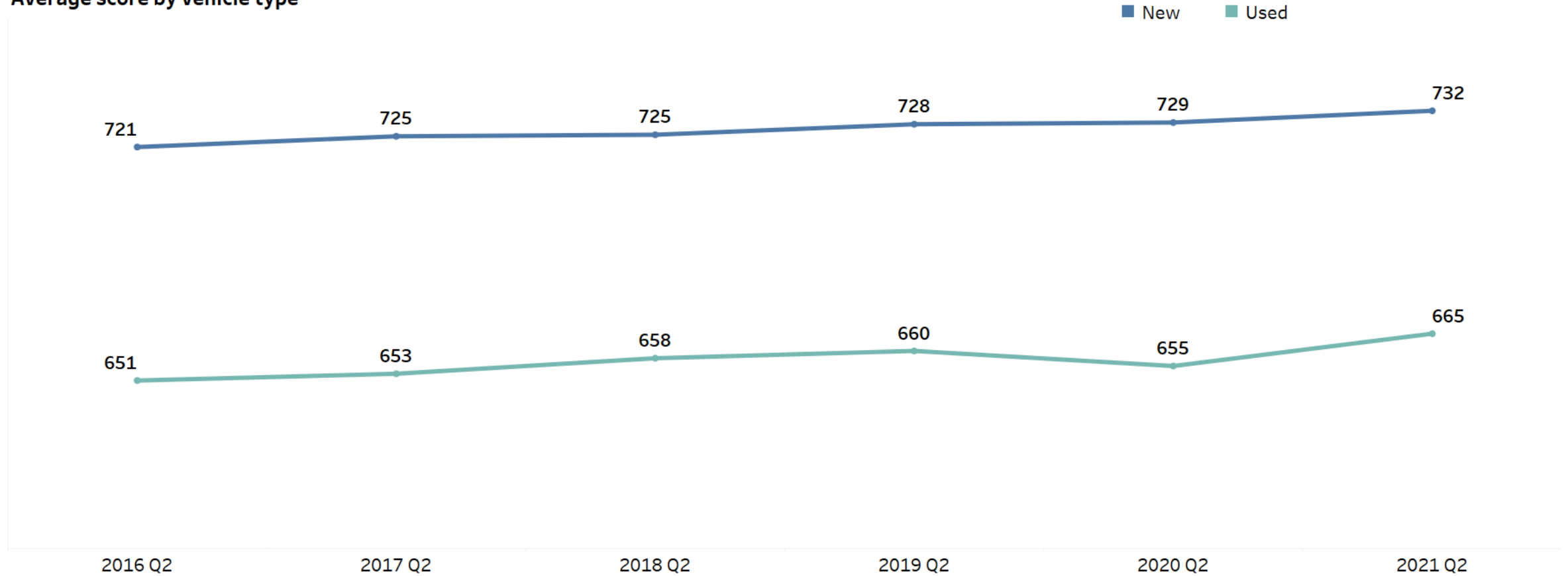
# The trend of prime consumers shifting into used vehicles was disrupted

