



United States: Non-bank finance has relatively higher exposure to poor quality auto loans

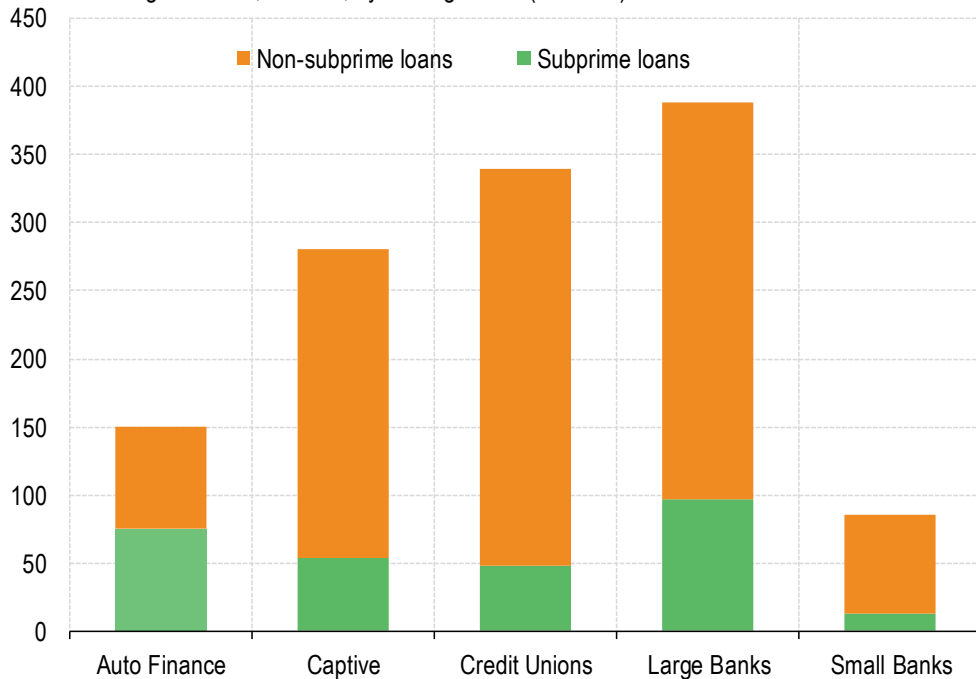
At year-end 2018, auto loans outstanding peaked at US 1,274 billion in the United States. This is the third largest debt category for American households, behind mortgage loans (67%) and student loans (11%). At 9% of total loans outstanding, their weight has increased constantly since 2010.

The Federal Reserve Bank of New York recently released unpublished data broken down by lending sector. In Q3 2018, non-bank finance companies originated 12% of loans outstanding, half of which were subprime loans*. These auto finance companies, which are generally highly leveraged, remain highly exposed to credit risk (only 17% of loans outstanding are securitized). It does not augur well for these finance companies that the share of auto loans with late payments of more than 90 days has increased constantly, to 4.5% at year-end 2018.

* loans to borrowers with a credit rating of less than 620

Half of loans originated by auto finance companies are subprime

Outstanding balances, USD bn, by lending sector (Q3 2018)



Source: Federal Reserve Bank of New York