

THE ECONOMIC IMPACT OF VEHICLE FINANCING IN THE US

A REPORT FOR AFSA

AUGUST 2025

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August 2025

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NOTE ON TERMINOLOGY

This report is based largely on Oxford economics estimates of vehicle financing data reported to Equifax and drawn from the Equifax Analytic Dataset.

Vehicle financing data is reported to Equifax by financial institutions using the following classification codes: "All Banks", "Credit Unions", "Auto Financing", "Sales Financing", "Personal Loan Companies", "Truck Dealers", "New Auto Dealers", "Used Auto Dealers", "Miscellaneous Automotive", "Motorcycles and Bicycle Sales/Service", "Savings and Loans", and "Miscellaneous Finance." Since the focus of this study is on the economic impact of vehicle financing as a whole and regardless of the financial institution providing the financing, we aggregate across these classifications.

This analysis encompasses both direct financing, in which a customer independently secures a loan from a financial institution, and indirect financing, in which a vehicle retailer acts as an intermediary between a customer and financial institution to arrange financing. Appendix 2 provides more information on indirect financing. The data include financing provided for both the purchase and lease of vehicles. For simplicity, we use the term "vehicle financing" to refer to all loans, sales contracts, funds, etc., provided by financial institutions to consumers to facilitate the acquisition of a vehicle. Similarly, the term "vehicle finance provider" is used to refer to all financial institutions providing such services.

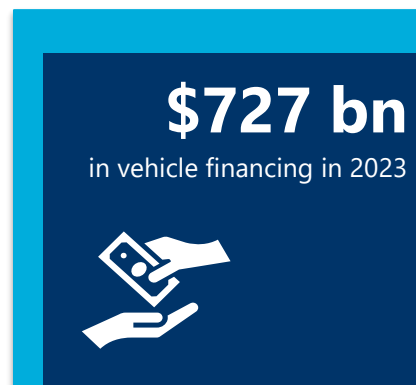
Although vehicle financing can be used in the purchase or lease of new and used vehicles for personal and commercial uses, the estimates here derive from financing provided solely to consumers and not to commercial entities.

EXECUTIVE SUMMARY

VEHICLE FINANCING: FUELING MOBILITY FOR AMERICAN FAMILIES

Vehicle financing is an important component of the American economy. According to estimates from Equifax, financial institutions provided 30.2 million originations with a total value of \$727 billion to US households in 2023 (an increase of 9.3% from 2019 levels). This includes both direct and indirect vehicle financing. (See the Appendix 2 for more information on indirect vehicle financing.)

This financing plays an important role for U.S. households, especially as the market continues to recover from the supply chain disruptions caused by COVID-19. In 2023, approximately 79% of new vehicles and 42% of used vehicles were purchased with financing.

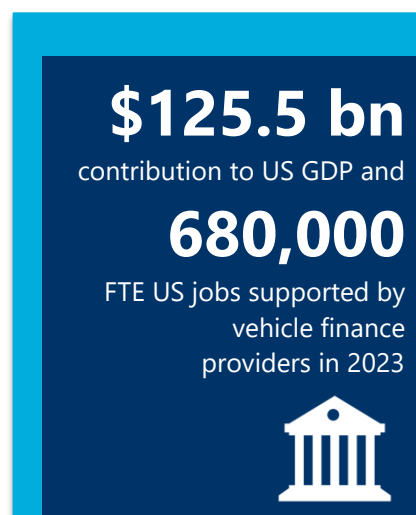


THE ECONOMIC IMPACT OF VEHICLE FINANCING IN THE US

Using data provided by Equifax, Oxford Economics has estimated the economic impact of vehicle financing originated in 2023, identifying two primary sources of economic influence: i) the economic impact of the activities of the providers of vehicle financing, and ii) the economic impact of the automotive sector due to sales and leasing of financed vehicles.

The economic impact of vehicle financing providers

The activity of vehicle financing providers contributed an estimated \$125.5 billion to the US GDP in 2023, translating to an economic impact of \$17 for every \$100 of originations. This activity is estimated to support around \$24.6 billion in tax revenue for the US government, comprising \$16.3 billion in federal taxes and \$8.3 billion in state and local taxes. Additionally, we estimate the sector supports approximately 680,000 full-time equivalent (FTE) jobs throughout the country.



A subnational assessment reveals that 44% of the GDP contribution from vehicle financing providers is concentrated in five states: Texas, California, Florida, Georgia, and New York. Furthermore, 21 states are estimated to support more than 10,000 FTE jobs due to the activities of vehicle financing providers.

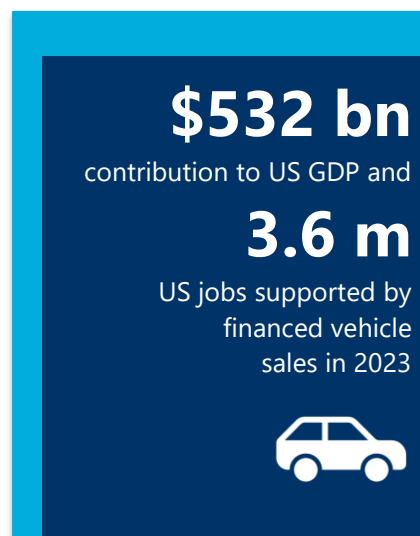
The economic impact in the automotive sector

Financed vehicle sales and leases generated an estimated \$532 billion contribution to US GDP in 2023. Approximately \$247 billion, or 46%, of this contribution was created directly by automotive sector companies, while supplier spending on goods and services supported an additional \$132 billion along the supply chain, and employee wage spending contributed \$153 billion.

Sales and leasing of financed vehicles supported about 3.6 million jobs in the US in 2023. This activity supported 1.4 million jobs directly in the automotive sector, while an additional 1.0 million jobs were supported along the supply chain, and 1.2 million jobs were supported through induced effects.

Among the various industries that comprise the automotive sector, vehicle retailers (i.e.: dealerships) led in economic activity, contributing \$161 billion from new vehicle sales and \$266 billion from used vehicle sales, making up 80% of the total impact. Vehicle manufacturers contributed \$101 billion, or 19% of the total, while transportation companies added \$4 billion, representing 1% of the total.

