

Car Finance Market to Grow at a Robust 14.3% CAGR, Reaching New Heights by 2027

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NEW CASTLE, DE, UNITED STATES, August 4, 2025 /EINPresswire.com/ -- Car financing includes a range of financial products that provide funds to customers to acquire a car without full payment



Car Finance Market: Global Opportunity Analysis and Industry Forecast, 2020-2027"

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through cash or lump pay. There are various financial products available in the car loan categories. These services are provided by financing companies or specialist car manufacturers. Furthermore, rise in global average price of a vehicle and increase in demand for vehicles are some of the factors that propel the [car finance market](#) growth. However, increase in alternatives to cars with rideshare services and massive growth in debts of

borrowers are some of the factors that hamper the market growth.

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Allied Market Research published a report, titled, "Car Finance Market by Distribution Channel (Banks, OEMs, Credit Unions, and Others), Vehicle Age (New Vehicles and Used Vehicles), Application (Personal and Commercial), and Purpose (Loans and Lease): Global Opportunity Analysis and Industry Forecast, 2020-2027." According to the report, the global car finances industry was pegged at \$1.29 billion in 2019, and is expected to hit \$2.33 billion by 2027, registering a CAGR of 14.3% from 2020 to 2027.

Drivers, restraints, and opportunities-

Rise in global average price of automobiles and increase in demand for vehicles fuel the growth of the global car finance market. On the other hand, emergence of rideshare services and surge in debts from various borrowers curtail down the growth to some extent. However, enactment of technologies in existing product lines and untapped potential of emerging economies are expected to create multiple opportunities for the key players in the industry.

Covid-19 scenario-

The outbreak of the pandemic has resulted in sharp decline in consumer trends and preferences

toward purchasing cars. Accordingly, the global car finance market has been considerably affected. However, the overall situation is gradually being ameliorated across the world and the market is expected to get back to its position soon.

At the same time, it's worth mentioning that people across the world have started preferring private way of transportation over selecting public transport which, in turn, has provided the market with a mixed effect.

The banks segment to lead the trail by 2027-

Based on distribution channel, the banks segment accounted for nearly two-fifths of the global car finance market share in 2019 and is anticipated to maintain the lion's share throughout the study period. The OEMs segment, on the other hand, would portray the fastest CAGR of 15.5% by 2027. This is attributed to the fact that banks tend to provide car financing at a discounted rate and they involve easier loan process as well as timely services.

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The new vehicles segment to dominate during the estimated period-

Based on vehicles age, the new vehicles segment contributed to more than half of the global car finance market revenue in 2019 and is expected to rule the roost during the forecast period. This is because consumers taking new cars via financing methods are provided with multiple features by the manufacturer, distributor or dealer having several tie-ups with other providers in the market. Simultaneously, the used vehicles would manifest the fastest CAGR of 14.6% from 2020 to 2027, owing to rise in demand for used cars with customized models, limited budget for availing car loans, and changing business preferences toward vehicles.

Asia-Pacific, followed by Europe and North America, to rule the roost-

Based on geography, Asia-Pacific, followed by Europe and North America, held the major share in 2019, garnering more than two-fifths of the global car finance market. The same region would also register the fastest CAGR of 15.4% by the end of 2027. This is due to rise in the number of middle class customers for buying new cars and increase in their disposable incomes.

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Frontrunners in the industry-

Bank of America Corporation

Ford Motor Company

Volkswagen Finance Private Limited.

Capital One

Daimler AG

General Motors Financial Company, Inc.
Ally Financial Inc.
Hitachi Capital Corporation
JPMorgan Chase & Co.
Toyota Financial Services

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