



AFSA Consumer Credit Conditions (C3) Index Third Quarter 2025

This report presents the results of the latest quarterly survey of AFSA Member Companies. These finance 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 the direction of key business indicators, including how they see the consumer-lending environment evolving in the coming months. The survey was conducted in October 2025.

Consumer Lenders are Largely Upbeat on the Outlook Following a Challenging Third Quarter

AFSA Member Companies' assessment of the current business environment turned slightly negative on balance in the third quarter of 2025 according to the results of AFSA's latest Consumer Credit Conditions Index Survey (C3 Survey). The Net Increasing Index (NII) for current overall business conditions was -5.9, with more respondents reporting conditions worsened than reported conditions improved. This followed four consecutive quarters in which respondents on balance reported conditions were positive.

In contrast, the view on the outlook over the next six months improved significantly in the third quarter. The NII was +20.6, up from 0.0 in the second quarter, and its strongest reading since the fourth quarter of last year.

Against a complex economic backdrop which saw deterioration in labor market conditions together with an elevated, but stabilizing, pace of inflation, consumer lenders reported weakening loan demand in the third quarter

compared to the second quarter. On the other hand, the resumption in September of short-term interest rate reduction by the Federal Reserve, along with the continuation of a downward trend in long-term rates, contributed to an improvement in lenders' funding costs. Looking ahead, signs of easing financial conditions, including further interest rate cuts are fueling positive expectations for both overall and subprime loan demand and continued improvement in funding costs.

AFSA Consumer Credit Conditions Index Net Increasing Indexes*							
	survey date						
	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025
Current Conditions							
Overall	-19.3	-8.3	+4.9	+21.4	+15.6	+12.8	-5.9
Loan Demand	-14.5	+6.4	-4.9	+28.6	+8.9	+10.5	-11.8
Subprime					+5.4	+9.4	-22.2
Cost of Funds	-12.7	-10.4	+38.5	+26.2	+18.6	+26.3	+42.2
Loan Performance	-3.5	-10.4	-12.2	-4.8	+9.1	+17.9	-8.8
Subprime					+8.1	+8.8	-14.3
Six-Month Outlook							
Overall	+8.9	-4.2	+18.9	+50.0	+14.3	0.0	+20.6
Loan Demand	+30.4	+14.9	+23.7	+54.8	+35.7	+10.5	+26.5
Subprime					+31.4	+21.2	+14.8
Cost of Funds	+21.8	+39.6	+54.1	+38.1	+21.4	+27.0	+57.6
Loan Performance	-5.3	-14.6	-2.6	+51.2	0.0	-2.6	-8.8
Subprime					-5.7	-14.7	-44.4

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

At the same time, signs of consumer stress are evident in the results, as lenders reported that loan performance worsened on balance in the third quarter for the first time since the end of 2024. Loan performance is also a key concern moving forward with survey respondents expecting further deterioration in the coming six months. The divergence between overall and subprime loan performance expectations highlights the particularly challenging situation of lower-income and higher-credit risk groups in the current and near-future economic environment and are broadly consistent with other measures of credit delinquency.