Consumers choosing used loans



# Average scores increase 3 points for new and 10 for used vehicles

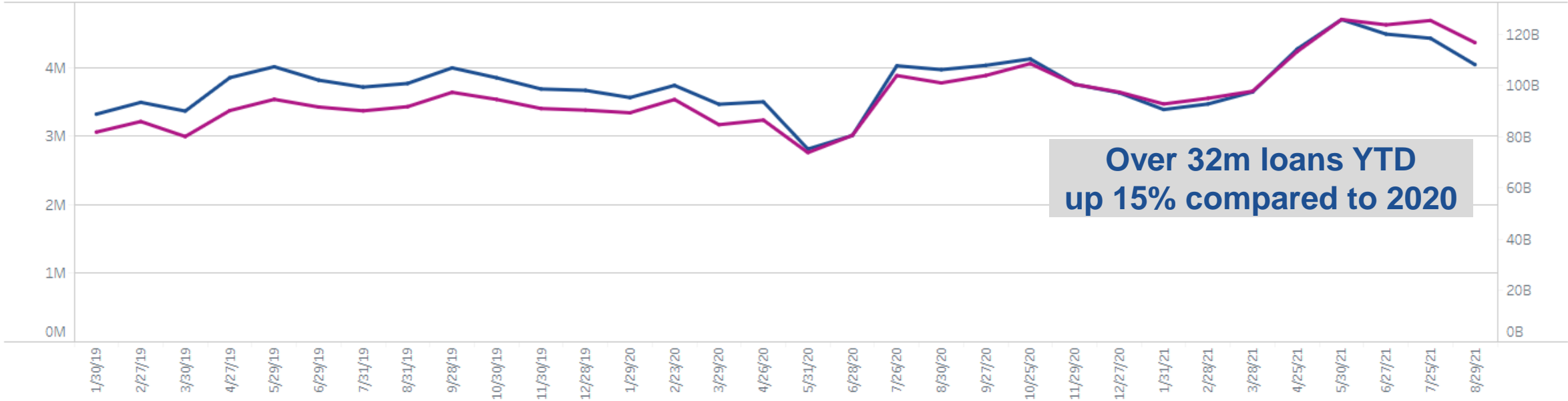
Average score by vehicle type



# Total auto loan originations have grown and are at levels higher than 2019

Origination Accounts and Balances

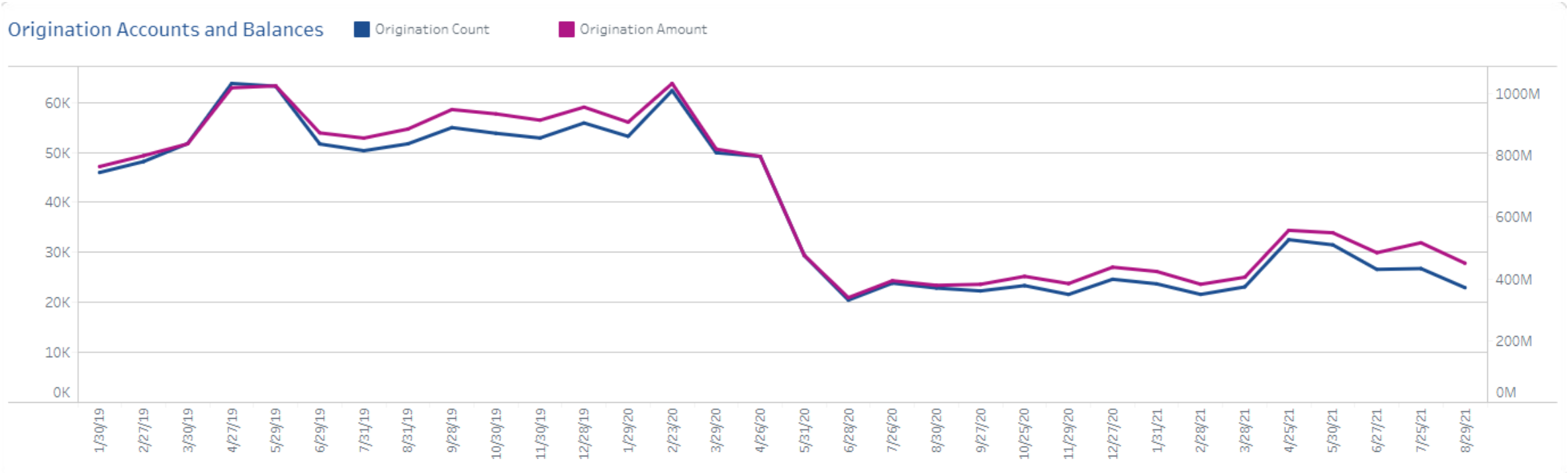
■ Origination Count    ■ Origination Amount



**Over 32m loans YTD up 15% compared to 2020**



# But deep subprime consumers (<500) are originating at levels half of that in 2019

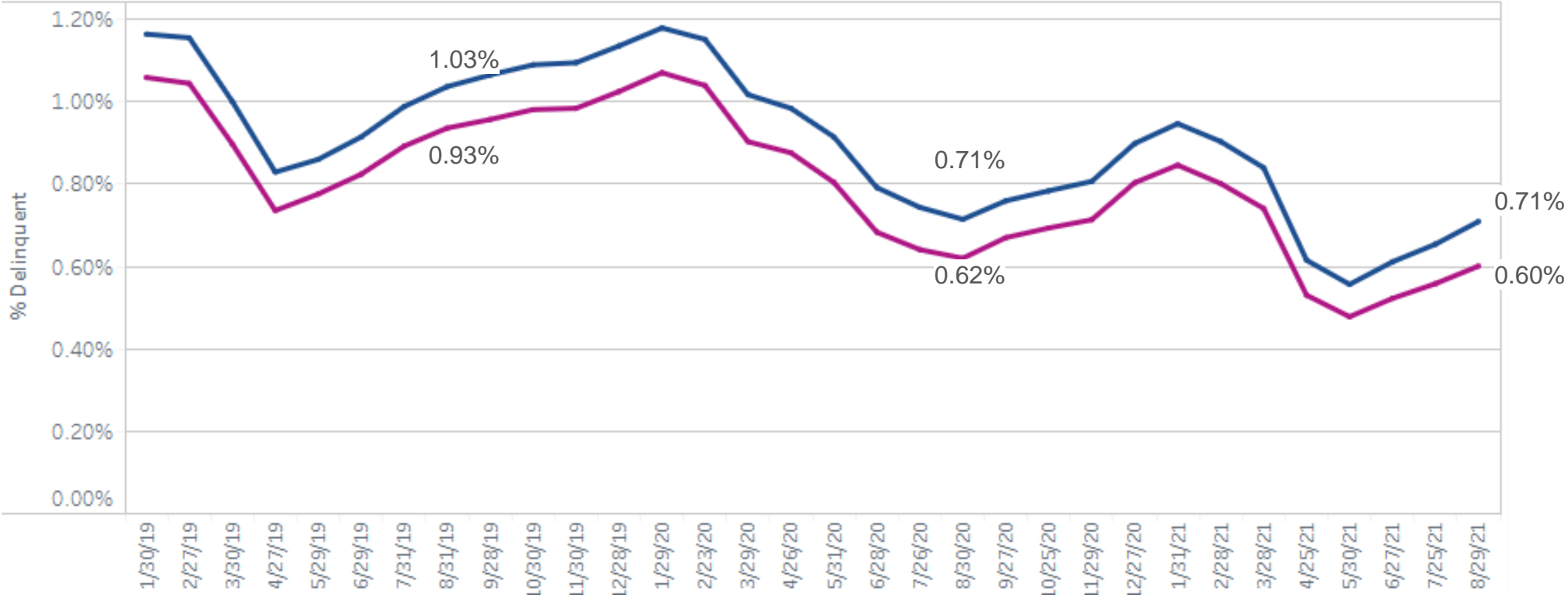


# 60+ delinquency rate for auto loans remains low: over 99% of the accounts that were current last quarter stayed current

