

# New Vehicle Loans

## Do 0% APR Loans Still WOW Car Shoppers?

### What is 0% APR?

Zero percent APR is an interest-free loan subsidized by automakers. It is typically extended to buyers with excellent credit as a purchase incentive. About ten percent of buyers who financed a new vehicle through a dealer or manufacturer program in 2014 received a 0% APR loan.

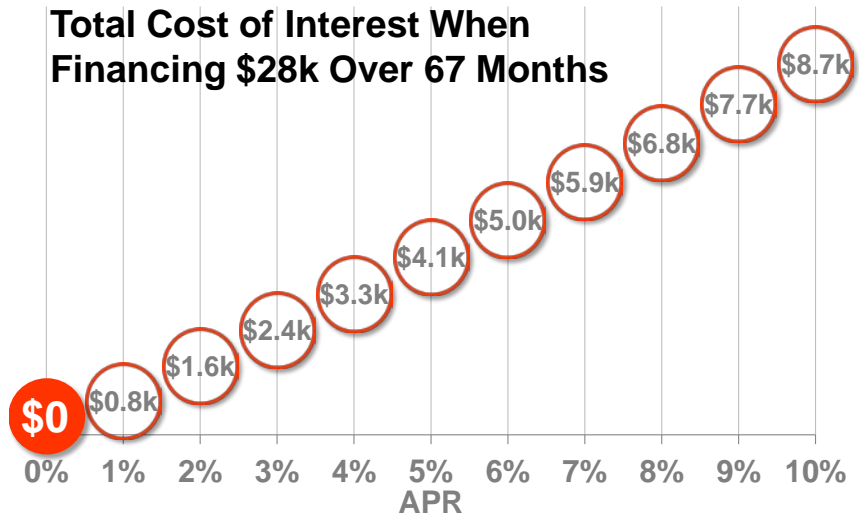
### 0% APR Saves \$3,554 Over an Average Loan

#### The Average New Vehicle Loan...

Amount: **\$28,000**  
APR: **4.31%**  
Term: **67 Months**

Interest Paid:  
**\$3,554**

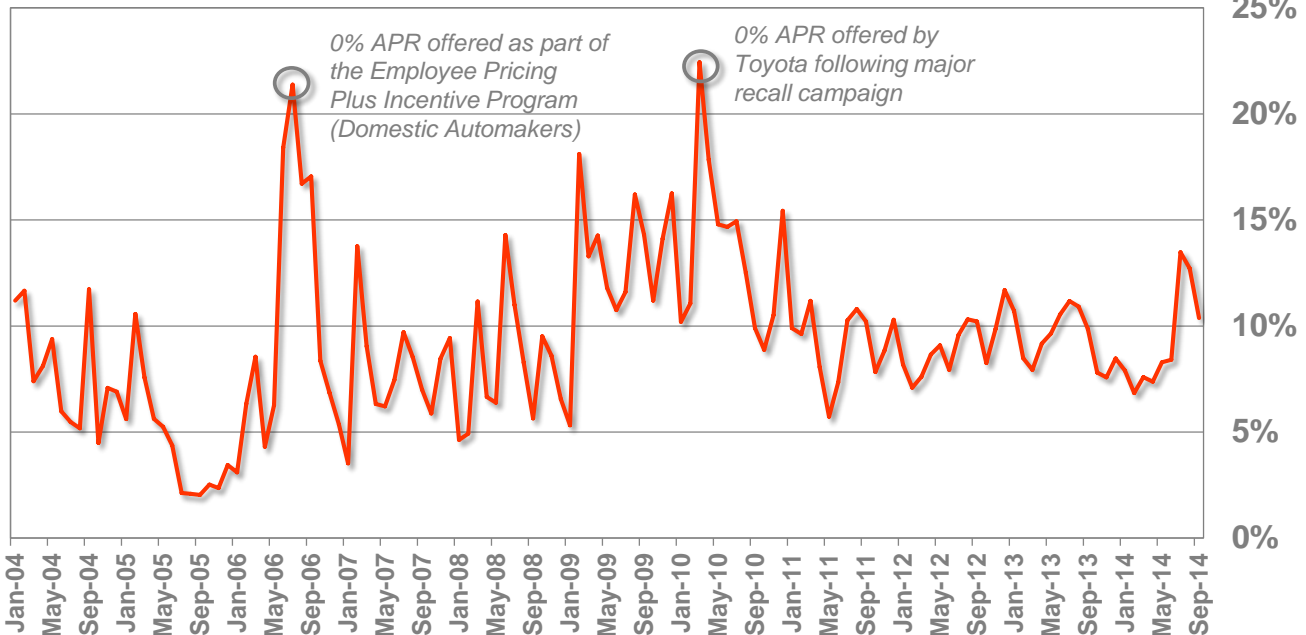
#### Total Cost of Interest When Financing \$28k Over 67 Months



### Do 0% APR Offers Bring Out the Buyers?

For automakers 0% APR offers have been an effective method for increasing market share, but the boost is generally short lived. Once shoppers are accustomed to zero percent offers, it loses its appeal to drive shoppers into dealerships.