Survey Highlights

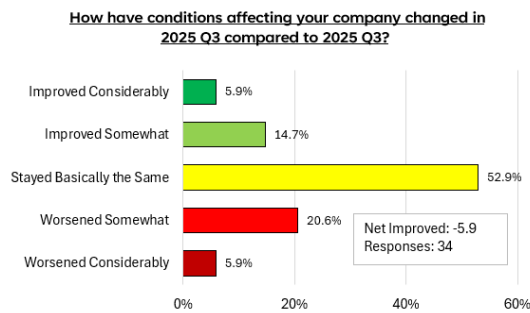
- The survey results indicate that the business environment for consumer credit providers showed a modest degree of deterioration on net in the third quarter of 2025 compared to the second quarter. Nearly 21 percent of respondents reported that conditions improved, including 5.9 percent who indicated conditions improved considerably. This compares, though, to 26.5 percent claiming that conditions weakened, including 5.9 percent who claimed they worsened significantly. More than half (52.9 percent) of respondents reported conditions were basically unchanged.
- The “Net Improving Index (NII),” the percentage of respondents reporting conditions improved minus the percentage reporting they worsened, measured -5.9. This was slightly lower than the readings in each of the four previous quarters, all of which were well above zero. The NII was +12.8 in the second quarter of 2025.
- Loan demand decreased on balance in the third quarter, with 35.3 percent of participants claiming it worsened compared to 23.5 percent saying it improved. The NII measured -11.8, down from positive reading in each of the last three quarters. With respect to subprime loan demand, 40.7 percent reported a decrease compared to 18.5 percent reporting an increase. The NII was -22.2, well below the NII of +9.4 in the second quarter.
- The NII for funding costs, though, was solidly in positive territory for the fifth consecutive quarter. At +42.2, it increased from +26.3 in the previous survey.
- The NII for outstanding loan performance was -8.8, flipping into negative territory from +17.9 and +9.1 in each of the two previous surveys. When asked about subprime loan performance, 32.1 percent of respondents stated it worsened while 17.9 said it improved. The NII was -14.3, lower than the +8.8 and +8.1 reported, respectively in the second and first quarters.
- Looking ahead, more than 41 percent of respondents expect overall business conditions to improve over the next six months compared to 20.6 percent who expect them to deteriorate. Just over 38 percent of respondents expect conditions to remain basically the same. The NII was +20.6, up from 0.0 in the previous survey but still lower than the high-water mark of +50 in the fourth quarter of 2024.
- Expected loan demand remained positive on balance in the third quarter, with the NII improving to +26.5 from +10.5 in the second quarter. The NII for expected subprime loan

demand was also in positive territory at +14.8 but represented a decrease from the previous quarter when it measured +21.2.

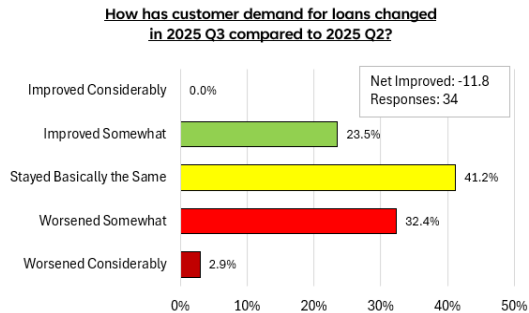
- The NII for expected cost of funds measured +57.6, up from +27.0 in the previous quarter.
- The NII for expected loan performance slipped to -8.8 from -2.7 in the second quarter and was substantially lower than the reading of +51.2 in the fourth quarter of last year. The NII for expected subprime loan performance was -44.4, down sharply from -14.7 in the previous survey.
- Current conditions NIIs were mixed in the third quarter for lenders providing personal installment loans. The NII for overall current conditions was -13.0, down markedly from +23.8 in the previous survey. NIIs were also negative for customer demand, both in aggregate (-13.0) and subprime (-25.0), and for loan performance (-4.3). The NII for subprime loan performance was neutral at 0.0, while the NII for funding costs was strongly positive at +45.5.
- Personal installment lenders are more upbeat, however, regarding the six-month outlook. The overall future conditions NII measured +13.0, with measures for aggregate customer demand (+21.7), subprime demand (+15.0) and funding costs (+65.2) also in positive territory. In contrast, the NIIs for loan performance and subprime loan performance, respectively, were -4.3 and -36.8.
- Five of six current conditions NIIs for vehicle financing came in below zero in the third quarter. The NII for overall business conditions was -4.8, similar to second quarter's result. NIIs were also negative for customer demand (-23.8), subprime demand (-37.5), loan performance (-19.0), and subprime loan performance (-23.5). The NII for funding costs, though, was in positive territory at +33.3.
- Vehicle finance providers, too, were broadly optimistic about the business environment over the next several months. The overall future conditions NII measured +23.8, a turnaround from -18.5 in the previous quarter. Expectations for customer demand (+19.0), subprime demand (+6.3) and funding costs (+45.0) were positive on balance also in positive territory. Nonetheless, concerns over loan performance persist, with NIIs for expected loan performance and subprime loan performance, respectively, at -9.5 and -50.0.