Delinquency Rate

Delinquency Count

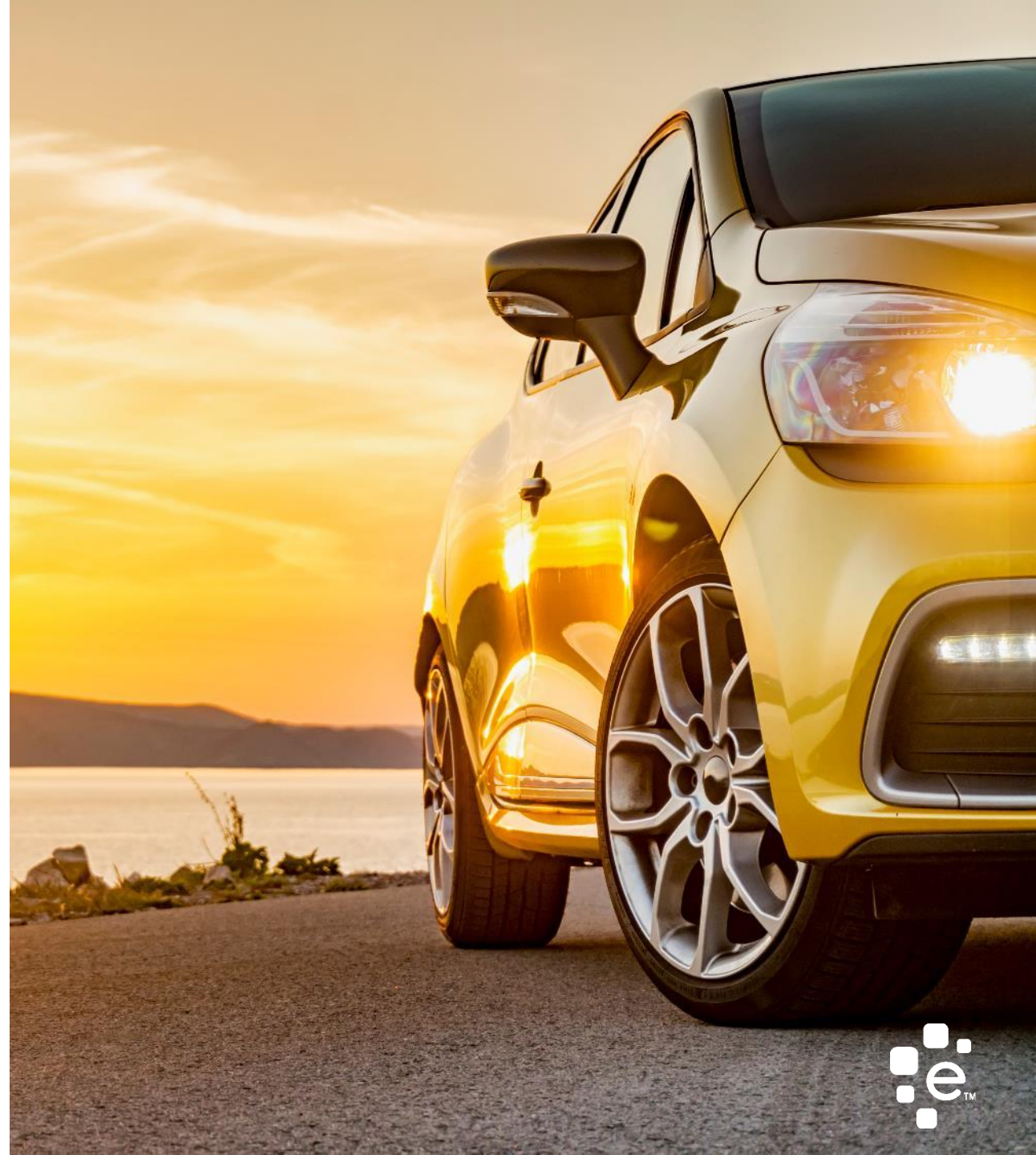
Delinquency Balance





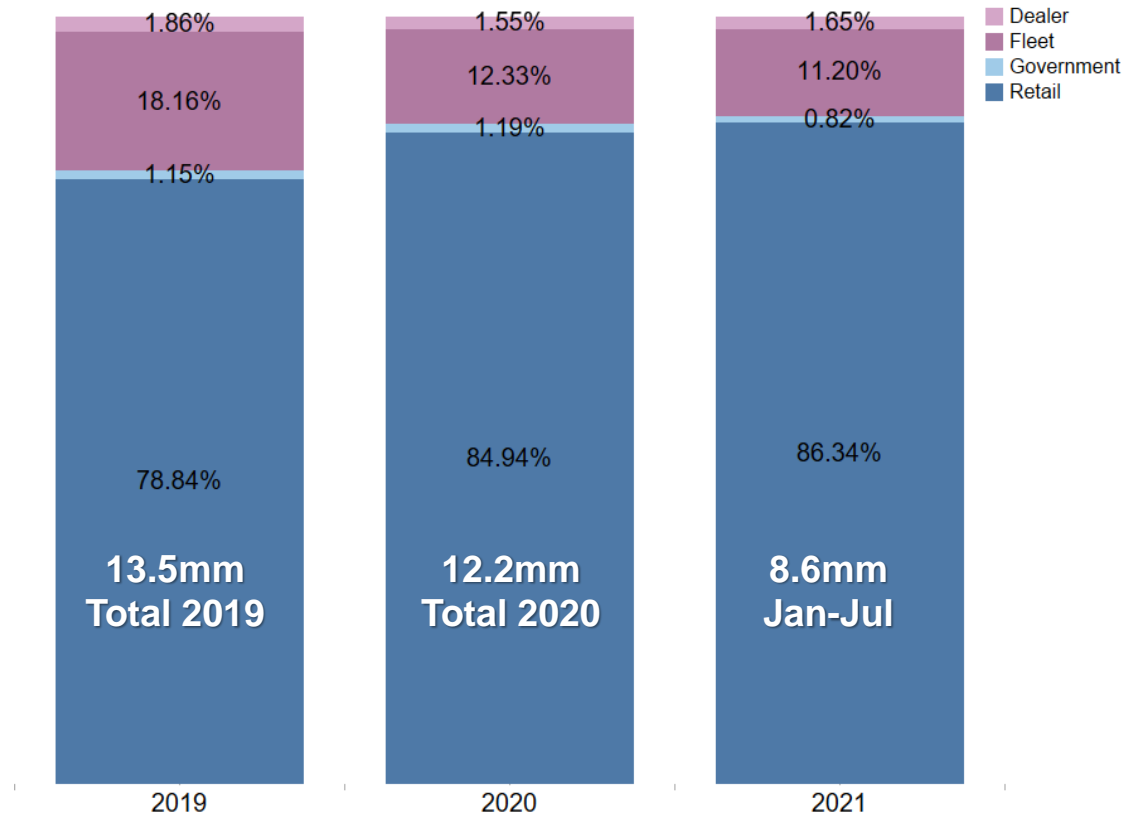
# New financing

A look at new vehicle financing



# Who's buying new cars?

New vehicle registrations by sales category



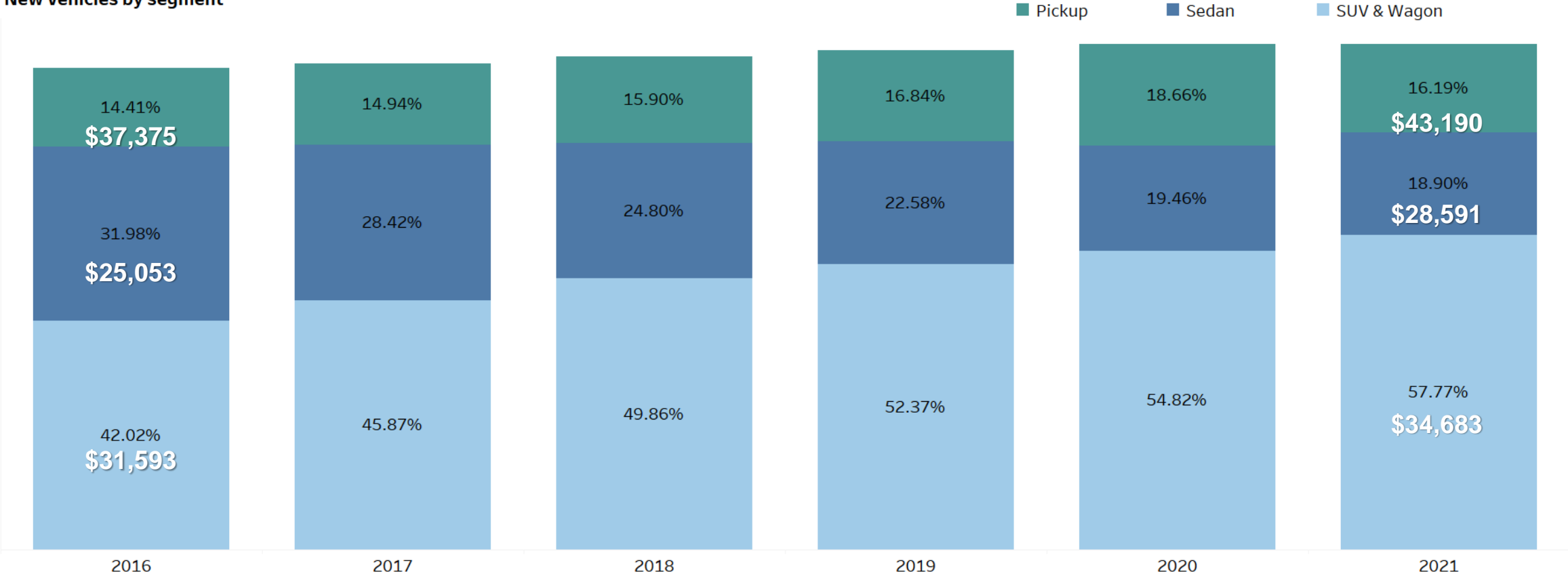
## Year-to-date through July

- First half of the year comparisons of new vehicle registrations