



## **AFSA Consumer Credit Conditions (C3) Index First Quarter 2026**

This report presents the results of the latest quarterly survey of AFSA's finance company members. 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 the direction of key business indicators, including how they see the consumer-lending environment evolving in the coming months. The survey was conducted in April 2026.

### **Consumer Lenders Remain Upbeat Despite a Challenging Business Environment**

Consumer lenders' assessment of the business outlook over the next six months remained positive on balance in the first quarter of 2026 even as current conditions worsened, according to the results of AFSA's latest Consumer Credit Conditions Index Survey (C3 Survey). The Net Increasing Index (NII) for expected business conditions was +19.5 as more respondents reported they anticipate the environment to improve than believe it will worsen. The NII was lower in the first quarter than in the fourth quarter of 2025 but was broadly in line with results seen over the last year.

In contrast, respondents indicated that current business conditions worsened during the first three months of 2026, extending a pattern that emerged in the second half of 2025. Indeed, the NII for current business conditions slipped to -15, lower than the readings of -5.9 and -13.6, respectively, in the third and fourth quarters.

U.S. economic conditions in the early months of 2026 were similar to those at the end of 2025. The economy, measured by real GDP growth, is expanding at a modest pace. Similarly, growth in jobs, wages, and consumer spending are positive but muted. Affordability remains a critical issue for a sizable share of households. Inflation measures continue to be elevated while a sharp increase in fuel and energy costs threatens to offset fiscal stimulus stemming from lower taxes, increased refunds, and higher take-home pay.

<b>AFSA Consumer Credit Conditions Index</b>									
<b>Net Increasing Indexes*</b>									
survey date									
	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1
<b>Current Conditions</b>									
Overall	-19.3	-8.3	+4.9	+21.4	+15.6	+12.8	-5.9	-13.6	-15.0
Loan Demand	-14.5	+6.4	-4.9	+28.6	+8.9	+10.5	-11.8	+2.3	-14.6
Subprime					+5.4	+9.4	-22.2	+11.1	+12.1
Cost of Funds	-12.7	-10.4	+38.5	+26.2	+18.6	+26.3	+42.2	+61.4	-5.0
Loan Performance	-3.5	-10.4	-12.2	-4.8	+9.1	+17.9	-8.8	-23.3	+4.9
Subprime					+8.1	+8.8	-14.3	-37.1	-9.7
<b>Six-Month Outlook</b>									
Overall	+8.9	-4.2	+18.9	+50.0	+14.3	0.0	+20.6	+29.5	+19.5
Loan Demand	+30.4	+14.9	+23.7	+54.8	+35.7	+10.5	+26.5	+22.7	+12.2
Subprime					+31.4	+21.2	+14.8	+13.5	+27.3
Cost of Funds	+21.8	+39.6	+54.1	+38.1	+21.4	+27.0	+57.6	+47.6	+5.0
Loan Performance	-5.3	-14.6	-2.6	+51.2	0.0	-2.6	-8.8	+16.3	0.0
Subprime					-5.7	-14.7	-44.4	+5.6	-12.5

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

Against this backdrop, survey respondents gave mixed reports when asked about various aspects of their business in the first quarter. On balance, lenders reported a decrease in overall customer demand for loans, as borrowers shy away from taking on large financial obligations. Demand for subprime loans increased, though, pointing to a need for access to safe and reliable credit for those who need it most.

Meanwhile, a pause in cuts to the short-term interest rate target by the Federal Reserve following its December meeting, along with a jump in long-term rates in the first quarter, contributed to a small net deterioration in funding costs in the first quarter. This was a reversal from the previous six surveys in which lenders had judged funding costs to be improving on balance.

Lenders also reported that overall loan performance improved to a small degree on net in the first quarter, a turnaround compared to negative readings in the second half of 2025. Subprime loan performance, however, worsened for the third quarter in a row, again highlighting the financial strain on lower-income and higher-credit risk groups, one of the salient realities of the current economic situation. Still, although the NII for subprime loan performance was in the red at -9.7 it was higher in absolute terms than in the third or fourth quarters of 2025, suggesting that the pace of deterioration has slowed.