Current Conditions

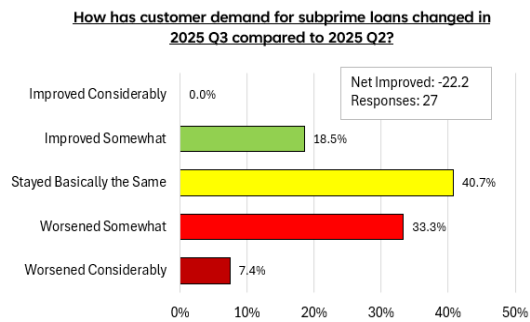
Overall Conditions



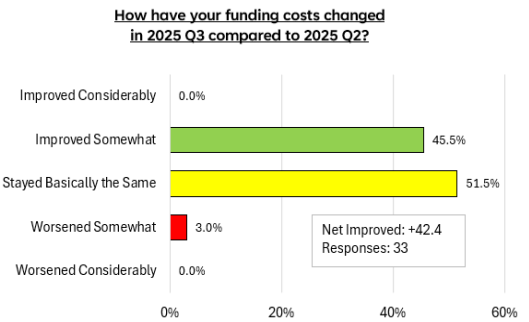
Customer Demand



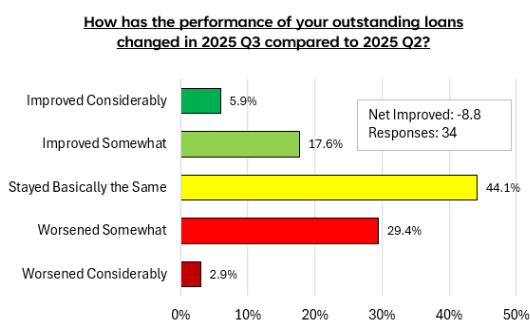
Customer Demand (Subprime)



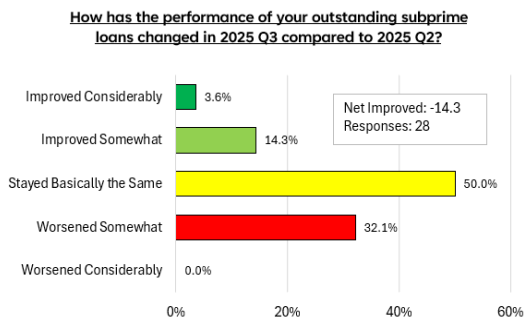
Funding Costs



Loan Performance

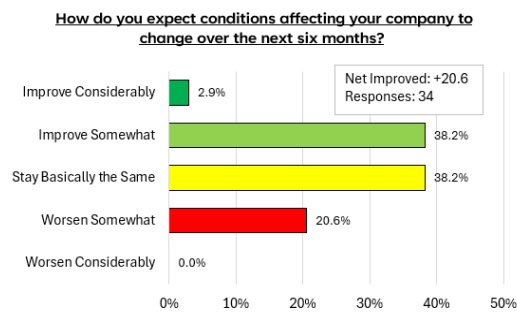


Loan Performance (Subprime)