show a significant reduction in the percentage of **Fleet** transactions
  - Volume up 174k vs 2020
  - Volume down 19k vs 2019
- **Retail** increasingly representing a larger portion of registrations
  - Volume up 2.1mm vs 2020
  - Volume up 820k vs 2019



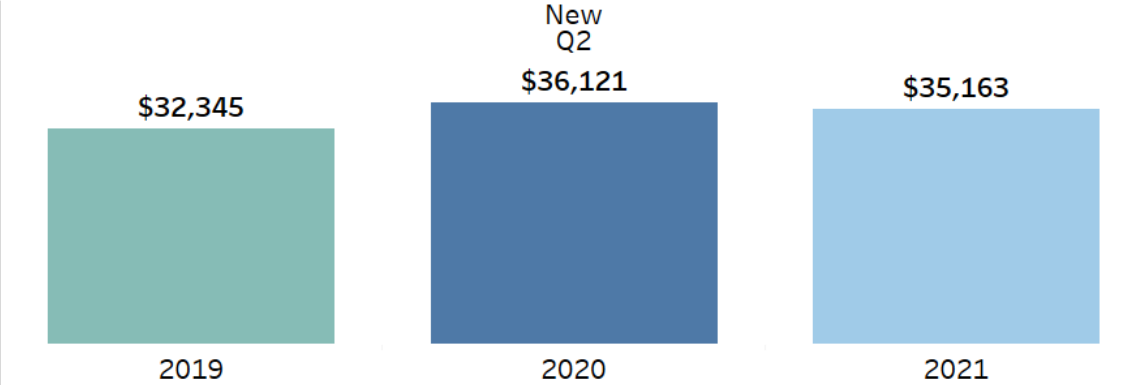
# 2020 saw an uptick in Pickups while SUVs continue to dominate financing with higher loan amounts

