

THINK LIKE AN F&I MANAGER

EFG SubPrime Intelligence

All signs point to expansion in the subprime market

...but what does an F&I Manager think of these stats?

Nonprime, subprime & deep subprime

**NEW VEHICLE LOANS
INCREASED TO 27.45%**

market share in Q2 2013.

» A 25.41% year-over-year increase.

Nonprime, subprime & deep subprime

**USED VEHICLE LOANS
INCREASED TO 57.31%**

market share in Q2 2013.

» A 56.46% year-over-year increase.

**60-DAY SUBPRIME
AUTO DELINQUENCIES
UP BY 5.5%**

in June at 2.90%,
compared
to May at 2.71%.

**CONSUMER CONFIDENCE IS
SKATING BY AT 81.5**

with no significant increase in August.

» Meanwhile, June's National
Employment Turnover Rate
held steady 3.0%.

As the subprime market expands, lower income brackets are beginning to feel more confident in the market, but they still have **tight belts**. According to a recent survey from EFG Companies, 67 percent of respondents said they see themselves replacing their vehicle less often or on an as-needed basis. In addition, 68 percent of respondents said they managed their budget more carefully than before the recession hit.

Consumers are more likely to opt for used cars than new cars, which present a completely **different set of challenges and opportunities for F&I Managers**. **Budgeting is still a primary concern** for this audience, making it more likely for unexpected vehicle repairs to dent their budget. In addition, while the national employment turnover rate is holding steady, the low-income industries continue to have some of the highest turnover rates. Given the unpredictable nature of lower income industries, **consumers in this segment are still concerned about job stability**.

In the F&I process, these consumers are hesitant about tacking on additional expenses to their loans, while F&I Managers strive to increase product sales and profitability. For these reasons, F&I managers appreciate it when their **lending partners help drive their business success**. By presenting subprime loans **paired with complimentary F&I products** tailored to this specific consumer, they have a **greater opportunity to increase profit** with fundable upgrade options.