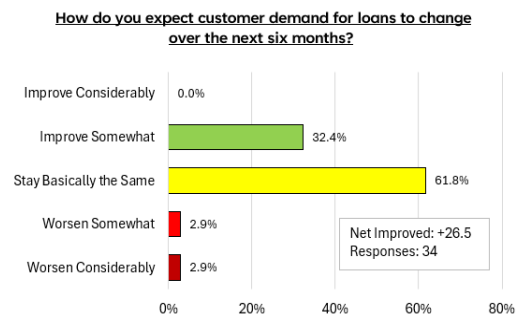


Future Conditions

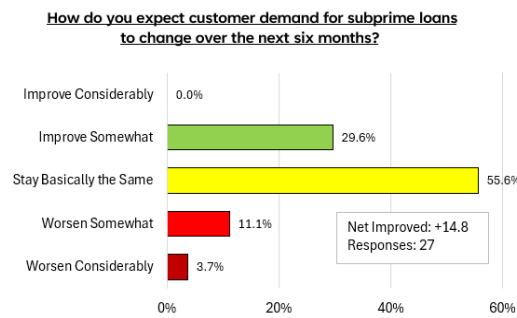
Overall Conditions



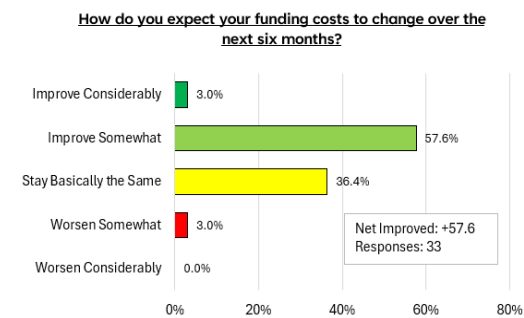
Customer Demand



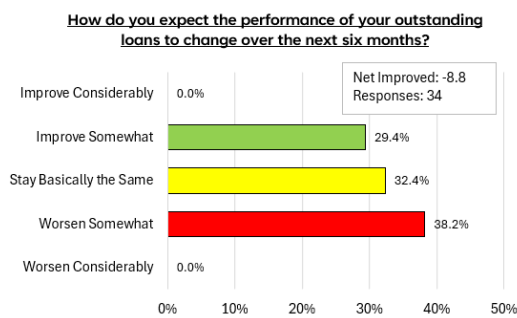
Customer Demand (Subprime)



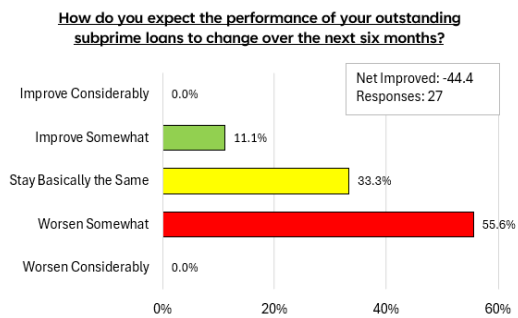
Funding Costs



Loan Performance



Loan Performance (Subprime)



Appendix 1: Data Tables

Current Conditions

All Lenders

	How have conditions affecting your company changed in 2025 Q3 compared to 2025 Q2?		How has customer demand for loans changed in 2025 Q3 compared to 2025 Q2?		How has customer demand for subprime loans changed in 2025 Q3 compared to 2025 Q2?		How have your funding costs changed in 2025 Q3 compared to 2025 Q2?		How has the performance of your outstanding loans changed in 2025 Q3 compared to 2025 Q2?		How has the performance of your outstanding subprime loans changed in 2025 Q3 compared to 2025 Q2?	
	number	percent	number	percent	number	percent	number	percent	number	percent	number	percent
Improved Considerably	2	5.9%	0	0.0%	0	0.0%	0	0.0%	2	5.9%	1	3.6%
Improved Somewhat	5	14.7%	8	23.5%	5	18.5%	15	45.5%	6	17.6%	4	14.3%
Stayed Basically the Same	18	52.9%	14	41.2%	11	40.7%	17	51.5%	15	44.1%	14	50.0%
Worsened Somewhat	7	20.6%	11	32.4%	9	33.3%	1	3.0%	10	29.4%	9	32.1%
Worsened Considerably	2	5.9%	1	2.9%	2	7.4%	0	0.0%	1	2.9%	0	0.0%
Total	34	100%	34	100%	27	100%	33	100%	34	100%	28	100%
Net Increasing Index (NII)		-5.8		-11.8		-22.2		42.4		-8.8		-14.3

