



# Market Pulse



## Automotive Insights Report

May 2024

Each month, Equifax produces its Automotive Industry Market Pulse, designed to provide automotive professionals with the latest auto credit information and industry insights to help them make informed decisions. This data is critically important for OEMs, lenders, dealers, and service providers.

These reports provide considerable value and insights, including:

- Historical trended data that can provide early indicators of consumer strength in automotive credit
- Overview of total outstanding auto debt, including loans and leases, with a focus on new auto lending patterns
- Origination profiles for car shopping, along with an overview of auto delinquency and early delinquency activity
- A special section with a review of auto loans and the impact of specialty finance.



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# Overview of Total Outstanding Auto Debt

Archive  
2024 04

# Trades  
86.9M YoY 0.42%

\$ Balance  
\$1.64T YoY 3.23%

% Subprime Balance  
20.2%

## Balance and Balance YoY by Lender Type

Lender Type ^	\$ Total Balance	% Balance YoY
Bank	\$517.9B	-2.9%
Captive	\$552.1B	11.5%
Credit Union	\$461.0B	0.6%
Dealer Finance	\$28.1B	6.9%
Monoline	\$59.9B	8.7%
Other	\$21.5B	4.9%

## Subprime Share and Subprime YoY by Lender Type

Lender Type ^	% Subprime	% Subprime YoY
Bank	17.9%	10.1%
Captive	18.1%	6.6%
Credit Union	15.9%	16.5%
Dealer Finance	60.3%	3.8%
Monoline	60.8%	-0.6%
Other	49.4%	-2.5%

Banks are the only lender type recording a YoY decline in outstanding loan balances, while Captive lenders are seeing over 10% growth.

Banks and Credit Unions are seeing high growth in Subprime while Monolines and "Other" Lenders are limiting their exposure. Dealer Finance is relatively flat year over year.

Deep Subprime and Subprime trades are increasing, while Near-Prime and Prime are decreasing.

## Score Band

Score Band ^	% Trades per Score Band	% YoY Trade Growth
a. Deep subprime	12.7%	12.9%
b. Subprime	7.9%	6.0%
c. Near-prime	11.5%	-2.3%
d. Prime	18.2%	-4.6%
e. Super-prime	49.7%	-0.7%