In summary, vehicle financing plays a critical role in the national economy, significantly affecting state economies, key industries, and job creation, while simultaneously generating considerable tax revenue for the government.



1. INTRODUCTION

Founded in 1916, the American Financial Services Association (AFSA) is the national trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA provides the consumer credit industry and the customers it serves with representation in Washington, DC and across the country. AFSA members provide consumers with many kinds of credit, including traditional installment loans, direct and indirect vehicle financing, mortgages, payment cards, and retail-sales financing. AFSA members do not offer payday or vehicle title loans.¹

AFSA commissioned Oxford Economics to estimate the economic contribution of vehicle financing to the US economy. Many AFSA members provide vehicle financing, though this report focuses on the impacts of financing provided by both AFSA and non-AFSA members in the United States,² which are reported to traditional credit bureaus.

1.1 THE ECONOMIC IMPACT OF VEHICLE FINANCING

Oxford Economics has assessed the economic impact of vehicle financing, using data on the total number and dollar value of personal vehicle finance originations in 2023 that we estimated from data drawn from the Equifax Analytic Database. Our core evaluation covers two types of impacts: i) the economic footprint of vehicle finance providers' activities themselves, and ii) the economic impact of the automotive sector due to the sale and lease of financed vehicles. Both impacts consider the "ripple effects" on jobs, income, GDP, and taxes of this activity across the United States. The methodology is described in detail in Sections 3 and Section 4.

We note, however, that while expansive, such an analysis does not capture the full value that vehicle financing provides. While we do not attempt to quantify these additional benefits, it is worth outlining them here.

The benefits of vehicle financing to the wider economy. Vehicle financing plays a crucial role in facilitating the purchase of a durable "big-ticket" item, namely a motor vehicle. Providing immediate access to funds accelerates economic benefits, including customer access to education and employment opportunities, that otherwise might have been postponed to subsequent years. By enabling US households' access to vehicles, financing can promote societal mobility, productivity, and economic efficiency.

The benefits to borrowers. Financing enables consumers to manage the often-large expense of obtaining a vehicle without delay. This allows individuals across income levels and credit risk tiers to acquire vehicles when needed, including in times of economic uncertainty. That is, financing facilitates "consumption smoothing", allowing consumers to manage their spending and savings, and weather fluctuations in cash-flow. In addition, as vehicle financing is usually reported to credit bureaus, it helps consumers build credit.

¹ AFSA, "[About AFSA](#)"

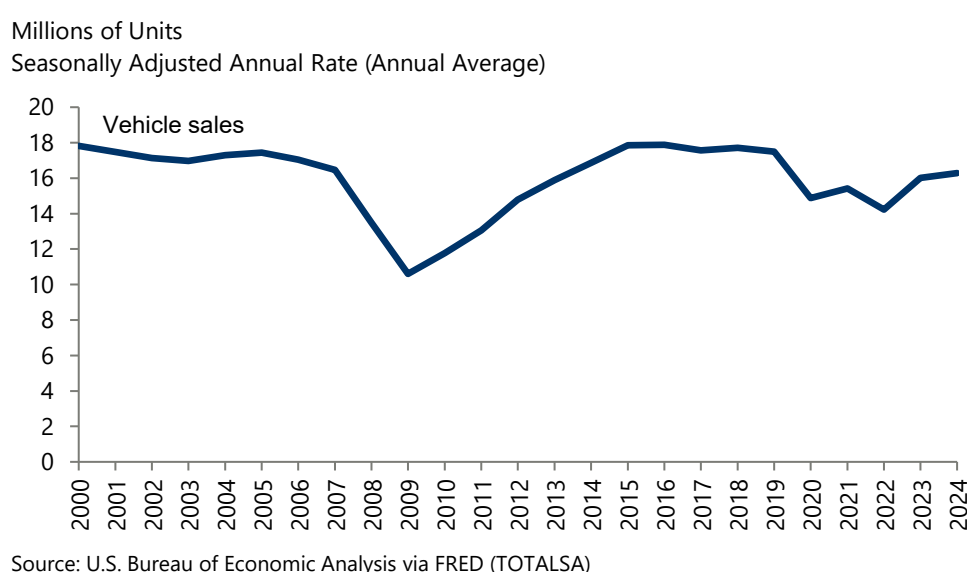
² The results presented in this report only cover the 50 states and the District of Columbia.

Moreover, vehicle ownership enhances the quality of life of consumers. Reliable transportation allows easier access to work and school and facilitates other socially and economically beneficial activities.

1.2 VEHICLE SALES IN THE US ECONOMY

Vehicle sales are a key indicator of US economic health, closely tied to consumer spending and industrial output. From 2000 to 2023, sales have reflected major economic shifts—from the early 2000s boom, through the sharp decline during the 2008–2009 global financial crisis, to a gradual post-crisis recovery, and then recent disruptions tied to the COVID-19 pandemic and supply chain challenges. In recent years, vehicle sales have begun to recover (see Fig. 1), and consumer access to financing continues to play a critical role in supporting this rebound.

Fig. 1. Total new vehicle sales in the US, 2000–2024



According to data from Experian, around 79% of new vehicles and 42% of used vehicle sales were financed in 2023, underlining the vital role of vehicle financing in car purchases of US households.³ Vehicle financing is also an essential part of the overall consumer lending market. Vehicle finance contracts accounted for around 9% of the total consumer debt balance in 2023, more than the value of student loans, and were only exceeded by mortgages.⁴

The rest of the report proceeds as follows:

- Chapter 2 presents descriptive statistics about vehicle financing in the United States.
- Chapter 3 sets out estimates of the economic impact of vehicle financing.
- The appendices provide details on the methodology and an explanation of indirect vehicle financing.