Looking ahead, loan performance is primary concern in an otherwise largely upbeat outlook. Although overall loan performance is expected to remain essentially unchanged over the next six months, the survey results suggest further erosion in the subprime segment. In contrast, lenders anticipate increased customer demand for loans across the credit spectrum as well as a modest improvement in funding costs.

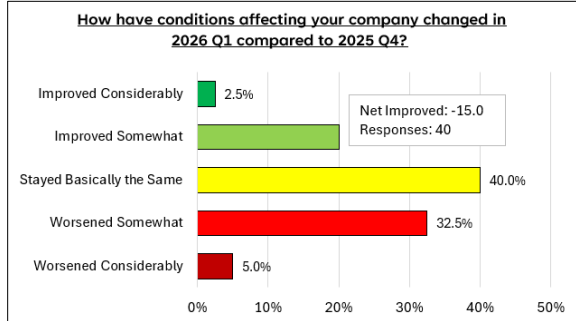
## Survey Results

- The survey results indicate that the business environment for consumer credit providers showed a moderate degree of deterioration on net in the first quarter of 2026 compared to the fourth quarter of 2025. More than 22 percent of respondents reported that conditions improved. This compares, though, to 37.5 percent claiming that conditions weakened. Forty 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 -15. The NII reading was negative for the third straight quarter and was at its lowest since the first quarter of 2024.
- Loan demand decreased on balance in the first quarter, with 36.6 percent of participants claiming it worsened compared to 22 percent saying it improved. The NII measured -14.6, the lowest reading in the nine-quarter history of the survey by a thin margin, returning to negative territory after increasing to +2.3 in the previous quarter. In contrast, subprime loan demand improved on balance for a second straight quarter. The NII was +12.1, slightly higher than +11.1 in the fourth quarter of last year.
- The NII for funding costs measured -5, slipping into negative territory for the first time in seven quarters.
- The NII for outstanding loan performance was positive for the first time in the last three quarters, increasing to +4.9 from -23.3 previously. The NII for subprime loan performance was negative for the third quarter in a row. Nonetheless, the -9.7 reading in the first quarter was an improvement from -14.3 and -37.1, respectively, in the third and fourth quarters of last year.
- Looking ahead, 43.9 percent of respondents expect overall business conditions to improve over the next six months compared to 24.4 percent who expect them to deteriorate. Nearly 32 percent of respondents expect conditions to remain basically the same. The NII was +19.5, down from +29.5 in the previous survey but still slightly higher than the average reading in calendar year 2025.
- Expected loan demand remained positive on balance in the first quarter, although the NII slipped to +12.2 from +22.7 in the fourth quarter and +26.5 in the third quarter. The NII for expected subprime loan demand was also in positive territory at +27.3, its highest reading in a year.
- The NII for expected cost of funds was positive in the first quarter but decreased to lowest reading in the nine-quarter history of the survey at +5.

