



What is Car Loan?

The subject of car finance comprises different financial products which allow someone to acquire a car with an arrangement other than a single lump sum payment. The provision of car finance by a third party supplier allows the acquirer to provide for and raise the funds to compensate the initial owner, either a dealer or manufacturer.

Car finance is required by both private individuals and businesses. All types of finance products are available to either sector, however the market share by financial type for each sector differs, partly because a business contract hire can provide tax and cashflow benefits to businesses.

Personal Car Finance is a complete subsector of personal finance, with numerous different products available. These include straightforward car loan, hire purchase, personal contract hire (car leasing) and Personal Contract Purchase. Therefore car finance includes but is not limited to vehicle leasing. These different types of car finance are possible because of the high residual value of cars and the second hand car market, which enables other forms of financing beyond pure unsecured loans.

Car loan requires less paperwork than a home loan. In fact it is possible to get a car loan within a week! It is because the bank does not have to verify any asset as in the case of home loans.