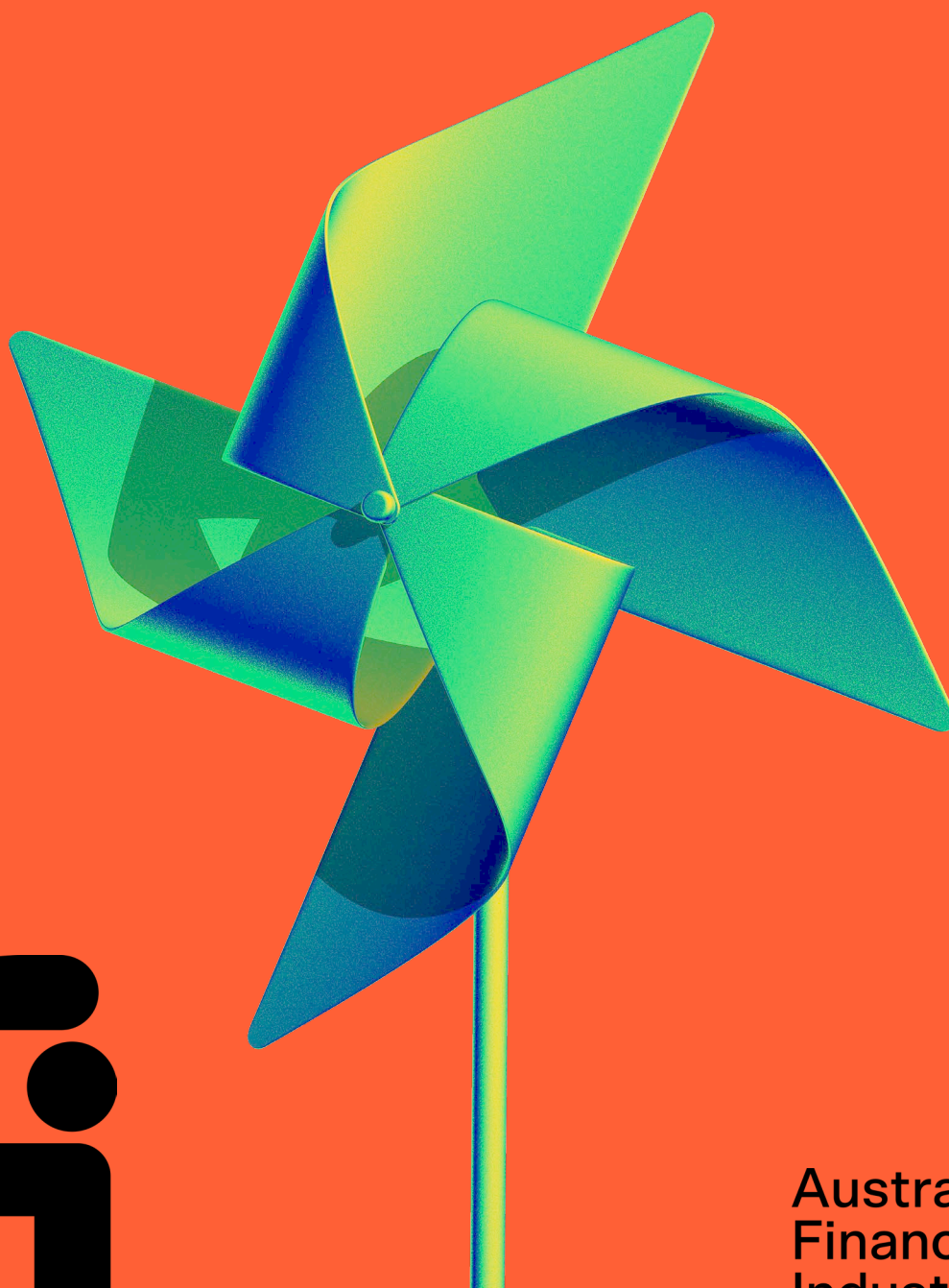


EV Finance: Driving Down Australia's Emissions

March 2024



Australian
Finance
Industry
Association

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¹ Data covers the period January to December 2023.



