

The State of Digital Lending in Auto Finance 2020



Agenda

1. Introduction
2. Survey Key Takeaways
3. Root Cause Analysis
4. Addressing Root Causes
5. Technology to Streamline Auto Lending
6. Business Impact
7. Resources + Q&A



Glenn Munro

- 30 years' experience in the auto lending industry
- Strategic advisor at Lightico
- Modern art collector and loves renovation projects



Yotam Haroosh

- 10 years of experience in customer-facing positions
- Former VP Biz Dev at a CX tech company
- Role model is Cristiano Ronaldo
- Addicted to success



Survey

Reflects consumers' loan expectations and experiences

Results revealed patterns across different demographic lines, including age, income, and geographic location

Commissioned a survey of 1,000+ Americans

Survey Key Takeaways



2/3 of consumers *expect*
an **auto loan application**
to be completed within
a few hours



Survey Key Takeaways



2/3 abandonment

is **because**
process *wasn't*
digital, fast



Survey Key Takeaways



GenZ, Millennials, & subprime borrower

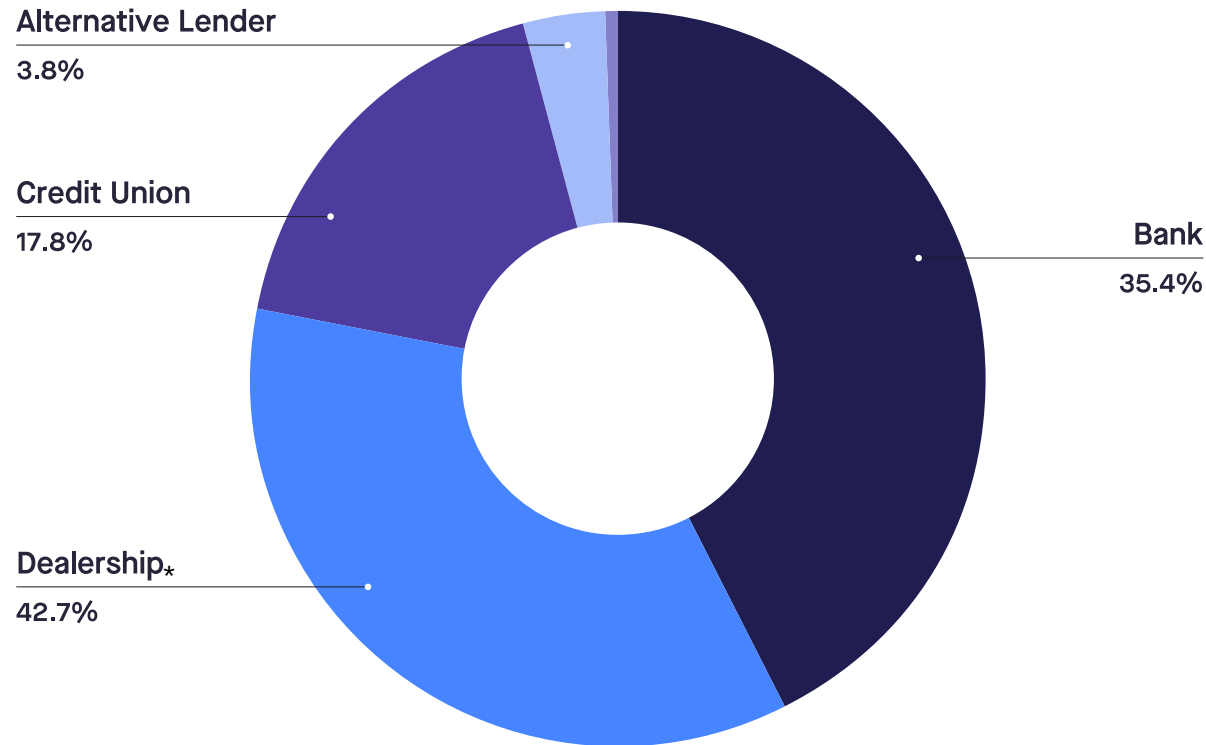
hurt most by

lengthy processes & excess paperwork



Banks and Dealerships

From what type of institution did consumers get their loans?

