

Vietnam Auto Finance Market to Reach USD 12.82 Billion by 2030, Driven by Economic Recovery and Automotive Loans Demand

Vietnam's auto finance market is set to grow at a CAGR of 12.12%, reaching USD 12.82 billion by 2030, driven by economic recovery and digital transformation.

MUMBAI, MAHARASHTRA, INDIA, January 10, 2025 /EINPresswire.com/ -- The [Vietnam auto finance market](#), a crucial segment of the nation's financial ecosystem, has experienced significant turbulence in recent years. In 2023, the market recorded a sharp downturn as the broader automotive sector struggled. Motor vehicle sales declined by -25.37%, while motorcycle and scooter sales dropped by -16.21%. High bank interest rates and economic challenges in the real estate and securities markets were key contributors to this slowdown.



Despite a challenging 2023, Vietnam's automotive finance market shows strong recovery, with a 19.46% revenue surge. The market's resilience is driven by steady economic growth, urbanization, and government initiatives.

Despite the current hurdles, the Vietnam auto finance market is poised for recovery, with moderate growth anticipated in 2025 and 2026. According to Makreo Research, the industry is expected to achieve double-digit CAGR growth over the next five years, fueled by economic recovery, policy advancements, and increasing demand for automotive loans.

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Vietnam's auto finance market is on the brink of a major transformation, set to reach USD 12.82 billion by 2030, fueled by economic recovery, policy reforms, and digital innovation.”

Omkar Manjrekar

Consumer Credit Expansion and Policy Reforms Driving Accessibility -

The Vietnamese government has introduced several financial reforms to bolster inclusivity and improve credit accessibility. Data from the State Bank of Vietnam shows

outstanding loans for life and consumer purposes have surged to 2.8 quadrillion VND,

accounting for 20% of the nation's total credit.

Key Highlights of Circular No. 12/2024/TT-NHNN -

- **Loan Flexibility:** Loans of up to 100 million VND can now be secured without requiring customers to provide a comprehensive financial plan.
- **Accessibility for Rural Areas:** Borrowing has been made easier for customers in rural areas or those with lower incomes.

Challenges Impacting Vietnam's Auto Finance Market -

High Rate of Non-Performing Loans (NPLs):

- Approximately 50% of NPLs in the sector are linked to vehicle pawning, creating financial strain.

Struggles with Debt Collection:

- Borrowers often default by pawning their vehicles, making repayment difficult.
- Smaller banks face additional strain due to strict capital adequacy regulations and rising household debt levels.

Competitive Market Dynamics:

- The market is moderately consolidated yet highly competitive, with key players such as VIB Bank and Toyota Financial Services driving innovation.
- Strategies such as lower interest rates, flexible payment terms, and promotional incentives attract customers but challenge profitability due to narrowing margins and rising operational costs.

Decline in Domestic Consumption Continues to Impact Vietnam Auto Finance Market -

As 2024 begins, the Vietnam auto finance market remains under pressure due to sluggish vehicle sales, despite aggressive discounting and promotional efforts by automotive companies. The ongoing decline highlights persistent economic challenges within the broader automotive sector.

Digital Transformation Driving Innovation in Vietnam's Auto Finance Industry -

To adapt to evolving market needs, Toyota Financial Services Vietnam (TFSVN) has joined forces with Singapore-based AND Solutions Pte., Ltd. for a comprehensive digital transformation initiative. This strategic collaboration aims to enhance financial services and elevate customer



experiences, reinforcing innovation within the auto finance industry in Vietnam.

Key Innovations by AND Solutions -

- NIKO: An AutoML platform streamlining machine learning processes for predictive insights.
- Looms: A loan origination and management system that optimizes end-to-end loan workflows.
- Custom Credit Scoring: A tailored credit risk management solution for improved decision-making.

Growth Projections for Vietnam Auto Finance Market -

The Vietnamese auto finance market is projected to grow substantially, reaching USD 6.45 billion by 2024 and USD 12.82 billion by 2030, supported by a CAGR of 12.12%.

Key Drivers of Growth:

- Rising Middle Class: By 2026, Vietnam's middle-class population is projected to double to 26%, boosting demand for car financing.
- Economic Recovery: Stabilizing interest rates and gradual economic improvements will enhance consumer confidence and lending activities.
- Technological Advancements: Digital solutions will improve the accessibility and efficiency of auto financing processes.

Makreo Research has recently released an in-depth analysis titled "[Vietnam Auto Finance Market Size and Forecast \(2019-2030\)](#) - Analysis By Type of Vehicle Financed, Lender Type, Loan Type, Loan Tenure, and Opportunities". This report provides an analysis of the historical and current state of the Vietnam auto finance market, identifying key factors influencing its growth. It examines Vietnam's economy, policies, geography, and demographics to assess their impact on the market. The report also analyzes the performance of Vietnam's automotive sector and its financial system, focusing on various market segments and profiling key players to understand the competitive landscape.

Additionally, the report provides a future outlook of the Vietnam auto finance market, evaluating its challenges and opportunities. It offers stakeholders valuable insights into the market's current state, growth prospects, and potential areas for investment and strategic decision-making.

□ Period of Study:

2019 - 2023: Past and Present Scenario

2023: Base year of study

2024 - 2030: Future Outlook

□ Market Segmentation:

By Type of Vehicle Financed

By Lender Type

By Type of Loan

By Loan Tenure

□ Companies Covered:

- Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV)
- Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcom Bank)
- Vietnam Joint Stock Commercial Bank For Industry And Trade (VietinBank)
- Vietnam Technological And Commercial Joint-stock Bank (Techcombank)
- Saigon Thuong Tin Commercial Joint Stock Bank (Sacombank)
- Tien Phong Commercial Joint Stock Bank (TPBank)
- Vietnam International Commercial Joint Stock Bank (VIB)
- Toyota Finance Vietnam Company Limited (TFSVN)
- FE Credit
- Home Credit Vietnam Finance Company Limited
- HD SAISON Finance Co., Ltd.

□ Key Questions Answered:

- What is the historical performance of the Vietnam auto finance market, and what is the current scenario?
- How do economic, political, technological, and demographic factors affect the auto finance market in Vietnam?
- Who are the key players in the Vietnam auto finance market, and what are their key business activities?
- What are the key challenges facing the Vietnam auto finance market?
- What are the future growth prospects for the Vietnam auto finance market?

Related Reports:

[South East Asia Auto Finance Market Reports](#)

Market Insights:

□ The Philippines Auto Finance Market grew at a 7.31% CAGR from 2019 to 2023, with motor vehicle sales reaching 430,000 units, marking a strong recovery post-COVID.

□ The Indonesia Auto Finance Market reached USD 5.4B in 2023, growing at a 4.10% CAGR from 2019 to 2023, highlighting its potential despite challenges.

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