

**Survey of Household Economics and Decisionmaking: Auto Lending****September, 2016**

The Federal Reserve Board's 2015 survey of household economics and decision making explores how individuals buy and finance automobiles, which are often among the most expensive assets that they own.

Among the people who bought a new or used vehicle in 2015 almost two thirds say they took out a loan to help pay for it. These loans were then relatively evenly split between coming from banks and coming from the seller of the vehicle. A majority of auto loans taken out over the past year were over four years long with fewer than four in 10 being for a period of four years or less. These long loan terms mean that some buyers were taking out loans for longer than they expected own their car. About 12 percent of buyers who financed their vehicle expect to own their car for less than the initial length of the loan.

Buyers have different priorities which influence the likelihood of their taking a long term loan or one that outlasts the ownership horizon. Consumers who prioritize the price of the car when negotiating had shorter loan terms and were less likely to take out loans beyond however long they owned the vehicle than were those who prioritized monthly payments when negotiating.