# Highlights of New Auto Lending

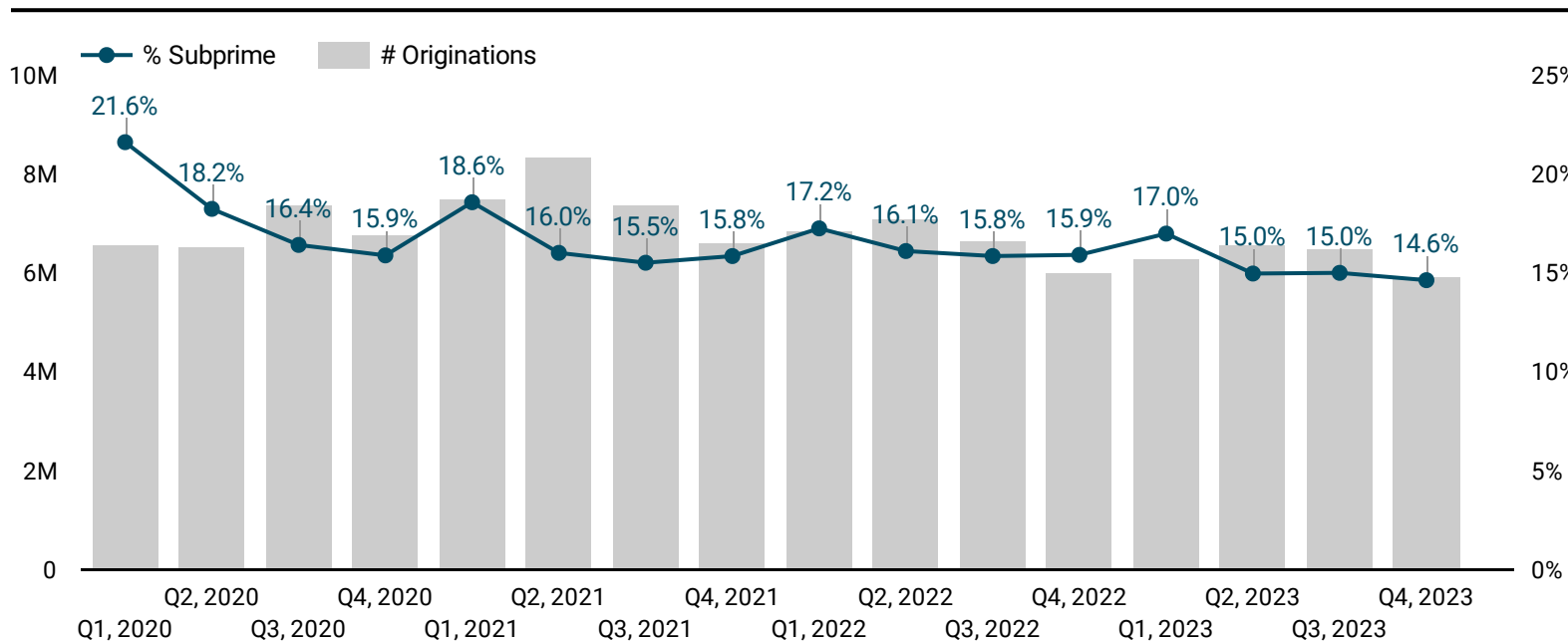
Vintage  
**2023 12**

# Originations YTD  
**25.3M**  
YoY - YTD  
**-5.10%**

Loan amount YTD  
**\$738.2B**  
YoY - YTD  
**-7.72%**

% Of Subprime Originations YTD  
**15.4%**

## Originations Over Time



Overall, Originations are down over 5%. Captives are the only lender type seeing significant year over year growth in originations.

Subprime share continues to decrease from a high of 21.6% in Q1 2020.

While Credit Union Balances have grown 4.1% YoY, Originations have decreased by over 22%.

Auto Leases continue to be driven by the Prime and Super-Prime markets (>85% of Originations YTD)

## Originations by Lender Type - YTD

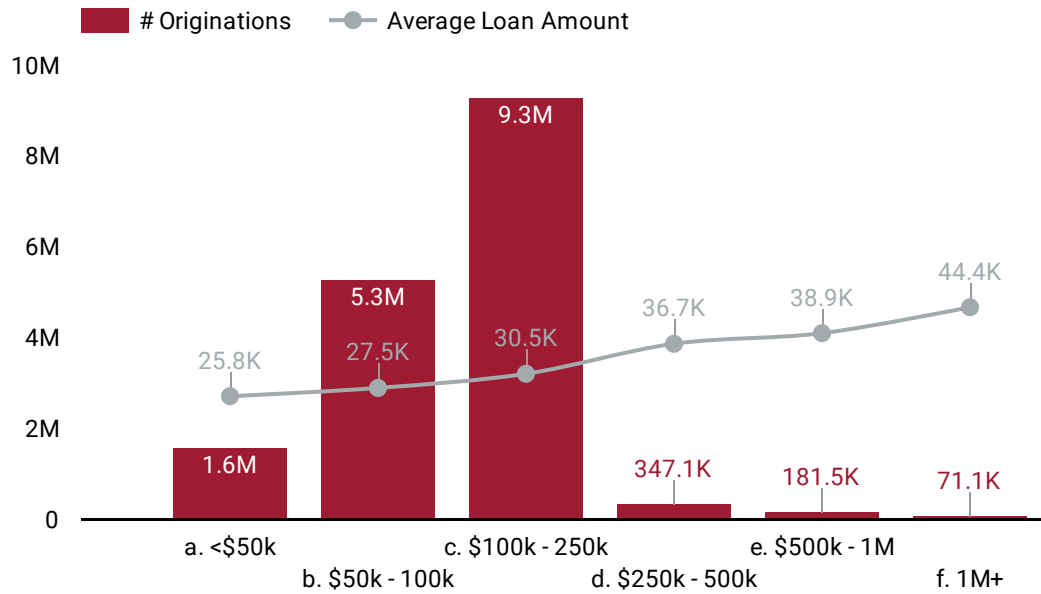
Lender Type ^	# Originations YTD	# Originations YoY - YTD
Bank	6.9M	-9.5%
Captive	8.9M	16.9%
Credit Union	6.5M	-22.2%
Dealer Finance	615.1K	-9.1%
Monoline	1.7M	2.5%
Other	684.0K	-8.4%

