



# TransUnion Auto Credit Industry Insights Report

Q3 2023



# Background on the Credit Industry Insights Report and our purpose for sharing this information

- TransUnion's Credit Industry Insights Report (CIIR) provides the financial services industry with market-level intelligence and key insights on four credit market segments: auto, card, consumer lending and mortgage.
- Two TransUnion business intelligence tools are used to create the auto CIIR:
  - TruIQ™: cloud-based analytics platform including credit data on credit-active consumers in the US.
  - AutoCreditInsight™: developed by TransUnion in partnership with S&P Global Mobility; blends depersonalized credit data with personal registrations for light vehicles in the US market.
- The high-level results and key insights are updated and shared every quarter via press release and webinar.
- As part of our mission to impart meaningful and actionable insights to the auto segment, we're providing our auto customers with this shortened presentation summarizing the auto-specific results from the CIIR.
- Customers can generate their own market-level or even more customized insights through TransUnion's Business Intelligence solutions: TruIQ™ and AutoCreditInsight™, in partnership with S&P Global Mobility
  - Please contact your TransUnion sales associate to learn how to obtain access to these tools.

# Auto Industry Insights Overview

## Originations



In Q2 2023, total origination volume was down 8.7% YoY and down 12.4% vs Q2 2019

- Super prime origination volume grew 5.9% YoY
- Monthly payments stabilized for both new and used financing

## Delinquencies



In Q3 2023, 60+ DPD (account level) delinquencies climbed 21bps YoY and 14bps QoQ to 1.35%

## Quarterly Spotlight



Over 50% of auto consumers holding a student loan could face a shortfall as student loan payments resume

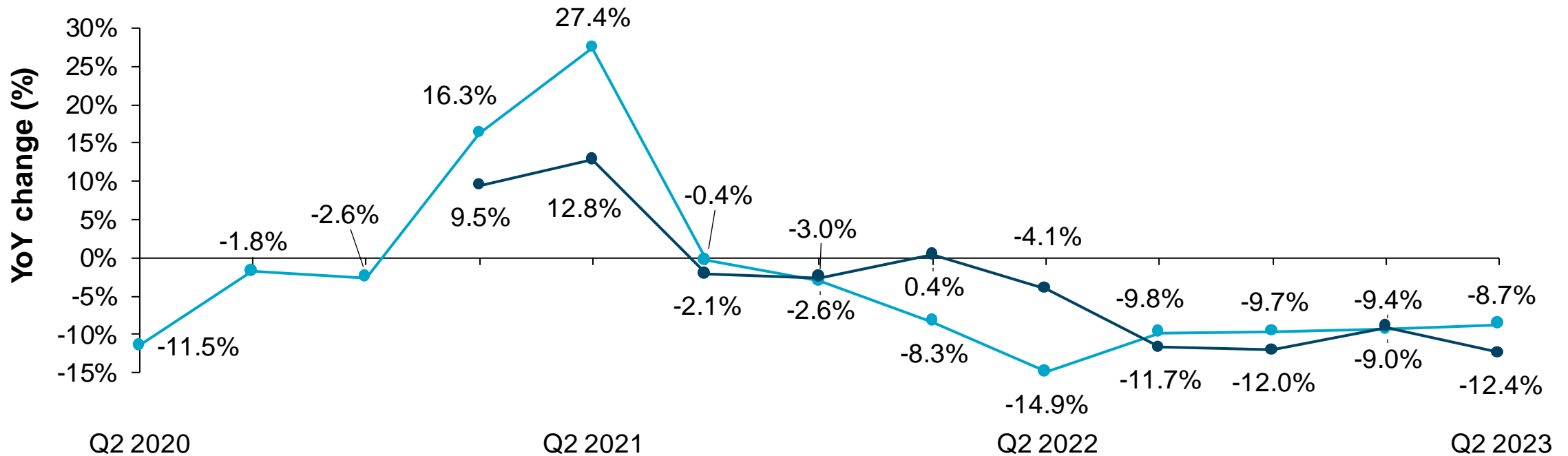
## Originations

- In Q2 2023, total origination volume was down 8.7% YoY and down 12.4% vs Q2 2019
- Super prime origination volume grew 5.9% YoY
- Monthly payments stabilized for both new and used financing

# Q2 2023 originations fell 8.7% YoY and remain 12.4% lower compared to Q2 2019

YoY Change in Originations (Count - Auto Only) — Q2 2020 to Q2 2023

● Compared to 2019



Note: Originations are viewed one quarter in arrears to account for reporting lag

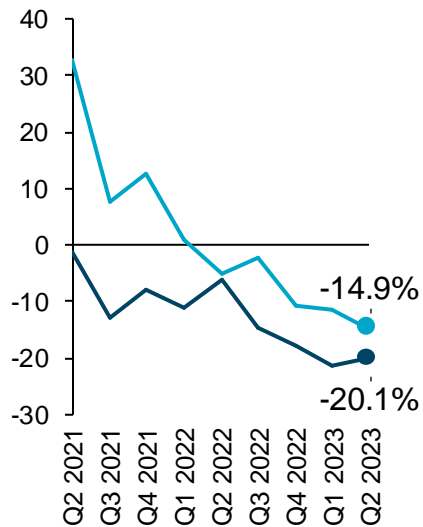
# Super prime originations grew 5.9% YoY, while risk tiers prime and below were down more than 10%

## YoY Change in Originations (Count) — Q4 2020 to Q2 2023

— Compared to 2019

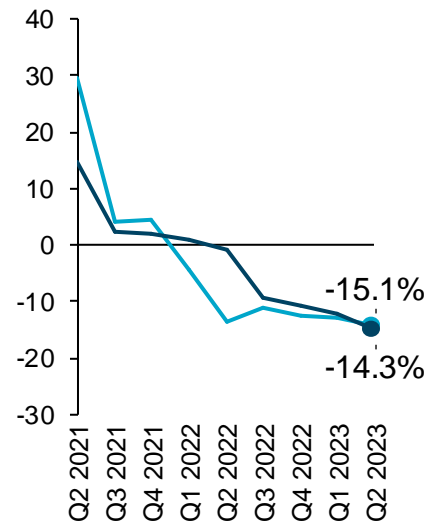
### Subprime

YoY change, %



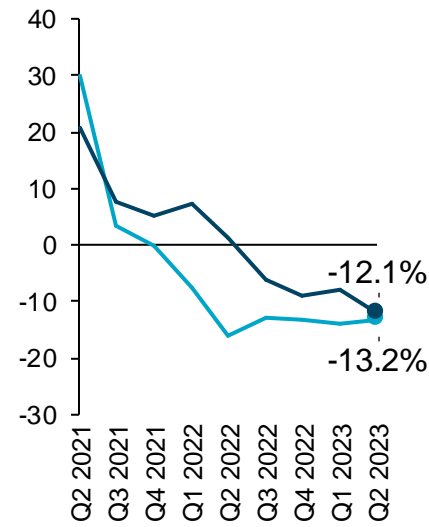
### Near prime

YoY change, %



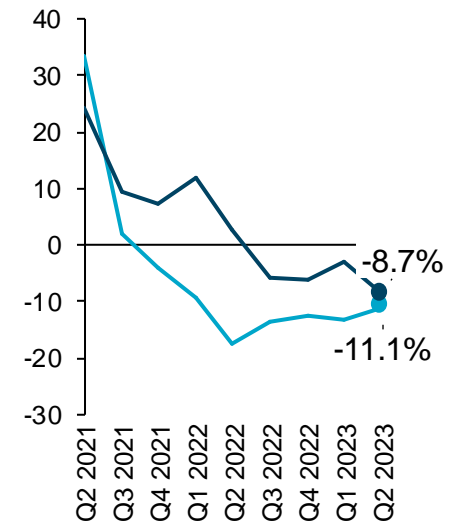
### Prime

YoY change, %



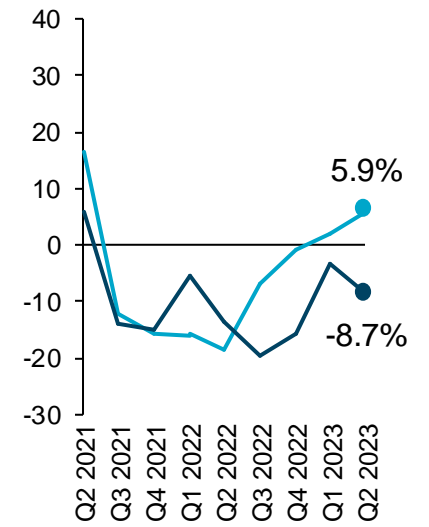
### Prime plus

YoY change, %



### Super prime

YoY change, %



VantageScore® 4.0 risk ranges, calculated at origination

Subprime = 300–600, Near prime = 601–660, Prime = 661–720, Prime plus = 721–780, Super prime = 781+

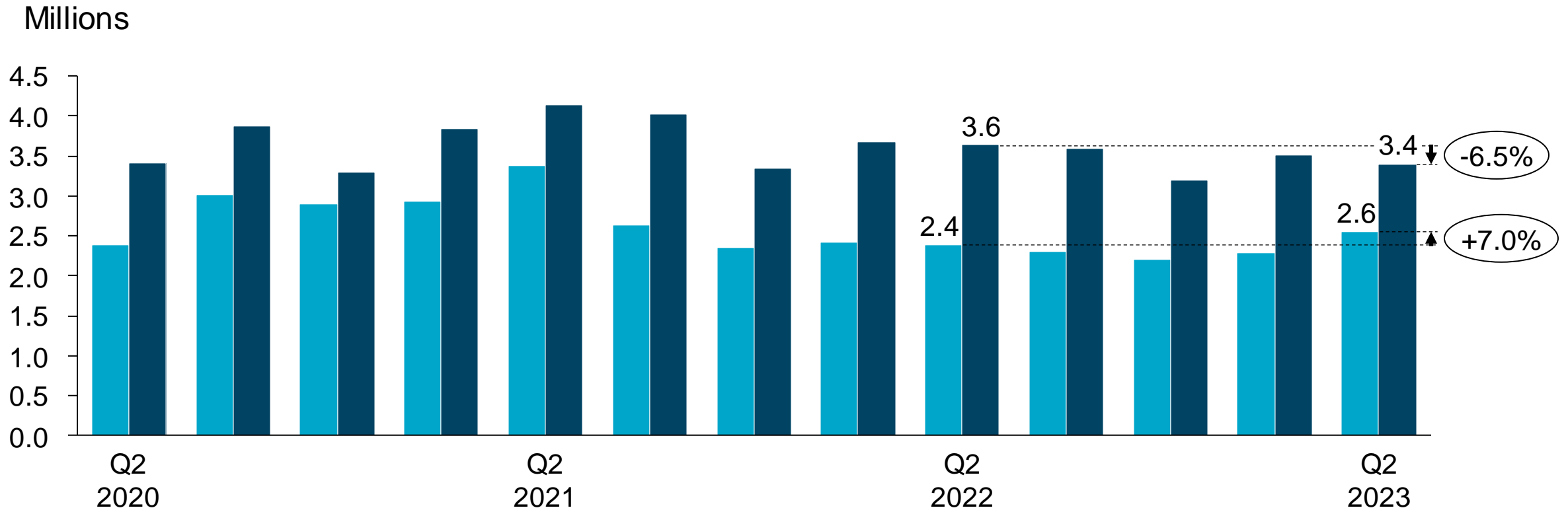
Note: Originations are viewed one quarter in arrears to account for reporting lag



