Market Scan

S&P Global Mobility

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Leveraging Data and Analytics for a Competitive Edge in Automotive Finance

Scott Cauvel
Executive Director, Enterprise Business at S&P Global Mobility

Navigating Today’s Automotive Finance Landscape

The automotive lending industry is facing unprecedented volatility and transformation. Affordability concerns, changing consumer profiles, the early impact of ongoing tariff announcements, and intensifying competition between captives and banks have put lenders in a uniquely challenging position.

To stand out and capture market share, it’s no longer enough to move quickly—today’s lenders must move smartly, guided by granular, real-time data on market conditions and competitor actions.

In this evolving environment, data-driven agility is a requirement for survival and growth. Lenders equipped with the right intelligence can improve their competitive position by fine-tuning their offers at the zip-code level, adjust programs by powertrain or vehicle type, and identify both risks and new market openings with precision.

Localized tactical pricing is increasingly common across the industry, as lenders use real-time ZIP-level incentive visibility to refine offers based on regional purchasing behaviours. This enables margin optimization based on local demand elasticity—a capability lenders now consider essential.

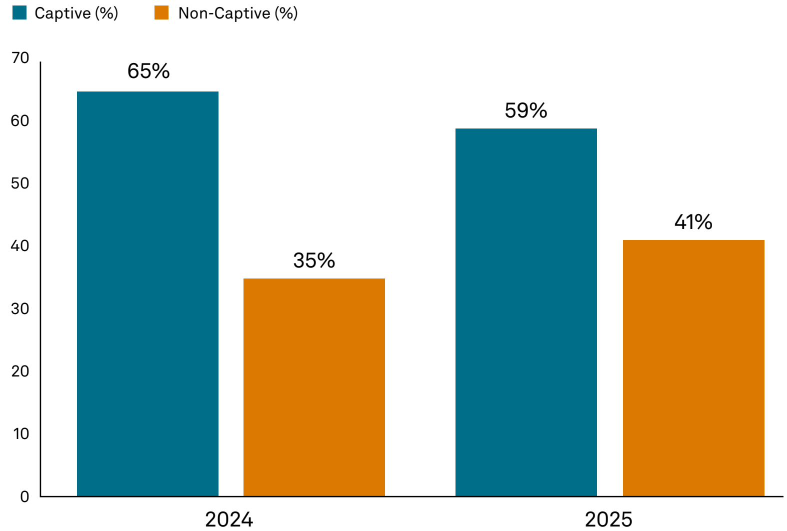
How the Landscape Is Shifting: Data and Demographics

Demographics are evolving rapidly. According to S&P Global Mobility, as of June 2025, over half of new vehicles are purchased by consumers aged 55 and over, while just 9% are bought by those aged 18–34. Extended loan terms have become the new normal—nearly 85% of new auto loans now stretch from 72 to 83 months, reflecting consumers' ongoing affordability struggles.

Some OEMs have responded with short-term, interest-free financing on 48-month terms. While not a mainstream strategy, these offers target cash buyers, converting them into borrowers and optimizing lifetime customer value without eroding price integrity.

As competition intensifies, the financing landscape is shifting. Non-captive lenders have made significant gains by using aggressive lease offers and flexible terms to erode the dominance of captives. In 2025, non-captives increased their share of automotive financing from 35% to over 41%, while captive lenders fell below 59%.

Captive vs Non-Captive Financing Share (YoY)