## Originations Distribution by Score Band - YTD

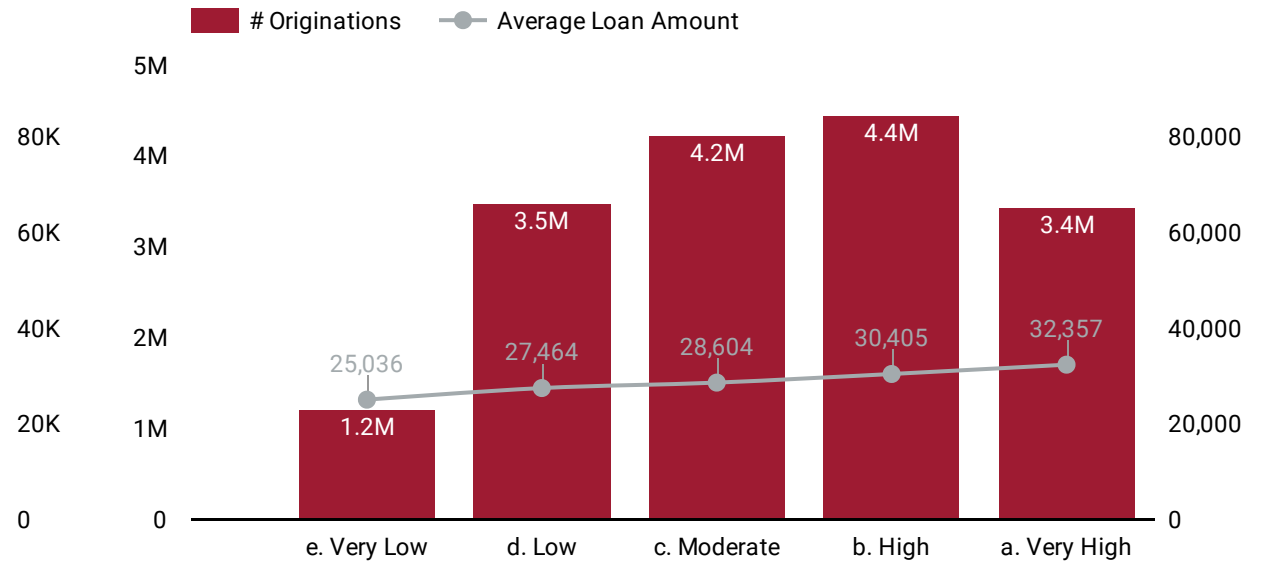
Score Band ^	% Auto Loan	% Auto Lease
a. Deep subprime	8.9%	2.6%
b. Subprime	7.9%	3.8%
c. Near-prime	12.7%	7.9%
d. Prime	21.2%	17.5%
e. Super-prime	49.2%	68.2%