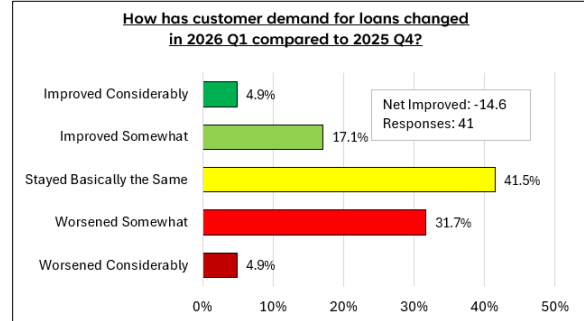
- The NII for expected loan performance was 0, with equal shares of respondents—22 percent—expecting performance to improve and to decrease. Just over 56 percent expect basically unchanged loan performance over the next six months. The NII for expected subprime loan performance was -12.5, a turnaround from +5.6 in the previous survey.
- Current conditions NIIs were mixed in the first quarter for lenders providing personal installment loans. The NII for overall current conditions was -9.1, a small improvement from -9.5 in the previous survey. NIIs were positive for subprime loan demand (+5.6), funding costs (+4.5), and overall loan performance (+4.5), and measured 0 for overall loan demand and subprime loan performance.
- Personal installment lenders are increasingly upbeat regarding the six-month outlook. The overall future conditions NII measured +31.8, up from +23.8 and +13.0 in the two previous surveys. Moreover, measures for aggregate customer demand (+36.4), subprime demand (+44.4), funding costs (+4.5), loan performance (+13.6) and subprime loan performance (+11.1) were all in positive territory.
- Business conditions were particularly challenging for providers of vehicle financing in the first quarter. The NII for overall business conditions was -18.5, slightly below the previous quarter's reading. NII's were also in the red for cost of funds at -18.5 and customer demand at -14.3. Subprime loan demand, though, had an NII of +13.6 and both loan performance metrics improved. The NII for overall loan performance increased to 0 from -18.2 previously, while the NII for subprime loan performance increased to -19 from -36 previously.
- Vehicle finance providers take on the business environment over the next several months was nuanced. The overall future conditions NII remained in the green at +7.1 but was lower than in each of the two previous quarters.
- Expectations for customer demand (-7.1) and loan performance (-10.7) both slipped into negative territory compared to the previous quarter, while the NII for expected funding costs fell to 0 from recent strong positive readings. At +9.1 the NII for expected subprime loan demand increased for the third quarter in a row. In contrast, expectations for subprime loan performance worsened as the NRI fell to -33.3 from -16.0 a quarter earlier.

# Current Conditions

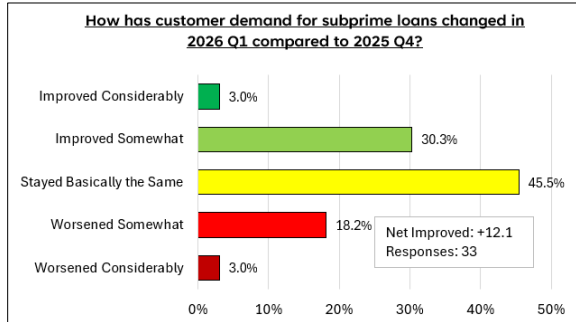
## Overall Conditions



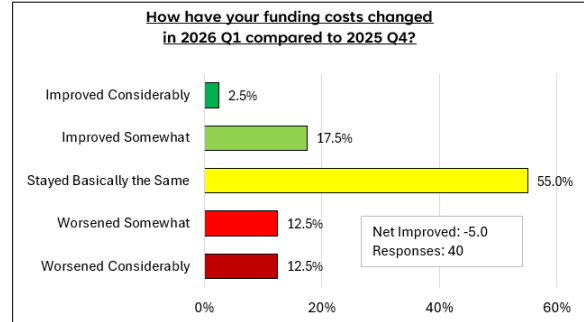
## Customer Demand



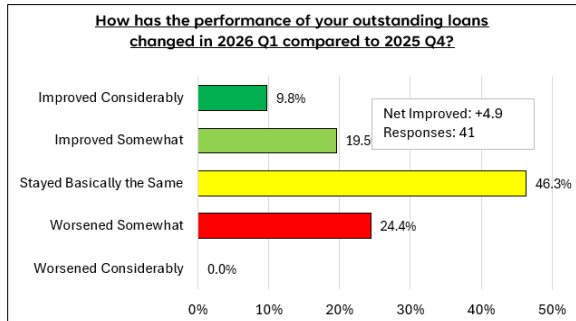
## Customer Demand (Subprime)