Vehicle Financing

	How have conditions affecting your company changed in 2025 Q3 compared to 2025 Q2?		How has customer demand for loans changed in 2025 Q3 compared to 2025 Q2?		How has customer demand for subprime loans changed in 2025 Q3 compared to 2025 Q2?		How have your funding costs changed in 2025 Q3 compared to 2025 Q2?		How has the performance of your outstanding loans changed in 2025 Q3 compared to 2025 Q2?		How has the performance of your outstanding subprime loans changed in 2025 Q3 compared to 2025 Q2?	
	number	percent	number	percent	number	percent	number	percent	number	percent	number	percent
Improved Considerably	2	9.5%	0	0.0%	0	0.0%	0	0.0%	1	4.8%	0	0.0%
Improved Somewhat	2	9.5%	4	19.0%	2	12.5%	8	38.1%	2	9.5%	1	5.9%
Stayed Basically the Same	12	57.1%	8	38.1%	6	37.5%	12	57.1%	11	52.4%	11	64.7%
Worsened Somewhat	5	23.8%	9	42.9%	8	50.0%	1	4.8%	6	28.6%	5	29.4%
Worsened Considerably	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	4.8%	0	0.0%
Total	21	100%	21	100%	16	100%	21	100%	21	100%	17	100%
Net Increasing Index (NII)		-4.8		-23.8		-37.5		33.3		-19.0		-23.8

Personal Installment Loans

	How have conditions affecting your company changed in 2025 Q3 compared to 2025 Q2?		How has customer demand for loans changed in 2025 Q3 compared to 2025 Q2?		How has customer demand for subprime loans changed in 2025 Q3 compared to 2025 Q2?		How have your funding costs changed in 2025 Q3 compared to 2025 Q2?		How has the performance of your outstanding loans changed in 2025 Q3 compared to 2025 Q2?		How has the performance of your outstanding subprime loans changed in 2025 Q3 compared to 2025 Q2?	
	number	percent	number	percent	number	percent	number	percent	number	percent	number	percent
Improved Considerably	1	4.3%	0	0.0%	0	0.0%	0	0.0%	1	4.3%	1	5.0%
Improved Somewhat	4	17.4%	6	26.1%	4	20.0%	10	45.5%	5	21.7%	4	20.0%
Stayed Basically the Same	10	43.5%	8	34.8%	7	35.0%	12	54.5%	10	43.5%	10	50.0%
Worsened Somewhat	6	26.1%	8	34.8%	7	35.0%	0	0.0%	6	26.1%	5	25.0%
Worsened Considerably	2	8.7%	1	4.3%	2	10.0%	0	0.0%	1	4.3%	0	0.0%
Total	23	100%	23	100%	20	100%	22	100%	23	100%	20	100%
Net Increasing Index (NII)		-13.0		-13.0		-25.0		45.5		-4.3		0.0

Future 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 customer demand for <u>subprime</u> 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?		How do you expect the performance of your outstanding <u>subprime</u> loans to change over the next six months?	
	number	percent	number	percent	number	percent	number	percent	number	percent	number	percent
Improved Considerably	1	2.9%	0	0.0%	0	0.0%	1	3.0%	0	0.0%	0	0.0%
Improved Somewhat	13	38.2%	11	32.4%	8	29.6%	19	57.6%	10	29.4%	3	11.1%
Stayed Basically the Same	13	38.2%	21	61.8%	15	55.6%	12	36.4%	11	32.4%	9	33.3%
Worsened Somewhat	7	20.6%	1	2.9%	3	11.1%	1	3.0%	13	38.2%	15	55.6%
Worsened Considerably	0	0.0%	1	2.9%	1	3.7%	0	0.0%	0	0.0%	0	0.0%
Total	34	100%	34	100%	27	100%	33	100%	34	100%	27	100%
Net Increasing Index (NII)		20.6		26.5		14.8		57.6		-8.8		-44.4