New vehicles by segment

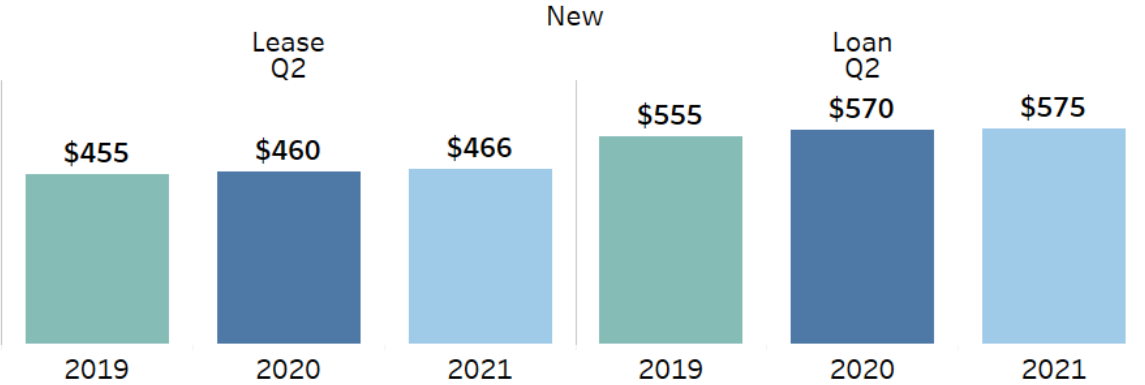


# New loan attribute summary

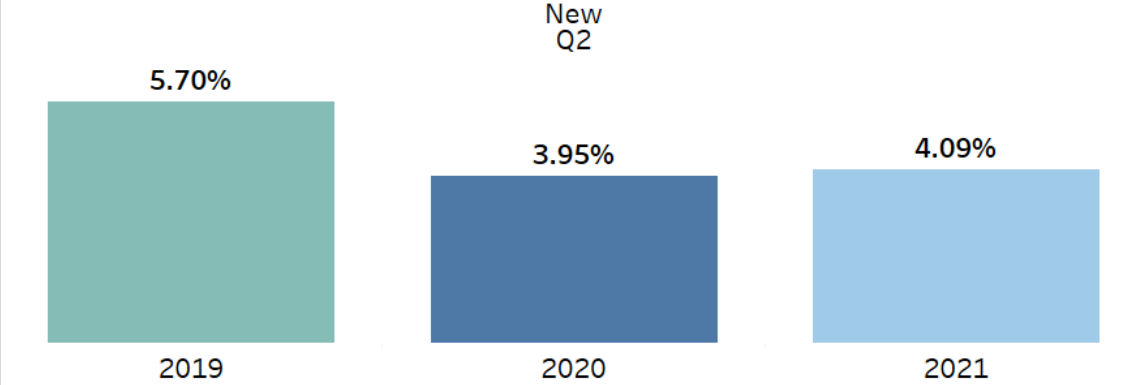
Average amount financed



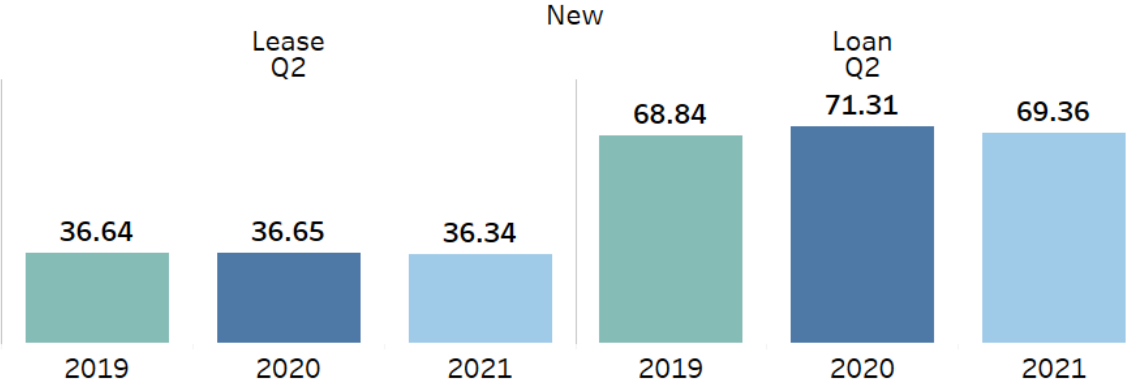
Average monthly payment



Average loan rate



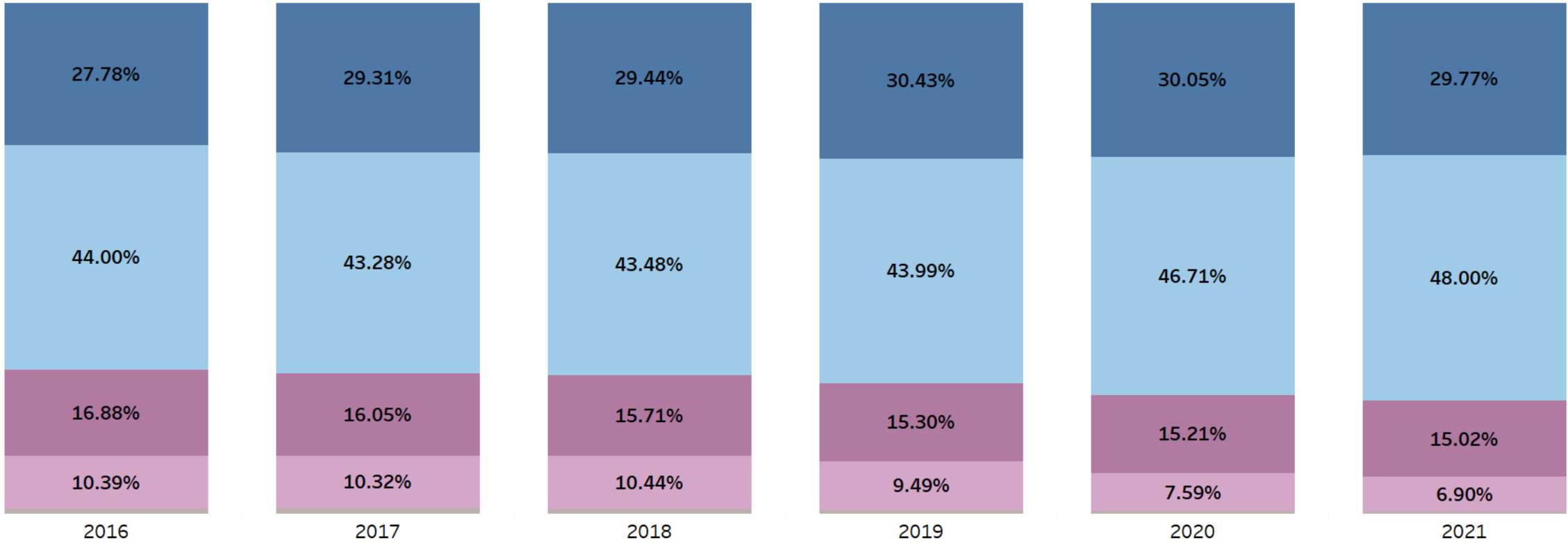
Average loan term



# Prime continues to grow for new loans

New loan risk distribution

