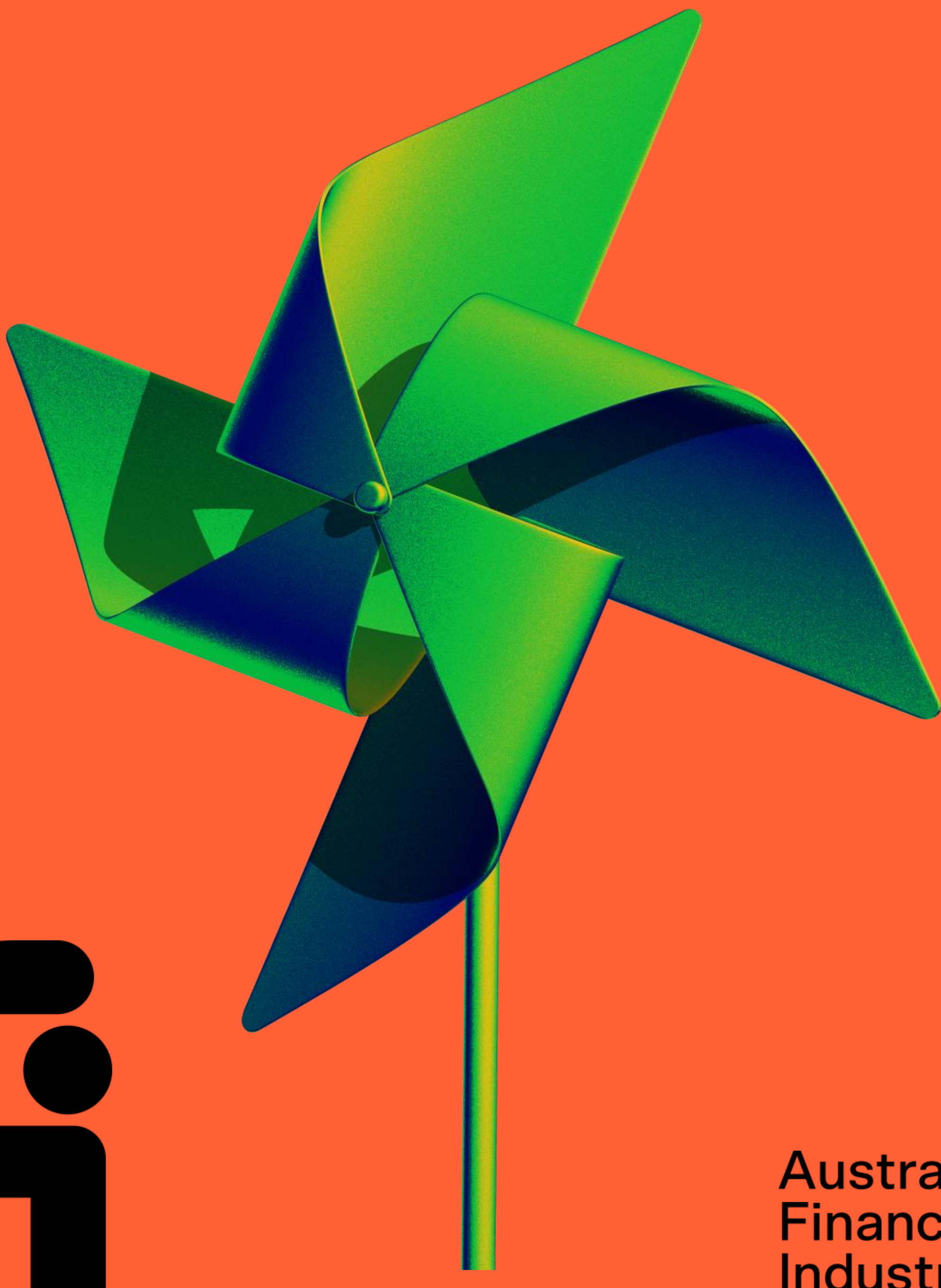
EV & Hybrid Finance: Driving Down Australia's Emissions

June 2025



Australian
Finance
Industry
Association

Table of Contents[1]

[1] Data covers the period January to December 2024.