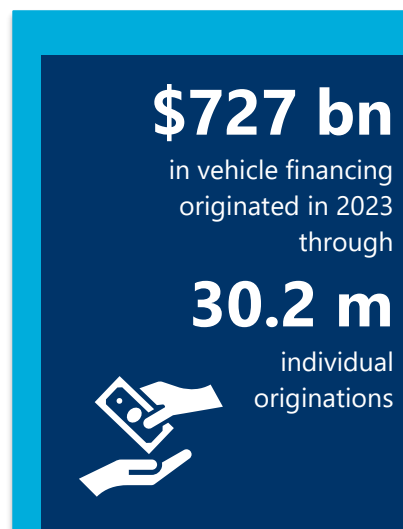
³ Experian, “State of the Automotive Finance Market”, 2025

⁴ NYFed, “[Total Debt Balance and its Composition](#)”, 2025

2. VEHICLE FINANCING: FUELING MOBILITY FOR AMERICAN FAMILIES

Vehicle financing is a key consumer credit product for millions of Americans. Drawing on estimates from data obtained from the Equifax Analytic Dataset, the following high-level facts help to illustrate its important role.

1. In 2023, total vehicle financing in the United States was \$727 billion, facilitated through 30.2 million individual originations issued by finance providers. This represents a 9.3% increase compared to the values recorded in 2019.
2. Most of this financing was for the acquisition of new or used vehicles (93% of the total value), while the remaining 7% was for vehicle leases.
3. This financing supported consumers across the credit risk spectrum. In 2023, 66% of total value and 62% of individual originations were to customers with prime credit scores, while 34% of value and 38% of individual originations went to customers with nonprime credit scores. This included 11% of total value and 15% of originations specifically to customers with subprime credit scores.⁵
4. We estimate that the financing originated in 2023 financed 44% of the dollar value of US vehicle sales that year.



Vehicle sales is one of the largest components of all retail sales in the United States, at 22%.⁶ They are thus a critical component of durable goods consumption and are underpinned by reliable access to credit. Vehicle financing can help consumers smooth their spending over the economic cycle. However, any lending also comes with risks, such as unsustainable debt burdens and higher rates of delinquency.

2.1 VEHICLE FINANCING IN THE US ECONOMY

US households obtained \$727 billion in vehicle financing across the country in 2023 (an increase of 9.3% from 2019 levels).

Given the high dollar value of vehicle financing and the corresponding need to manage credit risk by financial institutions, most financing was to consumers with prime credit scores, who accounted for

⁵ We classify subprime customers as those with credit scores of 610 or below, near prime as those with scores between 611 and 680, and prime as those with scores of 681 or higher.

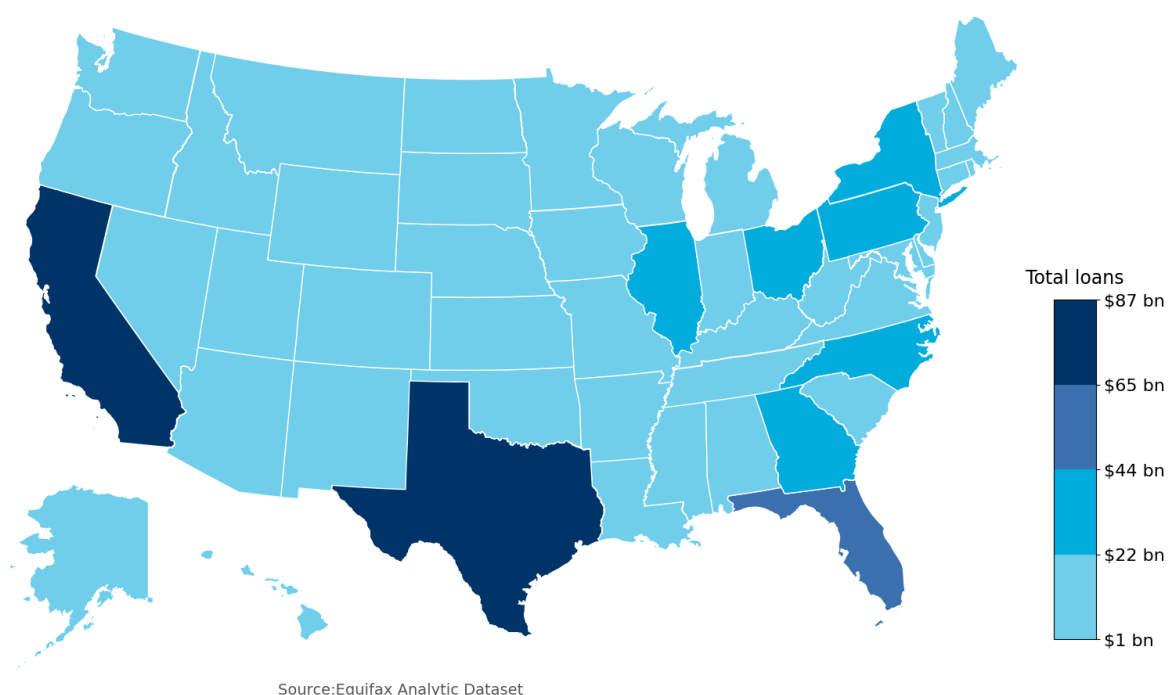
⁶ US Census Bureau, "[U.S. Retail Sales Reach \\$7,040 Billion](#)," January 29, 2024

62% of total number of originations. In contrast, consumers with subprime credit scores accounted for 15%.

2.2 LENDING ACROSS THE COUNTRY

In 2023, 40% of the value of vehicle financing was issued in the states of Texas, California, Florida, New York, and Georgia (see Fig. 2). On a per capita basis, the states with the highest amount of vehicle loans were Texas, Florida, and New Hampshire.

Fig. 2. Vehicle financing amounts originated by state, 2023



3. THE ECONOMIC IMPACT OF VEHICLE FINANCING

METHODOLOGICAL INTRODUCTION: ECONOMIC IMPACT ANALYSIS

Our input-output model was constructed using the IMPLAN software. Input-output models capture the flow of value throughout the economy, following the inter-industry linkages of supply chains. Results reflect contributions associated with the vehicle loans made in 2023 and are presented in 2023 dollars.

In calculating our results, we include the following three “channels” of economic activity: direct operational spending, the supply chain expenditure supporting those operations, and wider impacts as the employees from the first two channels (those directly employed and those employed by suppliers) spend their wages in the broader US economy.