# New vehicle registrations are up 7% YoY, while used vehicle registrations are down 6.5% YoY

Vehicle Registrations (Loan and Leases - Count) – Q2 2020 to Q2 2023

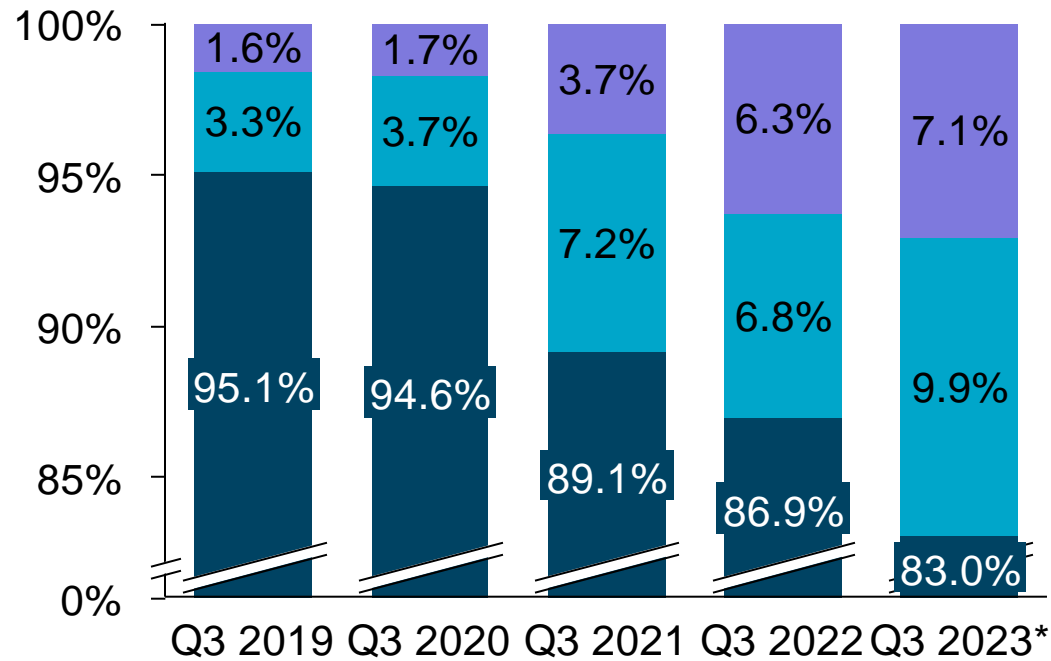
New Used



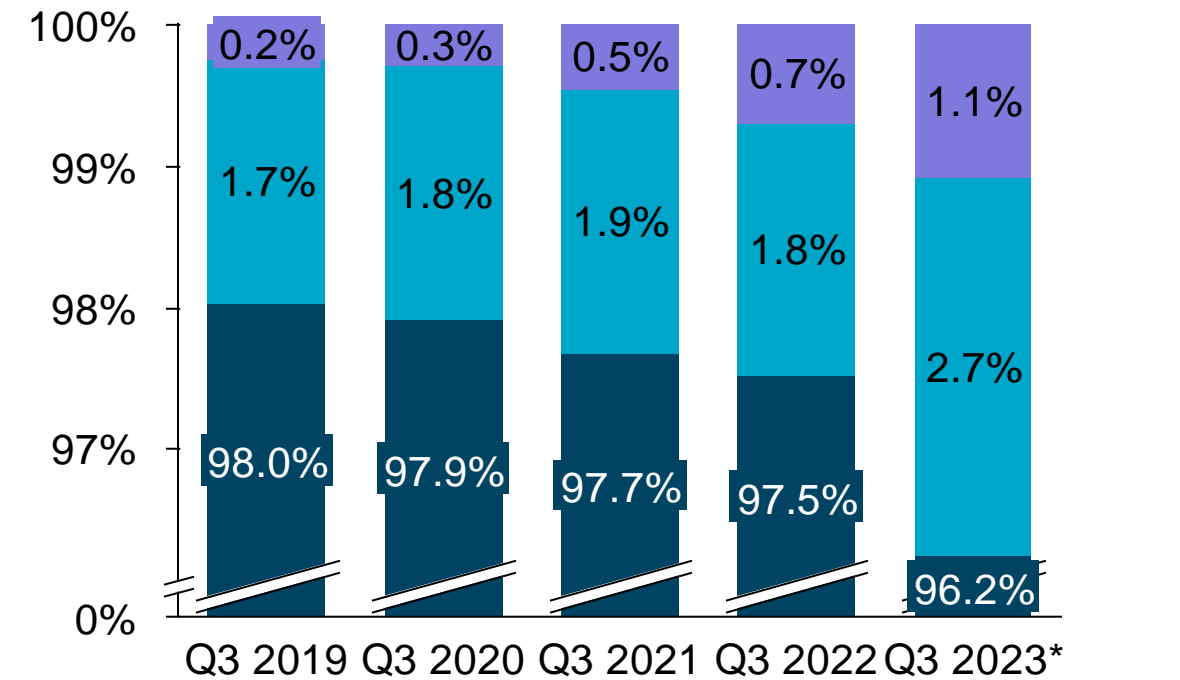
# ICE alternative vehicles remain on a substantial growth path and continue to trickle into the used market

% of Financed Cars by Fuel Type – Q3 2019 to Q3 2023\*

## New Vehicle Financing



## Used Vehicle Financing



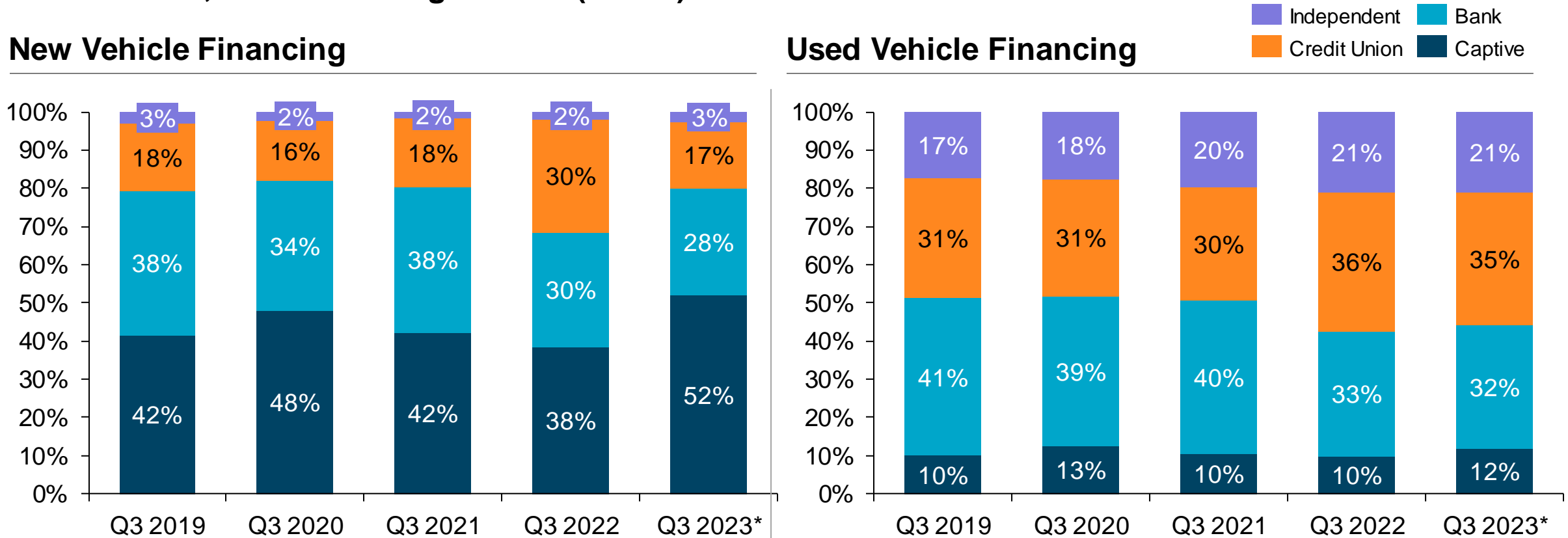
\*Q3 2023 Reflects partial quarter data





# Captives make up over half of the new financing market as incentives recover and banks continue to pull back auto financing

Market Share, Auto Loan Originations (Count) – Q3 2019 to Q3 2023\*



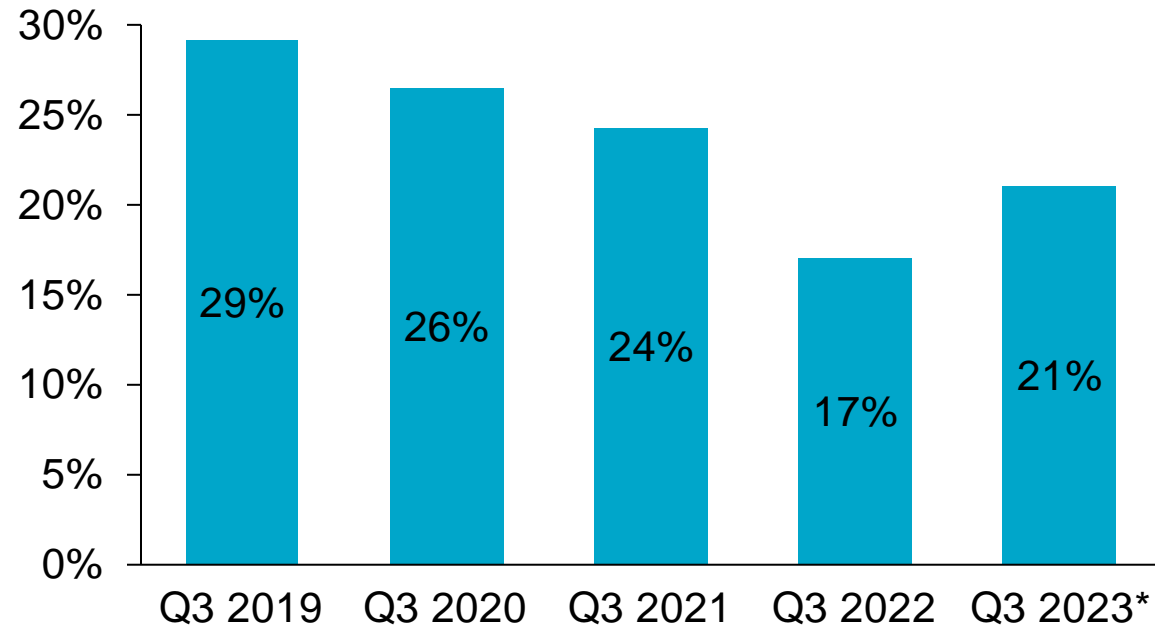
\*Q3 2023 Reflects partial quarter data



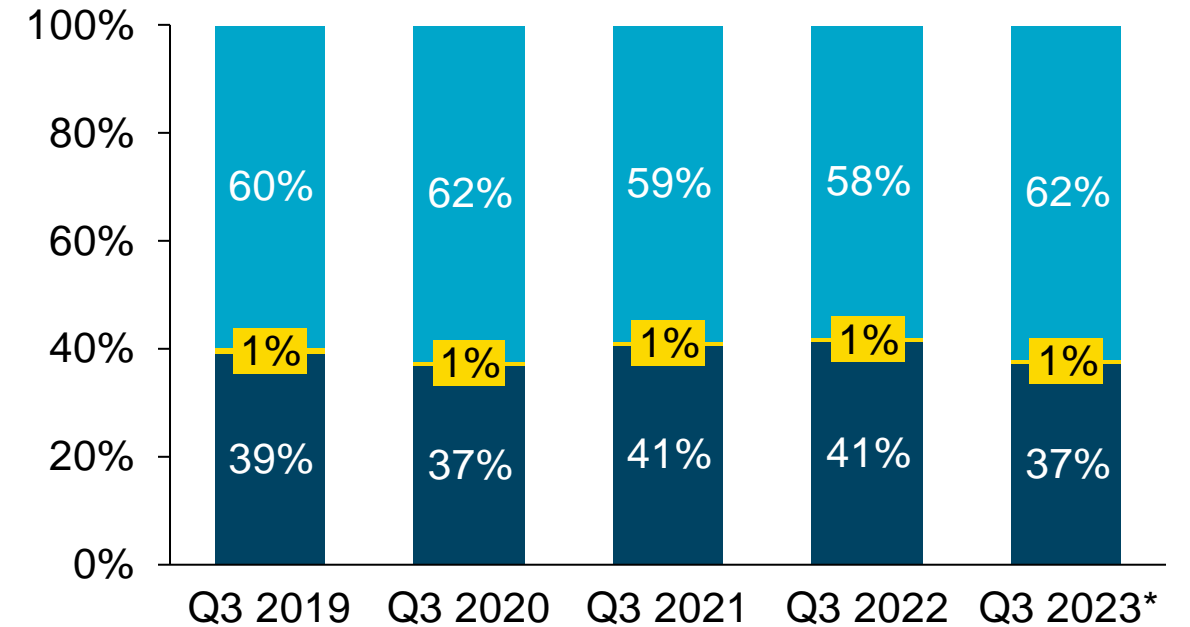
# Leasing continues to pick up share of financing from recent lows as new vehicle incentives slowly return