Overview

The Australian Finance Industry Association (AFIA) is the only peak body representing the entire finance industry in Australia.

We represent over 150 members, including bank and non-bank lenders, finance companies, fintechs, providers of vehicle and equipment finance, car rental and fleet providers, and service providers in the finance industry. We are the voice for advancing a world-class finance industry and our members are at the forefront of innovation in consumer and business finance in Australia. Our members finance Australia's future.

We collaborate with our members, governments, regulators and customer representatives to promote competition and innovation, deliver better customer outcomes and create a resilient, inclusive and sustainable future. We provide new policy, data and insights to support our advocacy in building a more prosperous Australia.

In 2023, AFIA members financed nearly \$2.5 billion in electric vehicles (EVs), showcasing our commitment to cleaner, greener forms of transportation and reducing Australia's emissions. This investment highlights the growing interest and market for EVs, with commercial finance leading this growth and consumer finance showing steady interest.

Notably, novated leasing saw significant increases, indicating its influence on EV financing. June 2023 marked a peak with 4,000 EVs financed, valued at \$260 million. On average, EV financing exceeded \$200 million monthly, demonstrating the sector's vitality and potential for further growth.

Despite the enthusiasm for EVs, their higher price point compared to Internal Combustion Engine (ICE) vehicles remains a challenge. However, the EV tax cut, introduced in November 2022, has helped increase EV sales from 2 per cent to 8.4 per cent between March 2022 and June 2023, underscoring the positive impact of such measures on EV adoption.

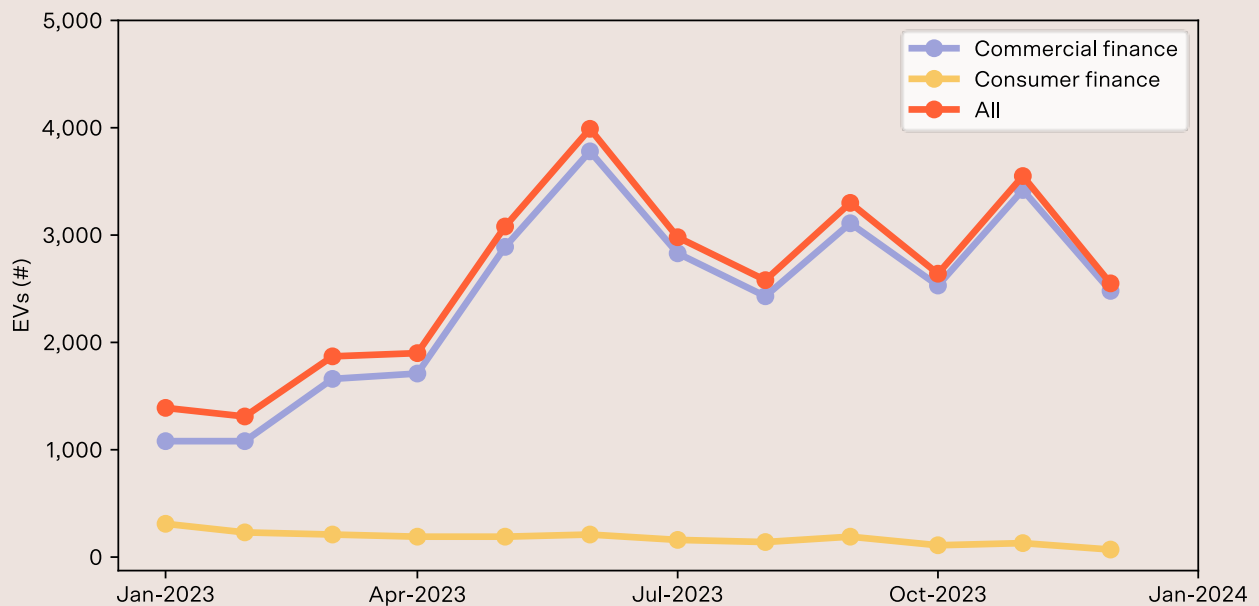
AFIA remains dedicated to supporting initiatives that promote the uptake of EVs, contributing to a greener Australia and helping to combat climate change.



