



## AFSA Consumer Credit Conditions (C3) Index Fourth Quarter 2024

This report presents the results of the latest quarterly survey of AFSA member finance companies. These firms are leading providers of vehicle financing, personal installment loans, credit cards, sales financing, mortgages, and other consumer credit products. Survey participants shared their views on key business indicators, including how they see the consumer-lending environment evolving in the coming months.

### Consumer Finance Companies Report Better Conditions in Q4 and Increasing Optimism About Business Conditions

Consumer finance companies’ assessments of the current and prospective business environment improved significantly in the fourth quarter of 2024 according to the results of AFSA’s latest Consumer Credit Conditions Index Survey (C3 Survey). The survey was conducted in the second half of January 2025.

Twice as many respondents reported that overall business conditions strengthened during the last three months of 2024 than reported conditions weakened. The Net Increasing Index (NII), the percentage of lenders who reported conditions improved minus the percentage who reported conditions weakened increased for the fourth consecutive quarter, reaching +21.4. The NII was a smaller +4.9 in the third quarter and was negative in the first half of the year. A negative reading indicates that more respondents claimed conditions weakened than reported they improved.

On balance, the view on the outlook for the first half of 2025 was even brighter. The share of respondents expecting business conditions to improve over the next six months exceeded the share expecting conditions to worsen by a five-to-one margin. The NII of +50.0 was the highest in the four-quarter history of the survey, and was up from +18.9 in the third quarter.

The survey results are consistent with expectations for steady economic growth, a broadly healthy jobs market, further thawing in financial conditions, and a more transparent financial regulatory environment in 2025. Indeed, lenders’ expectations are consistently positive across all business indicators included in the survey: consumer loan demand, lender funding costs, and loan performance. Moreover, this extends to lenders offering traditional installment loans, vehicle financing and other types of consumer loans.

<b>AFSA Consumer Credit Conditions Index</b>				
<b>Net Increasing Indexes*</b>				
	<i>survey date</i>			
	Q4 2024	Q3 2024	Q2 2024	Q1 2024
<b>Current Conditions</b>				
Overall	+21.4	+4.9	-8.3	-19.3
Loan Demand	+28.6	-4.9	+6.4	-14.5
Cost of Funds	+26.2	+38.5	-10.4	-12.7
Loan Performance	-4.8	-12.2	-10.4	-3.5
<b>Six-Month Outlook</b>				
Overall	+50.0	+18.9	-4.2	+8.9
Loan Demand	+54.8	+23.7	+14.9	+30.4
Cost of Funds	+38.1	+54.1	+39.6	+21.8
Loan Performance	+51.2	-2.6	-14.6	-5.3

\*Net Increasing Index (NII) is the percentage of survey respondents reporting conditions improved minus the percentage reporting they worsened

## Survey Highlights

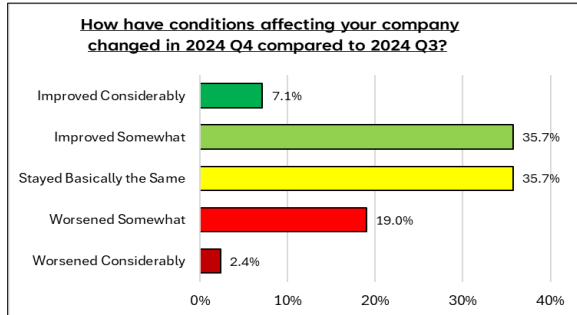
- The survey results indicate that the business environment for consumer credit providers showed a moderate degree of improvement on net in the fourth quarter of 2024 compared to the third quarter. Nearly 43 percent of respondents reported that conditions improved, including 7.1 percent who indicated conditions improved considerably, compared to 21.4 percent who claimed they weakened. Just under 36 percent said conditions were basically unchanged.
- The “Net Improving Index (NII),” the percentage of respondents reporting that conditions improved minus the percentage reporting they worsened, measured +21.4, the highest in the four quarters in which the survey has been conducted to date. This was well above readings of -19.3, -8.3, and +4.9, respectively, in the first through third quarters of 2024.
- Survey participants were asked if customer demand for loans, funding costs, and performance of outstanding loans improved, worsened, or stayed the same in the fourth quarter. The NII for loan demand was positive, jumping to a reading of +28.6 from -4.9 in the third quarter. The NII for funding costs was also firmly in positive territory at +26.2, though was lower than the +38.5 recorded in the previous quarter.
- In contrast, the NII for outstanding loan performance was -4.8 in the fourth quarter, indicating more respondents reported performance deteriorated than reported it improved. Nonetheless, the NII was high than the third quarter’s reading of -12.2.