## Leasing as a % of Registrations – Q3 2019 to Q3 2023\*

### New Vehicle Leasing \*\*



### Used Vehicle Financing



\* Q3 2023 Reflects partial quarter data

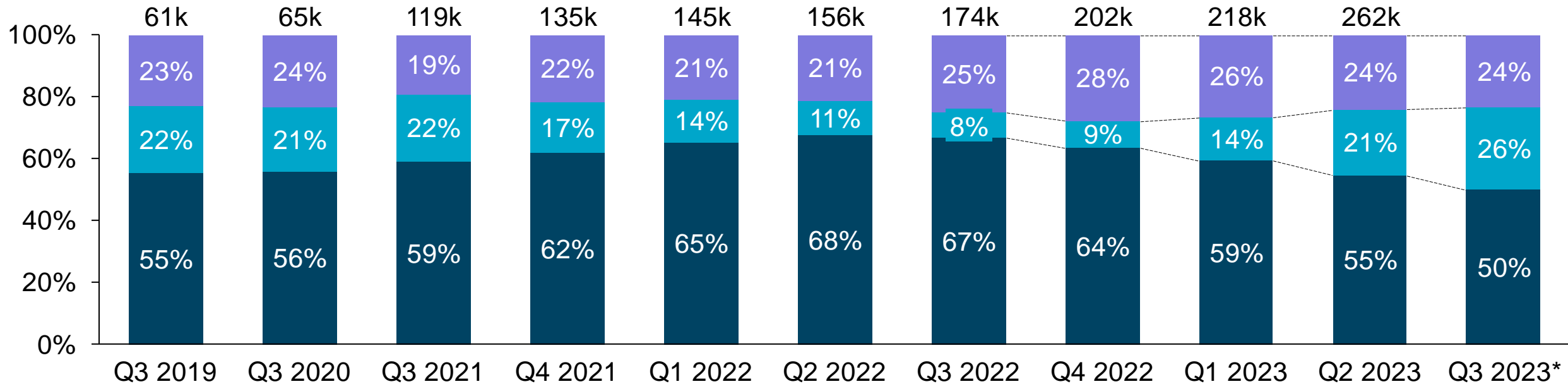
\*\* Displaying lease market share only, due to data reporting lag on new vehicle registrations



# EV lease penetration shows growth and outpaces overall market lease rates

## New Vehicle EV Registrations – Q3 2019 to Q2 2023\*

Cash Lease Loan

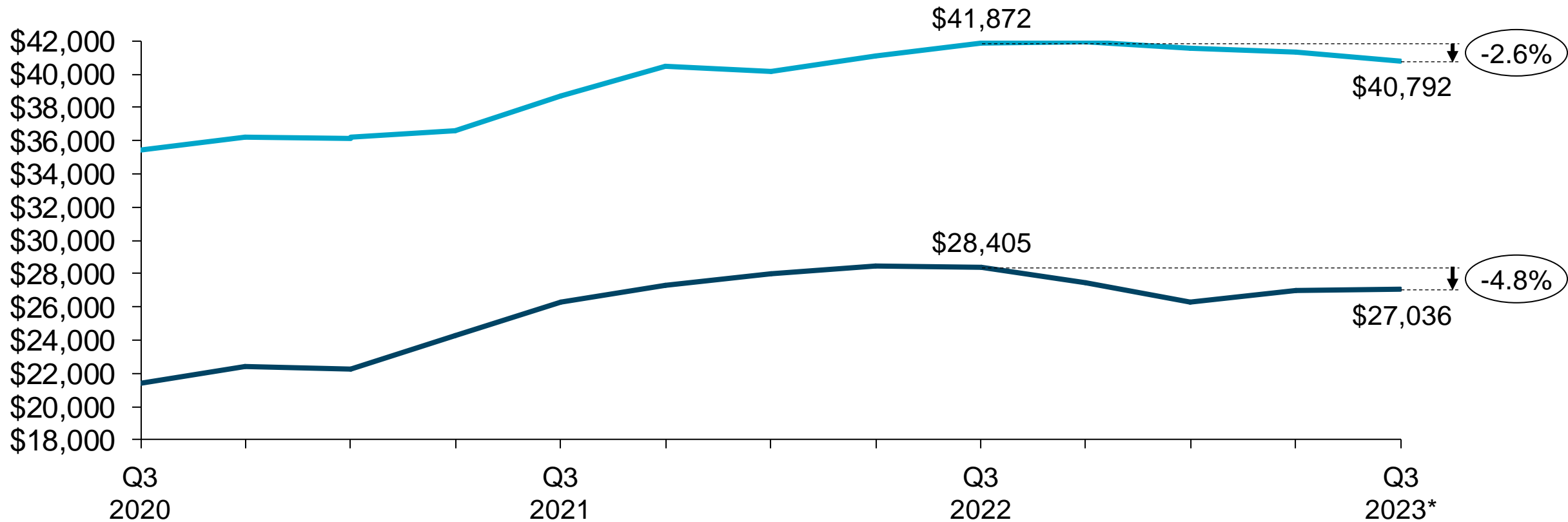


\*Q3 2023 Reflects partial quarter data



# Stabilizing vehicle prices resulted in YoY declines in the average amount financed for both new and used vehicles

Average Amount Financed (Loans) – Q3 2020 to Q3 2023\* — New — Used

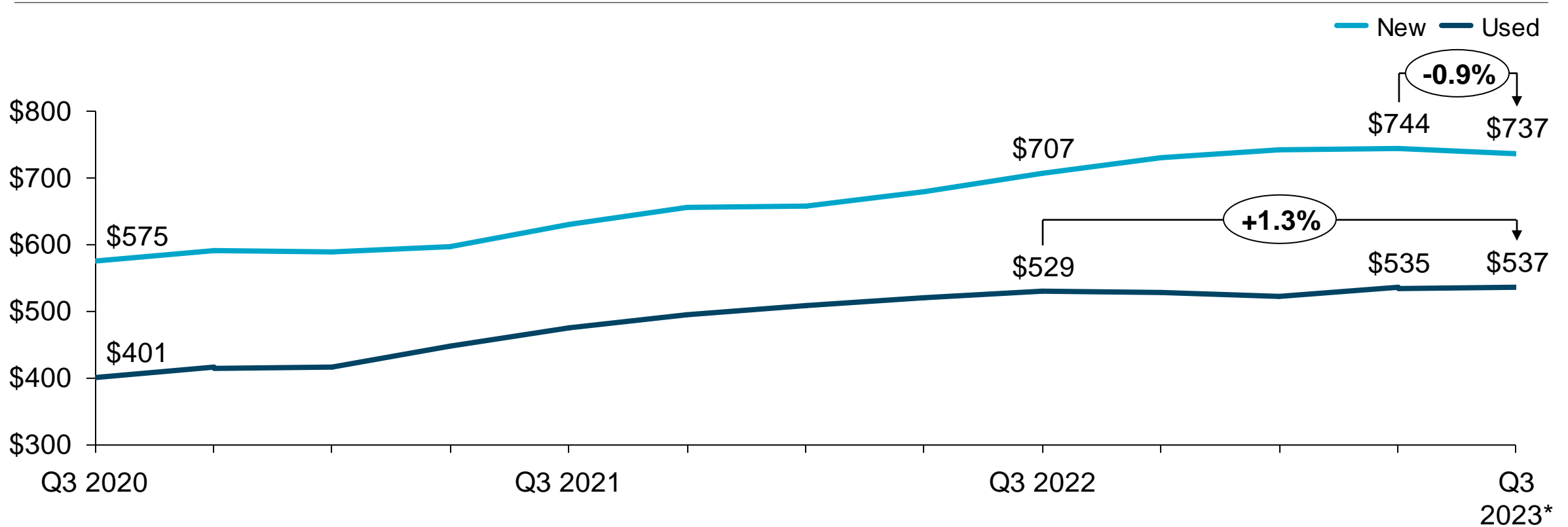


\*Q3 2023 Reflects partial quarter data



# New vehicle monthly payments showed their first QoQ decline, while used vehicle payments grew slightly YoY despite used values declining

## Average Monthly Payment (Loan Originations) – Q3 2020 to Q3 2023\*



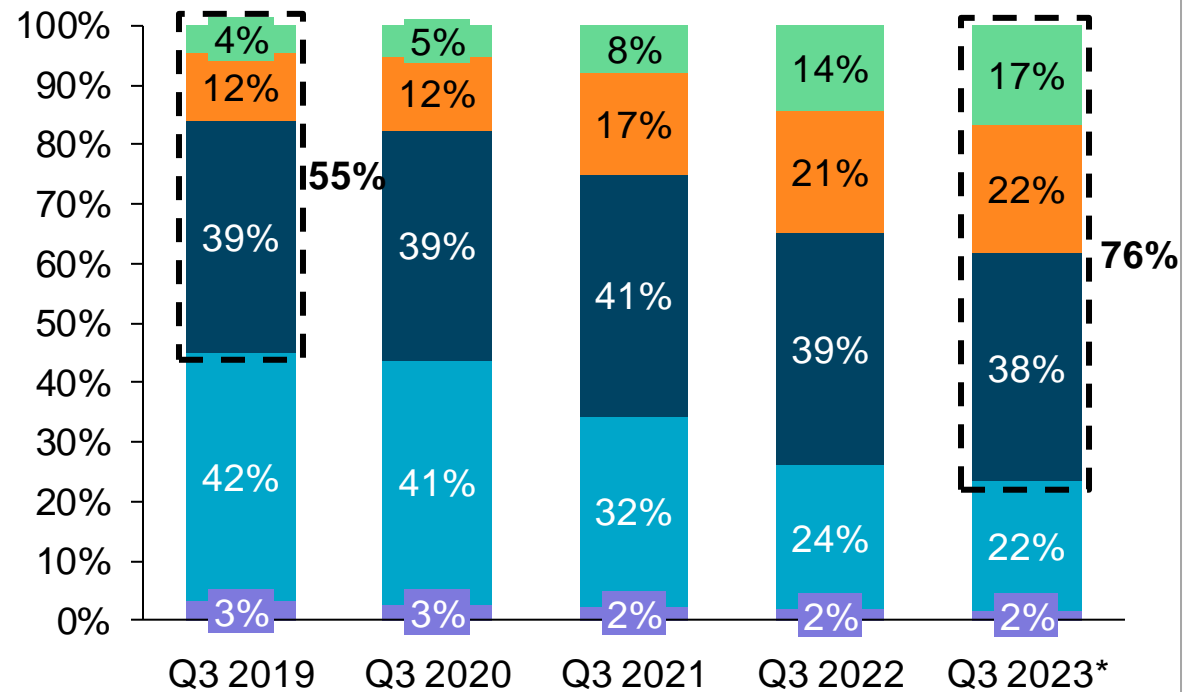
\*Q3 2023 Reflects partial quarter data



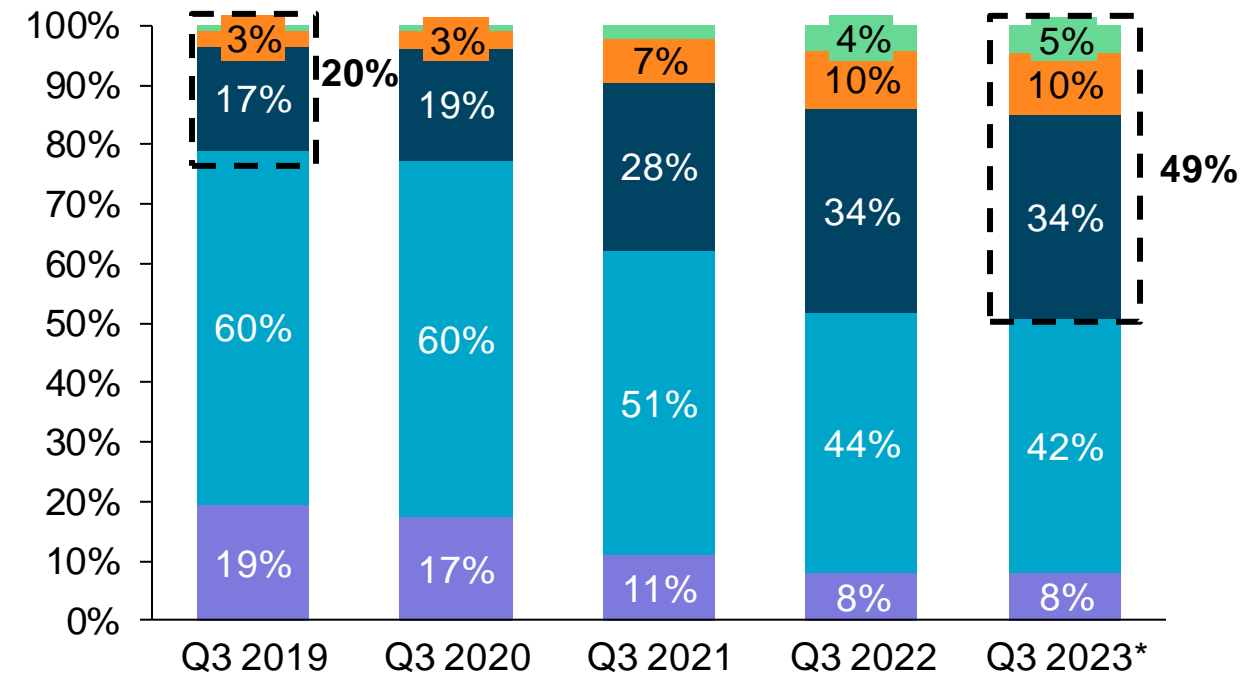
# Although monthly payment growth slowed, most payments are over \$500