Nearly \$2.5 billion in EV Finance in 2023

- Industry data provided by AFIA members shows that between 1 January and 31 December 2023, AFIA members provided nearly \$2.5 billion in finance for electric vehicles.
- Commercial finance is the primary driver for the growth in the EV finance industry.
- Consumer finance for EVs maintains a consistent presence in the market, indicating a steady consumer interest in electric vehicles.
- The trend in EVs financed monthly throughout the reporting period is shown in **Table 1** below.²

Table 1: EVs Financed Monthly



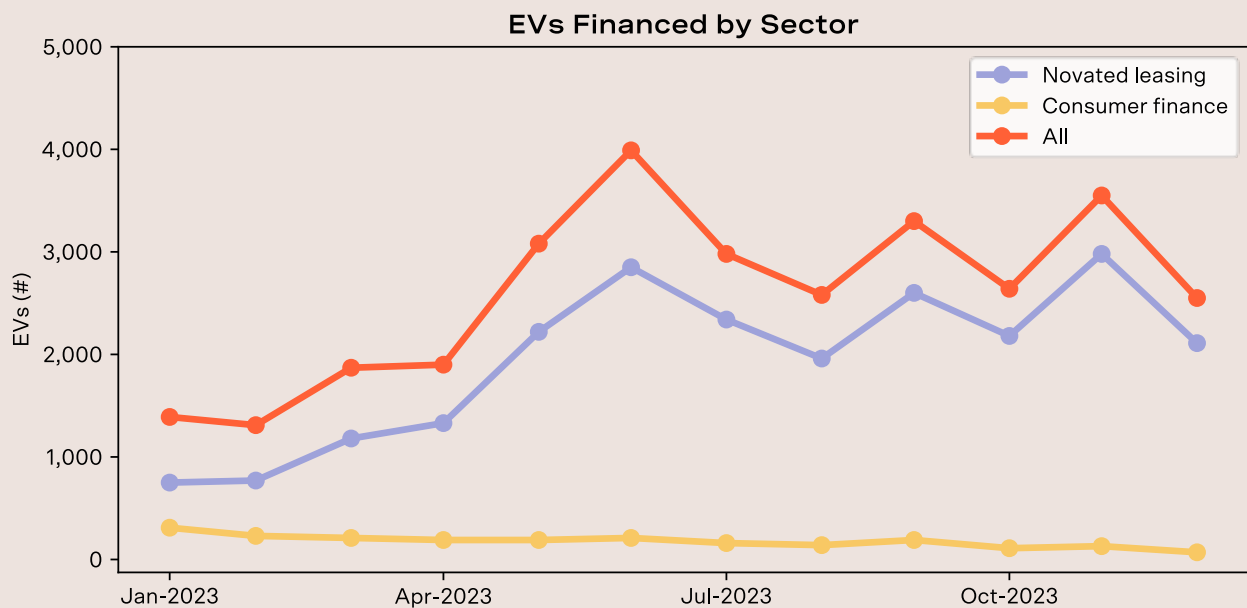
² Quoted amounts have been rounded to the closest 100 units and the closest \$1,000,000. For the graphs, the plotted amounts have been rounded to the closest \$100 for the average figure and closest 10 for the units graphs.



EVs financed by sector

- Novated leasing has experienced a significant increase throughout the year, indicating its strong influence on the growth in EV financing.
- June 2023 experienced the peak of EVs financed, with 4,000 EVs, valued at \$260 million.
- An average of 2,416 EVs were financed monthly by novated leasing, averaging monthly 92 per cent of all financing.
- EVs averaged over \$200 million total financed monthly.