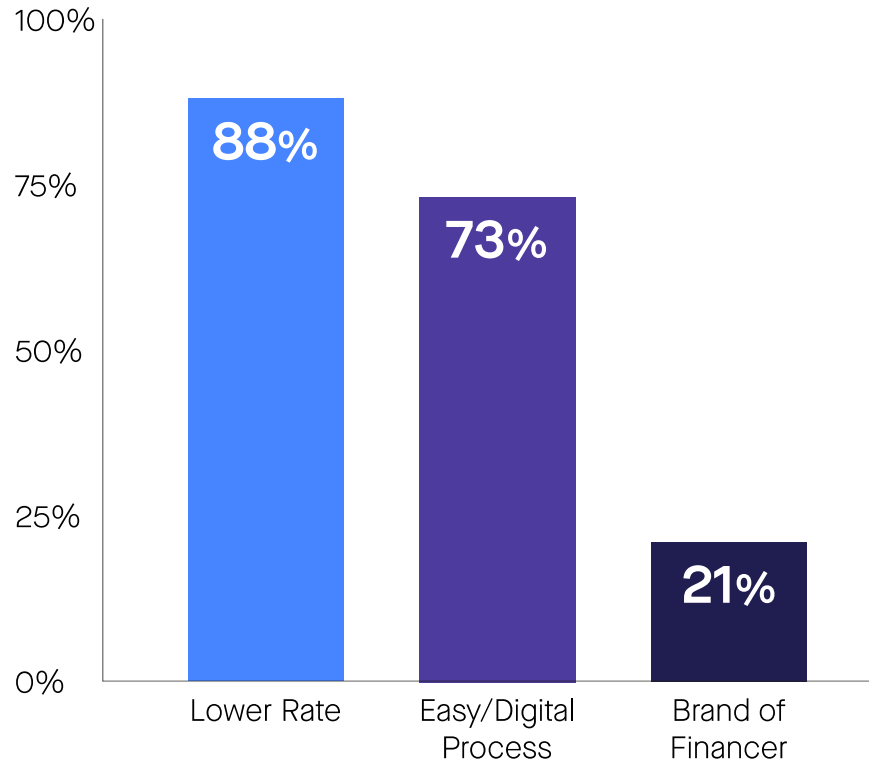


**Presumably indirect or captive –
but consumers often don't know*

Where did you get your auto loan?

Easy and Cheap

What are consumers looking for in an auto loan?



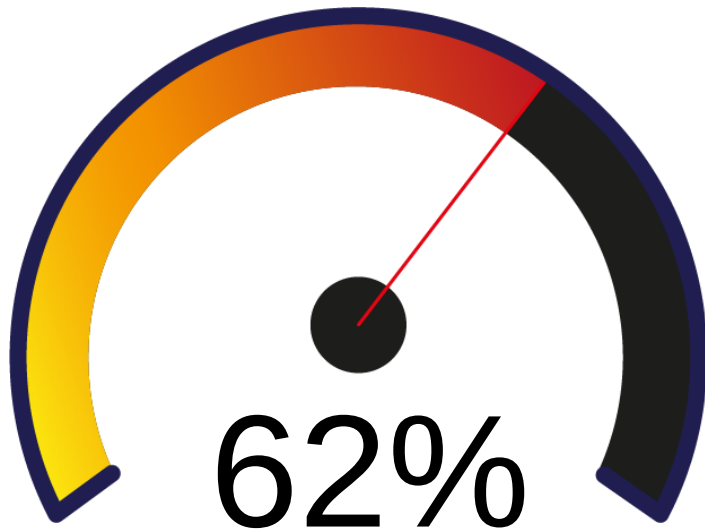
4x Gen Z and Millennials are 4x as likely to look for a digital or mobile experience compared to respondents ages 40+.



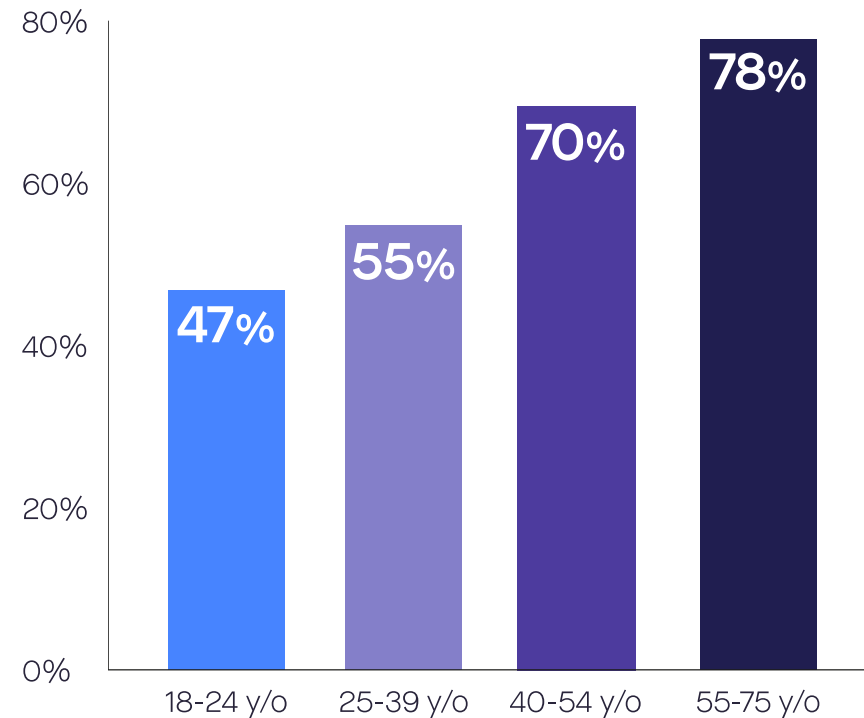
What do you look for in an auto loan?

