

Market Scan

S&P Global
Mobility

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How to increase market share as a non-captive lender in 2026 and beyond

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Executive summary

For non-captive lenders, the opportunity to gain market share remains durable through 2026 and beyond. Captive programs are designed around OEM volume and brand priorities. That focus creates structural gaps in affordability support, credit tier coverage, and model-level program flexibility. These gaps widen most when incentives and rates move quickly, and when affordability pressure is high.

Automotive lending is moving deeper into a volatile, payment-driven phase. Vehicle prices remain high, loan terms are stretching, and consumers continue to anchor decisions on monthly payment outcomes. Policy, incentive, and rate conditions are shifting quickly enough to make pricing and term agility a defining competitive capability.

The lenders that can respond with precise payment solutions, disciplined risk management, and consistent dealer execution will be best positioned to take share.

This paper outlines three strategies that will matter most for non-captive lenders in 2026:

- Lenders can differentiate through precision affordability design, including odd-term and flexible-term contracts that improve payments without weakening portfolio health.
- They can compete more effectively in electrification by adopting a segmented approach to EV residual value risk and by preparing for higher volumes of EV lease returns beginning in 2026.
- They can expand dealer relevance by filling market gaps where captives do not meet dealer or consumer needs, especially in used vehicles and underserved credit tiers.

Across all three strategies, competitive visibility and fast program iteration are the common enablers.



The lending environment in the years ahead: What is changing

As the industry looks ahead, several affordability and volatility drivers are likely to move at the same time. These dynamics do not change the foundational levers non-captive lenders can pull, but they raise the threshold for execution.

Affordability remains the primary constraint

Affordability pressure is expected to remain the central constraint. Since Q2 2025, 84-month loan terms have comprised more than 20% of new loans, and climbed above 22% of new loans in Q4 2025.

Monthly payments are still the biggest factor in buyers' decision-making, so lenders will keep playing a central role in making deals work. The ability to influence payments through term design, residual assumptions, and program targeting will remain a primary determinant of share. In this environment, structuring flexibility is not optional, it is the foundation of competitiveness.

Volatility is accelerating and compressing response windows

Interest rates are likely to remain uneven, with volatility playing out over shorter cycles. APR competitiveness can no longer be managed as an annual reset. Advantage will hinge on how quickly lenders adapt to rate shifts and translate them into program updates that dealers can execute immediately.

At the same time, the market is moving away from national averages and toward local price and risk realities. This increases the value of regional pricing precision and faster refresh cycles. Static national programs will struggle to keep pace with localized shifts in risk and demand.

Term strategy is expanding, along with risk exposure

The market will continue to see a balancing act around term length. Longer contracts remain a practical lever to keep payments viable, and usage is rising. However, rising delinquencies and tighter underwriting are making risk-adjusted affordability more important.

Consumers are **extending terms to reach acceptable payments**, especially when leasing does not deliver a sufficient payment advantage. This behavior increases the strategic value of flexible term solutions, but it also increases the need for guardrails.

Electrification will depend not just on offering longer terms, but on managing the risk embedded within them.

Electrification introduces persistent residual uncertainty

EV prices, incentive eligibility, and technology cycles continue to change faster than traditional residual models were built to handle. Regional adoption differences and uneven used-vehicle price stability will keep residual uncertainty elevated through the next several years.