These three channels are summarized graphically in Fig. 3 below. These impacts are quantified according to the following three metrics:

- **GDP:** measures the economic value-added of each entity in the supply chain and thus reflects the sum of economic activity occurring as a result of the activity being modelled.
- **Employment:** This represents the headcount or FTE employment associated with the economic activity being quantified. The headcount measure indicates how many local residents were actually employed, regardless of the number of hours they worked, while the FTE count translates those residents into a 40-hour week equivalency metric.
- **Taxes:** This includes taxes from the economic activity at the local, state, and federal levels.

Additional details of the data, assumptions, and estimates that underpin the economic impact model can be found in Appendix 1.

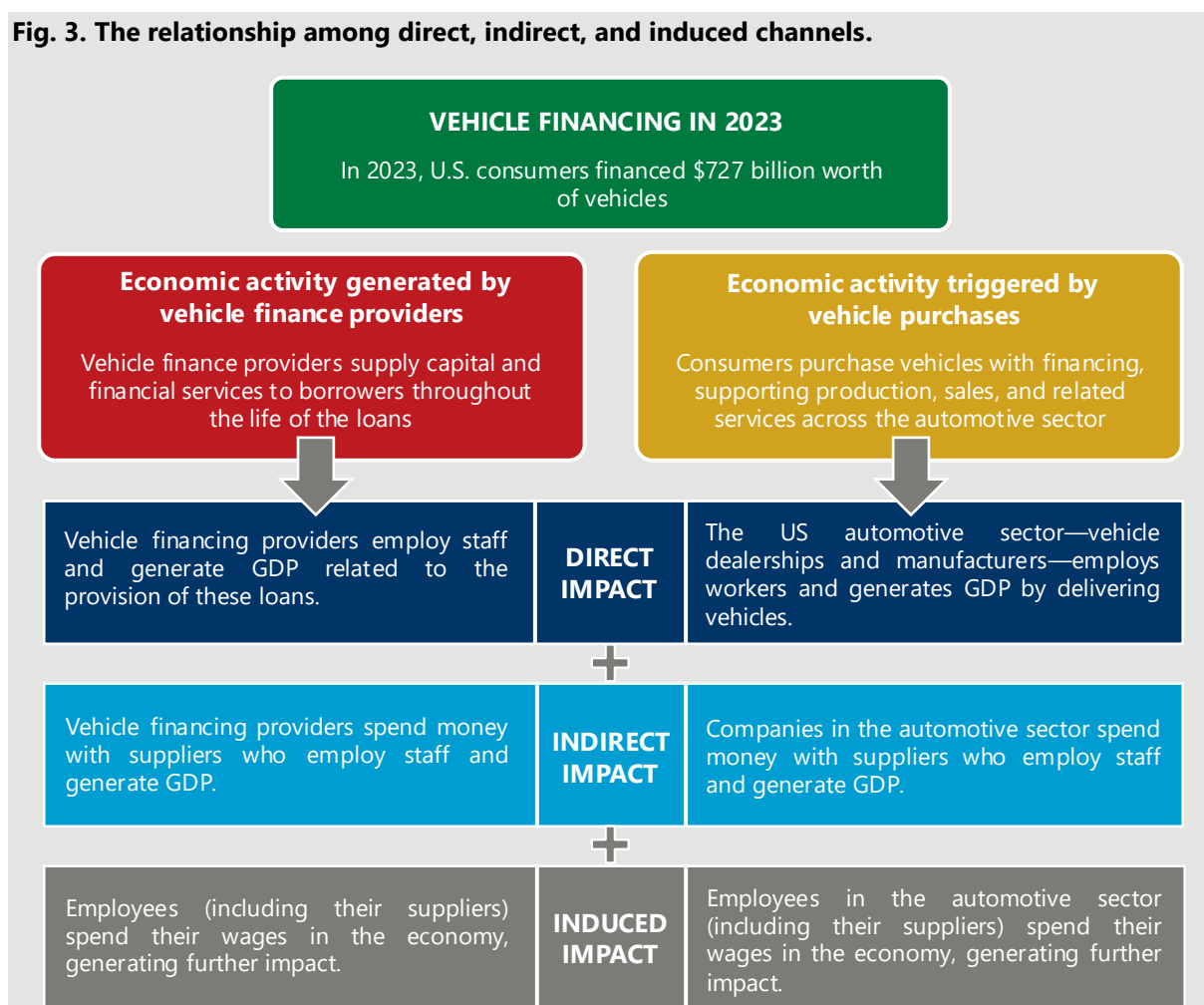
3.1 MODELING THE ECONOMIC IMPACT OF VEHICLE FINANCING

To capture the economic footprint associated with vehicle financing in 2023, we distinguished two channels of economic activity: i) the economic impact of the financing activities themselves, and ii) the economic impact of the automotive sector driven by financed vehicle purchases or leases.

The former can be thought of as the financing economic activity, as it captures all the economic activity associated with the operations of the financial institutions providing financing, including their employees, the impact of their procurement activity, and impacts from the spending of their employees and the employees of suppliers in their supply chains. The latter, in contrast, captures the economic impact of the expenditures facilitated by this financing; that is, the footprint associated with the consumer spending on financed new and used vehicles.

We estimated our main modeling inputs, from the total quantity and dollar value of vehicle financing originated by different vehicle finance providers in the United States in 2023, as estimated from data drawn from the Equifax Analytic Dataset.

Fig. 3. The relationship among direct, indirect, and induced channels.



3.2 THE ECONOMIC IMPACT OF VEHICLE FINANCING PROVIDERS

Vehicle finance originations totaled around \$727 billion in 2023. The activities involved in providing this financing—including financial institution operations to provide funding and their associated expenditures with suppliers, and wage-induced effects—are projected to significantly contribute to the US economy in the years that follow.