Table 2: EVs Financed by Sector



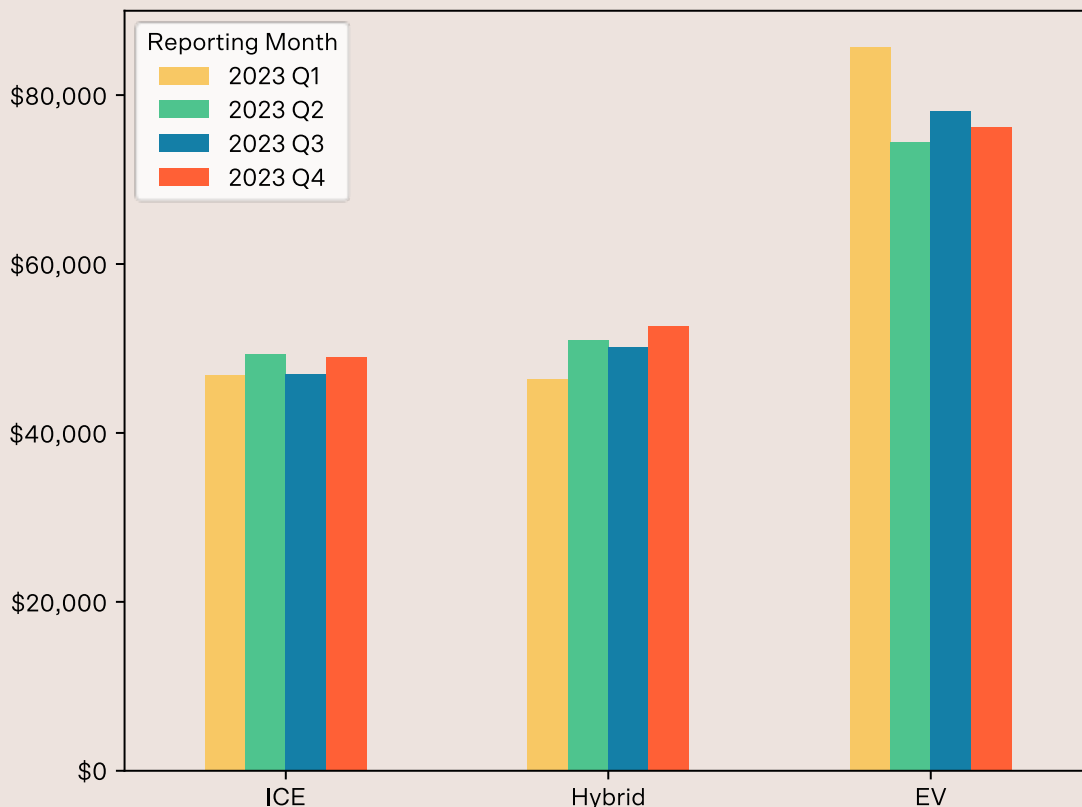


Cost of electric vehicles

- AFIA industry data shows the average amount financed for EVs and Hybrid was approximately \$64,300, compared to approximately \$48,000 for ICE vehicles.
- EVs remain at a higher price point than ICE models, which may act as a barrier to entry.
- In addressing the pressing issue of fuel efficiency and the adoption of EV's in Australia, Chris Bowen, the Minister for Climate Change and Energy, highlighted Australia's lagging position in the global automotive market. According to Minister Bowen:³

On average, new cars in Australia use 40 per cent more fuel than the European Union, 20 per cent more than the United States, and 15 per cent more than New Zealand... Australia also lags far behind other countries in EV sales, with our uptake of EVs around 4 times lower than the global average.

Table 3: Average value of financed vehicles by propulsion



³ Joint media release: [Australia's first National Electric Vehicle Strategy to drive cleaner, cheaper-to-run vehicles](#), The Hon Chris Bowen MP, Minister for Climate Change and Energy and The Hon Catherine King MP, Minister for Infrastructure, Transport, Regional Development and Local Government



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