Hours – not days or weeks

How quickly do consumers expect loans to be completed?



**of consumers expect
loans to be completed in
few hours**



**Expect an auto loan to be
completed in a few hours by age**

Poll

How long does it take for your customers to complete their auto loan application end to end?

☐ A couple of hours

☐ 1-2 days

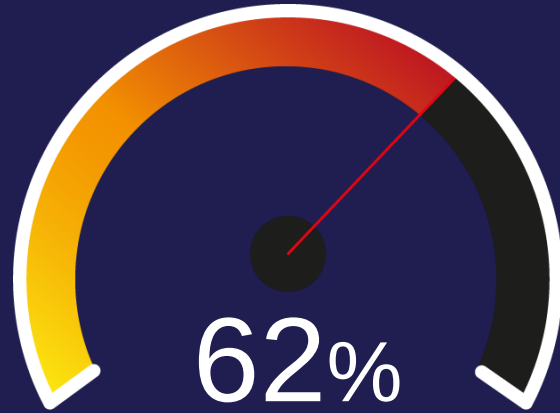
☐ 3-5 days

☐ 6 or more days

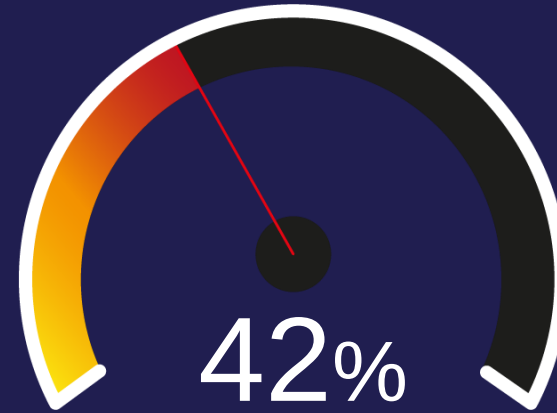
Time and Archaic Processes

What were your reasons for abandoning an auto loan process with a particular lender?

2/3 of abandoned loans could be prevented with better, faster experiences



Bad customer or digital experience



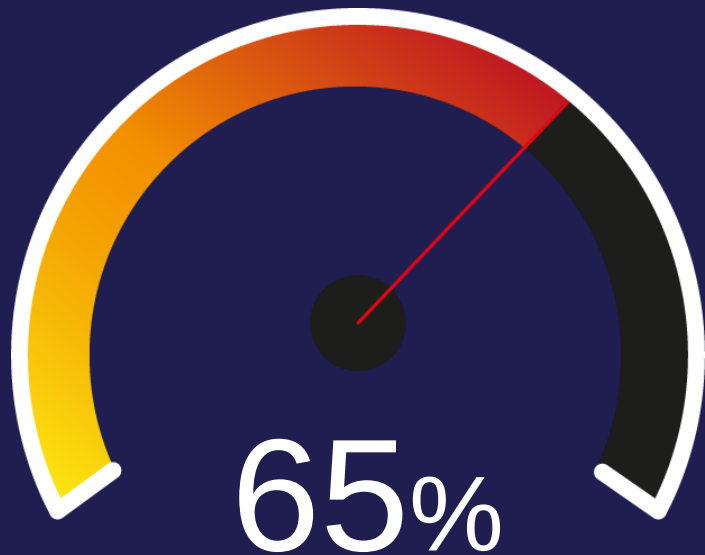
Loan took too long

*“Funding was going to require unnecessary travel
and time off work to sign papers in person”
– Auto Purchaser from Maryland*



Go Digital or Go Home

Should auto loans be fully completed online?