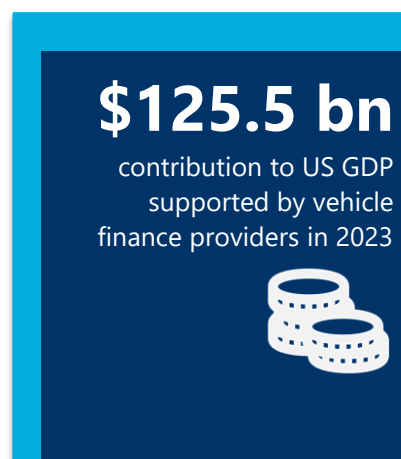
DEFINITIONS

- **Vehicle financing providers:** including banks, credit unions, manufacturer captives, finance companies, vehicle dealerships providing in-house financing that furnish data to Equifax, and others.
- **Coverage:** the economic impact covers the modelled future flows of potential interest revenue, from 2023 to 2029, and the associated activity provided by the vehicle financing providers from loans originated in 2023. This includes the activity related to the financial services provided for these loans, for example, wages and benefits paid to their employees attending these loans, expenditure associated with the provision of the loans, and earnings associated with their lending.

THE ACTIVITY OF VEHICLE FINANCING PROVIDERS CONTRIBUTED AN ESTIMATED \$125.5 BILLION TO US GDP IN 2023

We estimate that the activity of vehicle finance providers, driven by the provision of vehicle financing in 2023 in the United States, contributed \$125.5 billion to the country's GDP. This translates to \$17 for every \$100 of vehicle loans originated.

Vehicle financing providers are estimated to generate approximately \$59.8 billion, or 48%, themselves (direct impact). Their spending on goods and services is expected to support another \$29.8 billion along their supply chains (indirect impact), representing 24% of the total. The induced effects of spending of wages of employees of the companies and those supported in the supply chain provided an additional \$35.9 billion contribution to GDP (induced impact), or 29% (see Fig. 4).



THE PROVISION OF VEHICLE FINANCING SUPPORTED AN ESTIMATED 680,000 FTE JOBS IN THE US IN 2023

We present employment impacts in full-time equivalent (FTE) jobs to reflect the multi-year nature of these effects. One FTE job represents the equivalent of one person working a standard 40-hour week for a year.

The operations of financial institutions related to vehicle financing results in significant employment impacts. We estimate that vehicle financing in 2023 supported approximately 680,000 FTE jobs across the United States. We find that vehicle finance providers directly supported 210,000 FTE US jobs, representing 31% of the total FTE jobs. We estimate their spending on goods and services supported another 200,000 FTE jobs along the supply chain, which equates to 30% of the total employment impact, while wage-induced spending supported an additional 260,000 FTE jobs through induced effects, representing 39% of the total (see Fig. 4).

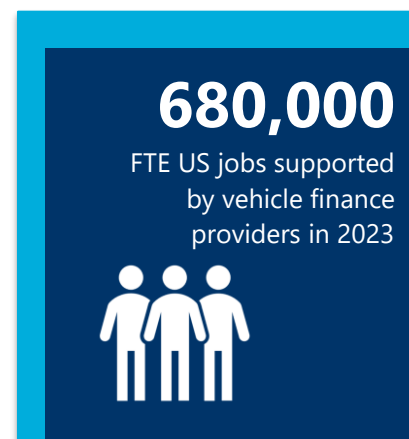
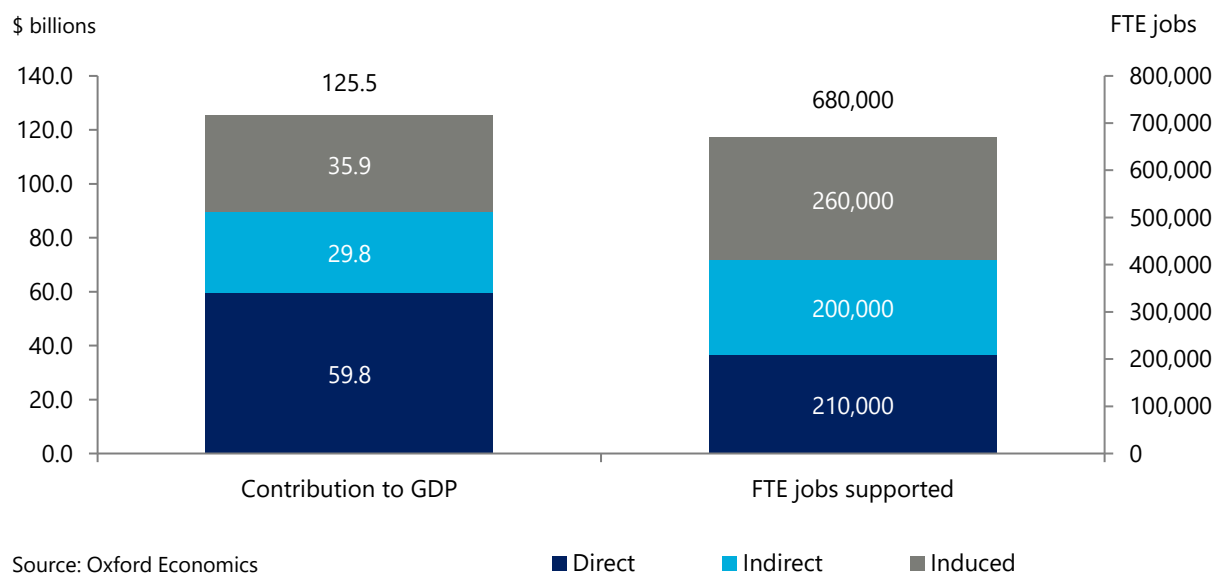


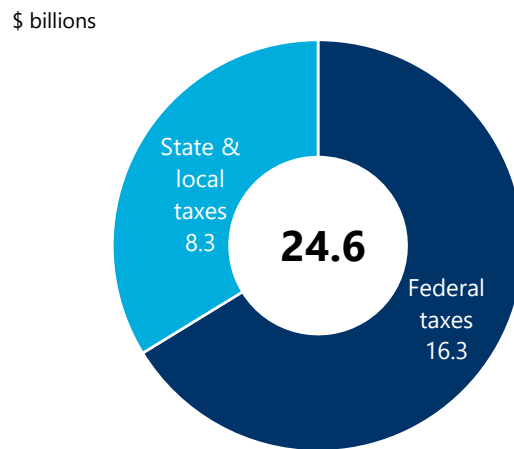
Fig. 4. The economic contribution supported by vehicle finance providers in 2023



VEHICLE FINANCE PROVIDERS' ACTIVITIES SUPPORTED AROUND \$24.6 BILLION IN TAX REVENUE IN 2023

We estimate that the economic activity associated with the provision of vehicle financing in 2023 supported a total of \$24.6 billion in tax revenue to the federal, state and local governments in the US. This total can be divided into a federal tax contribution of \$16.3 billion, or 66% of the total, and a state and local tax contribution of \$8.3 billion, or 34% of the total (see Fig. 5).