## **Lenders’ views on the six-month-ahead outlook were considerably more optimistic on balance than at any time in the last year.**

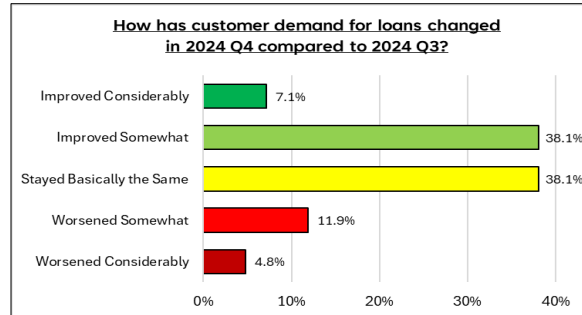
- The NII measured +50.0, with a large majority (61.9 percent) of respondents expecting overall business conditions to improve over the next six months compared to 26.2 percent expecting them to remain largely unchanged and 11.9 percent expecting them to deteriorate. The NII improved has improved from +18.9 in the third quarter and -4.2 in the second quarter and measured +8.9 in the first quarter.
- Survey participants were asked whether they expect customer demand for loans, funding costs, and outstanding loan performance to improve, worsen, or stay the same over the next six months. NII’s for each of these business indicators were comfortably in positive territory.
- Expected loan demand remained positive in the fourth quarter at +54.8. That was an improvement from +23.7 in the third quarter and +14.9 in the second quarter, and was higher than the first quarter reading of +30.4. The NII for expected cost of funds measured +38.1. That was lower than in each of the two previous quarters but higher than in the first quarter. The NII for expected loan performance turned positive for the first time at +51.2, a sharp turnaround from -2.6 in the third quarter.

## Current Conditions

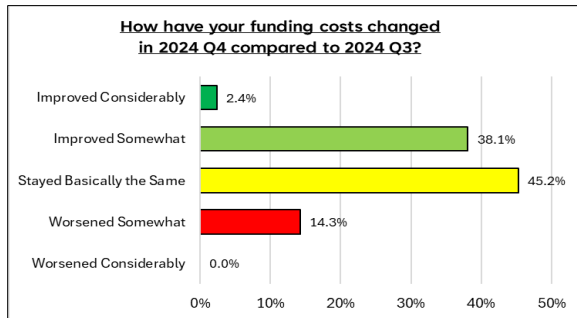
Overall Conditions: NII +21.4 (last survey +4.9)



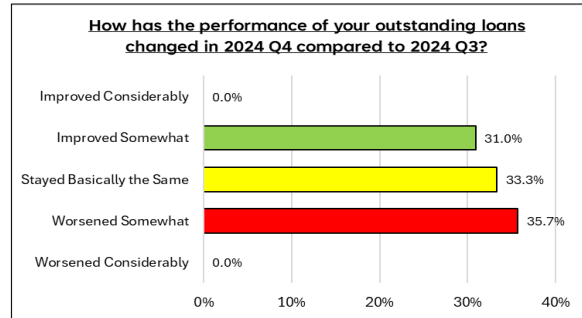
Customer Demand: NII +28.6 (last survey -4.9)