## Monthly Payment Distribution (Loan Originations) – Q3 2020 to Q3 2023\*

### New Vehicle Financing



### Used Vehicle Financing

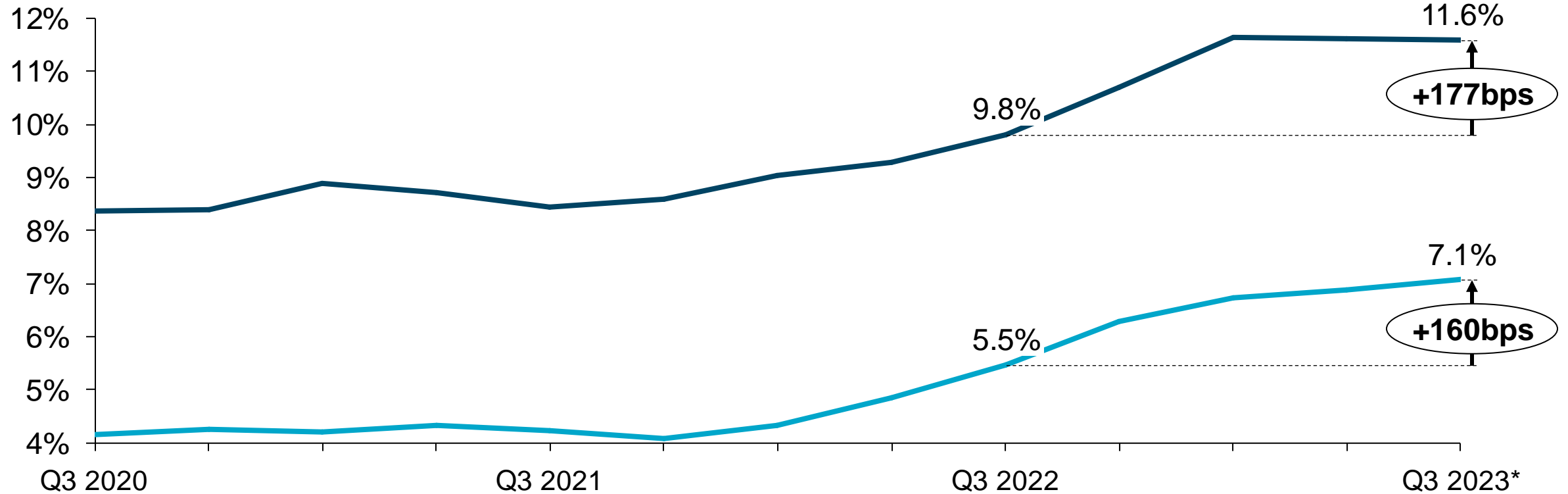


\*Q3 2023 Reflects partial quarter data



# Rates remain much higher YoY for both new and used vehicles, but have stabilized for used over the past two quarters

Average APR (Loan Originations) – Q3 2020 to Q3 2023\* — New — Used

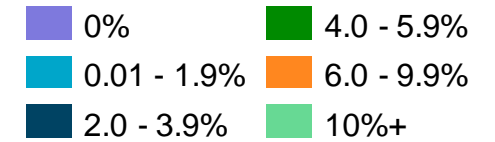


\*Q3 2023 Reflects partial quarter data

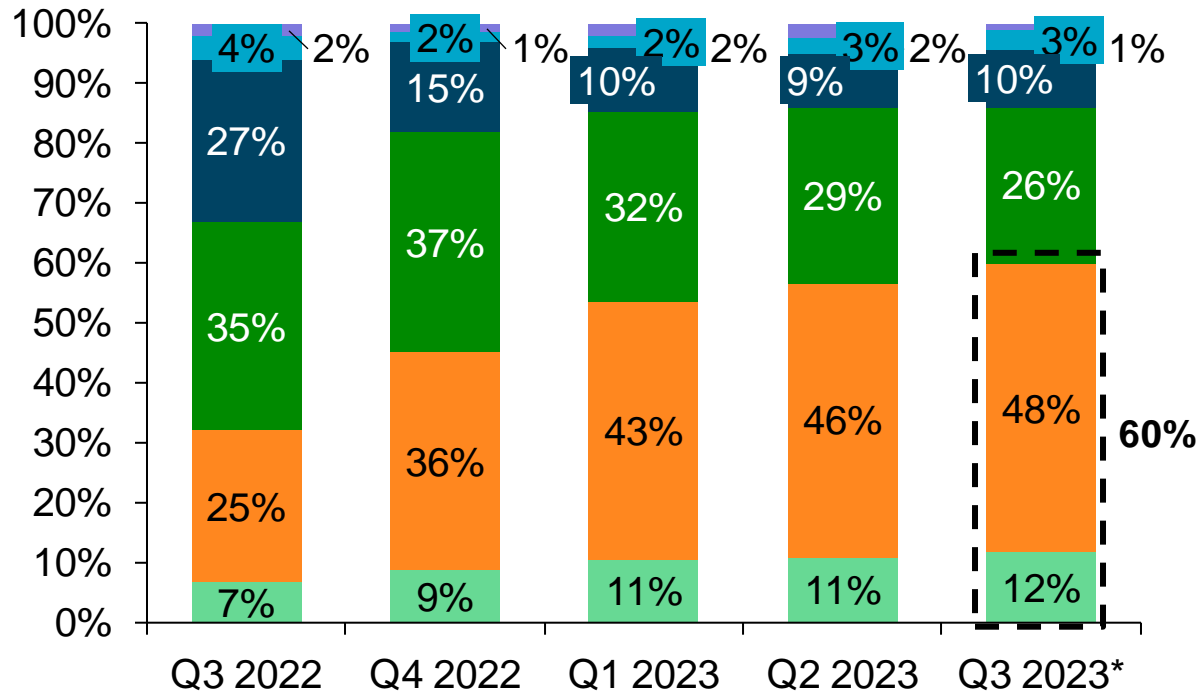


# 60% of new loan originations and 93% of used have rates above 6%

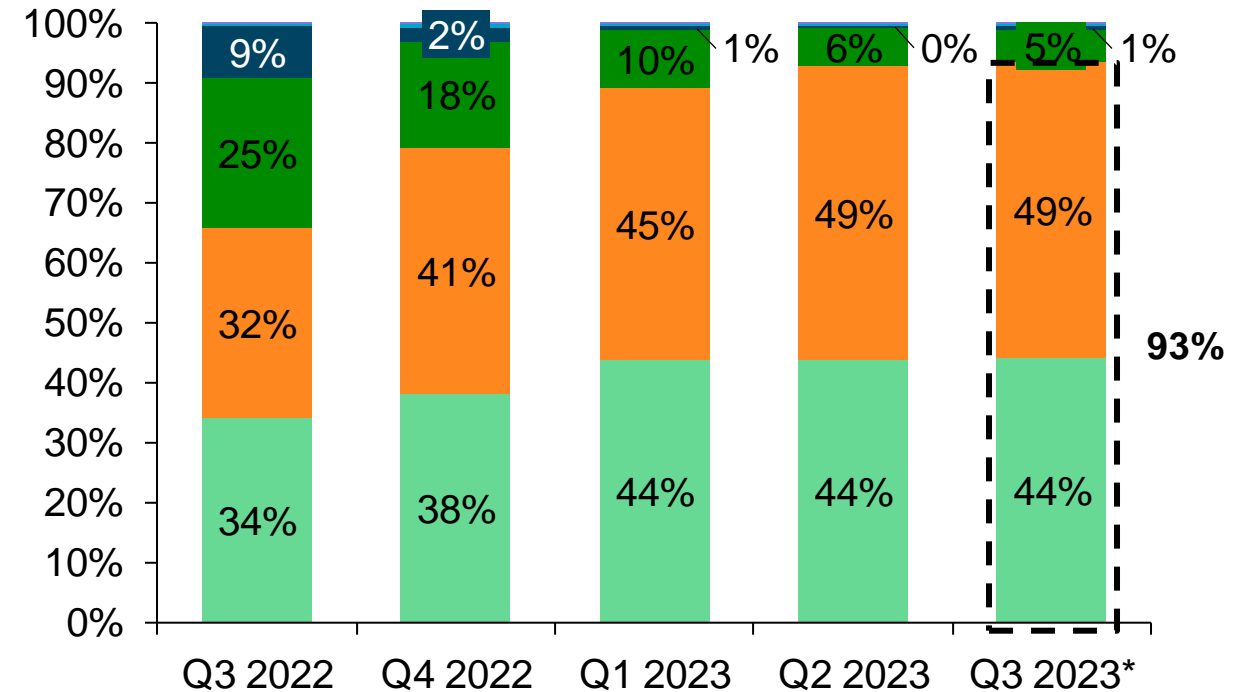
## APR Distribution (Loan Originations) – Q3 2022 to Q3 2023\*



### New Vehicle Financing



### Used Vehicle Financing



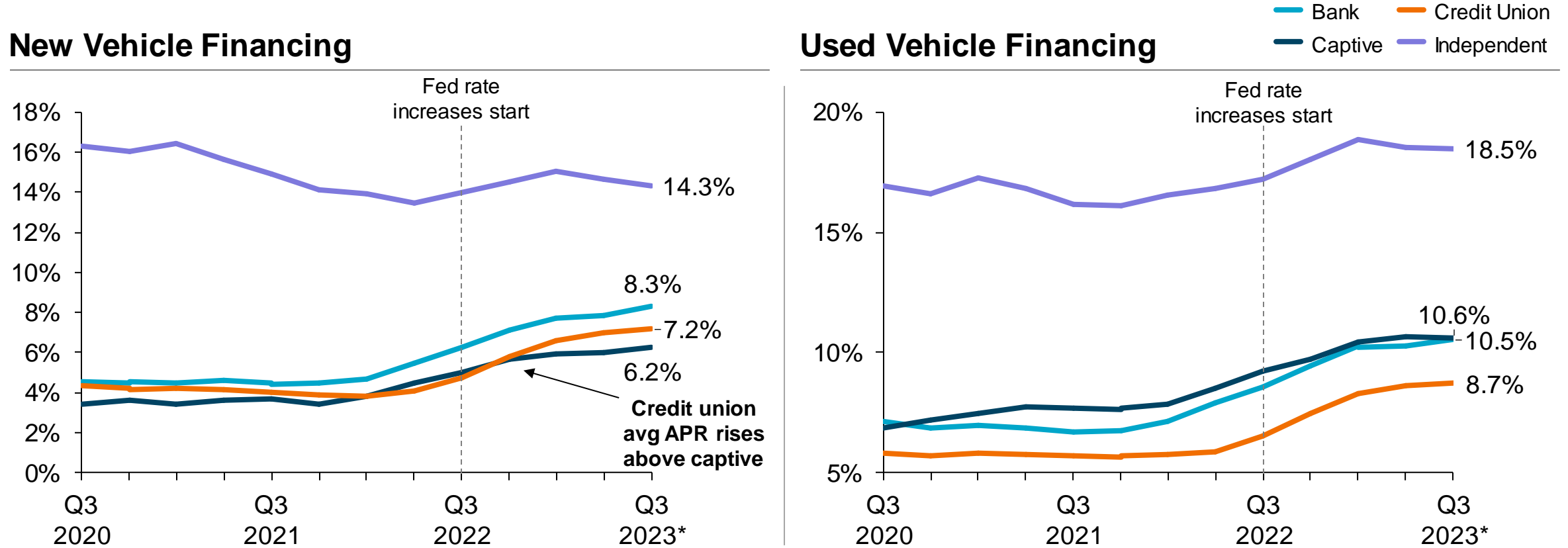
\*Q3 2023 Reflects partial quarter data





# New vehicle captive financing rates remain below credit unions as rate growth has stabilized and contributes to captive share gains

