Netflixing Auto Finance

Waiting for Approvals in Auto Financing is Blockbuster.

Automated Risk Assessment + Decisioning is Netflix.

PROVENIR

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The Age of Instant Everything

In 1993, renting a movie was an all-evening affair. After deciding on a 'movie night,' you'd hop in the car and drive to the nearest Blockbuster Video store, where you'd peruse the new releases wall, maybe chat with the clerk on their recommendations, settle on a movie you can agree on and then pray that your chosen flick is actually in stock. By the time you check out, drive home, get everything set up, pop your popcorn – at least an hour has elapsed. Compare that to the 21st century, where you'd already be halfway through your chosen film on Netflix or Prime, have had your movie-theatre popcorn delivered to your door and be live-chatting with your friends on your phone while you watched and munched.

Waiting for paperwork and approvals in auto financing is like Blockbuster Video.

In this age of instant everything, risk assessment and decisioning has to be instant too.

It needs to be Netflix. Technology adoption is more widespread than anyone thought possible: globally, it is estimated that over 5 billion people have mobile devices, with over a half of those connections being smartphones[1]. There are more than 4.62 billion social media users around the globe[2] (more than 50% of the world's population!) – doing everything from dating and job hunting to deciding who to vote for. The stage is set for us to apply for loans for ourselves, by ourselves. Connectivity is a no-brainer these days and being able to do things on our own from the comfort of a smartphone or laptop is no longer a nice-to-have, it's a must.

The Slow Lane to Car Ownership

According to AutoTrader,

65% of car shoppers feel that financing and paperwork takes too long[3].

Customer satisfaction begins to decline after 90 minutes in a dealership, yet whether you're purchasing a car, a motorcycle, a boat or an RV, you often spend more than three hours there

start to finish. When it comes to the dealership experience, vehicle buyers' biggest dissatisfaction comes from how long the process takes and not surprisingly, they feel that paperwork is among the most frustrating parts of the entire process[4].

A similar 2015 report showed three fourths of consumers (72%) want to complete credit applications and financing paperwork online. Interest rates are low, but a dismal 21% of shoppers trust their salesperson. Coupled with stats about loan origination (reports from Consumer Financial Protection Bureau show that loan origination profiles are on the decline) a simple equation emerges:

Decision-making + slow resources = a 1990s Blockbuster Video experience.

There's also a brand loyalty element to consider. Consumers want smooth, streamlined experiences in service transactions (like banking, insurance, transportation and buying vehicles). With a consistent, effortless experience – not to mention speedy so they can get back to doing more exciting things than filling out paperwork – a customers' brand loyalty becomes more attainable[5].

Imagine you want to order pizza and the DoorDash site tells you that you need to wait 24 hours before delivery. Would you order dinner for tomorrow instead or look elsewhere? There's no pizza craving in the world that can be predicted a day in advance. More than ever before, the longer a customer has to wait for a decision or an outcome, the quicker the customer will look to the competition. On the flipside, a customer who choses your brand and has a great experience is more likely to become a repeat buyer. The average buyer is loyal to a business that gets right to the heart of their needs and provides that 'smooth' experience.

Let's face it – financial paperwork isn't fun. We want to detour to avoid the long, drawn-out dealership meetings, uncomfortable chairs and bad coffee while we wait to see if we've been approved or not. Instant gratification technology is everywhere we look, with the option for customization at our fingertips. Look at the cult-like following for subscription/membership apps like Audible, Amazon Prime, HelloFresh and Peloton. These platforms satisfy our human instinct to be treated like individuals and not a number, and to get what we want instantly without a lot of red tape. And there are few processes more adorned with red tape than buying or leasing something motorized.

Companies that have diverted around these potholes are making waves in the industry – like the example of Carvago, a European online marketplace that enables you to buy and sell used vehicles online. You browse online, make your preferred selection, and Carvago then arranges for a detailed inspection, extended warranty, registration and delivery. The idea of purchasing vehicles online is gaining in popularity – over 60% of Canadians looking to buy a car would use an online purchase option if available[6], and 42% of consumers would prefer to handle financing online[7].

The Auto Financing Need for Decisioning Speed

Globally, people purchased over 66 million vehicles in 2021, up from 63.8 million the year before[8]. Interest rates for new cars are at some of the lowest they've been in the past three years, and prospects are good for those of us lucky enough to have excellent credit scores. A 2021 report shows that new-car loans charge on average 14% less interest than used-car loans[9].

These stats make it clear that there is a real need for speed in auto financing. The supply is adjusting to consumers with good credit and now auto financers need to match that supply with the digital technology that consumers demand. In simple terms, less time spent processing means more satisfied customers. Accelerating the approval process is about more than just the adage of "time is money;" it's about creating a loyal customer in a matter of seconds.

A study by Wunderman found that nearly 90% of consumers "want to engage with brands that are setting new standards in meeting their expectations. Seventy-four percent said brands can do so by providing a higher level of customer service. In addition, 56% said they feel more loyal to brands who "get me" and show a deep understanding of their priorities and preferences. Additionally,

89% of consumers are loyal to brands that share their values."

– From "Study: Majority of People More Loyal to Brands That Care About Them" in CMO.com/ Adobe Blog[10]

Credit decisions that aggregate data

For many lenders, credit check and application assessment procedures cause major traffic jams. Traditional lending processes require customers to fill in a mountain of paperwork and provide the necessary data so lenders don't have to collect it themselves. Smart digital applications can automatically pull that information in through Provenir's decisioning platform, significantly reducing the customer's workload – and the hours they spend sitting in the dealership. Additionally, Know Your Customer (KYC) data, including identity verification and due diligence, can also be automated. When it comes to the actual lending decision, the Blockbuster experience involves underwriters using spreadsheets or other forms of manual processing to determine a customer's credit risk, which is not a speedy process. With a Netflix experience, your customers are looking at short application forms that feed powerful decisioning tools; automating data gathering, risk modeling and even providing personalized pricing customized to each applicant's level of risk.