#### New Vehicle Loans at 0%

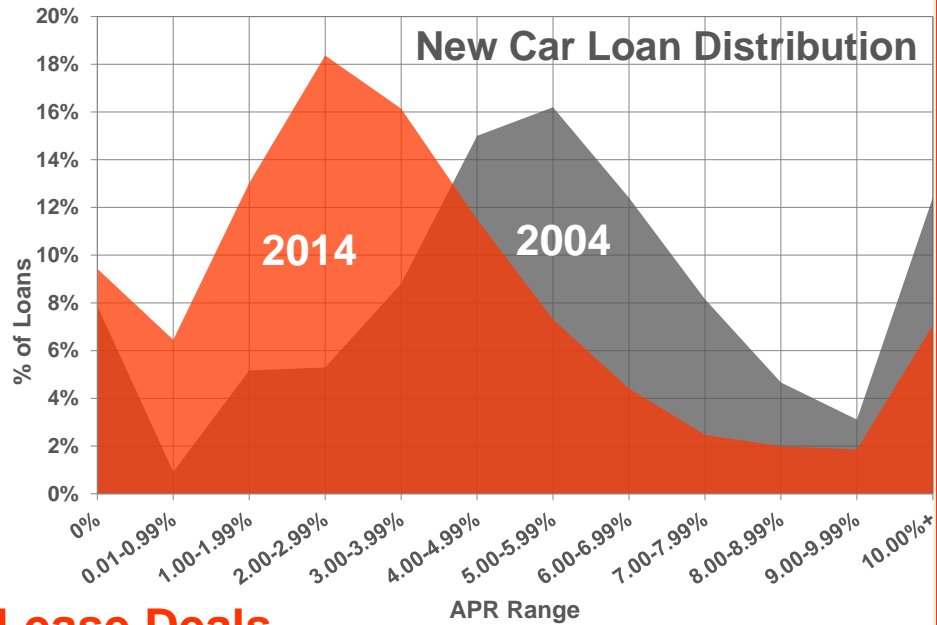


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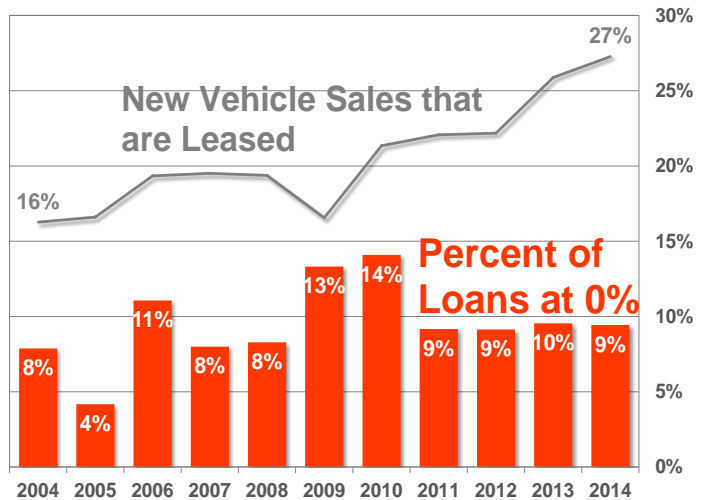
### How Have Interest Rates Changed?

On average, today's car buyers pay a much lower interest rate on their car loan than they did a decade ago. Because credit is cheaper and more widely available, zero percent financing isn't as attractive as it once was...



### Loan Offers vs. Lease Deals

Leasing is a growing trend among buyers. However, shoppers that elect to finance are fundamentally different from shoppers that lease. Zero percent APR offers appeal to buy-and-hold shoppers committed to long-term ownership. For many shoppers, though, leasing brings an economical, non-committal and no-hassle approach to vehicle ownership. Leasing has surged in recent years, and that momentum will likely hold strong despite cheaper car loans.



### Where are the 0% APR Deals ?