Average APR by Lender Type (Loan Originations) – Q3 2020 to Q3 2023\*

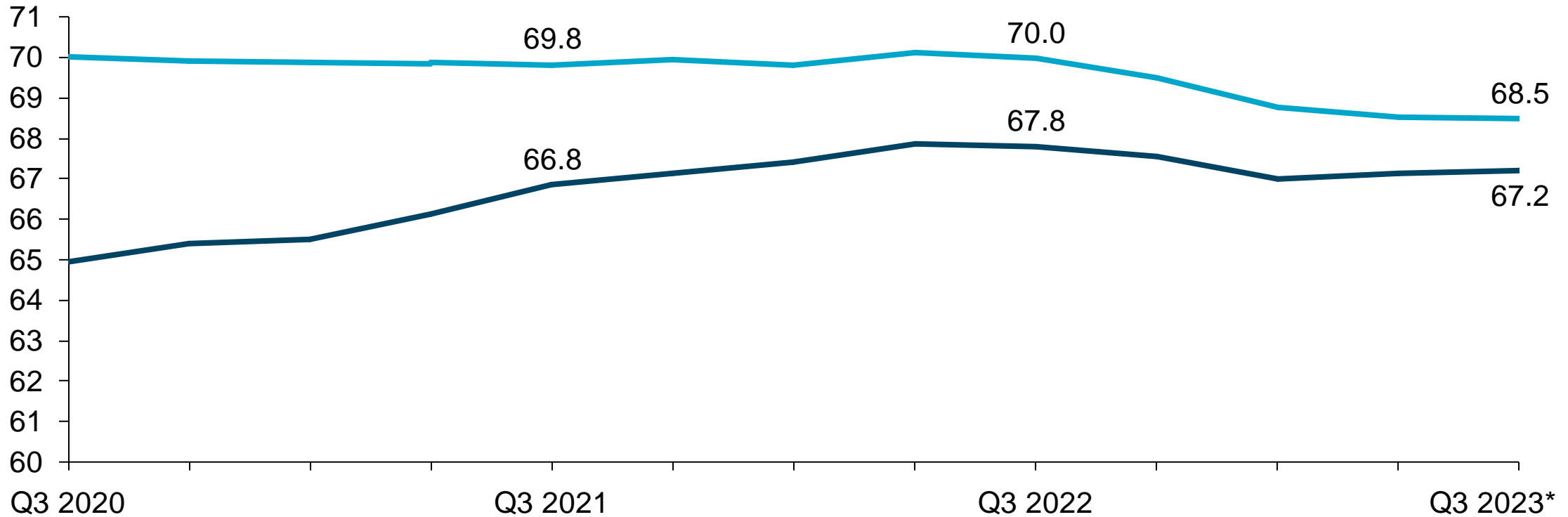


\*Q3 2023 Reflects partial quarter data



# Average term lengths remain down contributing to larger monthly payments

Average Term Length (Loan Originations) – Q3 2020 to Q3 2023\* — New — Used



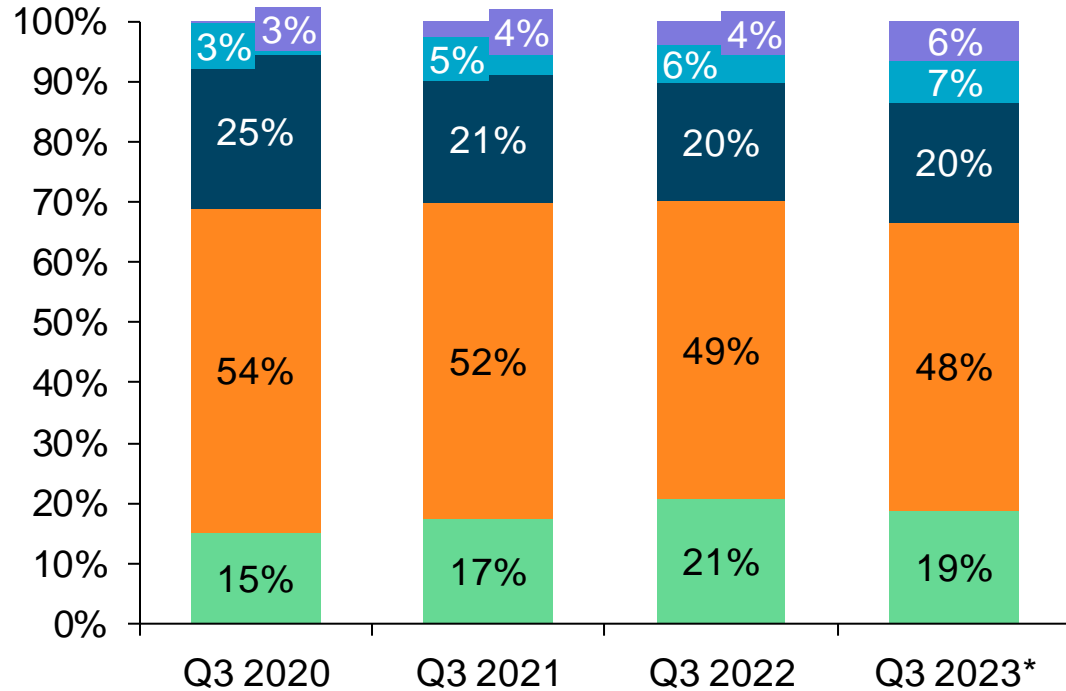
\*Q3 2023 Reflects partial quarter data



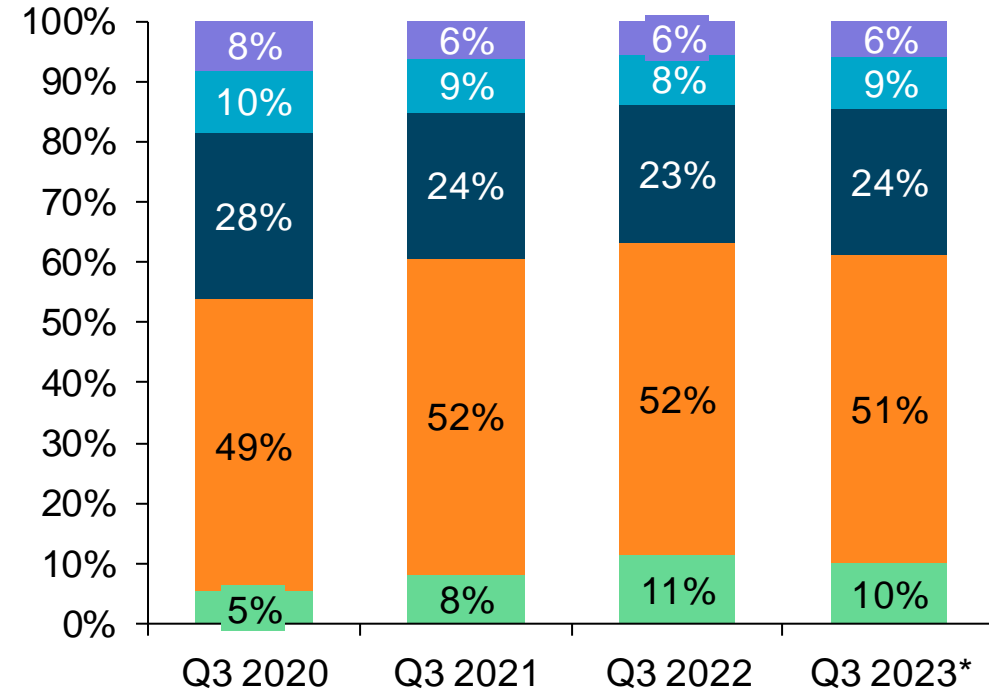
# New vehicle originations at or below 48 months grew, while used vehicle terms were relatively stable YoY

## Term Length Distribution (Loan Originations) – Q3 2020 to Q3 2023\*

### New Vehicle Financing



### Used Vehicle Financing

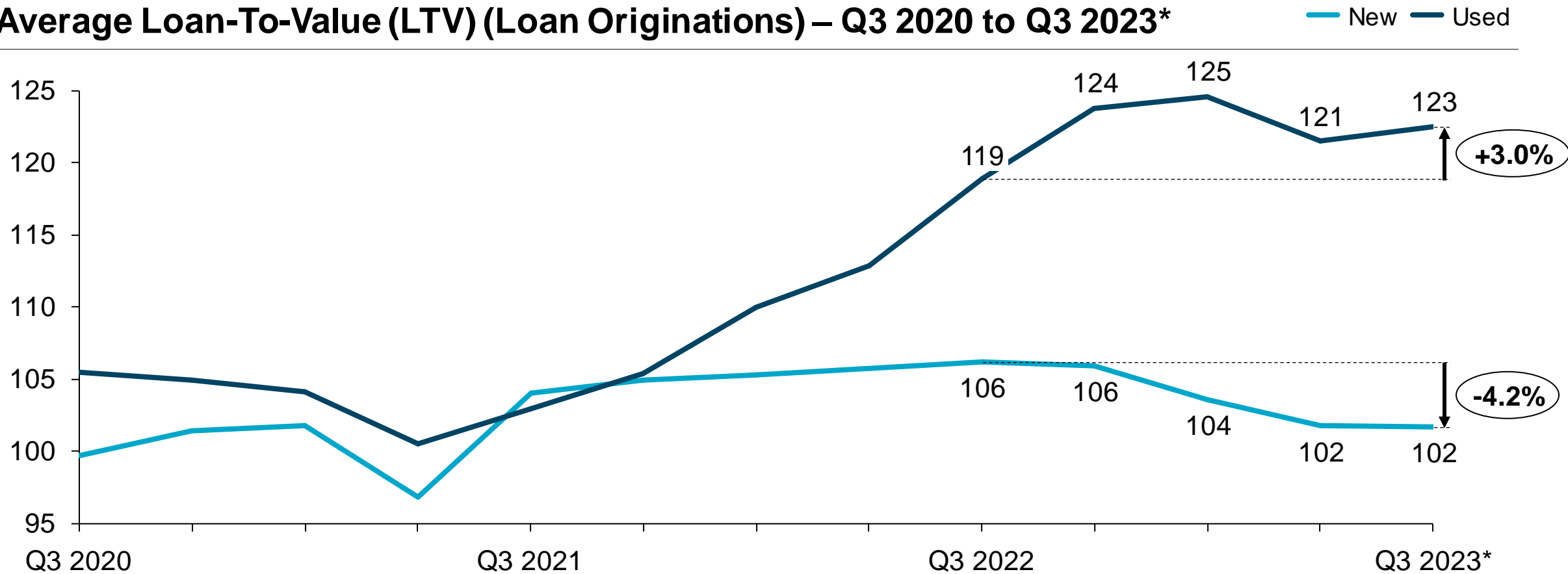


\*Q3 2023 Reflects partial quarter data



# Originating LTVs remain off their peaks, but still elevated for used vehicle financing

## Average Loan-To-Value (LTV) (Loan Originations) – Q3 2020 to Q3 2023\*

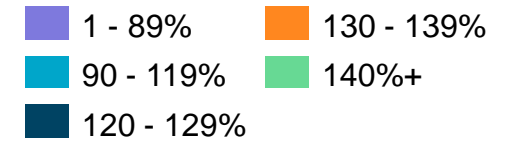


\*Q3 2023 Reflects partial quarter data

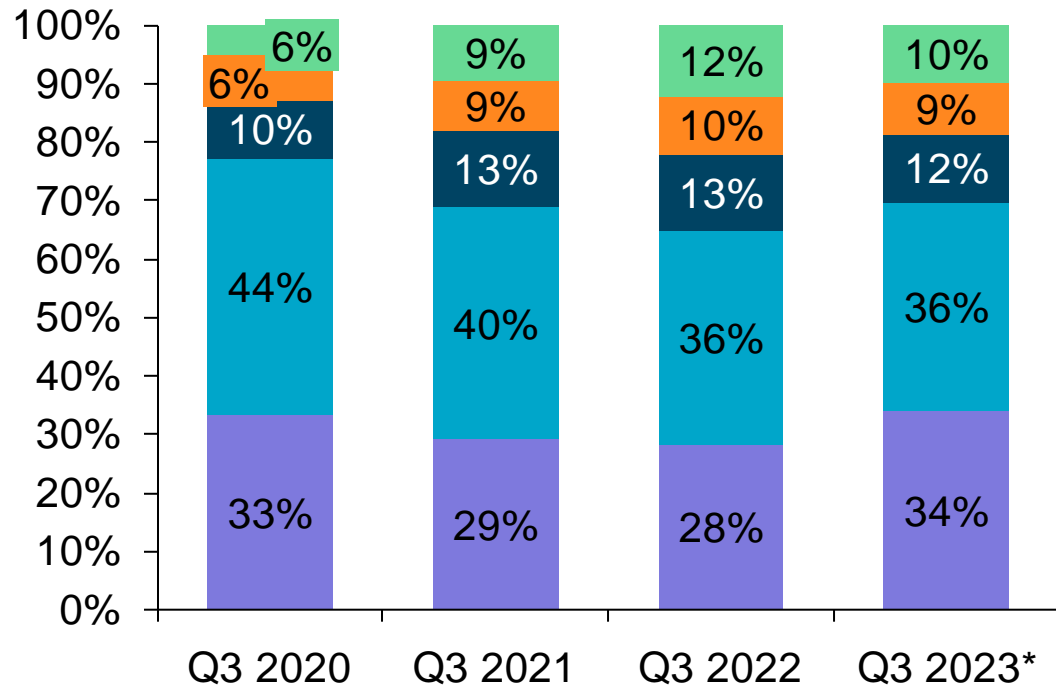


# Over a third of used vehicle loans in Q3 originated with a starting LTV of 130%+ compared to only 17% of used vehicle loans in Q3 2020

