

PREMIUM

Auto refi fintech grows 400% amid pandemic



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📁 Innovation & Technology, Sales & Marketing

Breaking from tradition may be the key to auto financiers' future success. While most lenders struggled as car sales dropped and consumers cut back on making payments during the COVID-19 pandemic, **Gravity Lending** found success in its online focus.



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The Austin-based fintech, which connects consumers with institutions for auto refinance loans, saw business grow by 400% on a month-to-month basis to \$16 million in originations in July, largely due to needs accelerated by the pandemic, Chief Executive Brian Jones told *Auto Finance News*. Gravity, which opened for business online in August 2019, has closed more than \$75 million in loans.

"We put all of our focus into the auto refinance area, knowing that the pandemic was going to cause a massive interruption for a lot of consumers, both on the paycheck side as well as making their payments," Jones said.

Gravity's digital setup may open the door for lenders to grow their refinance business, Jones said. "I think that all lenders are tapped into [the refinance market], but none of them know how to get it. If a refinance comes to their doorstep, they love to do that because they perform so much better than traditional purchases do," he added. "Companies like us allow them to enter the market in a big way because we have access to the applications and the consumers, which they don't have the expertise to go to."

Leads are generated through advertising, online partnerships, print media and organic traffic, Jones told *AFN*.

The vehicle sales market crashed during the pandemic, hurting lenders but setting the stage for Gravity to step in, Jones said. "The consumers needed the product, the lenders wanted the product and the business, but they weren't able to connect with each other," he said. "It was a perfect marriage and a perfect time for all of us."

Gravity connects consumers with financial institutions, fielding applications from across the country through its website and identifying customers who fit the institutions' criteria. The institutions then underwrite the loans. Gravity works with each customer to customize the loan and get all paperwork signed electronically before packaging the loan and passing it along to the funding institution.

"I think that we are set up to facilitate those transactions much better than the larger lending institutions because we're specifically focused and understand this business," Jones said. "The way that we've set it up, the consumer literally fills out a simple application, receives their offers, chooses which offers they want, sets it up and signs on the phone. It literally could take them a total of 10 minutes to refinance their car from the application time to the time of the doc."

Gravity works with technology partners like **Lightico**, an e-signature platform, to complete the entire refinance process online, making it easy to reach consumers during stay-at-home orders. Gravity can process thousands of applications within a short time and, in July, ran tens of millions of dollars in loans through the company's system, Jones said. Gravity works with **Defi Solutions'** loan origination system to process originations.

"We had the lenders to back up and buy that business," Jones said. "Everything just seemed to line up perfectly and we were in a position to succeed."

Gravity's success during the pandemic is thanks to the focus on technology and online processes when the company was formed, Jones said. "Utilizing the technology that was already built and not having to consume the resources and time it takes to build your own technology allowed us to get ahead of everything," Jones said. "The bigger lenders, they've been doing things a certain way for decades, and we were able to take a fresh look on it and see how we could make the customer experience second to none."

Gravity sees 90% of consumers who agree to the loan's terms follow through and complete the process, Jones said.

"We were fortunate, and this was the exact reason we set it up this way, in terms of different mindsets and different strategies. Now we just really put the pedal down on what we were already focused on because the product was perfectly primed for the situation," he said.

Gravity plans to branch out beyond auto loans into digital finance products, such as home equity lines of credit, personal loans and home improvement loans, Jones said.

"We don't go to the brick and mortar. When's the last time you've been to your credit union and bank? For me, it's been probably more than three years now. Everything's on my phone, I can transfer money to my friends, I can sign my documents, get my loans online, sign on my phone," Jones said. "There's no need to have to go out of your way."

Auto Finance Summit, the premier industry event, returns October 20-22, 2020, as a virtual experience. The virtual experience will offer the same quality networking and education as past events, all through an online platform. To learn more about the 2020 event and register, visit www.AutoFinanceSummit.com.