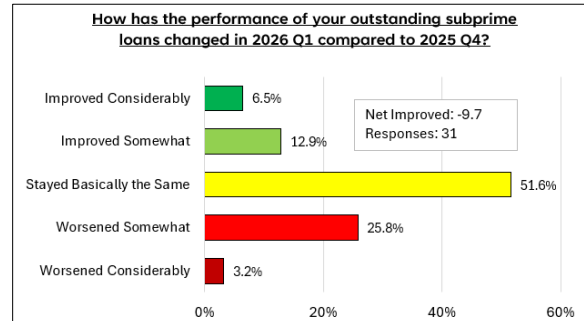
## Funding Costs



## Loan Performance

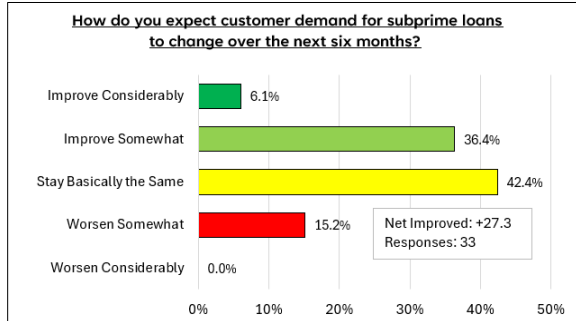


## Loan Performance (Subprime)

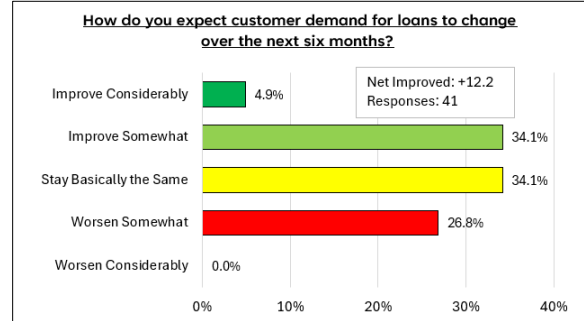


# Future Conditions

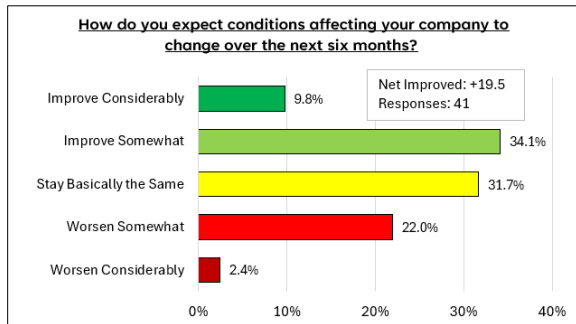
## Overall Conditions



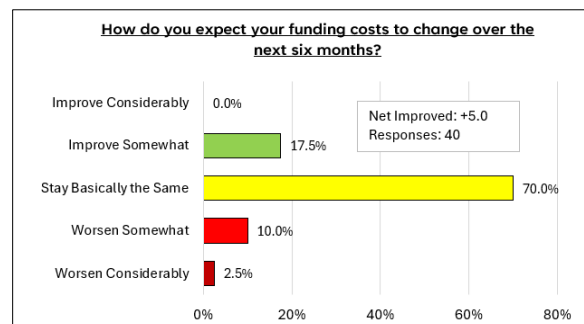
## Customer Demand



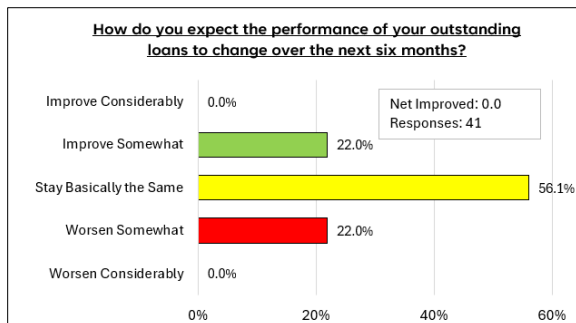
## Customer Demand (Subprime)



