


Pandemic Accelerates Auto Loan Refis

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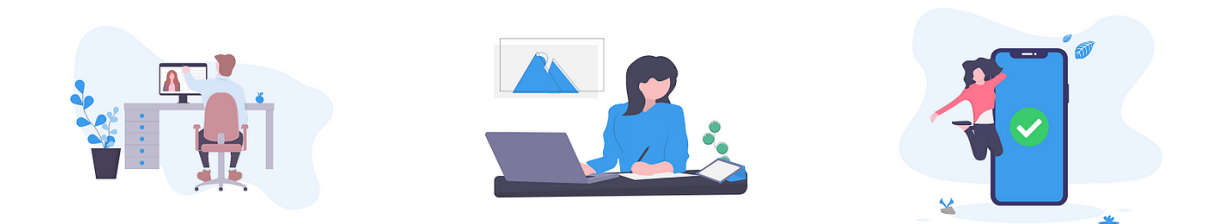
Fintech News for Hungry



1 Talk to Our Auto Refinancing Experts
Our staff of financial experts is just like you: honest, hard-working, and they take great pride in their 5-star rating. Let them help you decide on the refinance option that works best for you.

2 Get Prequalified
We know you hate filling out paperwork, so we made the process super-easy. We'll let you know all of your options so you can pick the loan that works the best for you. You can even get pre-qualified without affecting your credit score.

3 Decision time
We present you with options from lenders that fit your situation. Then you choose the loan that works the best for you. We'll do all the heavy lifting (we even do the paperwork) and submit it to the lender.



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Source: RefiJet

By Roy Urrico

The pandemic has impacted lives and the financial services industry in some significant ways, including how consumers assess their financial assets and possessions. One example: An auto refinance company based near Denver has seen applications accelerate at 35-40% since the pandemic began.

Greenwood Village, Colo.-based RefiJet — which provides a nationwide auto refinance program that matches qualified consumers with vehicle loan offers from a stable of lender partners — developed and refined a method of combining digital and human elements in their process. The system, they said, provides consumers with a secure, smooth, and efficient method to get in the best loan position with their participating lenders, who receive high-performing loans at a low cost-of-acquisition and default rate.

Typically, auto owners seek a better interest rate than when they purchased the vehicle. RefiJet's auto refinance program connects those consumers to the best vehicle loan based on lending qualifications from its partners. The Colorado company offers customized lending options for consumers across various credit tiers and can refinance auto, motorcycles, and other personal use vehicles.

Reid Rubenstein, RefiJet

“We are in the direct-to-consumer auto loan refinance space. We sit between the consumer and the lenders, very similar to how a car dealer does, but we are not selling cars. We are not doing loans for new cars,” Reid Rubenstein, CEO of RefiJet, explained. “We're dealing with people that want to refinance their car loan. We do it on a 50-state basis and we do it from a central location here in Colorado.”



How RefiJet Works

RefiJet operates like a virtual flexible network interface (FNI) office. They receive about 40,000 applications a month from people that want to refinance their vehicle. RefiJet walks applicants through that process and matches them to their lender base. Then they submit that application to the lenders for approval. “We handle the entire documentation process through electronic signatures,” Rubenstein said. The New York City-based Lightico provides RefiJet with e-sign, document collection and identification and verification capabilities.

Rubenstein emphasized his firm is just an intermediary. “We're kind of a soup to nuts, BPO (broker price opinion) for lenders that want to acquire performing auto assets. We have about 20 partners that are banks and credit unions and non-bank lenders. They are the lender, we just send them the application and then we're facilitating that transaction between the consumer and the lender.” According to RefiJet, 100% of consumers are able to complete an application on their first call.

That is where RefiJet's technology comes in to play. They have built a loan origination process into their system, so when application comes in (mostly digitally), the system runs it through the credit guidelines for those 20 or so lenders involved. The system determines which lending partner is the best fit for each potential borrower. "It takes into account many factors. We could have several lenders that would approve a certain borrower. So, our system also tells us based on a tangible benefit, meaning the lowest interest rate or other factors or payment. It's all about who would give the most tangible benefit for that consumer," Rubenstein noted. That is how RefiJet matches the right borrower with the right lender.

Potential Credit Union Collaboration

"For the credit union, they don't really have to do anything different than they do today in their indirect world," Rubenstein said, meaning it is similar to the indirect lending process of acquiring loans from car dealers when people buy a car. Indirect loans account for about 20% of total loans at federally insured credit unions, according to the NCUA.

Rubenstein indicated they use technology comparable to credit platforms such as CUDL and RouteOne. "Just turn us on like a dealer and we can start sending applications. (Credit unions) are going to find them and approve them just like they do in their indirect role." Rubenstein added, "That's the beauty of it. We are a true BPO (broker price opinion) that provides these performing assets."

The credit union determines the profile of the customer in their auto refinancing wheelhouse. "We're matching that in our technology," Rubenstein pointed out. Some credit unions have auto approval systems; some of them manually approve applications. "We are facilitating that transaction based on the credit unions' agreement. The credit union doesn't have to do anything but approve loans and fund them."

Most of the loan leads come through the internet, either at a dedicated landing page or website, or through third-party providers such as LendingTree. Some also come through a toll-free number. "The bulk of our applications are still coming digitally through the internet, direct to the RefiJet website. Organic traffic is still very good part of the percentage of what we're doing," Rubenstein noted.

A Human Element

Once RefiJet receives the application, it can take 15 minutes to an hour to complete the transaction. “When the application comes in, we get that consumer on the phone or engage them through SMS conversation. There is very much a human element to this.”

RefiJet provides a call center with 170 employees. “About a hundred of those employees are people highly trained to walk them through that (refinancing) process. Once people apply, if we get them on the phone right away, we can complete that application, get it to the lender within 10 minutes and usually get them a decision immediately,” Rubenstein explained. The average time to funding is four days. Once the parties reach agreement, RefiJet sends out the documents through their electronic signature process.

Rubenstein highlighted the performance record of RefiJet-assisted loans. “Our default rates on our loans are usually anywhere between 15 (.0015) and 40 basis points (.0040).” The RefiJet CEO added that the applications they send through have a very high look-to-book ratio. “Meaning for every hundred (applications) that we send they usually approve 90, and they're going to fund 65. That is a very efficient model for the underwriting divisions of these credit unions in an indirect role. What they get from dealers' funding usually is between 5% and 15%. So, our model is very efficient for them.”

Rubenstein maintained, “The value proposition to the credit union, they do not have to do anything, we are a turnkey solution, where they get to just acquire performing assets. What we're doing is allowing them to take performing loans out of their competitors' portfolios and move them to theirs.”

RefiJet will eventually move into other asset classes, such as student loans and mortgages, Rubenstein explained. “We have not yet because we're dealing with 40,000 applications a month here, but we will, within the next two years.”