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 banks, 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 2024, AFIA members financed 104,835 electric and hybrid vehicles, totalling $6.17 billion in finance. This represents a substantial increase in both volume and value, with an average of $515 million financed each month. Financing was heavily driven by the commercial segment, with fleets and novated leasing accounting for nearly 70 per cent of transactions and helped deliver a 62 per cent growth in commercial finance over the year.

Hybrid vehicles remained the dominant choice, financed at more than three times the rate of fully electric vehicles, indicating ongoing consumer caution around charging infrastructure and range. Despite this, the average financed price of electric and hybrid vehicles fell by around 7.4 per cent to $58,892, suggesting improving affordability alongside market expansion, with new manufacturing brands entering the Australian market.

These results highlight the finance industry's important role in enabling low-emission vehicle uptake, while also pointing to structural barriers, particularly infrastructure and policy uncertainty, that continue to shape consumer and business purchasing decisions.

Over $6 billion in EV & Hybrid Vehicle finance in 2024

- AFIA members financed 104,835 electric vehilces (EVs) and hybrid vehicles between 1 January 2024 and 31 December 2024, a significant increase from the 64,288 financed in 2023.[2]
- This amounts to just over $6.17 billion in EVs and hybrid vehicles financed.
- AFIA members financed $515 million in EVs and hybrid vehicles per month in 2024.[3]
- The trend in EVs financed monthly throughout the reporting period is shown in **Table 1** below.[4]
- **Table 2** shows a consistent preference for hybrid vehicles over EVs throughout 2024, with hybrid vehicle volumes peaking sharply in August.

Table 1: EVs & Hybrids Financed Monthly

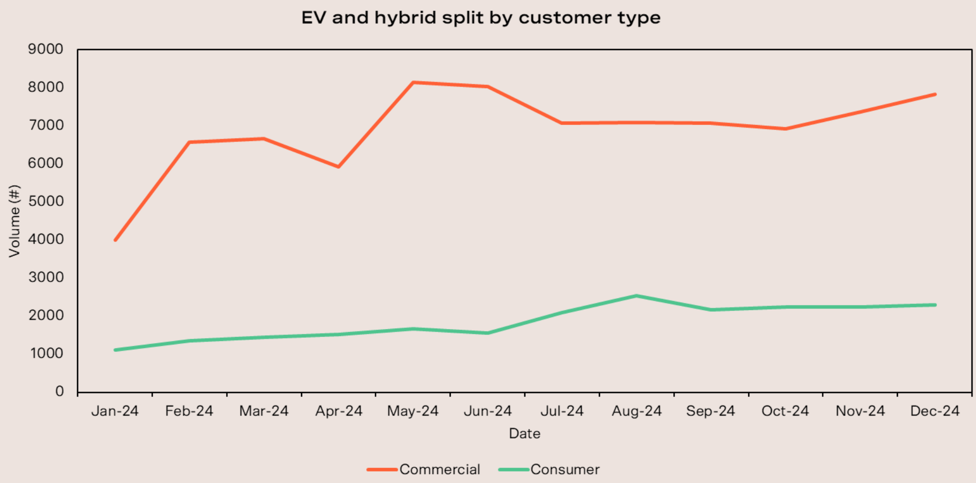
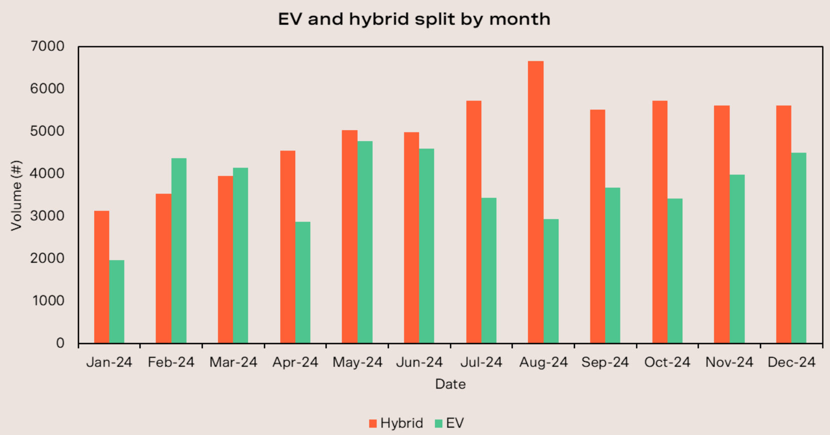


Table 2: EVs & Hybrids Financed Monthly



[2] AFIA has introduced new members from the 2023 reporting period.