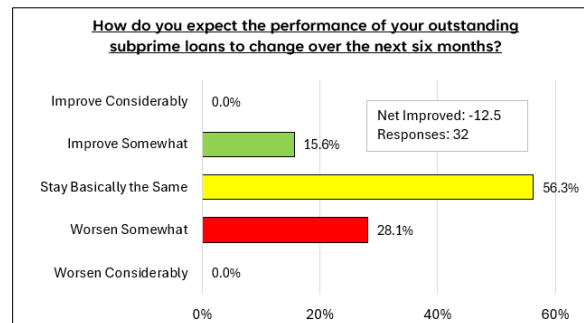
## Funding Costs



## Loan Performance



## Loan Performance (Subprime)



## Appendix 1: Data Tables

### Current Conditions

#### All Lenders

	How have conditions affecting your company changed in 2026 Q1 compared to 2025 Q4?		How has customer demand for loans changed in 2026 Q1 compared to 2025 Q4?		How has customer demand for <u>subprime</u> loans changed in 2026 Q1 compared to 2025 Q4?		How have your funding costs changed in 2026 Q1 compared to 2025 Q4?		How has the performance of your outstanding loans changed in 2026 Q1 compared to 2025 Q4?		How has the performance of your outstanding <u>subprime</u> loans changed in 2026 Q1 compared to 2025 Q4?	
	number	percent	number	percent	number	percent	number	percent	number	percent	number	percent
Improved Considerably	1	2.5%	2	4.9%	1	3.0%	1	2.5%	4	9.8%	2	6.5%
Improved Somewhat	8	20.0%	7	17.1%	10	30.3%	7	17.5%	8	19.5%	4	12.9%
Stayed Basically the Same	16	40.0%	17	41.5%	15	45.5%	22	55.0%	19	46.3%	16	51.6%
Worsened Somewhat	13	32.5%	13	31.7%	6	18.2%	5	12.5%	10	24.4%	8	25.8%
Worsened Considerably	2	5.0%	2	4.9%	1	3.0%	5	12.5%	0	0.0%	1	3.2%
Total	40	100%	41	100%	33	100%	40	100%	41	100%	31	100%
Net Increasing Index (NII)		-15.0		-14.4		12.1		-8.0		4.9		-8.7

#### Vehicle Financing

	How have conditions affecting your company changed in 2026 Q1 compared to 2025 Q4?		How has customer demand for loans changed in 2026 Q1 compared to 2025 Q4?		How has customer demand for <u>subprime</u> loans changed in 2026 Q1 compared to 2025 Q4?		How have your funding costs changed in 2026 Q1 compared to 2025 Q4?		How has the performance of your outstanding loans changed in 2026 Q1 compared to 2025 Q4?		How has the performance of your outstanding <u>subprime</u> loans changed in 2026 Q1 compared to 2025 Q4?	
	number	percent	number	percent	number	percent	number	percent	number	percent	number	percent
Improved Considerably	1	3.7%	2	7.1%	1	4.5%	0	0.0%	3	10.7%	1	4.8%
Improved Somewhat	5	18.5%	3	10.7%	6	27.3%	4	14.8%	5	17.9%	2	9.5%
Stayed Basically the Same	10	37.0%	14	50.0%	11	50.0%	14	51.9%	12	42.9%	11	52.4%
Worsened Somewhat	10	37.0%	8	28.6%	3	13.6%	4	14.8%	8	28.6%	6	28.6%
Worsened Considerably	1	3.7%	1	3.6%	1	4.5%	5	18.5%	0	0.0%	1	4.8%
Total	27	100%	28	100%	22	100%	27	100%	28	100%	21	100%
Net Increasing Index (NII)		-18.8		-14.3		13.6		-18.5		0.0		-19.0