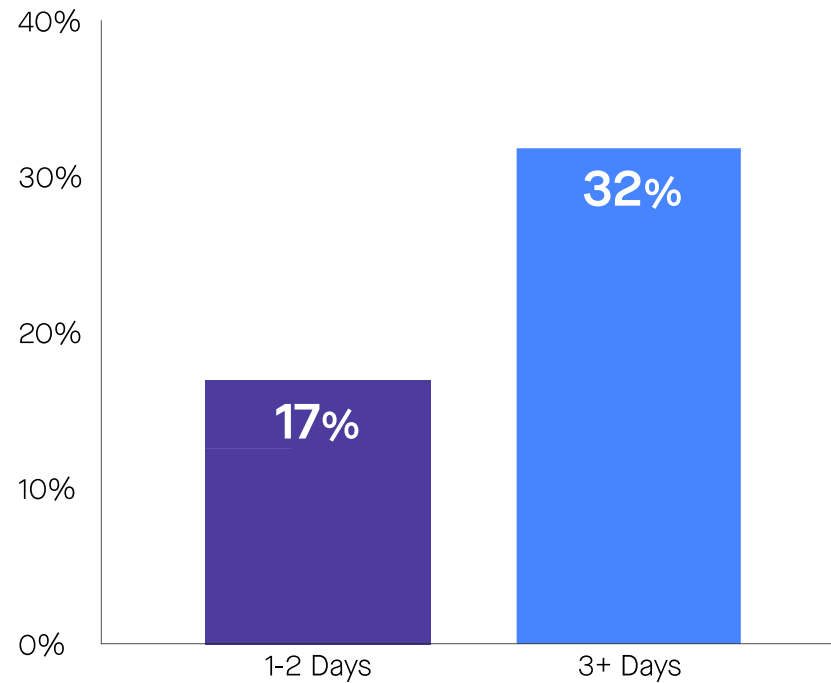
65%
of consumers expect
an auto loan to be fully
completable online

“Yes, it is important to me to be able to complete an auto loan process purely online (i.e. no faxes, visiting a physical location, etc.)”



Fund me...NOW

Longer time to funding is driving loan abandonment



At what point did you abandon your auto loan application?

2x

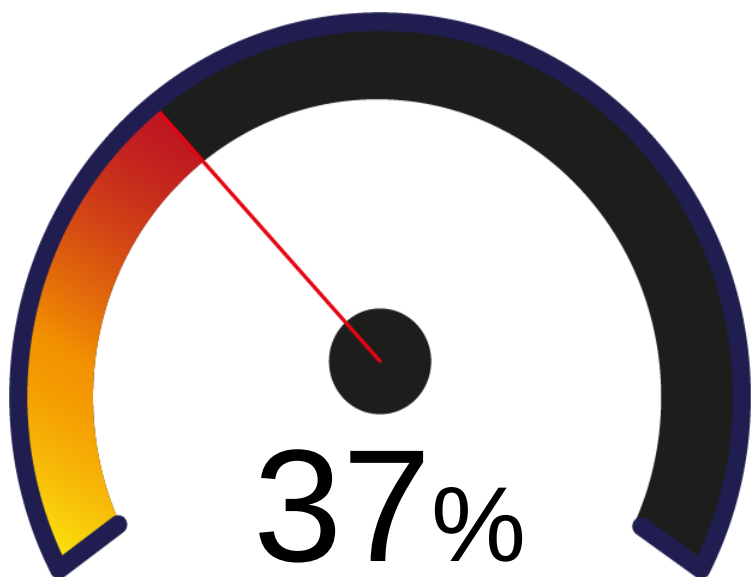
Consumers who waited more than 48 hours are twice as likely to abandon a car loan

3x

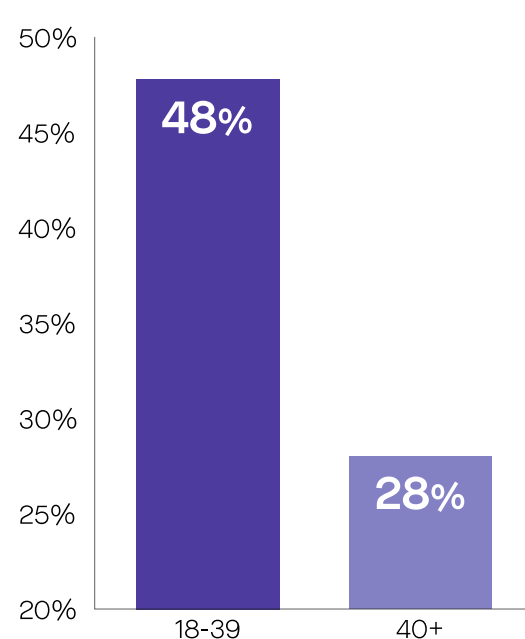
As many Gen Z + Millennials abandon auto loans if it takes longer than 48 hours compared to consumers aged 40+