# Origination Consumer Profiles

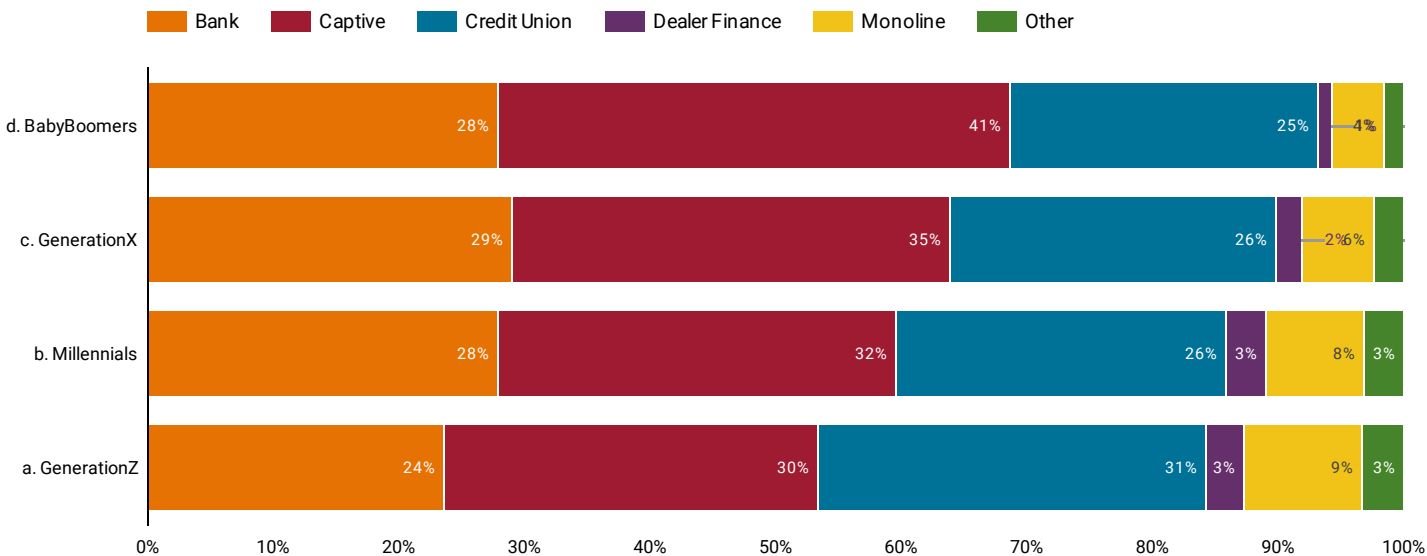
YTD Originations by Income360



YTD Originations by Financial Durability Index



YTD Originations by Generation and Lender Type



Captive lenders are the most dominant finance option for Baby Boomers, with over 41% of their originations.

Across generations, Gen Z is least likely to borrow from Captives and Banks (30% and 24% respectively), and are the most likely generation to open an Auto Loan with a Credit Union at over 30%.

Average Loan amount is positively correlated with both Income and Financial Durability.

Captive Lenders are the dominant lender for all generations, except Gen Z.