[3] Average figure across the 12 month period.

[4] 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 & Hybrid Vehicles financed by sector

- Novated leasing accounts for the majority of vehicles financed, accounting for nearly 70 per cent of all transactions.
- Commercial finance remains the primary driver for growth, with an increase of 62 per cent from 2023. In 2024 commercial finance accounted for 82,617 vehicles, versus 51,160 in 2023.
- December 2024 had the highest number of EVs and hybrid vehicles financed, driven by novated leasing.
- Hybrid vehicles were financed 35% more frequently than EVs, with 60,083 units and EVs at 44,752 units. This indicates a strong consumer preference for hybrids over fully electric vehicles, likely due to concerns around charging infrastructure and range.
- **Table 3** shows the financing preference for EVs and hybrid vehicles. **Table 4** shows that novated leasing consistently drove volumes throughout 2024, with its year-end surge underpinning the December peak in total EV and hybrid vehicle finance activity.

Table 3: EVs & Hybrids Financed by Sector

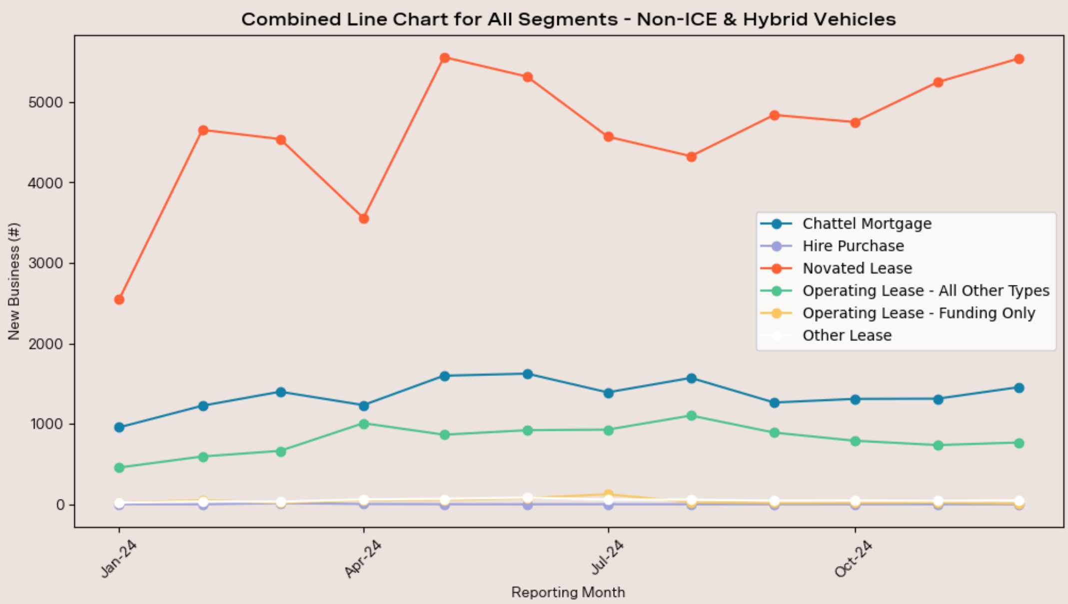
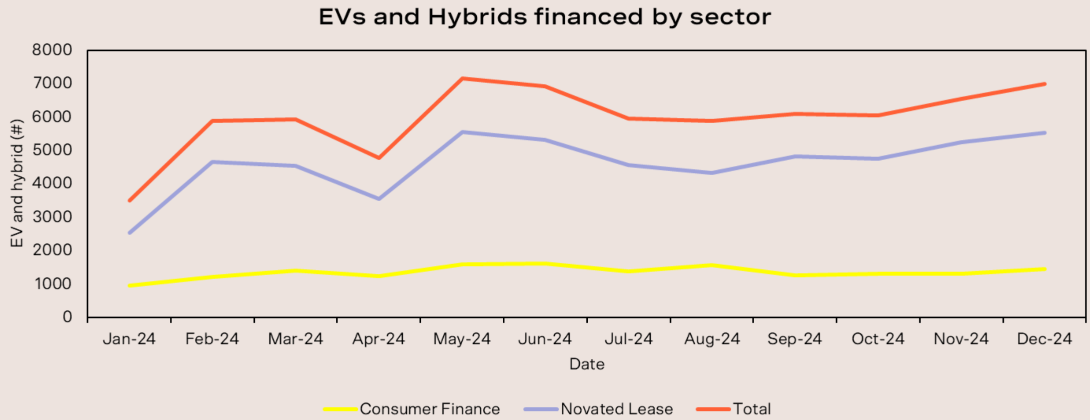