Too Much Paperwork

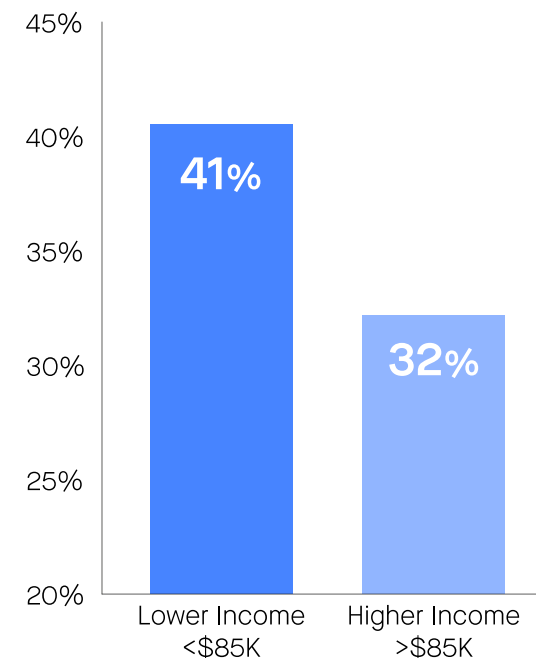
Did you have to submit more than 5 documents during the loan process?



of consumers had to submit 6 or more documents for their auto loan



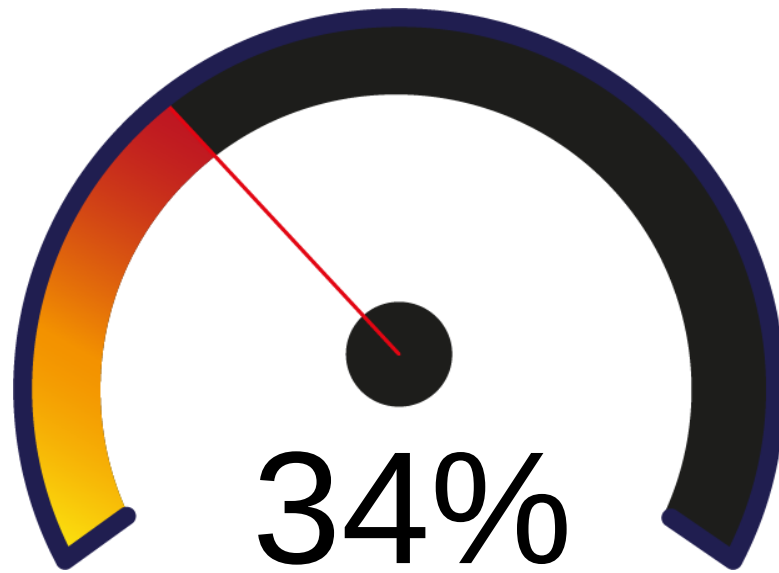
Had to submit or sign 6+ documents/forms
(By age)



Had to submit or sign 6+ documents/forms
(By income)

Speed Things Up

How long did it take to complete the loan process?



**of loans took 3 or more
days to complete**

28%

Lower-income individuals are 1/3 (28%) more likely to suffer from long loan processes.

Poll

How many documents and steps do your customers typically need to submit?