# Overview of Auto Delinquency

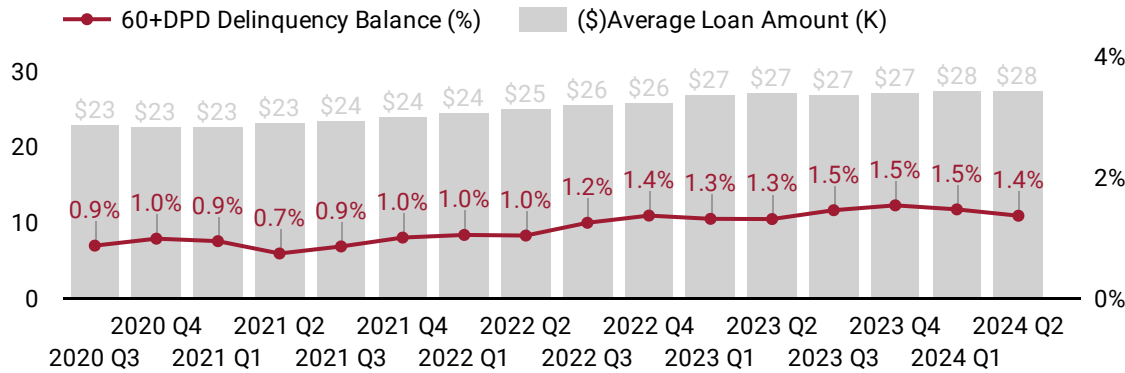
Archive  
**2024 04**

60+ DPD Accounts - Total Auto  
**1.7%**

Balance 60+ DPD - Total Auto  
**1.4%**

Write-Off Accounts - Total Auto  
**0.2%**

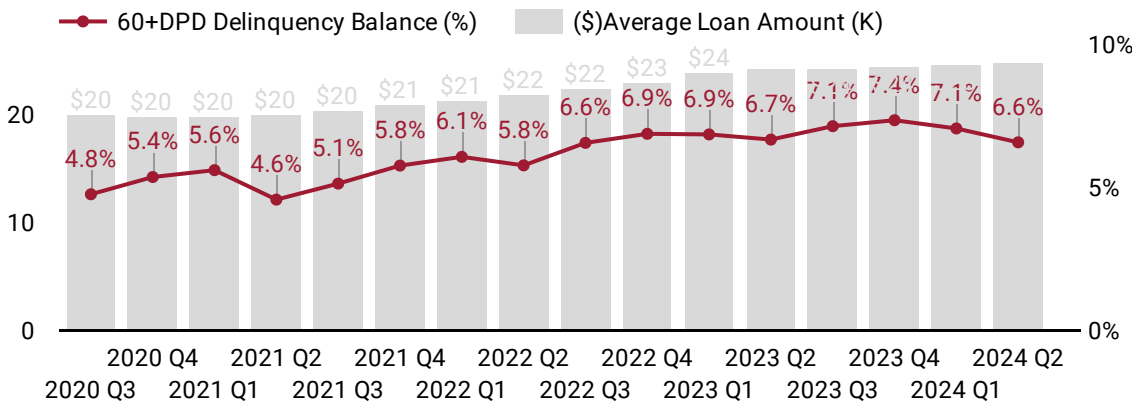
60+DPD Rate of Balance and Average Loan Amount



60+DPD Delinquency Accounts By Lender Type

Lender Type	% Delinquency Rate (#)	% Delinquency Change YoY
Bank	1.1%	8.1%
Captive	0.9%	18.1%
Credit Union	0.8%	24.6%
Dealer Finance	5.6%	8.1%
Monoline	12.1%	10.9%
Other	4.3%	-4.9%

60+DPD Rate of Balance and Average Loan Amount - Subprime Band Only



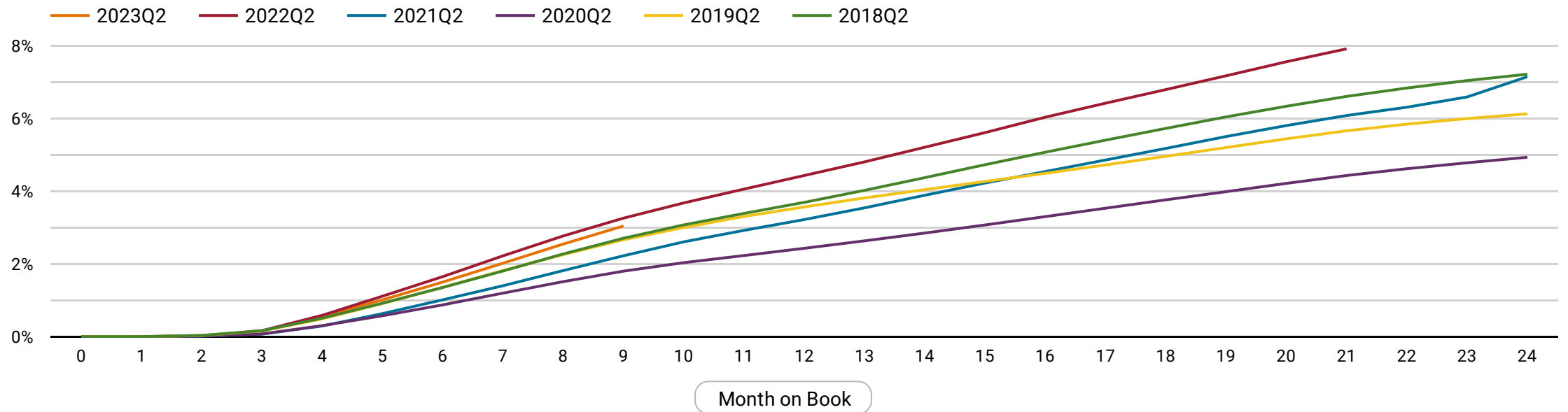
60+ DPD Delinquency Rate by Score Tier in Latest Archive