Competitiveness is becoming hyper-regional

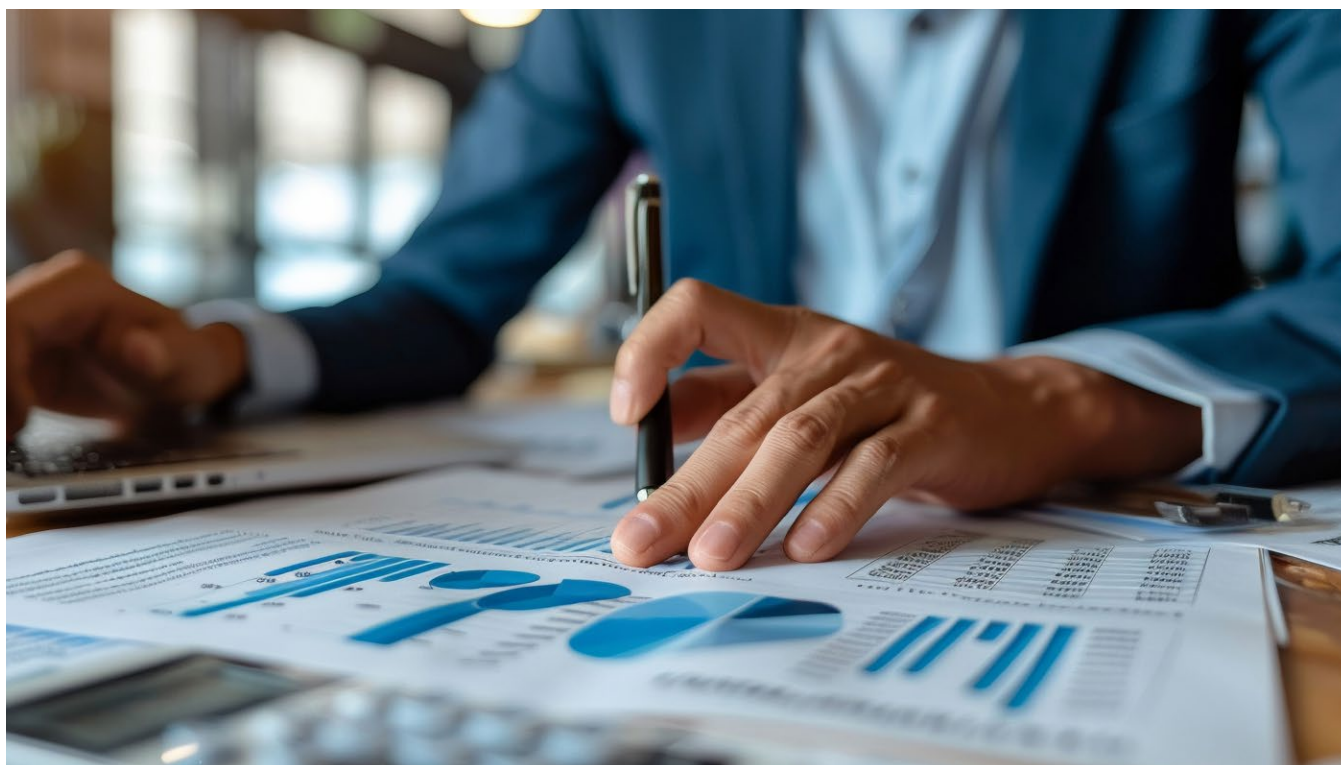
Program competitiveness is becoming increasingly regional and precise. Diverging buy-versus-lease preferences and payment sensitivity across markets are driving lenders to tailor offers locally. Broad national programs are giving way to targeted regional playbooks, and dealers increasingly expect lender offers to reflect local competitive realities.

Finally, the competitive set will continue to broaden. Banks, credit unions, and independent lenders are becoming more aggressive in the structures and terms they bring to market. The result is a market where small payment differences can shift consumer and dealer behavior quickly, and where speed of response becomes a requirement rather than a differentiator.

Strategy 1: Fill market gaps where captives do not meet dealer or consumer needs

Captive incentives and underwriting are designed to serve OEM goals first. When those goals change, gaps open quickly in the retail finance ecosystem. These gaps represent repeatable share-gain opportunities for non-captives, especially in a market where incentives and program terms are changing frequently and unevenly across brands and regions.

The most immediate gaps appear when captives pull back on terms or products. This can include withdrawing short-term APR support, reducing leasing on certain trims, or limiting programs for inventory outside OEM priority. Dealers still need a competitive and executable payment solution today. Non-captives that respond quickly with structured alternatives become essential to maintaining volume and converting payment-sensitive shoppers.



Captives are tightening underwriting in some credit tiers to manage risk. That creates room for non-captives to grow in lower tiers or more complex credit cases, as long as pricing and segmentation stay disciplined. Dealers value lenders that can approve more deals without a heavy exception process.

Used-vehicle financing continues to be a reliable conquest lane. Over the past 27 quarters, from the first quarter of 2019 to the third quarter of 2025, used vehicles have consistently accounted for an average of 76% of total registrations, compared to 24% for new. While a few quarters saw slight fluctuations, most quarters had this split, underscoring the underestimated importance of used vehicles in the marketplace.

Used supply remains uneven, and used buyers are less attached to OEM finance programs. This expands lender choice at the point of sale. Non-captives with strong payment tools, faster approvals, and flexible terms are well positioned to build durable share advantage in used financing.



Strategy 2: Adopt a flexible, segmented approach to EV residual value risk

Residual value setting remains one of the clearest points of differentiation non-captives can bring to electrification. Captive residual policies are shaped by OEM strategy, incentive budgets, and brand risk considerations. Non-captives can set residuals based on independent forecasts, market intelligence, and portfolio objectives.

This advantage becomes more important in 2026 because EV prices and incentives are changing quickly and used EV values remain sensitive to supply and policy swings.

A strong residual strategy starts with sharper segmentation. EV risk differs by brand, model, battery type, trim, and region. The same vehicle can show materially different price decay based on incentive eligibility, charging infrastructure density, and fleet penetration. Segmentation protects against setting residual assumptions too high in high-risk cohorts and too low in stable ones.

Planning for higher EV lease maturities needs to happen now. A larger volume of off-lease EV supply will re-enter used channels over the next two years. This can pressure resale values and widen forecast dispersion in specific cohorts. **Lease-return stabilization** expected to begin in 2026 makes this planning window immediate rather than theoretical.

