

Qatar Auto Finance Market Future Outlook and Projections

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The report titled “Qatar Auto Finance Market Outlook to 2023 –By Banks, Non Banking Financial Companies and Captives, By New and Used Vehicles Financed, By Type of Vehicle Financed (Motor Bikes, Cars and Light Commercial Vehicles) and By Loan Time Period” provides a comprehensive analysis of the Qatar vehicle finance market including market evolution, market overview, market genesis, market size and current and future market segmentations. Extensive focus has been placed in quantifying the auto loans outstanding and segment-wise number of vehicles financed. The report covers aspects such as market segmentation (by loan tenure, type of vehicles, new and used vehicles and type of lending institutions), customer perspective in the market and snapshot on Digitalization of Auto Finance & the way forward. Competitive landscape of major lenders including Qatar National Bank, Commercial Bank, Qatar Islamic International Bank, Doha Bank, First Finance Co., Al Jazeera Finance, Toyota Financial Services. The report also covers future industry analysis (by credit disbursed and auto loan outstanding), future market segmentation, PESTEL Analysis, growth opportunities, up-coming business models, government regulations and analyst recommendations.

Qatar Auto Finance Market Overview and Size:

The Vehicle Finance Market in Qatar witnessed a slight decline during the period 2014-2018, owing to decreasing new vehicle sales over the same period. The market is in growth stage with vehicle sales beginning to follow a normal growth trend after continued exponential growth till 2014, followed by a rapid decline after that. Trends in the market were largely stimulated by decline in oil prices after 2014 and blockade led by Saudi & a few other neighboring gulf countries against Qatar. These trends led to decline of new vehicle sales in Qatar but spurred the growth of used vehicles, especially in passenger cars segment in the country.

Qatar Vehicle Finance Market Segmentation:

By New and Used Vehicles: The Vehicle Finance Market in Qatar is segmented into New and Used Vehicle

finance with New Vehicle finance holding a major share of the total credit disbursed in 2018. Even though, the number of new vehicle sales was quite less in comparison to used vehicles but the higher price of new vehicles sold was one of the major reasons for higher credit disbursement share for this segment.

By Lender Type: The primary lending institutions in the Qatar Auto Finance market include Banks, Captives & Non-Banking Financial Companies. Banks hold a majority share in the market owing to their reliable lending reputation and expansive network of branches across the country. In used vehicle finance, borrowers face greater difficulties in getting the required finance, penetration rate for used vehicles is much lower than the global average of 50.0%. Captives and NBFCs are struggled in gaining traction.

By Type of Vehicle (Bikes, Cars and Light Commercial Vehicles): Cars accounted for a major share in the number of vehicles financed in the market owing to high volume of SUVs on Qatar roads , while the share of Light Commercial is lower than Cars and higher than bikes. This was due to low preference of bikes by population in Qatar due to sandy and hot terrain.

By Time Period of Loan for New and Used Vehicles: Vehicles are financed for different tenures in the market, with the share of loans lasting for 3-4 years the highest. The overall trend in the market is the lengthening of loan terms with car buyers preferring to make payments over a longer period of time to distribute their financial burden evenly over a longer period. Borrowers provide raised interest rates for longer period loans with lower monthly payments. The trend towards longer loan terms is evident both in New and Used Vehicle finance with borrowers opting for longer loan terms years progressively.

Competitive Landscape in the Qatar Auto Finance Market:

The competition in the market is concentrated in nature. The major lending institution types in the market are Banks, Captives & Non-Banking Financial Companies. Banks hold a majority share in the lending space for new vehicles whereas NBFCs & Captives are expected to gain the used vehicle segment in the future. Major parameters basis which players compete are interest rate and down payment ratio, loan tenure, digitalization and ease of transaction, customer reach or branch network, service portfolio and others.

Qatar Auto Finance Market Future Outlook and Projections:

Over the forecast period, Qatar auto finance market is expected to grow at a positive rate with estimated increase in sales of new and used vehicles in the country owing to emergence of new businesses, increasing personal disposable income and expected increase in tourist inflow. Existing players are expected to move towards digitalization with focus on streamlining the financing process for both Qataris and expats. Multiple fin-tech startups are also expected to enter the landscape which could pose a threat to conventional finance companies and banks. These start ups would primarily work towards developing products to augment the digitalization of the banking sector. This includes digital payments, online lending, online aggregation and remote banking facilities which will make customer lending process more simplified, further facilitating the car finance market in the country. Banks and Captives are expected to focus and grow their share in the used cars segment, also new NBFCs are expected to enter the competitive landscape to cater to the increasing demand of vehicle financing in the country.

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