Score Band	% Delinquency Rate (#)	% Delinquency Change YoY
a. Deep subprime	10.97%	12%
b. Subprime	1.27%	13%
c. Near-prime	0.35%	10%
d. Prime	0.10%	1%
e. Super-prime	0.01%	+0%

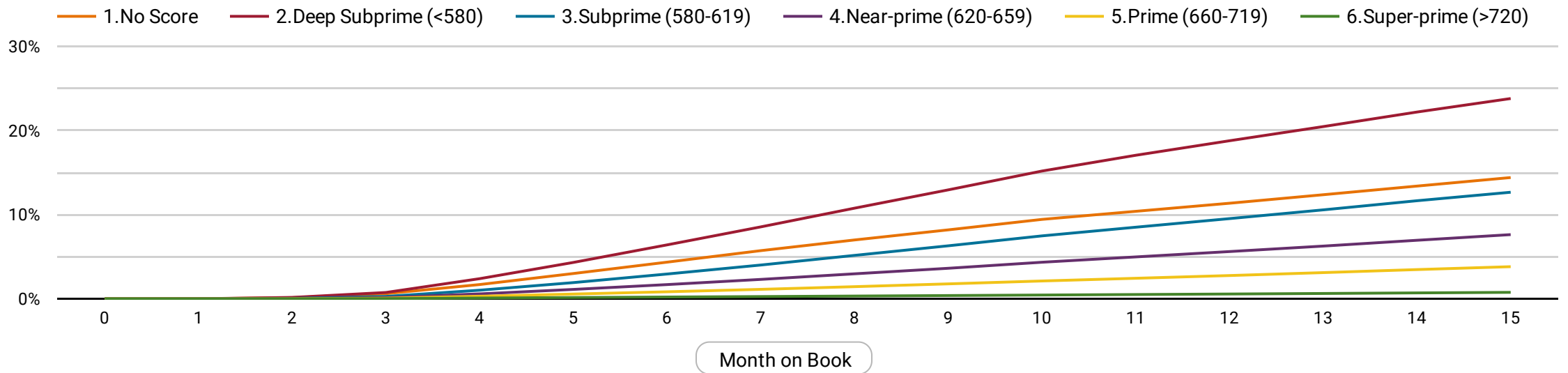
Delinquencies are up for nearly all Lenders, but particularly Credit Unions had a significant increase in delinquency YoY. The largest increases in Delinquency rates are in Subprime and Near-prime, with Super-prime actually seeing a decrease in Delinquency rates. Q2 typically sees a dip in delinquency rates, potentially due to tax returns.

# Early Delinquency

Cumulative % 60+ DPD (#) by Cohort for Q2



Cumulative % 60+ DPD (#) by Score Band on the latest quarter available (2022Q4)



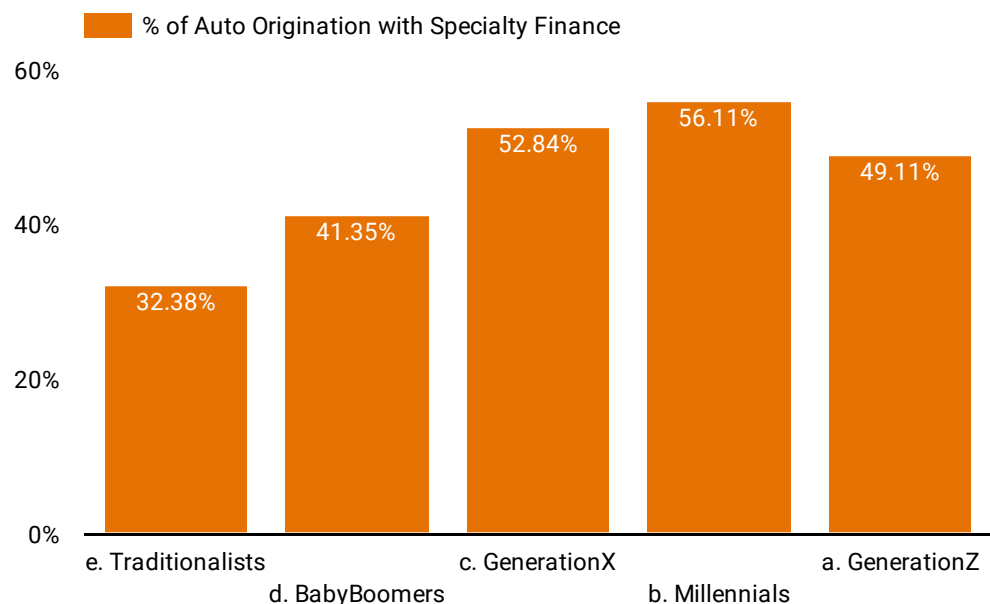
60+ DPD rates are at the highest level for 2022Q2 originations while 2023Q2 appears to only yield a marginally better bad rate.