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



Deep subprime = 0.31%



# Used financing

A look at used automotive loan trends

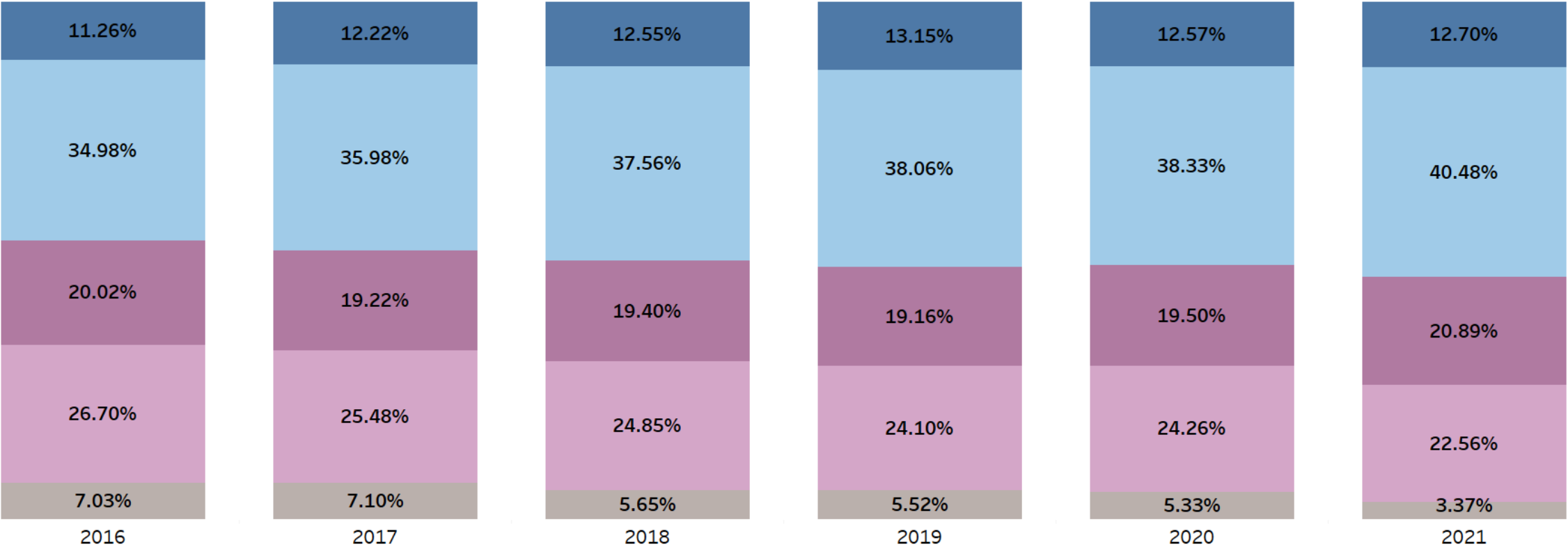


# Deep subprime & subprime used loans remain near record lows with prime+ nearly 54% of used loans

Used loan risk distribution

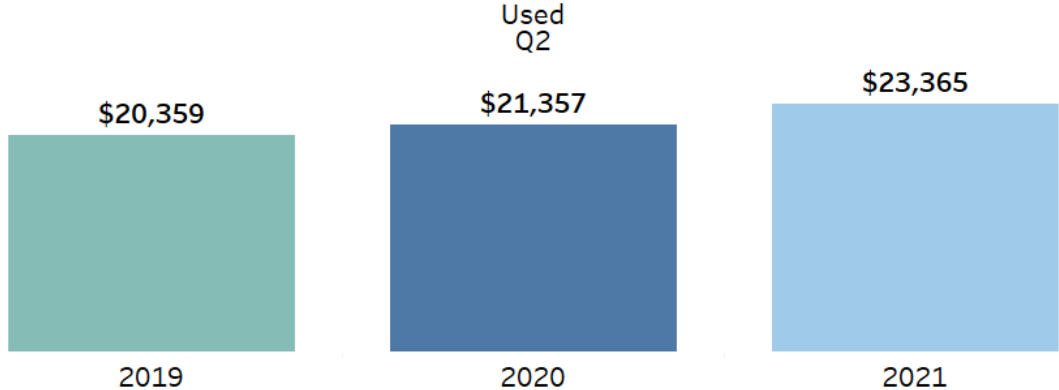
■ Super Prime   ■ Prime   ■ Near Prime   ■ Subprime   ■ Deep Subprime