Fig. 5. Total tax revenue supported by vehicle finance providers in 2023

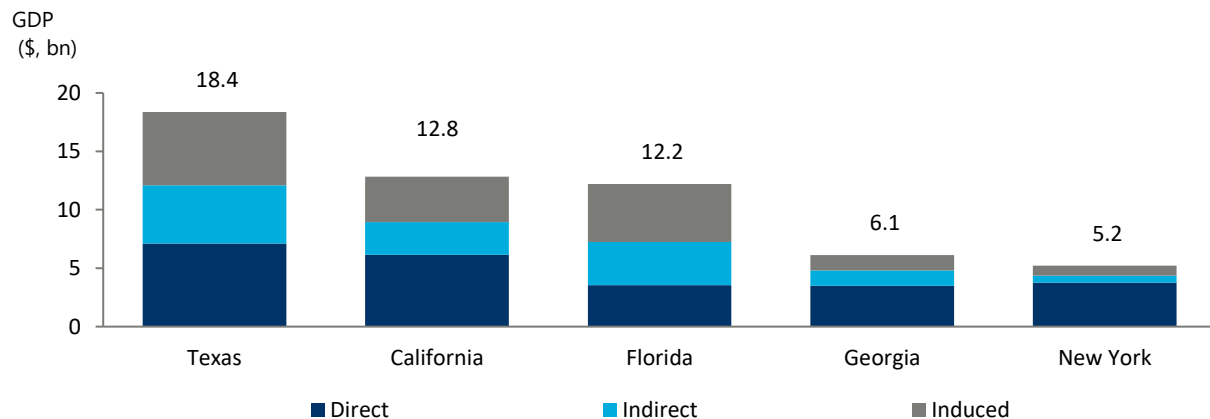


Source: Oxford Economics

VEHICLE FINANCE PROVIDERS CONTRIBUTED SIGNIFICANTLY TO EACH STATE'S ECONOMY IN 2023

We conducted subnational economic impact assessments across all 50 states and the District of Columbia. We estimate that 44% of the GDP contribution of vehicle finance providers is concentrated in Texas, California, Florida, Georgia, and New York (see Fig. 6).

Fig. 6. GDP contribution supported by vehicle finance providers by state for the top five states, 2023



Source: Oxford Economics

Vehicle finance providers' activity also supports a significant number of jobs in many states. The total number of FTE jobs exceeded 10,000 in 21 states.

3.3 THE ECONOMIC IMPACT OF VEHICLE FINANCING IN THE AUTOMOTIVE SECTOR

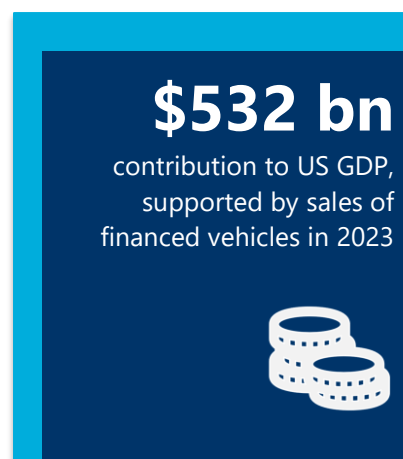
Vehicle sales and leasing are an important driver of economic activity in the US. They directly contribute to a very sophisticated supply chain, including vehicle manufacturers, retailers, and other entities across the United States. Vehicle financing is an important component of that activity given that 79% of new and 42% of used vehicles are financed in the US.⁷ To understand the economic contribution of vehicle financing, we have modeled the economic contribution of financed vehicle sales in 2023.

DEFINITIONS

- **Households** obtain loans to buy and lease new and used vehicles, driving economic activity across the retail, transport, and automobile manufacturing industries and their supply chains.
- **The automotive sector** is composed of vehicle manufacturers, dealers, wholesalers, parts and repair firms, and transportation companies. While new vehicles have a wide impact across the entirety of the automotive sector, resale of used cars impacts only the margin received by retailers.
- **Coverage** of the economic impact only includes the portion of sales backed by loans originated in 2023, excluding downpayments and other sources of funding.

SALES OF FINANCED VEHICLES GENERATED AN ESTIMATED \$532 BILLION CONTRIBUTION TO US GDP IN 2023

We estimate that sales of financed vehicles contributed \$532 billion to the GDP of the United States in 2023. Approximately \$247 billion, or 46%, of this was generated by companies in the automotive sector themselves (direct impact). Spending on goods and services from suppliers supported another \$132 billion along the supply chain (indirect impact), which represents 25% of the total. The spending of wages of employees of the companies and those supported in the supply chain comprised a \$153 billion contribution to GDP (induced impact), or 29% (see Fig. 7).



⁷ Experian, "[State of the Automotive Finance Market](#)", 2025

SALES OF FINANCED VEHICLE SUPPORTED 3,600,000 JOBS IN THE US IN 2023

Sales facilitated by vehicle financing also have a significant impact on employment. We estimate that these sales supported 3.6 million jobs across the United States in 2023. We also find that this activity directly supported 1.4 million US workers, or 39% of the total, in the automotive sector. Spending on supplier goods and services supported another 1.0 million jobs along the supply chain, or 27% of the total, while 1.2 jobs were supported through the induced channel, or 34% of the total (see Fig. 7).