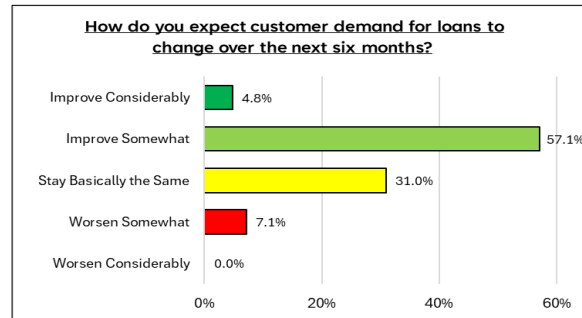
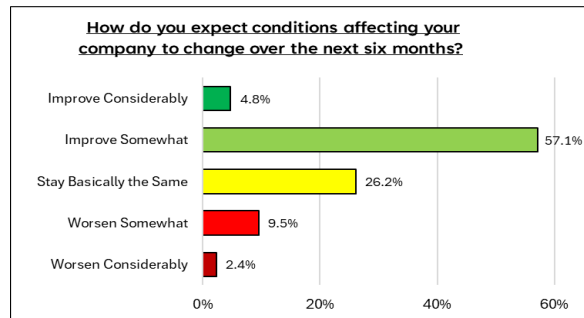
Funding Costs: NII +26.2 (last survey +38.5)



Loan Performance: -4.8 (last survey -12.2)



## Six-Month Outlook



Overall Conditions: NII +50.0 (last survey +18.9)

Customer Demand: NII +54.8 (last survey +23.7)

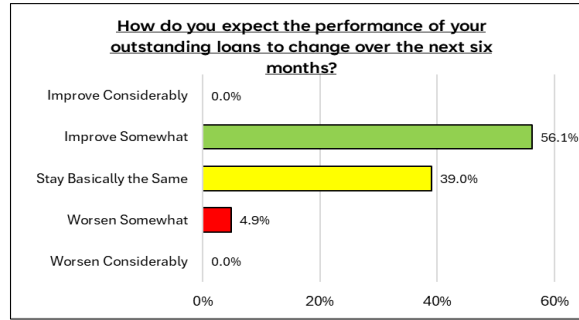
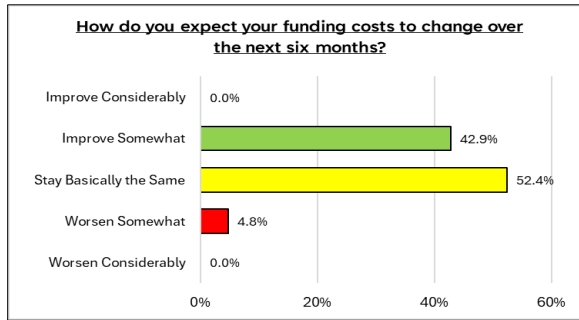
Funding Costs: NII +38.1 (last survey +54.1)

Loan Performance: NII +51.2 (last survey -2.6)

### Appendix 1: Data Tables

#### Current Conditions

##### All Lenders



	How have conditions affecting your company changed in 2024 Q4 compared to 2024 Q3?		How has customer demand for loans changed in 2024 Q4 compared to 2024 Q3?		How have your funding costs changed in 2024 Q4 compared to 2024 Q3?		How has the performance of your outstanding loans changed in 2024 Q4 compared to 2024 Q3?	
	number	percent	number	percent	number	percent	number	percent
Improved Considerably	3	7.1%	3	7.1%	1	2.4%	0	0.0%
Improved Somewhat	15	35.7%	16	38.1%	16	38.1%	13	31.0%
Stayed Basically the Same	15	35.7%	16	38.1%	19	45.2%	14	33.3%
Worsened Somewhat	8	19.0%	5	11.9%	6	14.3%	15	35.7%
Worsened Considerably	1	2.4%	2	4.8%	0	0.0%	0	0.0%
Total	42	100%	42	100%	42	100%	42	100%
Net Increasing Index (NII)		21.4		28.6		26.2		-4.8

##### Vehicle Financing

	How have conditions affecting your company changed in 2024 Q4 compared to 2024 Q3?		How has customer demand for loans changed in 2024 Q4 compared to 2024 Q3?		How have your funding costs changed in 2024 Q4 compared to 2024 Q3?		How has the performance of your outstanding loans changed in 2024 Q4 compared to 2024 Q3?	
	number	percent	number	percent	number	percent	number	percent
Improved Considerably	0	0.0%	0	0.0%	1	3.6%	0	0.0%
Improved Somewhat	9	32.1%	10	35.7%	10	35.7%	7	25.0%
Stayed Basically the Same	12	42.9%	12	42.9%	11	39.3%	10	35.7%
Worsened Somewhat	7	25.0%	4	14.3%	6	21.4%	11	39.3%
Worsened Considerably	0	0.0%	2	7.1%	0	0.0%	0	0.0%
Total	28	100%	28	100%	28	100%	28	100%
Net Increasing Index (NII)		7.1		14.3		17.9		-14.3