☐ 1-2

☐ 3-6

☐ 7-9

☐ 10 or more

Part 2: Root Cause Analysis



Real-life Stories



Customer Journeys in Auto Finance



The Customer Effort Gap



Today's Customers

Expect to complete processes instantly, anywhere



Submit ID & documents



Sign and consent to terms



Fill Forms



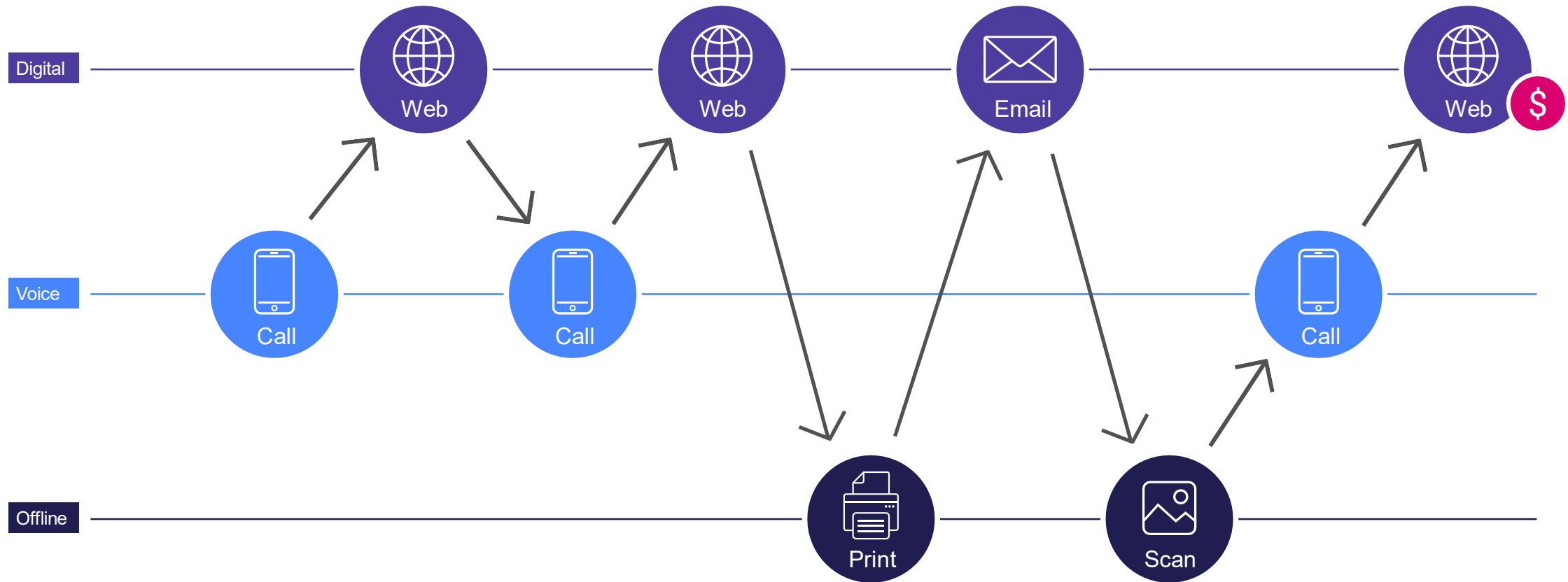
Submit Payments



Today's Banks

Aren't equipped to deliver that experience

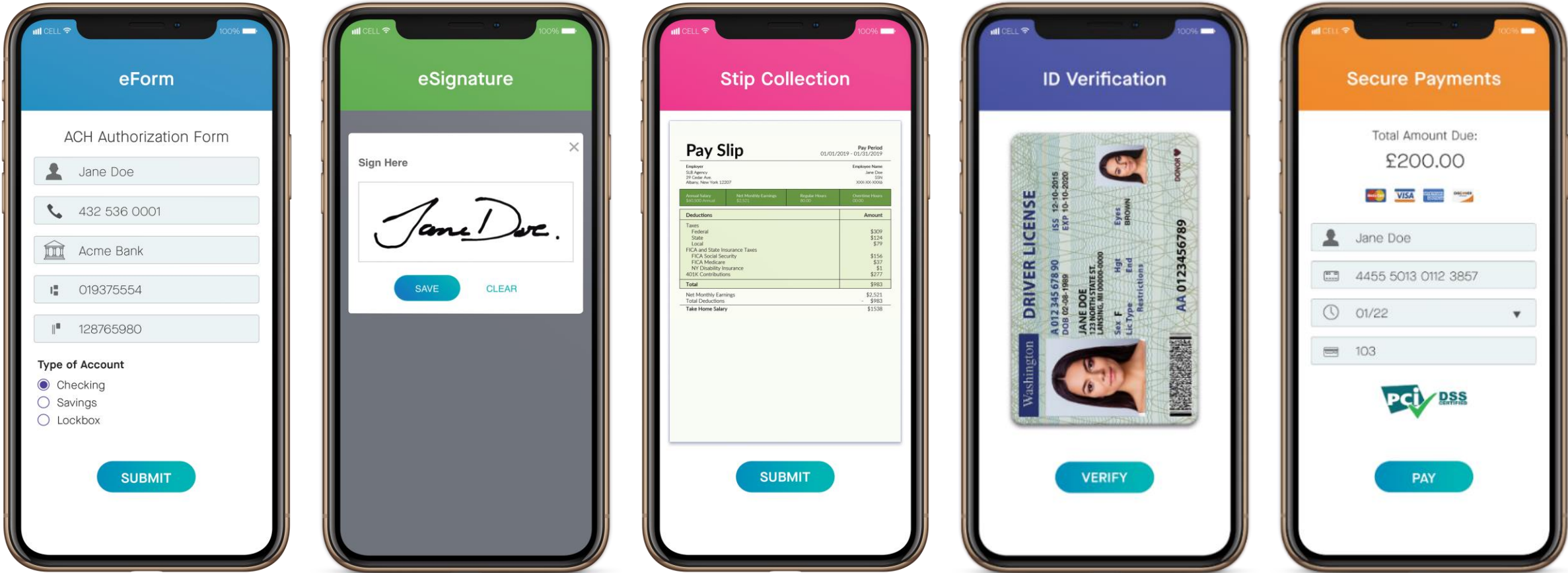
Long & Painful Customer Journeys