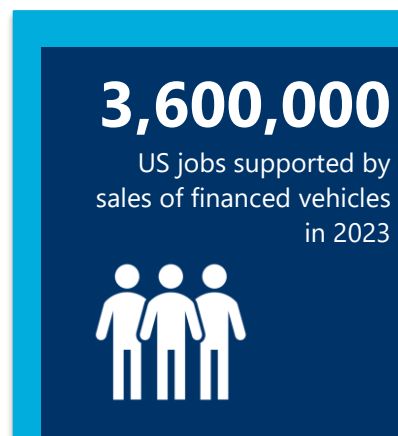
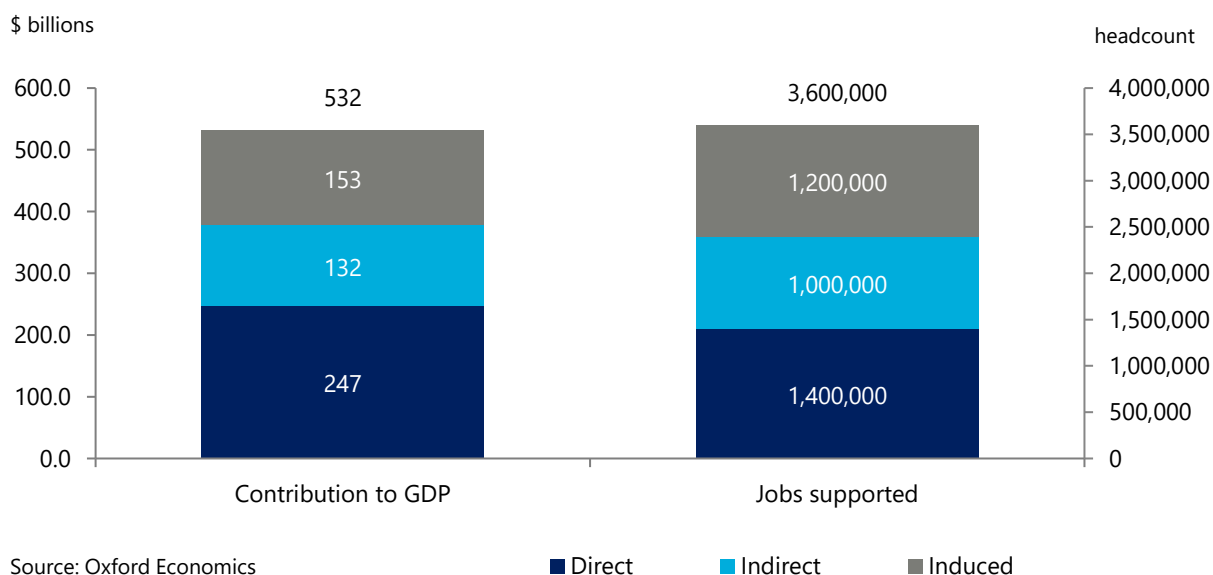
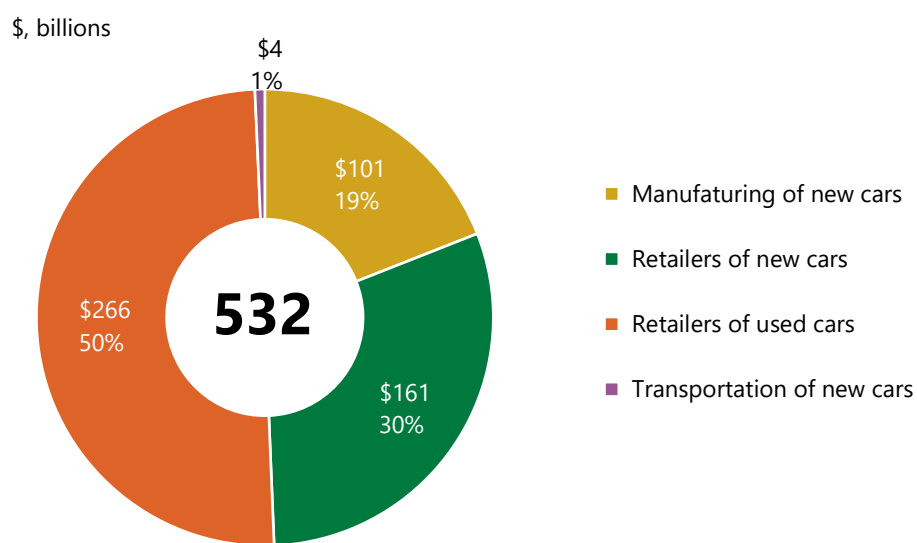


Fig. 7. The economic contribution of sales of financed vehicles, 2023



When breaking down the total contribution to US GDP by the various industries that comprise the automotive sector, vehicle retailers generated the most significant economic contributions. They contributed \$161 billion through the sale of new cars and \$266 billion through the sale of used cars, together accounting for 80% of the total impact. Vehicle manufacturers followed, generating \$101 billion, or 19% of the total. Lastly, transportation companies reported contributions of \$4 billion through transportation of vehicles (e.g., from manufacturers' facilities or ports-of-entry to retailers), representing 1% of the total (See Fig. 8).

Fig. 8. Total contribution to GDP supported by sales of financed vehicles, 2023



Source: Oxford Economics

4. APPENDIX 1: METHODOLOGY

4.1 DERIVING MODELING INPUTS

To capture the economic footprint associated with vehicle financing in 2023, we identified two primary sources of economic impact: i) the economic impact of vehicle finance providers' activities, and ii) the economic impact on the automotive sector associated with financed vehicle sales. For both approaches, we estimated the total value of vehicle financing originated in the 50 states and District of Columbia in 2023 from data drawn from the Equifax Analytic Dataset. We excluded data from U.S. territories and unclassified locations amounting to \$6.7 billion in loan originations.

I. Vehicle finance providers' inputs

Measuring economic activity in the financial sector

Services provided by banks and other financial institutions include both those for which an explicit commission or fee is charged as well as those for which fees are implicit, such as the implicit charge in the spread between interest rates receivable on financial assets and interest rates payable on financial liabilities. These implicit charges are referred to as financial intermediation services indirectly measured (FISIM). The FISIM associated with loans is measured using the difference between what financial intermediaries charge customers and a reference rate.⁸

Following the BEA, the reference rate is based on an average of the 5-year U.S. Treasury rate and a composite Treasury rate computed from call reports.^{9, 10}

Deriving the economic activity from auto financing originated in 2023

To derive an estimate of the direct economic activity of financial institutions' provision of vehicle financing in 2023 we simulate the interest revenue from 2023-2029, following the FISIM approach. Our model included a conservative assumption on the probability of delinquencies and associated recovery rates. Below is a table with the source of the variables used for our model.