##### Personal Installment Loans

	How have conditions affecting your company changed in 2024 Q4 compared to 2024 Q3?		How has customer demand for loans changed in 2024 Q4 compared to 2024 Q3?		How have your funding costs changed in 2024 Q4 compared to 2024 Q3?		How has the performance of your outstanding loans changed in 2024 Q4 compared to 2024 Q3?	
	number	percent	number	percent	number	percent	number	percent
Improved Considerably	3	12.5%	3	12.5%	0	0.0%	0	0.0%
Improved Somewhat	8	33.3%	9	37.5%	11	45.8%	9	37.5%
Stayed Basically the Same	7	29.2%	6	25.0%	11	45.8%	7	29.2%
Worsened Somewhat	5	20.8%	4	16.7%	2	8.3%	8	33.3%
Worsened Considerably	1	4.2%	2	8.3%	0	0.0%	0	0.0%
Total	24	100%	24	100%	24	100%	24	100%
Net Increasing Index (NII)		20.8		25.0		37.5		4.2

## Other

	How have conditions affecting your company changed in 2024 Q4 compared to 2024 Q3?		How has customer demand for loans changed in 2024 Q4 compared to 2024 Q3?		How have your funding costs changed in 2024 Q4 compared to 2024 Q3?		How has the performance of your outstanding loans changed in 2024 Q4 compared to 2024 Q3?	
	number	percent	number	percent	number	percent	number	percent
Improved Considerably	1	10.0%	2	20.0%	0	0.0%	0	0.0%
Improved Somewhat	3	30.0%	3	30.0%	3	30.0%	4	40.0%
Stayed Basically the Same	3	30.0%	3	30.0%	5	50.0%	4	40.0%
Worsened Somewhat	3	30.0%	0	0.0%	2	20.0%	2	20.0%
Worsened Considerably	0	0.0%	2	20.0%	0	0.0%	0	0.0%
Total	10	100%	10	100%	10	100%	10	100%
Net Increasing Index (NII)		10.0		30.0		10.0		20.0

## Expected Conditions

### All Lenders

	How do you expect conditions affecting your company to change over the next six months?		How do you expect customer demand for loans to change over the next six months?		How do you expect your funding costs to change over the next six months?		How do you expect the performance of your outstanding loans to change over the next six months?	
	number	percent	number	percent	number	percent	number	percent
Improve Considerably	2	4.8%	2	4.8%	0	0.0%	0	0.0%
Improve Somewhat	24	57.1%	24	57.1%	18	42.9%	23	56.1%
Stay Basically the Same	11	26.2%	13	31.0%	22	52.4%	16	39.0%
Worsen Somewhat	4	9.5%	3	7.1%	2	4.8%	2	4.9%
Worsen Considerably	1	2.4%	0	0.0%	0	0.0%	0	0.0%
Total	42	100%	42	100%	42	100%	41	100%
Net Increasing Index (NII)		50.0		54.8		38.1		51.2

### Vehicle Financing

	How do you expect conditions affecting your company to change over the next six months?		How do you expect customer demand for loans to change over the next six months?		How do you expect your funding costs to change over the next six months?		How do you expect the performance of your outstanding loans to change over the next six months?	
	number	percent	number	percent	number	percent	number	percent
Improve Considerably	2	7.1%	1	3.6%	0	0.0%	0	0.0%
Improve Somewhat	14	50.0%	16	57.1%	13	46.4%	14	51.9%
Stay Basically the Same	10	35.7%	9	32.1%	14	50.0%	11	40.7%
Worsen Somewhat	2	7.1%	2	7.1%	1	3.6%	2	7.4%
Worsen Considerably	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	28	100%	28	100%	28	100%	27	100%
Net Increasing Index (NII)		50.0		53.6		42.9		44.4