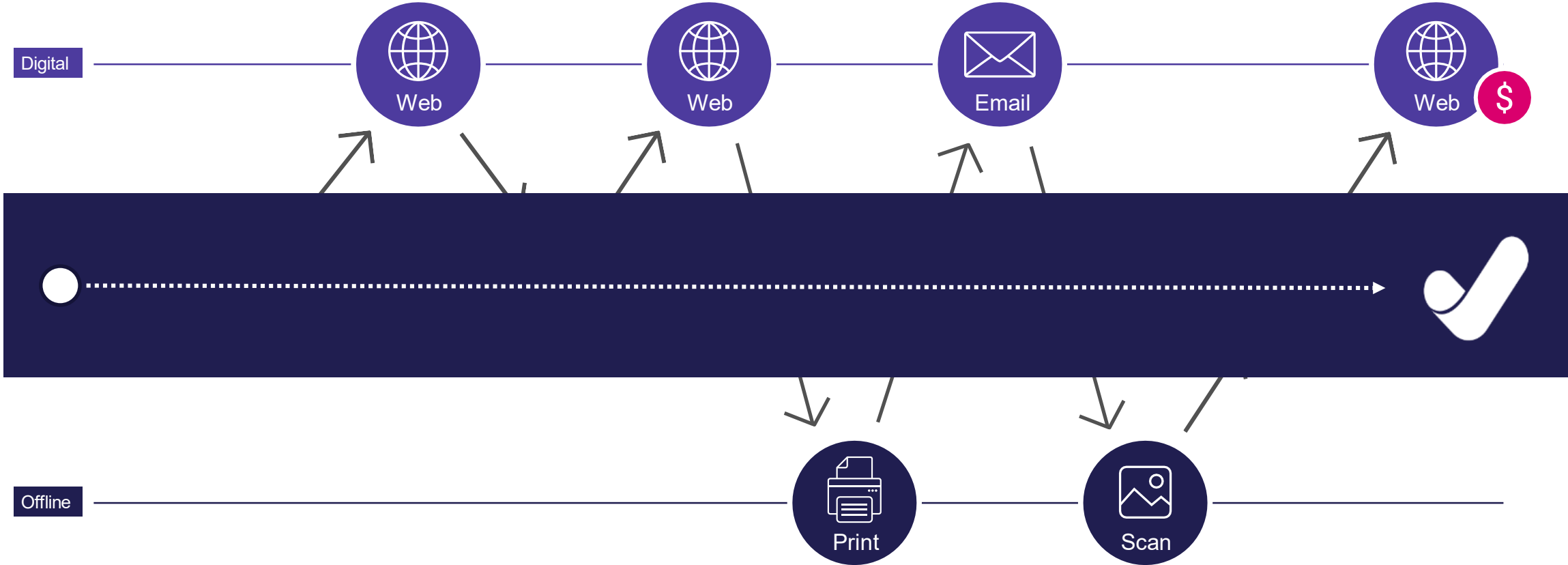
Part 3: Digital Solutions

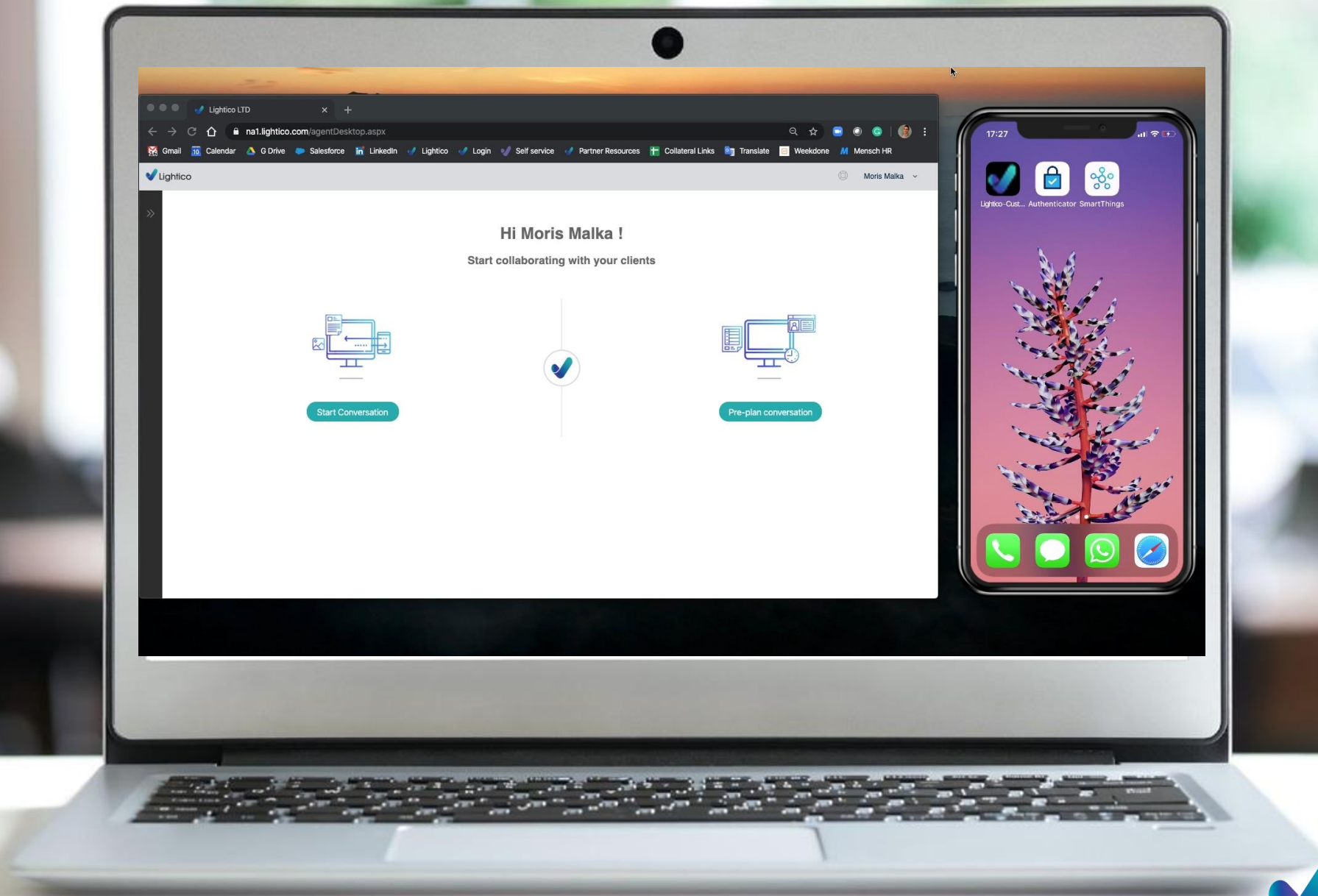


Streamlining Customer Journeys



Streamlining Customer Journeys





Lightico Helps Lenders Improve These **KPIs**

Originations

Turnaround Time

Time to Funding

Abandon Rate

Servicing

Call Handle Times

ACH Form
Completion Rates

Time to Collect

Business Advantage

Customer Touchpoints

Customer Loyalty
(NPS)

Dealer Satisfaction

Business Impact

↑ 25% Increased Completion Rate

↑ 30% Faster Time to Funding

↓ 40% Reduced Time to Collect Stips

Banks & Lenders Are Already Using This Technology

AVIS[®]

byrider

vroom

GO carcredit

CapitalOne[®]



Platinum
AUTO FINANCE

W
Westlake Financial Services[®]

Yield Solutions
Group

Poll: Invitation

- **Access** the full report
- **Experience** Lightico live!
- Arrange a **Customized Demonstration** for your team
- Obtain **more Resources**



Part 4: Resources & Q&A





Thank you!

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