Q2

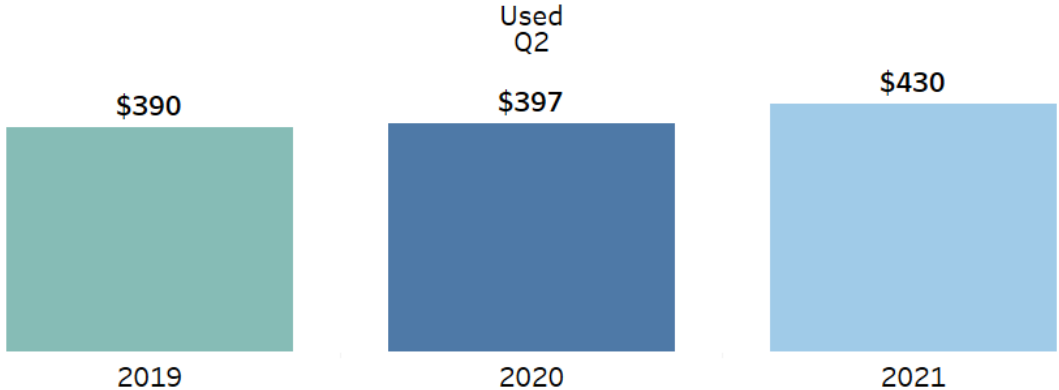


# Used loan attribute summary: record high for used loan amounts, payments and term

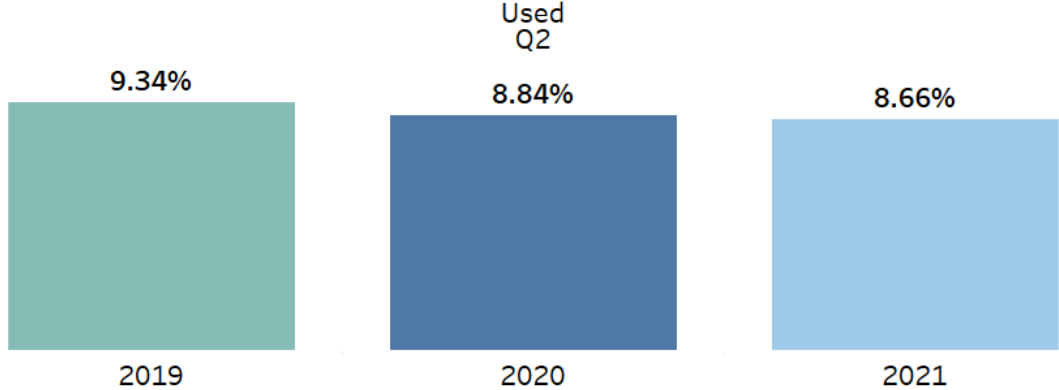
Average amount financed



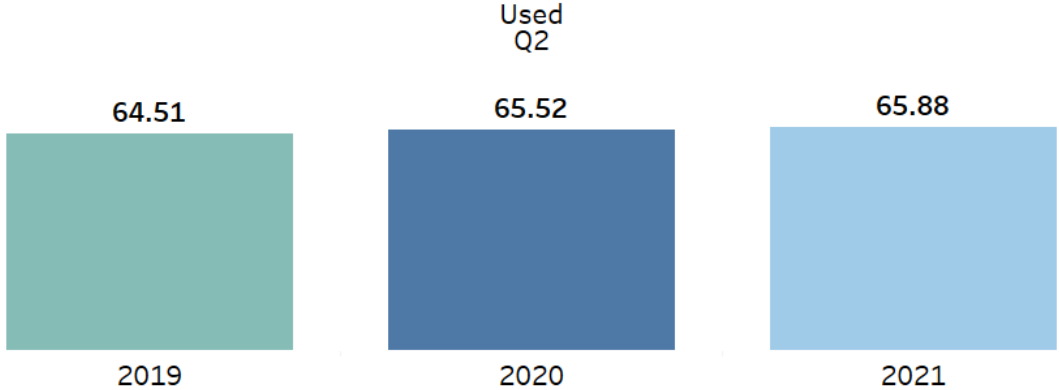
Average monthly payment



Average loan rate



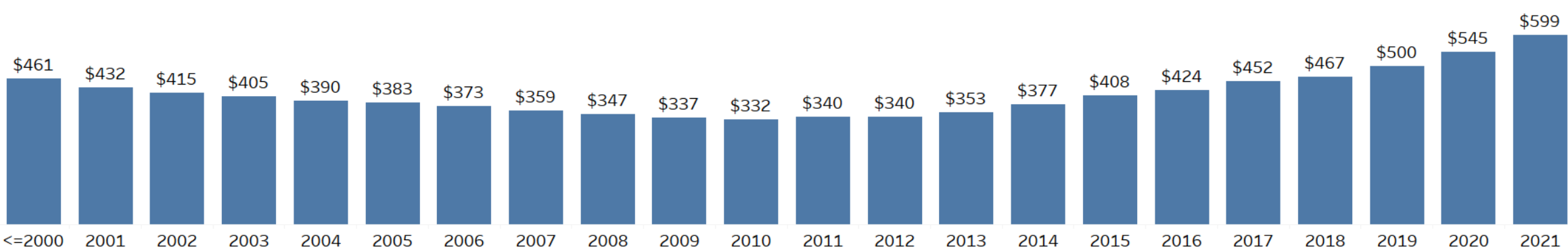
Average loan term



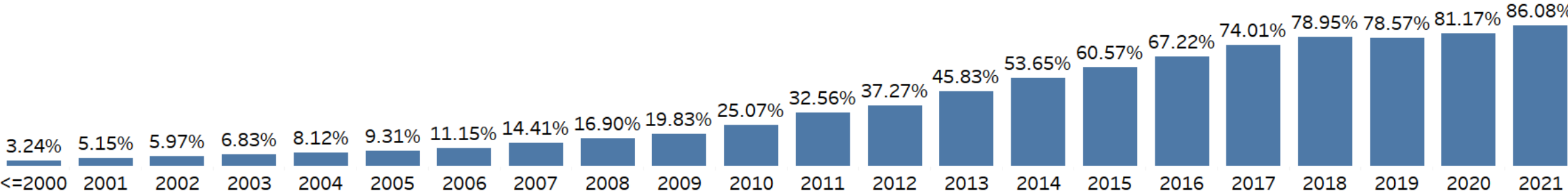


# Increased affordability is seen in vehicles older than 7 to 8 years; 8-model years out and payments drop below \$400

Average monthly payment by model year

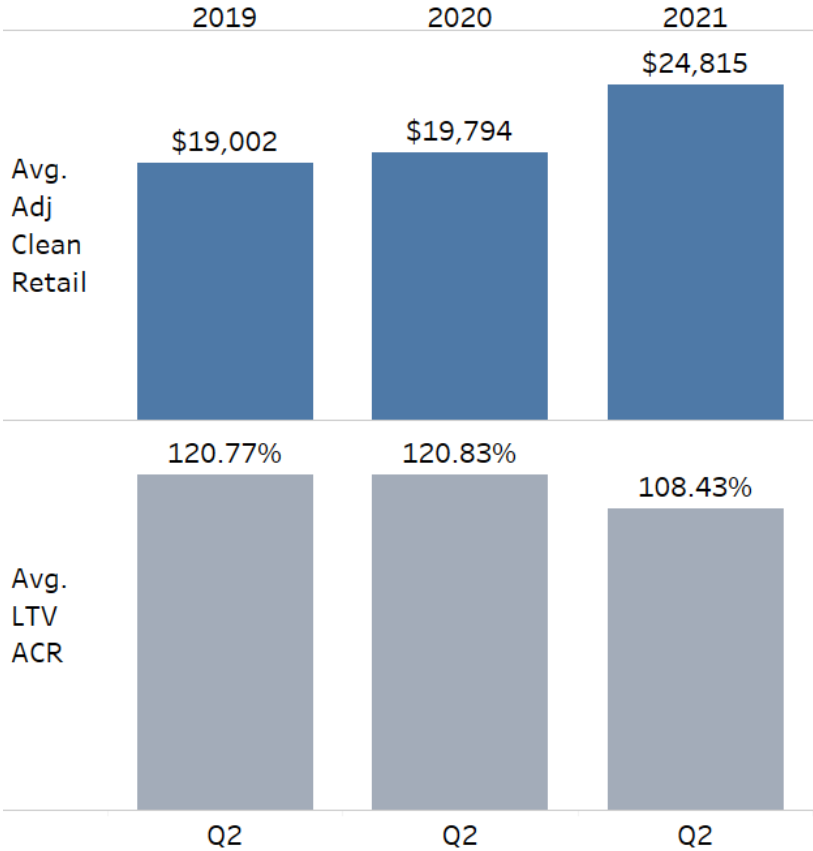


Percentage of vehicles by model year with financing