#### Personal Installment Loans

	How have conditions affecting your company changed in 2026 Q1 compared to 2025 Q4?		How has customer demand for loans changed in 2026 Q1 compared to 2025 Q4?		How has customer demand for <u>subprime</u> loans changed in 2026 Q1 compared to 2025 Q4?		How have your funding costs changed in 2026 Q1 compared to 2025 Q4?		How has the performance of your outstanding loans changed in 2026 Q1 compared to 2025 Q4?		How has the performance of your outstanding <u>subprime</u> loans changed in 2026 Q1 compared to 2025 Q4?	
	number	percent	number	percent	number	percent	number	percent	number	percent	number	percent
Improved Considerably	1	4.5%	1	4.5%	0	0.0%	1	4.5%	2	9.1%	1	5.9%
Improved Somewhat	3	13.6%	6	27.3%	5	27.8%	3	13.6%	4	18.2%	3	17.6%
Stayed Basically the Same	12	54.5%	8	36.4%	9	50.0%	15	68.2%	11	50.0%	9	52.9%
Worsened Somewhat	5	22.7%	5	22.7%	3	16.7%	2	9.1%	5	22.7%	4	23.5%
Worsened Considerably	1	4.5%	2	9.1%	1	5.6%	1	4.5%	0	0.0%	0	0.0%
Total	22	100%	22	100%	18	100%	22	100%	22	100%	17	100%
Net Increasing Index (NII)		-9.1		0.0		5.6		4.5		4.5		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 subprime 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 subprime loans to change over the next six months?	
	number	percent	number	percent	number	percent	number	percent	number	percent	number	percent
Improved Considerably	4	9.8%	2	4.9%	2	6.1%	0	0.0%	0	0.0%	0	0.0%
Improved Somewhat	14	34.1%	14	34.1%	12	36.4%	7	17.5%	9	22.0%	5	15.6%
Stayed Basically the Same	13	31.7%	14	34.1%	14	42.4%	28	70.0%	23	56.1%	18	56.3%
Worsened Somewhat	9	22.0%	11	26.8%	5	15.2%	4	10.0%	9	22.0%	9	28.1%
Worsened Considerably	1	2.4%	0	0.0%	0	0.0%	1	2.5%	0	0.0%	0	0.0%
Total	41	100%	41	100%	33	100%	40	100%	41	100%	32	100%
Net Increasing Index (NII)		19.5		12.2		27.3		5.0		0.0		-12.6

### 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 subprime 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 subprime loans to change over the next six months?	
	number	percent	number	percent	number	percent	number	percent	number	percent	number	percent
Improved Considerably	3	10.7%	2	7.1%	1	4.5%	0	0.0%	0	0.0%	0	0.0%
Improved Somewhat	7	25.0%	5	17.9%	5	22.7%	4	14.9%	4	14.3%	1	4.8%
Stayed Basically the Same	10	35.7%	12	42.9%	12	54.5%	19	70.4%	17	60.7%	12	57.1%
Worsened Somewhat	7	25.0%	9	32.1%	4	18.2%	3	11.1%	7	25.0%	8	38.1%
Worsened Considerably	1	3.6%	0	0.0%	0	0.0%	1	3.7%	0	0.0%	0	0.0%
Total	28	100%	28	100%	22	100%	27	100%	28	100%	21	100%
Net Increasing Index (NII)		7.1		-7.4		9.1		0.0		-10.7		-33.3

### 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 subprime 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 subprime loans to change over the next six months?	
	number	percent	number	percent	number	percent	number	percent	number	percent	number	percent
Improved Considerably	2	9.1%	0	0.0%	1	5.6%	0	0.0%	0	0.0%	0	0.0%
Improved Somewhat	8	36.4%	11	50.0%	8	44.4%	3	13.6%	6	27.3%	4	22.2%
Stayed Basically the Same	9	40.9%	8	36.4%	8	44.4%	17	77.3%	13	59.1%	12	66.7%
Worsened Somewhat	3	13.6%	3	13.6%	1	5.6%	2	9.1%	3	13.6%	2	11.1%
Worsened Considerably	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	22	100%	22	100%	18	100%	22	100%	22	100%	18	100%
Net Increasing Index (NII)		31.8		36.4		44.4		4.5		13.6		11.1

## 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 April 2 and April 17, 2026. Forty-one (41) 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 first quarter of 2026 compared to the fourth quarter of 2025?
2. Apart from normal seasonal variation, how did customer demand for loans change in the first quarter of 2026 compared to the fourth quarter of 2025?
3. Apart from normal seasonal variation, how did customer demand for subprime loans change in the first quarter of 2026 compared to the fourth quarter of 2025?
4. Apart from normal seasonal variation, how did your funding costs change in the first quarter of 2026 compared to the fourth quarter of 2025?
5. Apart from normal seasonal variation, how did the performance of your outstanding loans change in the first quarter of 2026 compared to the fourth quarter of 2025?
6. Apart from normal seasonal variation, how did the performance of your outstanding subprime loans change in the first quarter of 2026 compared to the fourth 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.”