Variable	Description	Source
Loan amounts	Dollar value of originations in 2023	Estimates derived by Oxford Economics from Equifax Analytic Dataset
Number of loans	Number of originations in 2023	
Credit score category	Credit score category of the borrower	
Average APR	APR range category of the loan. Conservative assumptions were taken to derive a numeric value from the ranges provided.	Estimates derived from Equifax Analytic Dataset and adjusted by Oxford Economics

⁸ The estimation of FISIM is defined in detail in the IMF's (2013) Sixth Edition of the *Balance of Payments and International Investment Position Manual* and in the 2008 *System of National Accounts (SNA)*. In the specific case of the US, it is defined in the BEA's (2024) *Concepts and Methods of the U.S. National Income and Product Accounts (NIPA)*.

⁹ Bureau of Economic Analysis, "U.S. International Economic Accounts: Concepts and Methods", June 2024.

¹⁰ Hood, K., "Measuring the Services of Commercial Banks in the National Income and Products Accounts", 2013.

Average duration of loan	Duration of the loan in months. Conservative assumptions were taken to derive a numeric value from the ranges provided.	
Delinquency probabilities	Probability of delinquency of loan by credit score (2023 Q1 data).	Current State of the Auto Lending Market (Federal Reserve Bank of Philadelphia)
Recovery rate	Average recovery rates of delinquent loans by credit score	U.S. Auto Loan ABS Tracker: Full-Year and December 2023 Performance (S&P Global, 2024)
Reference rate	5-year U.S. Treasury rate. 2025-2029 rates were forecasted.	FRED

Public financial reports from companies that provide vehicle financing were also used to benchmark industry procurement inputs with our analysis.

II. Automotive sector inputs

The direct inputs of economic activity associated with the sale or lease of financed vehicles include the dollar value of finance contracts that were used to buy or lease new cars, plus the associated retail margin on used vehicles.

To estimate the share of new versus used vehicles financed in 2023, we relied on the average split reported by Experian.¹¹

For new vehicles, we applied BEA-derived ratios to allocate the estimated expenditure across vehicle manufacturers, retailers, and transportation services. We then adjusted the manufacturing share to reflect only U.S.-produced vehicles, using the local purchase coefficient (LPC) for automobiles from IMPLAN. As a result, vehicles manufactured outside the U.S. are treated as leakage and excluded from the impact model.

For used vehicles, only the retail margin contributes to economic activity, as resale value does not represent new production. Therefore, only the retail margin was included in our analysis.

4.2 INPUT-OUTPUT MODELING

Impacts were calculated using the IMPLAN economic impact software. IMPLAN combines government economic data from a variety of sources. The precise makeup of the industries' operational spending by commodity type was sourced directly from IMPLAN. Individual state-level IO models were developed and then combined to arrive at a national estimate. This included scaling state estimates to account for cross-state-border leakages.

We have estimated the economic footprint in terms of gross domestic product (GDP)—the standard measure of a country's economic output—people employed, and tax revenues.

4.3 SCOPE AND LIMITATIONS

The economic impact results presented in this report represent the economic activity generated by the provision of vehicle financing exclusively from financial institutions that report to credit bureaus.

¹¹ Experian, "[State of the Automotive Finance Market](#)", 2025

They do not include activity due to the provision of commercial or business loans and other vehicle financing not reported to the credit bureaus.

We note also that our estimates were derived from our current understanding of the state of the economy. For the vehicle financing activities calculations, given that we are projecting future economic impacts, these values are subject to change in concordance associated with business cycle fluctuations.

5. APPENDIX 2: INDIRECT VEHICLE FINANCING

Financial institutions purchase completed retail instalment sale contracts entered into between retail customers and motor vehicle dealers for the sale and financing of vehicles. When a customer purchases a vehicle from a dealer, the customer and the dealer agree on the purchase price of the vehicle and the purchase of any insurance, service contracts and other products offered by the dealer. If the customer elects to finance the vehicle with the dealer, the dealer is the original creditor and negotiates the terms of the retail contract with the customer.

Each customer that elects to finance the purchase of a vehicle with the dealer completes a credit application. If the dealer is requesting that a financial institution purchase the retail contract, the dealer submits the information from the credit application electronically to the financial institutions it would like to consider purchasing the retail contract. When a dealer completes a retail contract with a customer, the dealer often does not know which financial institution will purchase it, so the dealer offers it to multiple finance sources which may range from a few to upwards of ten or more. Only one of the financial institutions will ultimately purchase the retail contract, but all of them to whom it is sent by the dealer will have evaluated it for purchase.

The information from the credit application is typically sent to financial institutions through online systems, together with information about the terms of the retail contract. It is important to note that it is not the credit application itself completed by the customer that is submitted, but information from the credit application that the dealer provides to the financial institutions. This information may be submitted by the dealer while completing the retail contract with the customer or it may be submitted after the retail contract has already been completed and the customer has the vehicle.

After the information is obtained, the financial institutions evaluate it to determine whether to purchase the retail contract from the dealer. The decision process is based on an evaluation of the customer, the credit application information, the proposed terms of the retail contract, the credit bureau information, and other information. The evaluation emphasizes the customer's ability to pay and creditworthiness, focusing on payment, affordability, credit history and stability as key considerations. The creditworthiness of any co-buyer or guarantor is evaluated in a similar manner to the customer and is also considered when determining whether to approve the purchase of the retail contract.

If the purchase of the retail contract is approved by the financial institution, the dealers must submit the completed retail contract, signed by both the customer as the buyer and the dealer as the seller/creditor. After the dealer submits a completed retail contract, the financial institution confirms that the terms of the retail contract are consistent with what was approved and checks for errors apparent in the disclosures made by the dealer.

All contracts purchased are entered into the financial institution's originations and receivables systems and assigned a unique account number for their duration.

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