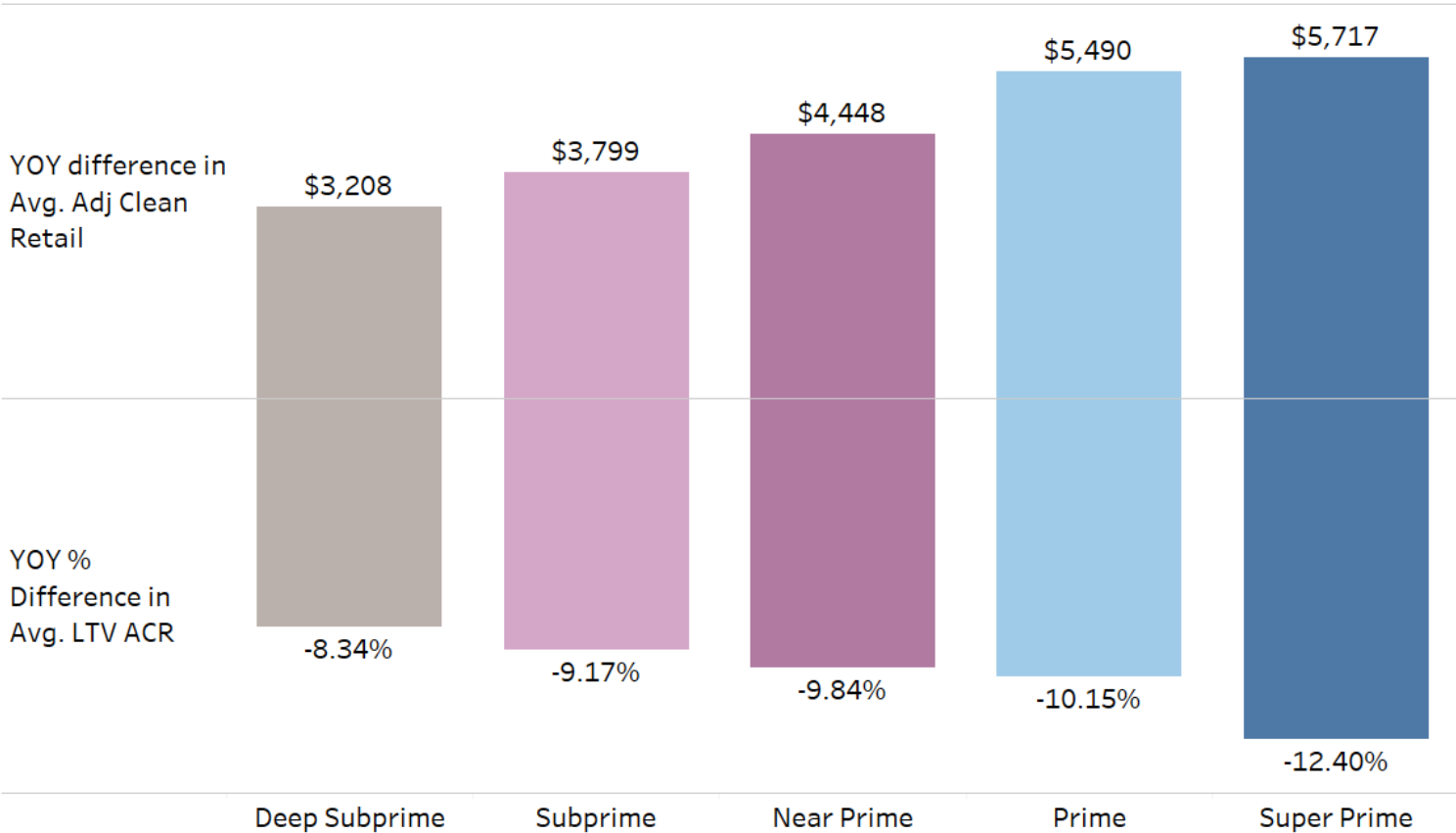


# Values rise and LTVs drop significantly on used loans

**Avg Used Values**



**YOY change in used values**



# Summary

- Originations grow despite inventory shortages
- Leasing rates remain lower than prior years
- Subprime financing remains at near-record lows and overall consumer credit shifts to more prime
- Affordability remains a concern as loan amounts and payments remain at near-record highs, yet loan-to-values are declining
- Shift to SUVs will continue to impact affordability in the used vehicle space



# We Power Auto

We help you find, reach and retain customers like no one else.  
Let us prove it to you.