

# South Korea Auto Loan - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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## Abstracts

The South Korea Auto Loan Market size is estimated at USD 34.17 billion in 2024, and is expected to reach USD 55.61 billion by 2029, growing at a CAGR of 10.23% during the forecast period (2024-2029).

Sales of vehicles in South Korea observed a small decline with the advent of COVID-19. They recovered in sales after the pandemic and created new opportunities for Auto Loan providers in the country. Among the passenger vehicles in the country, cars are occupying a significant share resulting in an increased promotion of these vehicles with the launch of various loan products varying with rate of interest and loan period in the market. In terms of total vehicles manufactured in the country, commercial vehicles exist with a small share of around 9%, making passenger vehicles dominate the market in South Korea.

Post-COVID-19, with a changing business model for a large number of sectors, banking, and financing have even gone through major changes. With the adoption of digital banking, there is an increase in the amount of loans being generated through online channels increasing the number of vehicle buyers applying for loans through online mode. The rising use of online banking, with a penetration rate of around 80%, is expected to further drive the digital auto loan market in South Korea.

### South Korea Auto Loan Market Trends

#### Leading Share of Passenger Vehicles

Retail sales of passenger vehicles in South Korea have observed a continuous rise in

market value over the years, combined with a stabilized price level for all the segments of passenger vehicles. This led to an increase in the number of passenger vehicle units being sold in the country with a rise in the amount of automobile loans generated. Post-COVID-19, with a rise in interest rates globally for curbing inflation, interest rates on auto loans also observed a significant rise, resulting in a positive trend for interest revenue of auto loan providers. Over the period, sales of electric vehicles in passenger vehicles had observed a rise in South Korea, with declining sales of petrol and diesel vehicles leading to loan providers making changes in their products as per the sales. Medium vehicles and pickup trucks exist among the passenger vehicle segments, observing a rise in unit sales, with major share-holding segments of SUVs and small vehicles observing a decline in sales, making changes in loan shares of different segments.

## Rising Electric Vehicle Market

The rising market of electric vehicles in South Korea is providing auto loan manufacturers with a new segment of business in the country. As the cost of manufacturing electric vehicles is comparatively high for making them affordable, governments are providing subsidies on the loans being offered resulting in a rising number of people buying electric vehicles with increasing business for loan providers. Sales of electric vehicles in the country are rising at a y-o-y growth rate of around e leading to loan providers increasing loans on Electric vehicles with a rise in their ESG scores and green financing efforts of the industry. Hyundai, Kia, Genesis, Samsung Motors, and GM Korea are among some of the electric vehicle manufacturers in South Korea, providing their subsidized loan products to buyers and leading the market in a new direction.

## South Korea Auto Loan Industry Overview

The South Korean auto loan market is fragmented, with a large number of players existing in the market. Rising technological innovation in banking and financial services is leading automobile buyers to apply for loans from their smart devices with a varied range of products with different interest rates and maturity. The Quality of Customer Service and support offered by lenders is a significant factor in the competitive landscape, as it can influence customers' choices. Among some of the existing players

in the South Korean automobile loan market are Hyundai Capital, Mercedes Benz Group, Hana Capital, Woori Bank, and Bank of America.

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