Program design should absorb uncertainty instead of reacting to it. Residual shock absorbers such as shorter lease terms where uncertainty is highest, mileage-adjusted residual curves for heavy-use segments, and market-specific contingencies allow lenders to support EV volume without sudden program exits when volatility spikes. These structures also give dealers more confidence that EV affordability support will remain stable.

Lenders should be prepared to pivot between purchase-led and lease-led EV offers by market. Leasing remains a central EV affordability tool, but falling EV prices and shifting incentive economics are pushing some regions toward retail finance. Lenders that can dynamically adjust their EV mix by region will be better positioned to protect margins, control residual risk, and capture incremental share.

Strategy 3: Differentiate through precision affordability design, including odd terms

Odd-term and flexible-term financing remains a proven way to win share in a payment-first market. In an elevated price environment, terms outside traditional 24, 36, 48, 60, and 72-month structures can unlock incremental deals by reducing monthly payments without relying solely on rate concessions. The relevance of this lever persists through 2026 because consumers remain payment-constrained and because term length continues to be a primary tool for managing affordability.

What changes is the standard for execution. The competitive bar is no longer defined by whether a lender offers odd terms. It is defined by whether a lender can design affordability programs with more precision, more regional relevance, and more operational reliability than captives can sustain.

Leading non-captives are winning by tuning programs at the dealer and local market level, rather than applying a single national approach.

Odd-term capability is still a practical way to strengthen dealer networks, however. Dealers prefer partners that help them close difficult deals consistently. A lender with a clear menu of alternative terms becomes a default option when captives cannot deliver a viable payment. Over time, that reliability supports long-term share gains and increases dealer willingness to route a higher share of deals to the lender.

Regional precision is now essential. Captive programs can shift abruptly based on OEM incentive priorities, leaving gaps in specific models, regions, or inventory types. Non-captive lenders that see those gaps early and respond with a structurally better payment through term design can win conquest volume at the point of sale.



These shift points are becoming more frequent as **incentives move faster** and vary more by model and market.

Precision affordability also needs to be paired with risk discipline. Delinquency pressure is rising and extended and odd terms can introduce higher long-tail risk if they are applied without segmentation. Non-captives that win through 2026 will be those that deploy flexible terms selectively, using clear credit tier boundaries, model-level controls, and ongoing performance monitoring.

The goal is to widen affordability without allowing term flexibility to become a portfolio risk amplifier.

In the near to mid-term, odd-term capability should also be treated as an adaptability platform. Subscription-style programs are not yet a mainstream lending structure, but demand for shorter commitments and higher flexibility is rising among younger buyers. A strong odd-term playbook allows lenders to participate in this shift through familiar credit products while preparing for where broader flexibility models may scale.

How to compete through market agility and regional precision

Competitive benchmarking and market monitoring are shifting from strategic hygiene to a primary operating discipline. The lenders that win in 2026 will not be those with a single compelling national program. They will be those that can adjust offers quickly as conditions move.

Payments dominate purchase decisions, so small gaps in APR, incentives, or term structure can shift consumer and dealer preference rapidly. Regional differences in affordability pressure and buy versus lease mix are widening, increasing the need for local visibility. Policy and incentive shifts can alter economics quickly, reinforcing the value of early detection and rapid response.

From an execution standpoint, this means shortening the feedback loop between market movement and program response. Leading lenders are recalibrating pricing, residuals, and term menus on monthly or bi-monthly cadences. That tempo is becoming standard as volatility becomes more structural.

Market Scan's mGauge solution supports this capability by providing real-time visibility into competitive and market dynamics. These insights help non-captive lenders identify where odd-term affordability wins are emerging, where EV residual risk is shifting, and where captive programs are leaving actionable gaps.

Integrated into lender workflows, that visibility enables the speed and regional precision required to gain share through 2026 and beyond.

Conclusion: Why these strategies will matter in the next phase of the market

The core challenge facing automotive lenders over the coming years is not only that affordability is constrained. The variables shaping affordability are moving faster and differently across regions. In this environment, non-captive lenders can take share by executing three strategies with greater precision and speed than captives can replicate.

Precision affordability design, including odd-term flexibility, remains a primary lever for winning payment-sensitive deals. Segmented EV residual risk management will separate lenders that can grow electrification volume from those that retreat under volatility. Dynamic market-gap capture will also remain a reliable lane for conquest, especially in used vehicles and underserved tiers.

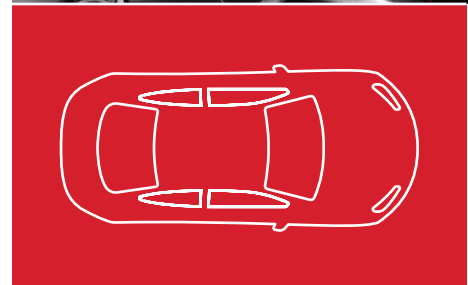
Across all three strategies, competitive visibility and fast regional program tuning are the operational requirements. Non-captives that connect these strategies will be best positioned to compete through volatility, strengthen dealer reliance, and sustain market share gains as the industry moves through 2026 and into its next chapter.

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