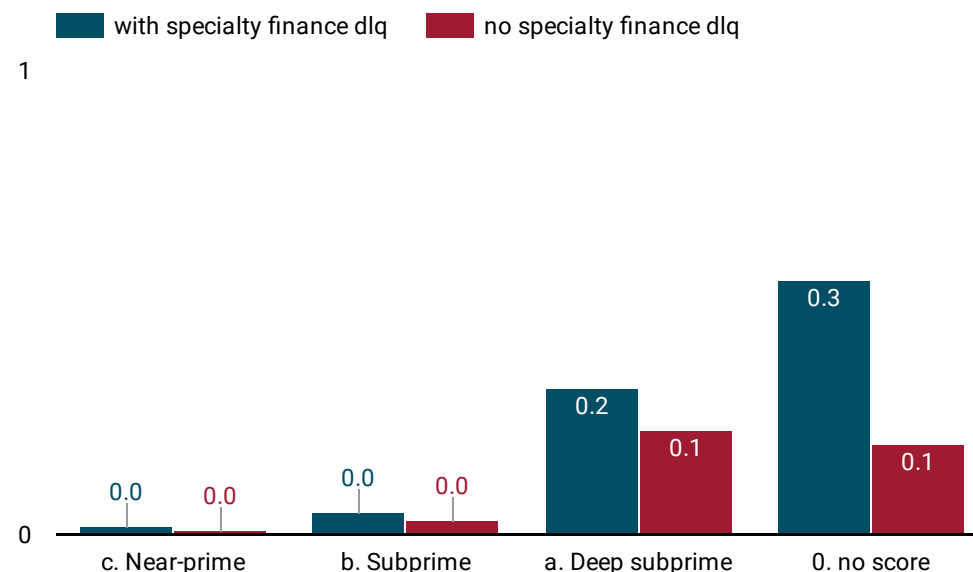


# Auto Consumers and Specialty Finance

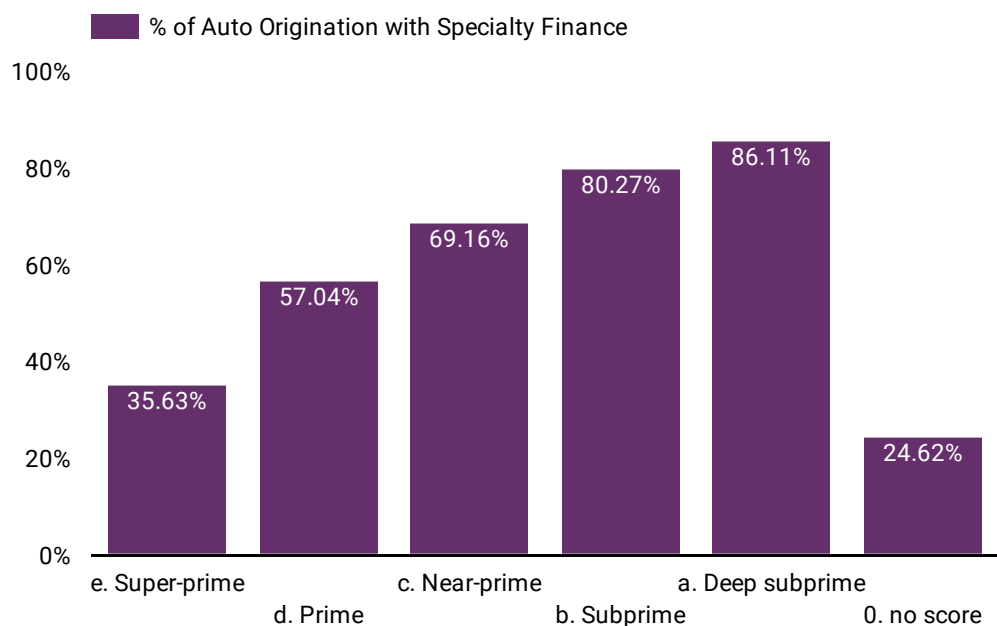
% of 2023-Q4 Auto Origination with Specialty Finance by Generation