As of June 2025.
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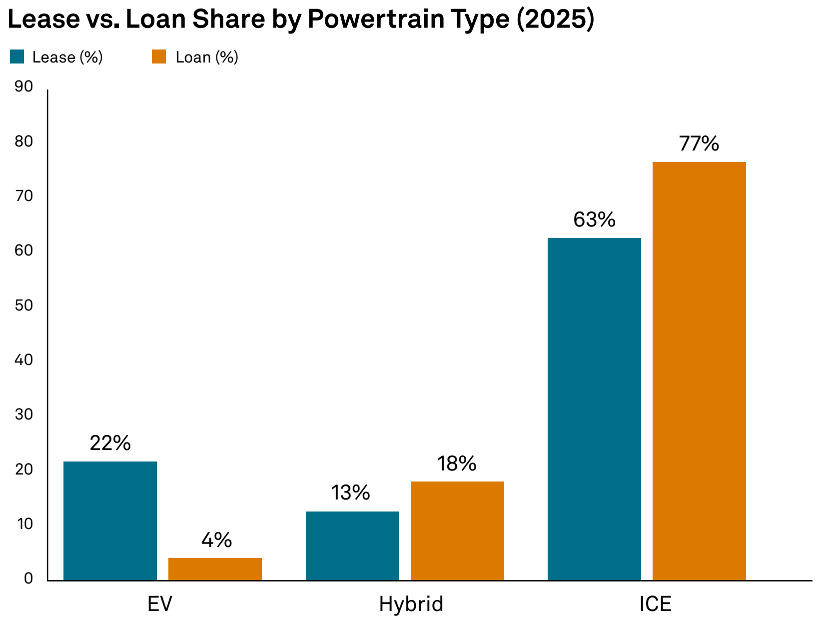
But market share shifts are only part of the story. Powertrain choice also now shapes leasing and loan dynamics: Currently, electric vehicles are leased five times as frequently as they are financed, while internal combustion engine (ICE) vehicles remain predominantly loan-financed.

The role of incentives, and the fine print around their stackability and compatibility, has become central to the battle for consumers.

Lease vs. Loan Share by Powertrain Type (2025):

EVs are far more likely to be leased, reflecting both affordability strategies and residual value risk-sharing.

This leasing trend is further amplified by a market milestone: as of mid-2025, the average price of a new electric vehicle has dropped to parity—or even below—that of ICE vehicles, driven by a wave of discounts and inventory pressure. For lenders, this introduces new strategic considerations around residual value management, incentive layering, and competitive lease structuring.



As of June 2025.
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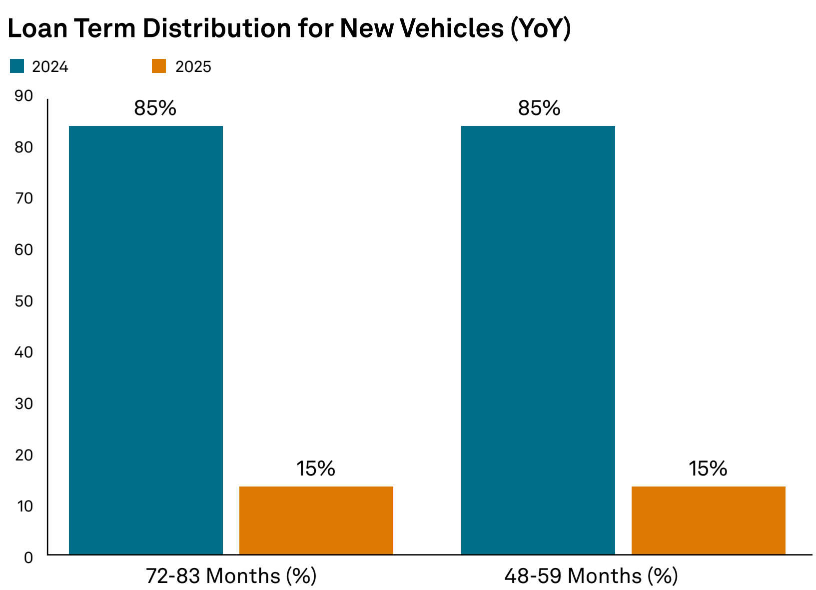
An additional pressure point is on the horizon: the federal EV tax credit is set to expire on September 30, 2025. Its removal will likely intensify pricing pressure across the EV market, impacting both affordability and the structure of lease and loan terms. As incentives fall away, lenders may face slower sales velocity and a greater need to manage residual risk and loan-to-value ratios more carefully.

At the same time, the structure of vehicle loans is evolving. The ongoing shift toward extended loan durations continues.

Loan Term Distribution for New Vehicles (2024–2025):

Nearly 85% of new loans are 72–83 months, reflecting ongoing affordability pressures, according to S&P Global Mobility data. The notable change is the emergence of 84-month and longer terms, which now account for roughly 10% of all new loans. While these longer loans help lower monthly payments, they carry risks: borrowers may end up paying far more over the life of the loan, and many face the danger of owing more than the car is worth—yet some lenders are continuing to push even longer terms.



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Market volatility is prompting even historically stable brands to adjust. Premium OEMs that once maintained fixed strategies are now reviewing incentive alignment, lease competitiveness, and regional pricing on a monthly basis—evidence that financing structures are reshaping competitive positioning across the industry.