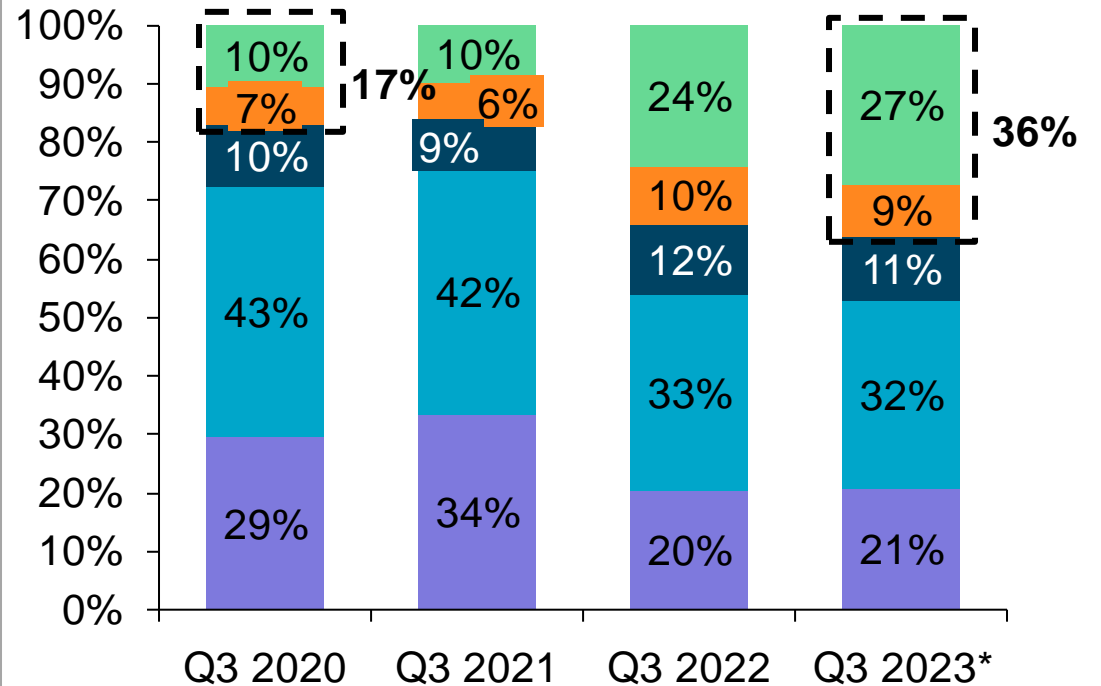
LTV Distribution (Loan Originations) – Q3 2020 to Q3 2023\*



## New Vehicle Financing



## Used Vehicle Financing



\*Q3 2023 Reflects partial quarter data

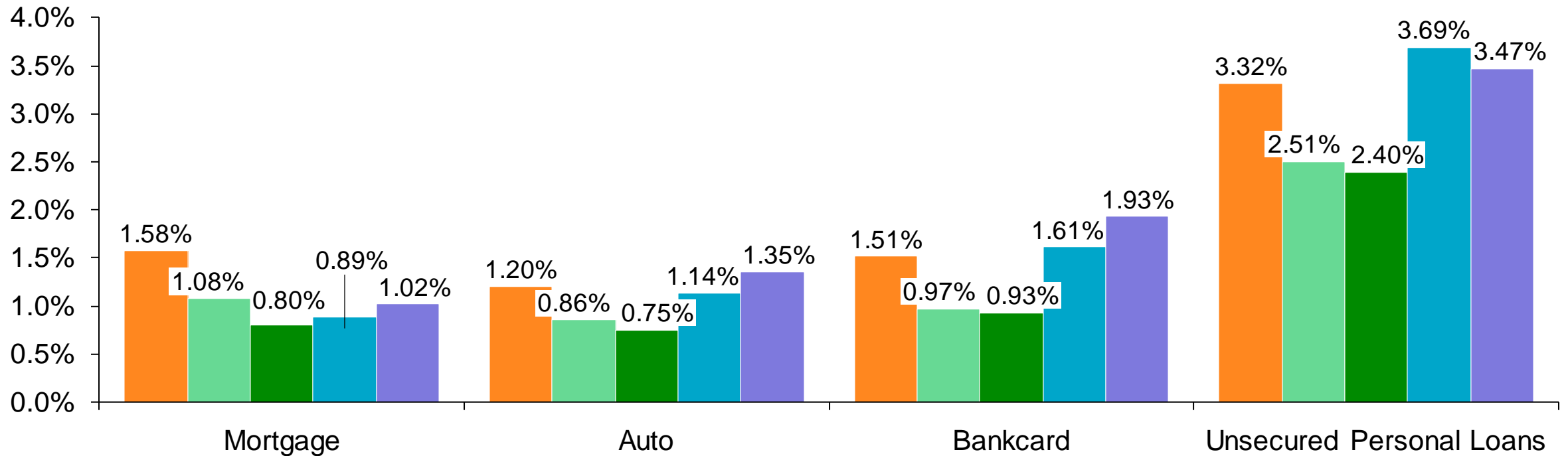
## Delinquencies

In Q3 2023, 60+ DPD (account level)  
**delinquencies climbed 21bps YoY and  
14bps QoQ to 1.35%**

# Point-in-time, account-level delinquency rates have increased across most credit products

## Account Delinquency Rate, 60+ DPD — Q3 2021 to Q3 2023

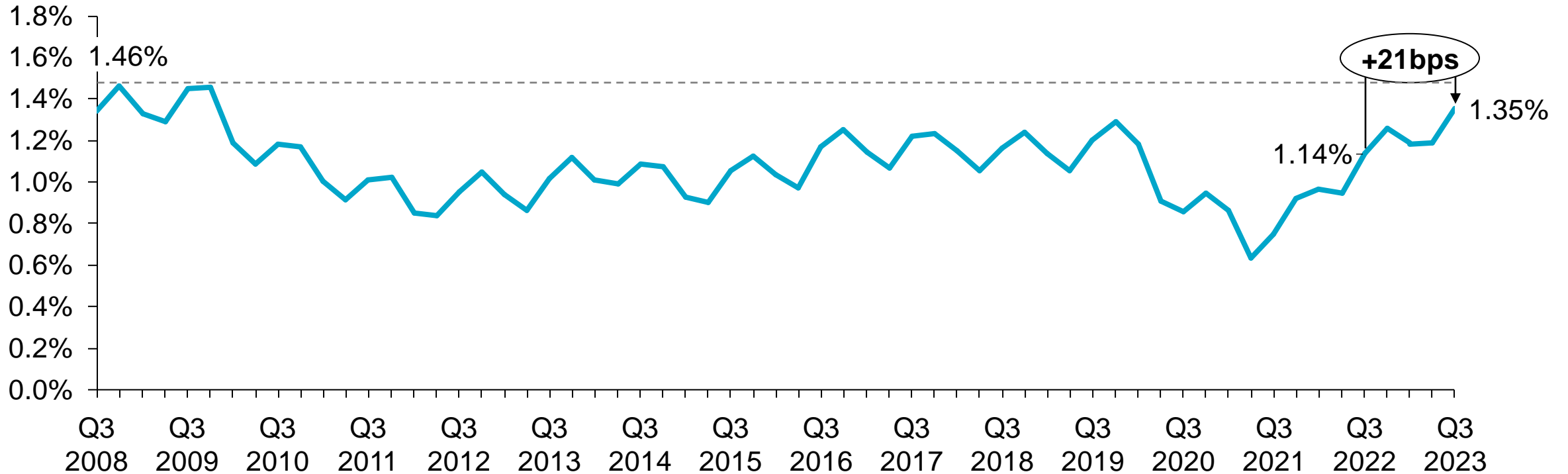
Q3 2019 Q3 2021 Q3 2023  
Q3 2020 Q3 2022



\*Point-in-time market delinquency rates have been restated for auto from Q2 2020 to present this quarter to exclude irregular data reporting from a data furnisher

# 60+ DPD account delinquencies increased to 1.35% and remain 21bps higher than Q3 2022, approaching the 2008 peak

## Account Delinquency Rate\*, 60+ DPD — Q3 2008 to Q3 2023

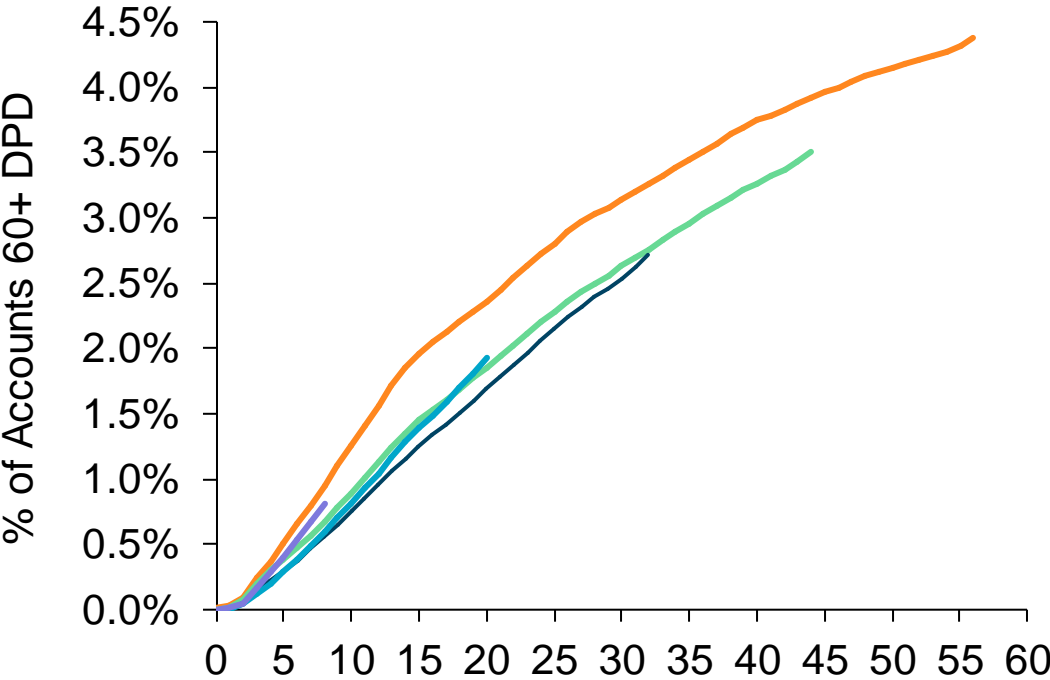


\*Point-in-time market delinquency rates have been restated from Q2 2020 to present this quarter to exclude irregular data reporting from a data furnisher

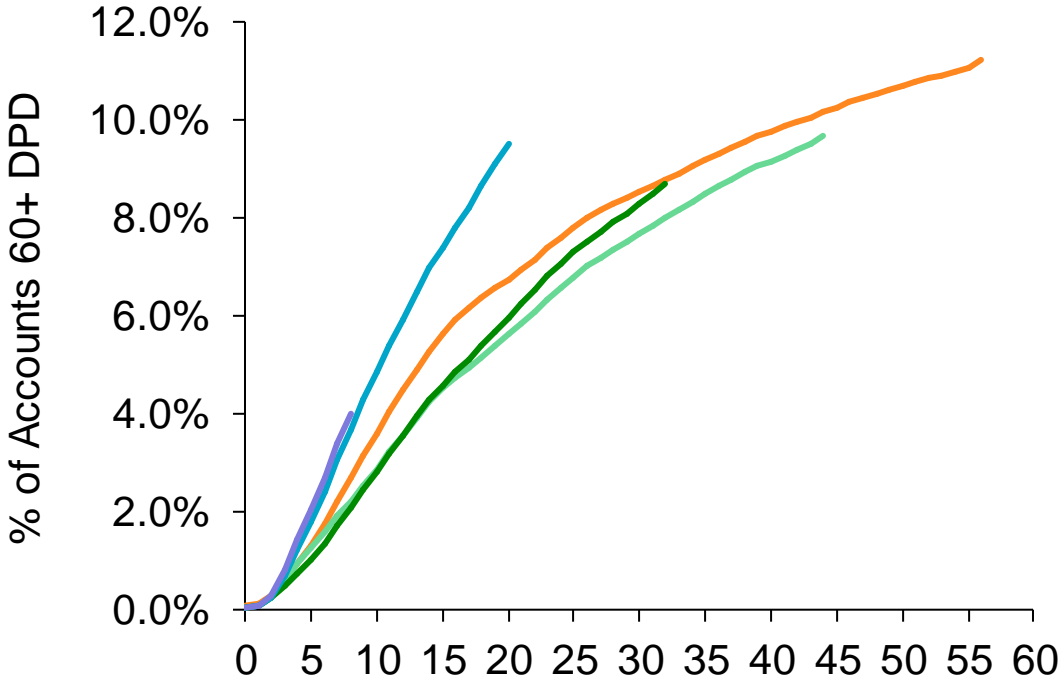


# Used vehicle vintages have shown deterioration while new vehicle vintages have mostly performed in line with pre-pandemic levels

