Australian
Finance
Industry
Association

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Latest industry data shows electric vehicles defy weaker motor finance market

New Australian Finance Industry Association (AFIA) motor vehicle finance data for February 2026 shows electric vehicle (EV) finance surged 48 per cent year-on-year even as the broader motor finance market weakened, with the value of new vehicles financed nearly 3 per cent lower than 12 months ago as higher borrowing costs and rising inflation weigh on demand.

AFIA CEO Diane Tate said: "the latest figures show the FBT exemption for EVs is working, as fuel prices and supply drive more Australians towards the security that EVs provide in these volatile times. However, EVs still only make up 16 per cent of all vehicles financed in Australia over the past year. With emissions from the transport sector comprising 22 per cent of all emissions in Australia, there is a long road to go to reducing emissions and meeting our targets.

"Our latest industry data shows Australians are continuing to transition, even as overall motor finance conditions become more challenging. It's clear Australians want cleaner, cheaper-to-run vehicles, so national, consistent policy settings are critical.

"The FBT exemption for EVs remains the single-most critical incentive that Australia has for cleaner vehicles, and the data shows it is working. If the Government wants to keep investment flowing, help Australians get ahead, and retain Australia's commitment to reducing emissions, they must continue the FBT exemption.

"Australia must have a suite of policies that support economic transition and energy security. This gives Australians the confidence to get an EV, and gives investors the confidence to continue building infrastructure across the nation to deliver Australians the network they need.

"The Government must invest more into public and private EV charging infrastructure across Australia and expand public-private partnerships, such as through the Clean Energy Finance Corporation, to make sure Australians have access to the right products, the right finance and the right vehicles.

"With The Treasurer about to engage with key counterparts on global economic policy ahead of the upcoming Federal Budget, it is imperative that Australia not only contributes to finding solutions to restore global economic stability, but also learns from the lessons of overseas experiences with net zero policies, and applies them to the unique circumstances we face here in Australia.

"Australia has the tyranny of distance, we don't have a local consumer vehicle manufacturing industry, so we're consumers from overseas manufacturers. We've got to catch up to the rest of the world in terms of our EV uptake and EV charging infrastructure deployment, or be left behind. We've got to take a look at leading countries showing success with transition and learn from those countries that have stalled, such as the impact on markets as well as consumer and investor confidence when upfront discounts and tax concessions were removed too early," Ms Tate added.

New consumer research confirms need for government support

Ms Tate said new AFIA-commissioned consumer research conducted by Pyxis Polling & Insights[1] confirms that government support is key to driving EV uptake.

"Our latest consumer research shows government support does more than improve affordability – it gives Australians the confidence to act. Once people can see EVs will work for their daily lives, incentives like the FBT exemption help turn consideration into commitment, commitment into action and action into lower emissions," Ms Tate said.

"EV charging infrastructure availability and reliability is still a key concern. We only have to see the various queues at public charging stations over the Easter break to see why this remains a concern for Australians.

"Government incentives also send a clear signal that Australia remains committed to the transition to cleaner transport and net zero policy more broadly. If the Federal Government steps back now, it will send exactly the wrong message at the wrong time to consumers and investors, just as confidence is building and the transition is gaining momentum," Ms Tate said.

Hybrid financing remains at year-long low

The latest industry data also shows hybrid financing remains at a year-long low following the removal of the FBT exemption for plug-in hybrid vehicles in March 2025, with the value of hybrid financing plummeting 42 per cent in February 2026 compared to February 2025.

Ms Tate said hybrid vehicles remain an important bridge technology for many Australians, particularly those without easy access to EV charging infrastructure or those who still need the flexibility of petrol back-up for longer distances and regional travel.

"Hybrid vehicles continue to make practical sense for many households and businesses, especially while EV charging infrastructure lags behind other comparable countries and 'range anxiety' remains a live issue for Australians.

"In the current environment, we should be throwing everything at reducing our dependency on fuel to strengthen Australia's energy security. Hybrid vehicles remain an important piece of that puzzle, and the Government should be seriously considering reinstating the FBT exemption for plug-in hybrids, along with maintaining the FBT exemption for EVs," Ms Tate concluded.

ENDS

EDITOR'S NOTES

[1] The AFIA-commissioned consumer research was conducted by Pyxis Polling & Insights between 2–18 February 2026 and comprised 11 focus groups (7 with individual consumers and 4 with SME representatives). Verbatim quotes from participants on the role of government support in the adoption of EVs included:

> *"Living regionally, through work we have electric vehicles. There's just not enough charging stations. To me, electric vehicles regionally? It's not worth it at all."*
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> *"If there's no FBT benefits, what's the difference? Why would anyone prefer electric or hybrid? Without those incentives the demand will drop right off."*
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> *"If they removed the incentives, yeah, it would kind of be almost like, they're giving up on the initiative. Like, they're just abandoning it, which means that we would lose faith in that being the way forward."*

MEDIA CONTACT

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ABOUT AFIA

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.