Three Ways Lenders Can Leverage Up-to-Date Data and Analytics to Maximize Competitiveness

To keep pace and gain ground in today's fast-changing market, the most effective lenders are using data and analytics in three key ways:

1. Continuously Refine Market Position with Real-Time Pricing Intelligence

Real-time, granular data lets lenders benchmark their offerings against the competition at multiple levels, from state and major metro markets down to individual ZIP codes. With advanced tools, lenders can instantly see how their programs and payments compare, identifying both strengths and gaps.

This enables lenders to proactively adjust terms, rates, or incentives, targeting regions, customer segments, or vehicle types where they can win. Strategies can be highly localized and precise, factoring in loan terms, geographic nuances, and vehicle-level detail—not just make and model, but series, trim, and powertrain configurations.

Select non-captive lenders have capitalized on this by offering higher residual values than captives, particularly on lease terms, which have effectively reduced lease volume.

For example, in key metro areas with significant EV inventory surpluses, discounting is more aggressive, creating leasing hot zones that savvy lenders can identify and penetrate using market- and ZIP-level incentive visibility.

2. Model Strategic Scenarios Before Executing

Modern data platforms not only deliver a snapshot of current conditions, they enable scenario simulation. Lenders can test the potential impact of changing incentives, residual values, or loan structures before launching them in the field.

For example, they can gauge how a new lease term or an adjusted APR would play in specific markets or for certain powertrain types, without risking real capital. This approach brings much-needed clarity to strategic planning, especially as both term structures and competitive lease offers evolve at record speed.

Captives are increasingly testing nontraditional lease terms—such as 39-month offers—as a way to manage payment sensitivity while maintaining favorable residual performance. This approach allows lenders to maintain lease competitiveness without shifting entirely to long-term commitments.

3. Design Unique, Flexible Offers that Address Market Gaps

Current market intelligence highlights where competitors are not meeting customer needs—whether it's a lack of 39- or 42-month lease options, or insufficient deals on particular vehicle models or trims. Lenders can use these insights to fill market gaps with innovative products, tailored deals, or personalized solutions.

This flexibility not only strengthens consumer relationships but also attracts referrals and loyalty, particularly at a time when many buyers are struggling with affordability and searching for options that truly fit their needs.

Some lenders are revisiting their cadence for offer adjustments. While outside banks tend to revise terms monthly, captives and more agile players are developing infrastructures that allow for higher-frequency adaptations, delivering greater responsiveness to market shifts.

With EV prices now reaching parity with or even undercutting comparable ICE vehicles, new opportunities are emerging to reintroduce shorter loan or lease terms, providing flexibility without exacerbating monthly payment challenges.

Conclusion: Data Fluency as a Competitive Imperative

Today, the journey to growth and resilience for automotive lenders is paved with timely, granular, and actionable data. The most effective lenders spot risks early, model changes before making them, and adapt quickly as the market shifts: across regions, vehicle segments, and customer groups.

In an era of shifting powertrains, rising loan terms, and closer competition between banks and captives, data-powered agility has become the foundation for lasting success.

To learn more about Market Scan's real-time, geographic-specific rates, residuals & competitive payment analytics for lenders, click here.

This whitepaper reflects the latest insights, industry interviews, and registration data from January to June, 2025. Visualizations based on current S&P Global Mobility and Market Scan data.

This whitepaper is based on a webinar presented by Scott Cauvel, executive director, enterprise business at S&P Global Mobility. He has nearly 37 years of experience in the automotive industry and is responsible for overseeing new business development, client retention, account management, enablement and revenue growth in the OEM, financial lending and API/digital retail space.

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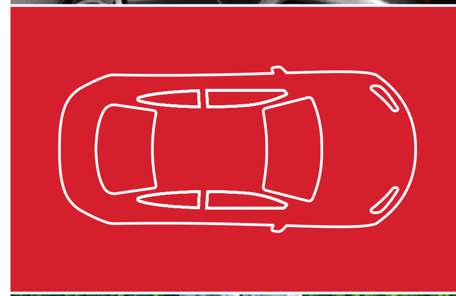

CONTACT US

The Americas	EMEA	Asia-Pacific	Japan
+18004472273	+441344328300	+6042913600	+81362621887