### Personal Installment Loans

	How do you expect conditions affecting your company to change over the next six months?		How do you expect customer demand for loans to change over the next six months?		How do you expect your funding costs to change over the next six months?		How do you expect the performance of your outstanding loans to change over the next six months?	
	number	percent	number	percent	number	percent	number	percent
Improve Considerably	0	0.0%	1	4.2%	0	0.0%	0	0.0%
Improve Somewhat	17	70.8%	12	50.0%	9	37.5%	15	62.5%
Stay Basically the Same	3	12.5%	9	37.5%	14	58.3%	9	37.5%
Worsen Somewhat	3	12.5%	2	8.3%	1	4.2%	0	0.0%
Worsen Considerably	1	4.2%	0	0.0%	0	0.0%	0	0.0%
Total	24	100%	24	100%	24	100%	24	100%
Net Increasing Index (NII)		54.2		45.8		33.3		62.5

### Other

	How do you expect conditions affecting your company to change over the next six months?		How do you expect customer demand for loans to change over the next six months?		How do you expect your funding costs to change over the next six months?		How do you expect the performance of your outstanding loans to change over the next six months?	
	number	percent	number	percent	number	percent	number	percent
Improve Considerably	0	0.0%	1	10.0%	0	0.0%	0	0.0%
Improve Somewhat	7	70.0%	3	30.0%	3	30.0%	5	50.0%
Stay Basically the Same	2	20.0%	5	50.0%	6	60.0%	5	50.0%
Worsen Somewhat	1	10.0%	1	10.0%	1	10.0%	0	0.0%
Worsen Considerably	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	10	100%	10	100%	10	100%	10	100%
Net Increasing Index (NII)		60.0		30.0		20.0		50.0

## Appendix 2: Methodology

The results presented in this report are derived from a survey of senior executives of AFSA's finance company members conducted in the second half of January 2025. Forty-one (42) participants responded to at least one question. Response counts for individual questions are shown in the accompanying charts and data tables.

The survey consisted of the following questions:

1. Considering all factors, how have conditions affecting your company changed in the fourth quarter of 2024 compared to the third quarter of 2024?
2. How has customer demand for loans changed in the fourth quarter of 2024 compared to the third quarter of 2024?
3. How have your funding costs changed in the fourth quarter of 2024 compared to the third quarter of 2024?
4. How has the performance of your outstanding loans changed in the fourth quarter of 2024 compared to the third quarter of 2024?
5. Considering all factors, how do you expect conditions affecting your company to change over the next six months?
6. How do you expect customer demand for loans to change over the next six months?
7. How do you expect your funding costs to change over the next six months?
8. How do you expect the performance of your outstanding loans to change over the next six months?

For questions regarding current conditions, participants were asked if conditions relative to the previous quarter “improved considerably,” “improved somewhat,” “stayed basically the same,” “worsened somewhat,” or “worsened considerably.” For questions regarding expected conditions, participants were asked if conditions over the next six months would “improve considerably,” “improved somewhat,” “stay basically the same,” “worsen somewhat,” or “worsen considerably.”

Index Calculation. The Net Improving Index (NII) for current conditions questions is calculated as the percentage of participants reporting conditions “improved considerably” or “improved somewhat” minus the percentage reporting conditions “worsened somewhat” or “worsened considerably.”

The NII for future conditions questions is calculated as the percentage of participants reporting they expect conditions to “improve considerably” or “improve somewhat” minus the percentage reporting they expect conditions to “worsen somewhat” or “worsen considerably.”

Breakdown by Type of Credit Offered. Participants were asked to indicate the types of consumer credit provided by their company: “credit cards,” “personal installment loans,” “vehicle financing,” “sales financing,” “student loans,” “mortgages/ home equity loans,” and “other.” They were not, however, asked to provide separate responses for each type of credit offered, only a consolidated evaluation of conditions affecting their company as a whole. If a company provides both personal installment loans and vehicle financing, for example, its responses are included in the compilation of results for “all lenders,” as well as for “vehicle financing” and “personal installment loans.” Thus, the number of responses summed across credit types will not necessarily equal the total number of responses for a given question.

The number of responses indicating their company offered credit cards, sales financing, student loans, mortgages/home equity loans, and other types of credit were insufficient to report separately. These were aggregated and reported as a single “other” category.