Vintage Delinquency of **New** Auto Loans and Leases



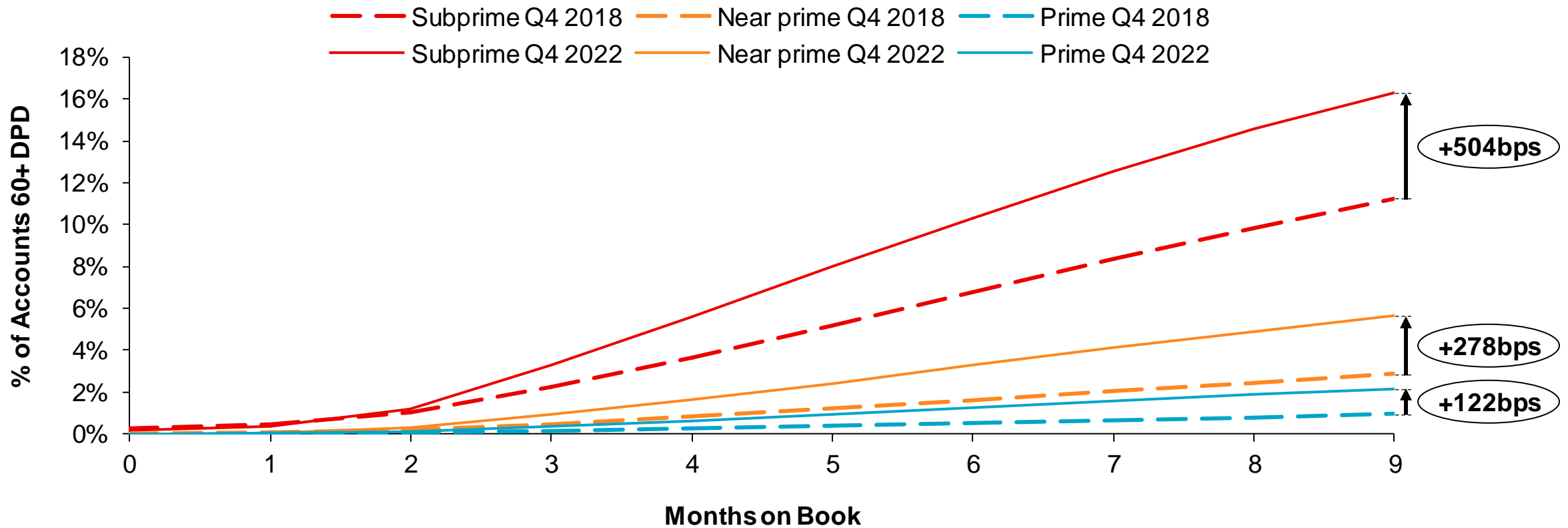
Vintage Delinquency of **Used** Auto Loans and Leases



- Q4 2018
- Q4 2019
- Q4 2020
- Q4 2021
- Q4 2022

# When controlled for credit risk, payment deterioration is most pronounced for below prime used vehicle originations

## Vintage Delinquency of Used Auto Loans and Leases by Risk Tier



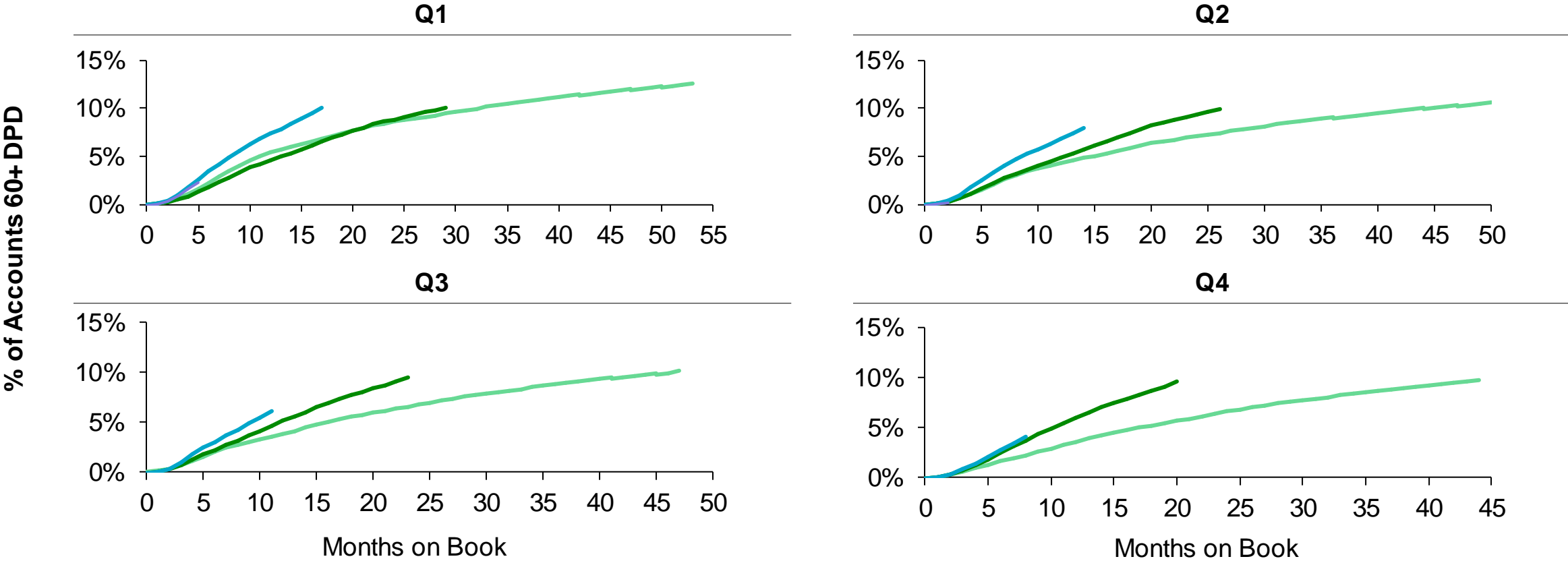
VantageScore® 4.0 risk ranges  
 Subprime = 300–600, Near prime = 601–660, Prime = 661–720, Prime plus = 721–780, Super prime = 781+



# The first signs of deterioration occurred between Q2 and Q3 of 2022, and lenders quickly pulled back

## Vintage Delinquency of Used Auto Loans and Leases

2019 2021 2022 2023

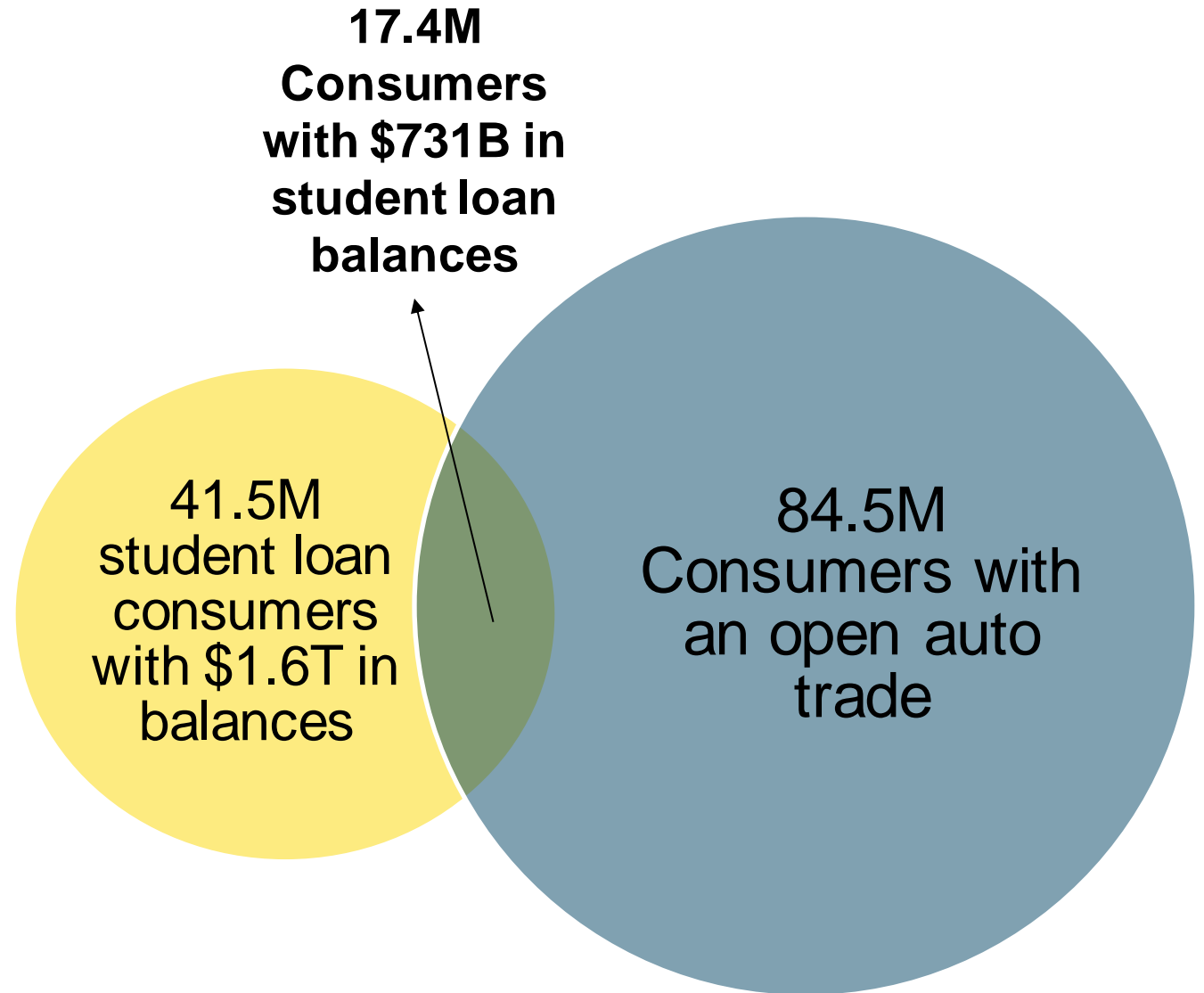


## **Quarterly Spotlight – Student Loans for Auto Consumers**

A review of auto lenders exposure to  
consumers with student loans

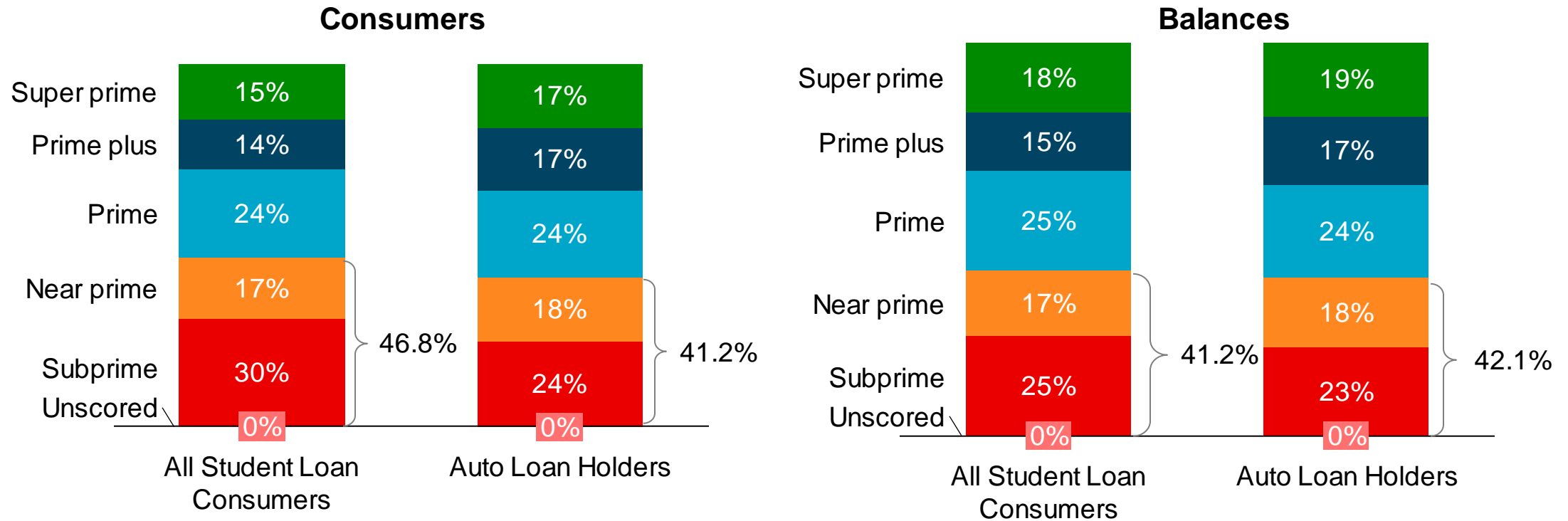
**21% of auto consumers also hold a student loan.**