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 customer demand for <u>subprime</u> 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?		How do you expect the performance of your outstanding <u>subprime</u> loans to change over the next six months?	
	number	percent	number	percent	number	percent	number	percent	number	percent	number	percent
Improved Considerably	1	4.8%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Improved Somewhat	7	33.3%	5	23.8%	4	25.0%	10	50.0%	7	33.3%	3	18.8%
Stayed Basically the Same	10	47.6%	15	71.4%	9	56.3%	9	45.0%	5	23.8%	2	12.5%
Worsened Somewhat	3	14.3%	1	4.8%	3	18.8%	1	5.0%	9	42.9%	11	68.8%
Worsened Considerably	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	21	100%	21	100%	16	100%	20	100%	21	100%	16	100%
Net Increasing Index (NII)		23.8		19.0		6.3		45.0		-9.5		-50.0

Personal Installment

	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 customer demand for <u>subprime</u> 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?		How do you expect the performance of your outstanding <u>subprime</u> loans to change over the next six months?	
	number	percent	number	percent	number	percent	number	percent	number	percent	number	percent
Improved Considerably	1	4.3%	0	0.0%	0	0.0%	1	4.3%	0	0.0%	0	0.0%
Improved Somewhat	8	34.8%	7	30.4%	6	30.0%	14	60.9%	7	30.4%	2	10.5%
Stayed Basically the Same	8	34.8%	14	60.9%	11	55.0%	8	34.8%	8	34.8%	8	42.1%
Worsened Somewhat	6	26.1%	1	4.3%	2	10.0%	0	0.0%	8	34.8%	9	47.4%
Worsened Considerably	0	0.0%	1	4.3%	1	5.0%	0	0.0%	0	0.0%	0	0.0%
Total	23	100%	23	100%	20	100%	23	100%	23	100%	19	100%
Net Increasing Index (NII)		13.0		21.7		15.0		65.2		-4.3		-36.8

Appendix 2: Methodology

The results presented in this report are derived from a survey of senior executives of AFSA's finance company members conducted between October 2 and October 31, 2025. Thirty-four (34) 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. Apart from normal seasonal variation, how did overall conditions affecting your company change in the third quarter of 2025 compared to the second quarter of 2025?
2. Apart from normal seasonal variation, how did customer demand for loans change in the third quarter of 2025 compared to the second quarter of 2025?
3. Apart from normal seasonal variation, how did customer demand for subprime loans change in the third quarter of 2025 compared to the second quarter of 2025?
4. Apart from normal seasonal variation, how did your funding costs change in the third quarter of 2025 compared to the second quarter of 2025?
5. Apart from normal seasonal variation, how did the performance of your outstanding loans change in the third quarter of 2025 compared to the second quarter of 2025?
6. Apart from normal seasonal variation, how did the performance of your outstanding subprime loans change in the third quarter of 2025 compared to the second quarter of 2025?
7. Apart from normal seasonal variation, how do you expect overall conditions affecting your company to change over the next six months?
8. Apart from normal seasonal variation, how do you expect customer demand for loans to change over the next six months?
9. Apart from normal seasonal variation, how do you expect customer demand for subprime loans to change over the next six months?
10. Apart from normal seasonal variation, how do you expect your funding costs to change over the next six months?
11. Apart from normal seasonal variation, how do you expect the performance of your outstanding loans to change over the next six months?

12. Apart from normal seasonal variation, how do you expect the performance of your outstanding subprime 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.

Results are presented for “all lenders,” “vehicle financing,” and “personal installment loans.”