Table 4: EVs & Hybrids Financed by Sector

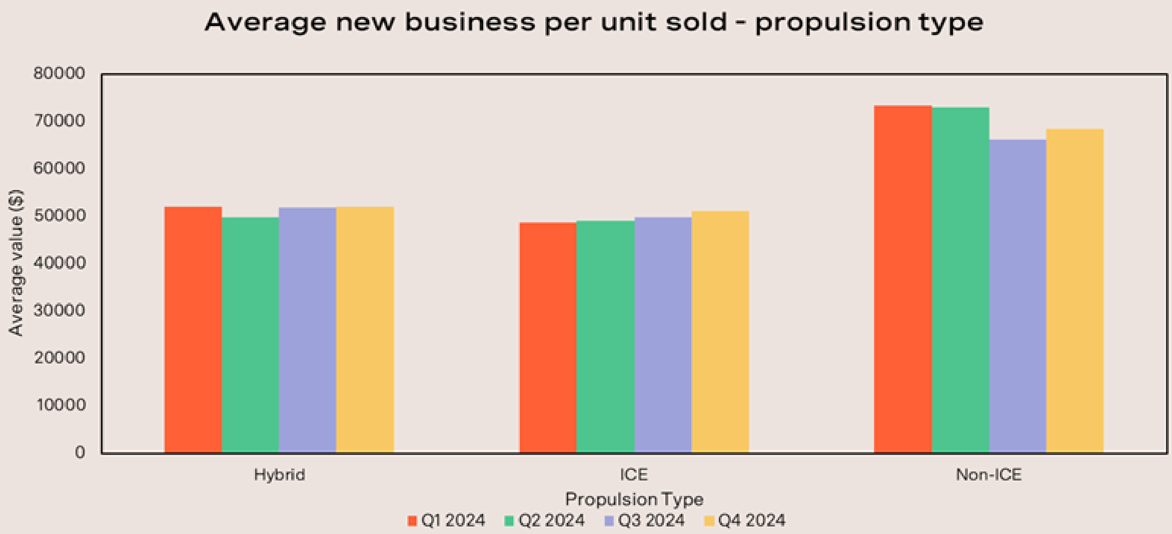


Cost of EVs & Hybrid Vehicles

- The average amount financed for EVs and hybrid vehicles was $58,892, an approximately 8 per cent cost reduction from 2023.
- The average cost of EVs is $70,100, and hybrid vehicles are $50,600.
- **Table 5** shows the average cost of internal combustion engine (ICE) and non-ICE vehicles in 2024.
- The steady reduction in cost for EVs and hybrid vehicles is likely to result in greater uptake from consumer and business borrowers.
- Hon Chris Bowen MP, Minister for Climate Change and Energy, emphasised the role of improving charging infrastructure to support greater EV adoption. According to Minister Bowen:

> *Boosting charging and reducing range anxiety remains an important priority. The number of publicly available fast chargers increased by over 70% over calendar year 2023. That's more than 800 locations.*[5]

Table 5: Average value of financed vehicles by propulsion



[5] Speech to the Smart Energy 2024 Conference and Expo, The Hon Chris Bowen MP, Minister for Climate Change and Energy, 7 March 2024.

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