**42% of student loan consumers hold an open auto trade.**



# Auto consumers with student loans have a lower proportion of below prime consumers (42%) compared to all student loan holders (47%)

## Distribution of Student Loans, by Risk Tier



Risk tier is as of Aug 31, 2023

Percentages may not sum to 100% due to rounding

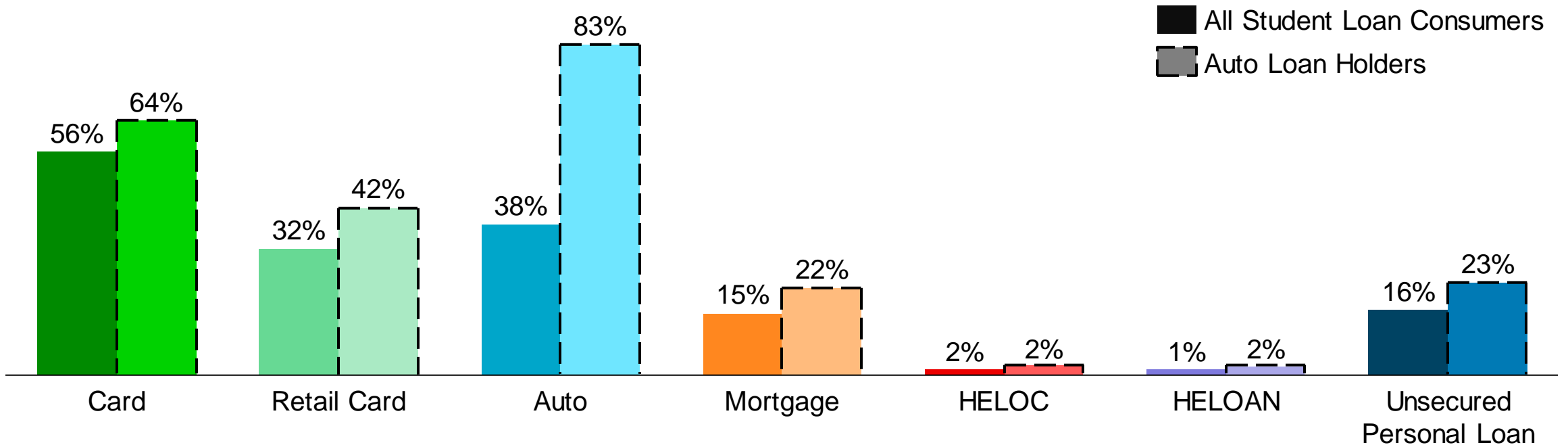
VantageScore® 4.0 risk ranges:

Subprime = 300–600, Near prime = 601–660, Prime = 661–720, Prime plus = 721–780, Super prime = 781+



# 83% of consumers with both an open student loan and auto loan originated a new auto loan after federal student loan pause

## Percentage of Student Loan Borrowers Taking on New Products during the Pandemic



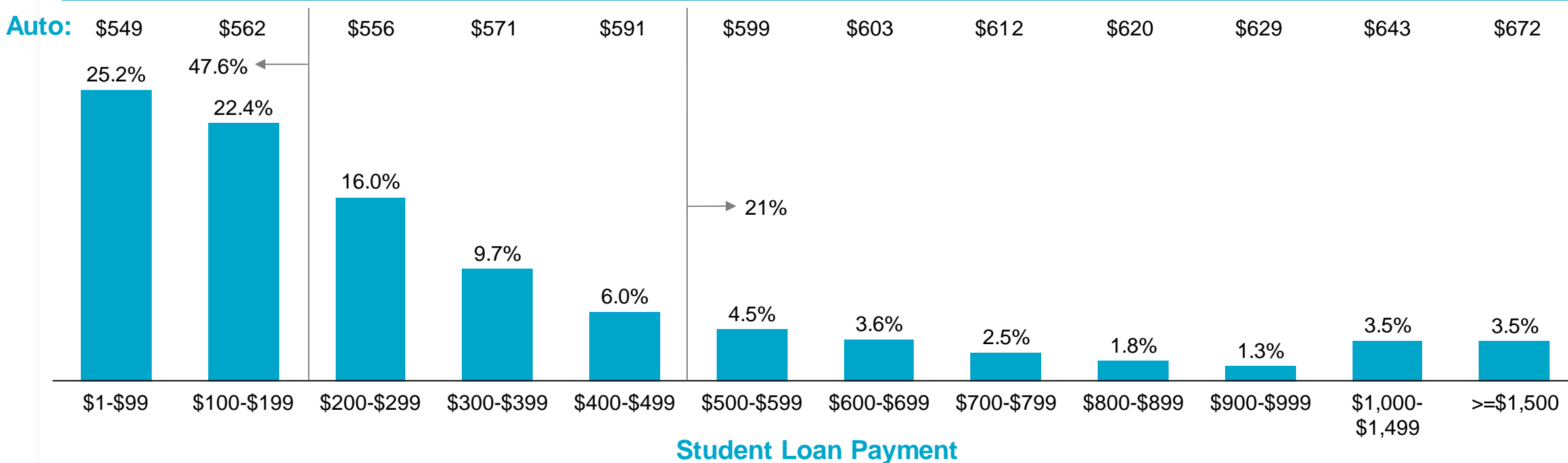
Data is as of Aug 31, 2023

Trade defined as opened during the pandemic if opened on or after March 31, 2020



# Nearly half of consumers who will experience a student loan payment shock are expected to have a payment <\$200, but 20% above \$500

Distribution of Expected Student Loan Payment Amount (with Average Auto Payment)



Data is as of August 31, 2023  
 Percentages may not sum to 100% due to rounding  
 Payments exclude SAVE program



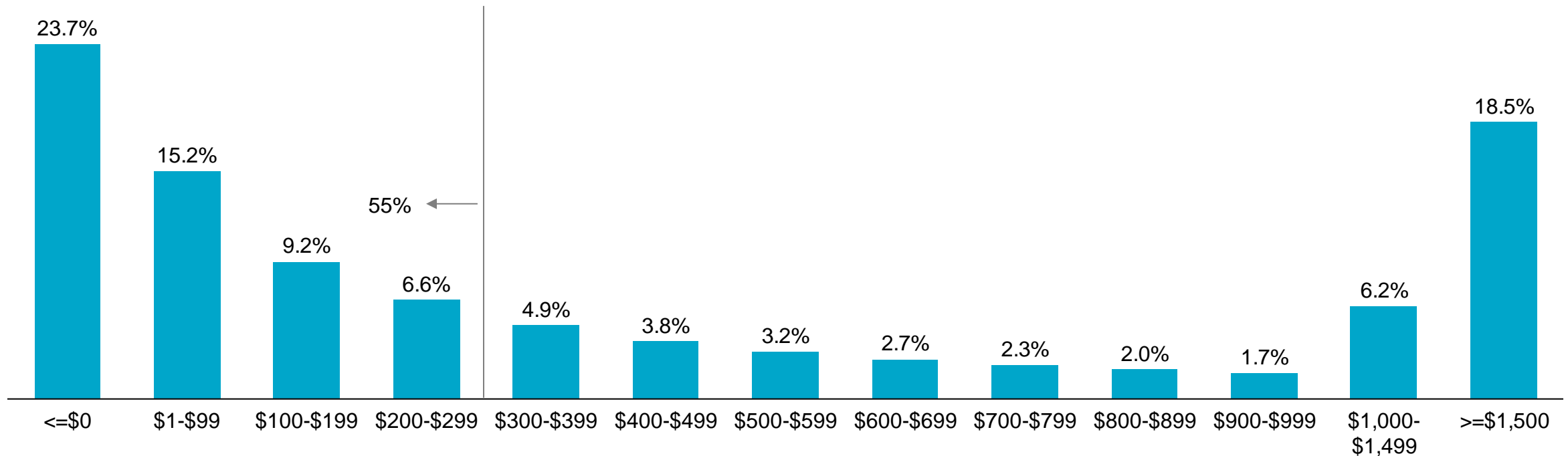
**Aggregate excess payment (AEP) calculates the payments in excess of the minimum due**

*Aggregate Excess Payment (AEP)  
= Total Actual Payments Made  
– Total Minimum Payments Due*



# Over half of student loan consumers are currently making below \$300 in excess payments over the minimum due across all their wallet

Distribution of Aggregate Excess Payment (3 Month Average)



Data is as of August 31, 2023  
 Percentages may not sum to 100% due to rounding  
 Payments exclude SAVE program

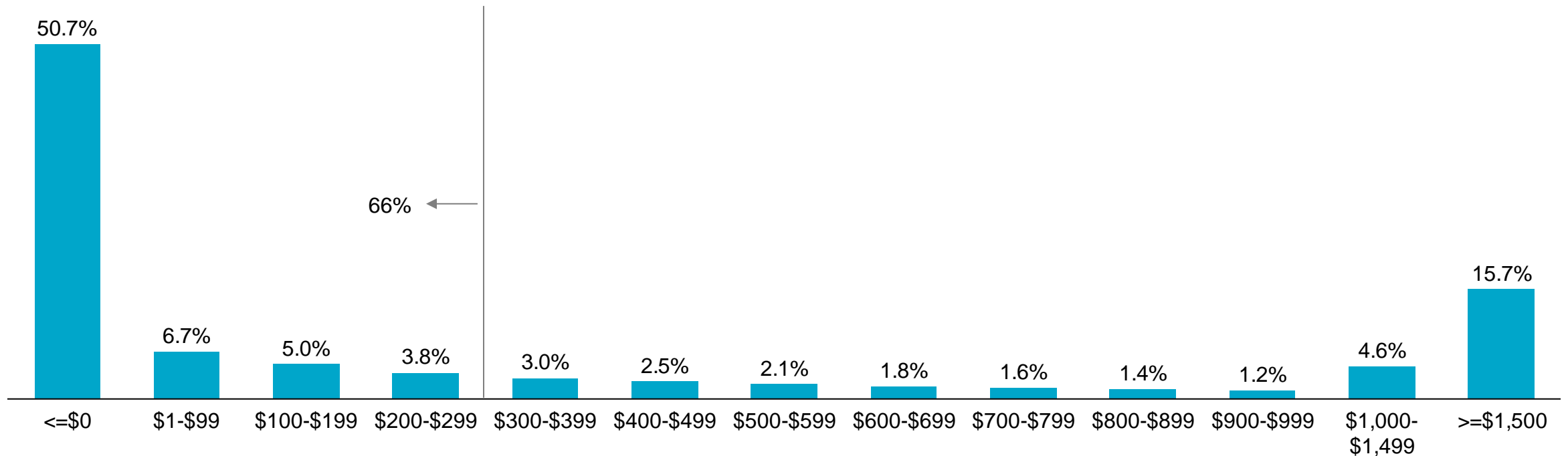
**Combining AEP with the expected student loan payment identifies consumers who could be facing a shortfall**

*Estimated Surplus or Shortfall*  
= *Aggregate Excess Payment (AEP)*  
– Expected Student Loan Payment



# After applying the student loan payment shock, over 50% of consumers are left with zero excess payments

## Distribution of Aggregate Excess Payment (3 Month Average) after Payment Shock



Data is as of August 31, 2023  
Percentages may not sum to 100% due to rounding  
Payments exclude SAVE program



For more information contact

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