Your customer gets their answer (and the best deal possible) in under a second.

Making a credit decision quickly is key to customer satisfaction, but more than that, making the **right** credit decision as quickly as possible is key to longer-term growth overall. Automated access to data offers you ever-more data sources to more precisely measure risk. Increased data at hand, and more accurate decisioning, allows you to expand approvals to people with less robust credit histories and lower credit scores while remaining confident in your predictions.

Getting there faster

Provenir's AI-Powered Decisioning Platform is capable of supporting any vehicle lending requirements scaled to any size. With Data Cloud + Marketplace, you can access rich global data sources quickly and easily, virtually eliminating the data integration and aggregation struggle. Connecting new data sources in minutes, you have everything you need at your disposal to support both regional and global strategies. With data integration in hand, Provenir's AI-Powered Decisioning Platform lets you make smarter decisions, faster. Launch quicker, innovate faster and take control of your risk strategy with a unified digital experience that allows you to seamlessly use data, AI and decisioning for Autobahn-fast credit checks and approvals.

A leading global provider of financing solutions through auto dealerships processes 500,000 loan and 75,000 lease applications per month using Provenir, with decisions on loans arriving in mere seconds. More importantly, the decision and risk checks arrive without the need for a massive, multi-level support staff. For any applications that require further underwriting, approvals can be expedited in as little as eight minutes. JiffyPop popcorn took longer to expand. Expedient approvals enable dealers to deliver units on the spot, completing the financing process at the dealership before the customer even has to take off their jacket.

Data Cloud + Marketplace   Decisioning Cloud   Provenir AI

As Easy as Netflix's AutoPlay

It's important for high-stakes, automated platforms to be user-friendly. Provenir employs configuration tools (like drag and drop functionality) to create and change workflows and decisioning rules with ease. It seamlessly incorporates resources like LexisNexis, RouteOne, Dealertrack, Equifax, Experian and HPI, providing

a one-stop portal that lets dealers calculate multiple scenarios to see which yields the best opportunity.

A leading global manufacturer of heavy-duty vehicles recently chose Provenir to deliver their global risk decisioning platform because of the variety of integration capabilities and how easily the platform adapts and evolves to changing business needs. Flexiplan, a digital motorcycle financing platform based in El Salvador, uses Provenir to manage risk more effectively, and increase agility when responding to customers. With Provenir, they've been able to operationalize risk models and improve the time it takes to approve motorcycle loans.

A single, modifiable solution capable of supporting all risk assessment and decisioning needs effectively

reduces costs, resulting in higher ROI.

And this effect trickles down to the customer. Imagine the social media posts of someone who receives the keys to their new RV before they've had a chance to fill a cup with waiting room coffee. Lenders, dealers and consumers, like the video stores of the 90s, rely on each other's loyalty and mastering of the process to achieve true satisfaction.

How-to Netflix Auto Financing with Provenir:

Integrate Data

Choose from both regional and global data sources and create integrations in minutes

Predict Risk

Utilize data science capabilities with visual, no-code tools that enable rapid collaboration

Build Decisioning Rules

Take control of connecting data and launching products with drag and drop interface; make real-time changes and create decisioning workflows quickly and easily

Automate Decisioning

Enable real-time credit decisions: instantly approve low-risk applications, flag more complex requests and streamline end-to-end processes for a better user experience

Grow + Scale

Power growth with cloud-native software that allows you to scale and evolve on your terms; pivot to new business lines and efficiently manage demand with autoscaling

Innovate Faster

Create a new industry standard – better deals, instant approvals and personalized processes; use real-time data to identify growth opportunities and rapidly deploy changes

The Human Side of Auto Loans

We value brands that show up for us. Thanks to the endless, looping waterfall that is social media and interactive web content, brands are allowed to weigh in on our lives and vice versa. We can do this all at our fingertips, in real time. We live in a world where we can make brands see who we really are, with not only our wallets, but our comments, likes, shares and retweets. Customers are face-to-face with brands 24/7 in the Netflix Age; we're not limited to print products and snail mail and manual processes. So, what does this mean in the context of auto financing? It means that it's essential for the technology to match our needs, and buying a vehicle is a frequent necessity for the average person. And

transportation isn't a luxury need; it's a basic one. Remember those 5 billion mobile devices worldwide? Shouldn't auto financing be just as connected? More than the immediate need of instant approvals for your customers, having data and analytics at your fingertips allows for faster, and better, innovation.

With the right data integrations and insights you can respond faster to market trends, more easily scale your business or pivot to new business lines, and use real-time data to identify and take advantage of new opportunities

The world of entertainment on demand is innovating rapidly; now auto financing can too.

See how GM Financial automatically decisions most of its applications with Provenir: **Read the GM Story.**

Provenir helps fintechs, financial institutions, and payment providers make smarter decisions faster by simplifying the risk decisioning process. Its no-code, cloud-native SaaS products make it easy to rapidly create sophisticated decisioning workflows. With a global data marketplace for seamless integration, powerful AI and machine learning models, and instant decisioning, Provenir has supercharged decisioning capabilities. Provenir works with disruptive financial services organizations in more than 50 countries and processes more than 3 billion transactions annually.

www.provenir.com

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Endnotes

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