% 60+ DPD (#) on Auto Loans for Consumers with Specialty Finance trades



% of 2023Q4 Auto Origination with Specialty Finance by Vantage 3



The Generation (top left) and VantageScore (bottom) charts represent the % of new originations in Q4 2023 that were identified on Equifax's Specialty Finance databases.

Younger generations are more likely to use Specialty Finance, with more than 50% of GenX and Millennials who originated an auto loan in Q4 2023 present on the Specialty Finance database.

Consumers with higher credit quality use specialty finance less than consumers with lower credit quality, with 36% of SuperPrime consumers having a Specialty Finance presence, compared to 86% in Deep Subprime.

The chart on the top right shows that those consumers who has a Specialty Finance delinquency (blue) are more likely to also have a delinquency on their Auto loan - even within the same Vantage score band. For example, Subprime consumers with a Specialty Finance delinquency defaults on their auto loans at 2.6%, vs those without a Specialty Finance delinquency who default only at 1.6%.

TERM	DEFINITION
<b>Trades</b>	Number of open accounts for Auto Loans and Auto Leases
<b>Balance</b>	Total Debt for Auto Loans and Auto Leases
<b>Originations</b>	Number of new accounts originated in the timeframe indicated
<b>Loan Amount</b>	Total loan amount extended at time of origination
<b>Specialty Finance</b>	Non-traditional lenders that extend loans to consumers that are underserved by traditional lenders
<b>60DPD+ delinquent balance</b>	Total Debt (USD) with a delinquency status of 60DPD or more
<b>60DPD+ delinquent accounts</b>	Number of accounts with a delinquency status of 60DPD or more
<b>Write - off</b>	Accounts with an 120DPD or worse delinquency status
<b>Vintage</b>	The period (month, quarter) in which the loan was originated
<b>Score Bands</b>	Deep subprime (below 580), Subprime (580-619), Near-prime (620-659), Prime (660-719), Super-prime (720 or above)
<b>Subprime Share</b>	Includes Subprime and Deep Subprime.
<b>Income360</b>	Income360 is a continuous household-based dollar estimate of income uncapped up to \$2 million based on both income from wages and income generated from investments
<b>Generation</b>	Grouping of the loan holders according to the year they were born
<b>Financial Durability Index</b>	Financial Durability Index™ provides unique insight into households' likely financial resilience – meaning how likely a household is able to keep spending, plus meet current and future financial obligations, even when under financial stress
<b>Lender Type</b>	Different types of institutions where auto loans are available, such as banks, credit unions, captive (financing arm of auto manufacturers), dealer finance (buy here and pay here) and monoline (only lends auto loans).

*Equifax Credit Trends is the primary source for the data in this report; for more information on this database please visit [www.equifax.com/business/credit-trends](http://www.equifax.com/business/credit-trends). Data on new tradeline originations are subject to revision for up to 12 months due to lags in lenders and servicers reporting to Equifax. Data for the most recent 12 months are grossed up for expected but as yet unreported new loans. Data are sourced from Equifax's U.S. Consumer Credit database of over 220 million consumers. These data are population level – not a sample.*

*Through our IXI Network, we directly measure about \$28 trillion in anonymous, aggregated consumer assets collected from leading financial services firms. This "direct-measured" data represents about 45 percent of all U.S. consumer invested assets and serves as the foundation of our unique measures of consumer financial capacity, investment style, behaviors, and characteristics.*

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