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Near- and Non-Prime Consumers At Risk of Being Priced Out of the Vehicle Market, Open Lending Research Finds

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Lending enablement provider releases quarterly data report on near- and non-prime automotive lending trends, potential for EV access

AUSTIN, Texas--(BUSINESS WIRE)--Apr. 11, 2024-- Open Lending Corporation (NASDAQ: LPRO) ("Open Lending" or the "Company"), an industry trailblazer in automotive lending enablement and risk analytics solutions for financial institutions, today released a new Near- and Non-Prime Consumer Update, continuing its quarterly report series on automotive lending trends among near- and non-prime consumers. The latest Update uncovers disproportionate economic impacts on the underserved, spotlighting opportunities for automotive lenders to drive vehicle accessibility.

Near- and non-prime consumers are at risk of being priced out of the automotive market entirely. Tracking these trends can help automotive lenders position themselves to serve deserving yet overlooked consumers. Key findings from the study include:

- **Used near- and non-prime registrations are down double digits year over year.** Near- and non-prime registrations declined 10% in 2023, while prime and super-prime stayed flat.
- **Vehicle prices may be starting to come down, but monthly payments are not.** While the average vehicle price dipped year-over-year in Q4 2023, the average monthly payment rose, with near- and non-prime consumers taking on a larger payment hike than prime and super-prime consumers.
- **EVs may be starting to become accessible to consumers outside of prime.** New near- and non-prime EV registrations grew 161%, and used EV registrations saw almost 100% growth year-over-year in the fourth quarter.
- **Near- and non-prime consumers are showing a renewed interest in leasing**, likely as a means to offset high interest rates and monthly payments.

"The economy is slowly improving, but high vehicle prices and interest rates are putting lower-credit consumers in a tough position, where access to personal transportation is often prohibitively expensive," said Kevin Filan, SVP of marketing at Open Lending. "Data shows there is more to these consumers' borrowing potential than their credit scores show. By bringing them loan opportunities they can afford at a time of macroeconomic difficulty, automotive lenders can secure a stronger future for the automotive industry. Using AI-powered risk analysis and bolstered by default insurance, our Lenders Protection™ loan decisioning engine allows you to do just that."

For more insights, access the full report.

Methodology

Data was sourced from S&P Global's AutoCreditInsight™ tool, a business intelligence tool developed by TransUnion in partnership with S&P Global Mobility, looking at data on newly registered new and used vehicles. Registrations with no VantageScore® 4.0 associated were excluded. Open Lending defines near- and non-prime as a VantageScore® 4.0 less than or equal to 659 and prime and above as a VantageScore® greater than or equal to 660. Open Lending focuses on consumers in the 580-659 credit range.

Learn more about Open Lending at openlending.com.

About Open Lending

Open Lending (NASDAQ: LPRO) provides loan analytics, risk-based pricing, risk modeling, and default insurance to auto lenders throughout the United States. For over 20 years, we have been empowering financial institutions to create profitable auto loan portfolios with less risk and more reward. For more information, please visit www.openlending.com.

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Media Inquiries
press@openlending.com

Investor Relations Inquiries

openlending@icrinc.com

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