

PRESENTED FOR



Vehicle *Financing* in the Era of the Digital Consumer

MAY 2022

COX AUTOMOTIVE
LENDER SOLUTIONS



Today's Presenters

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Disruptors that changed the way things “are done”...

amazon

NETFLIX



wayfair®

Uber

facebook.

PayPal

Zillow®

airbnb

Disruptors that changed the way things “are done” ...



TESLA



CARVANA





Affordable
Financing
has buyers on a mission

Consumers get finance savvy from the start

% Researched Financing Prior to Purchase

87%

>1/3rd of Time in Market Devoted to Financing Activities

Researching
Options

Securing
Loan

Signing
Contract

Base: Buyers who financed (excludes cash buyers)
Source: Cox Automotive Car Buying Journey &
Car Buyer Financing Journey - 2021

Online research prevails

Of Those Who Researched...

51%

Online Website

47%

Called/Visited
a Dealership

43%

Called/Visited
Current Lender



Finding an affordable monthly payment is a must

Most Helpful Info When Researching Financing

#1 MONTHLY PAYMENT > **86%** Calculated monthly payments*

#2 INTEREST RATES > **76%** Compared interest rates*

*Among purchasers (excludes lessees)
Base: Buyers who financed (excludes cash buyers)

Accelerate
My Deal
Hyundai of Springfield

Payment Options

Step 1 of 2

How would you like to purchase this vehicle?

Finance \$567/mo	Lease \$480/mo	Cash \$41,000
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What's your current credit standing?

Excellent 740 - 850

How long would you like to finance this vehicle?

36 mo 0.9% APR	48 mo 1.9% APR	60 mo 1.9% APR	72 mo 5.99% APR
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Current payment based on 30319.

Updating location may change available promotions, taxes and fees.

Continue



Favorable rates still rule
Financing
but that's not all...

Familiarity influences consideration

% Familiarity Is Important in Lender Consideration

*Among Purchasers**

79%

Relationship with Lender Considered First

*Among Purchasers**

57%

Currently have a **checking/savings account** with the lender

48%

Have used the lender for **automotive loans** in the past

39%

Have used the lender for **non-automotive loans** in the past

*Among purchasers (excludes lessees)
Base: Buyers who financed (excludes cash buyers)
Source: Cox Automotive Car Buyer Financing Journey - 2021

A man with short dark hair and a beard, wearing a white t-shirt and blue jeans, is sitting on a brown couch. He is looking down at a laptop in front of him. He is holding a white mug with both hands. In the background, there is a large window with a view of a city. The text "Don't ignore the other factors at play..." is overlaid on the top left of the image.

Don't ignore the other factors at play...

Top Reasons for Choosing Lender

*Among Purchasers**

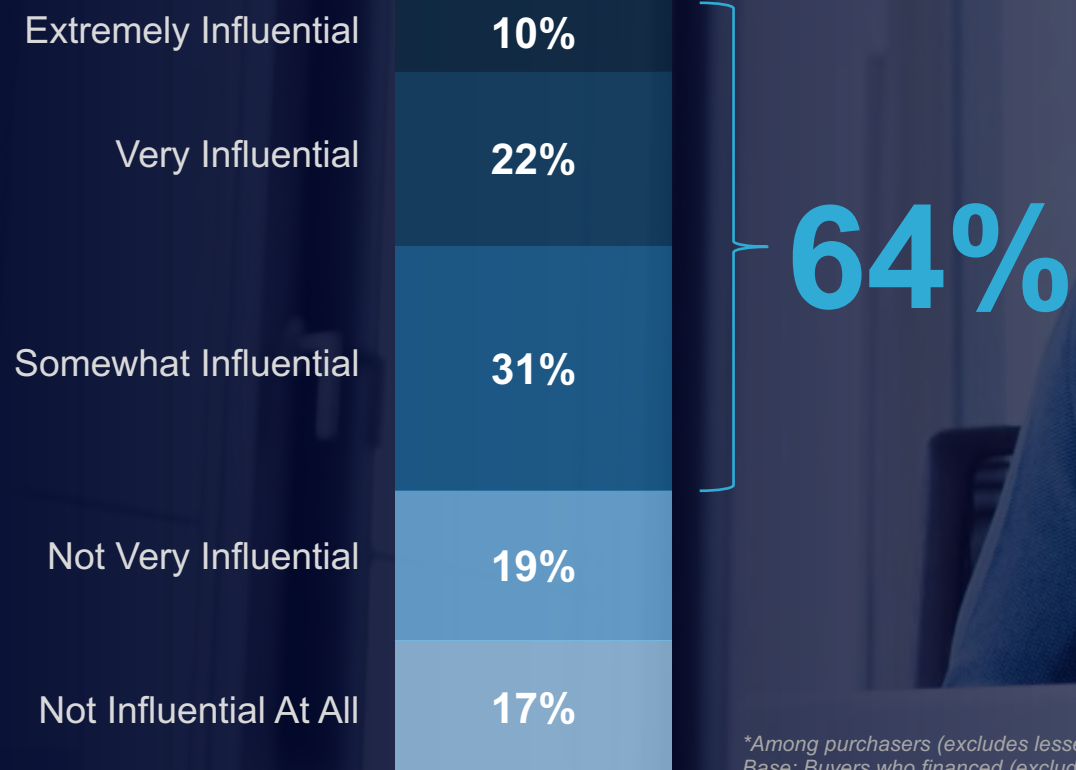
1. Had the lowest/a low interest rate
2. Ease of the loan application process
3. Offered a monthly payment I can afford
4. Had the lowest/a low APR
5. I trust this lender

*Among purchasers (excludes lessees)
Base: Buyers who financed (excludes cash buyers)

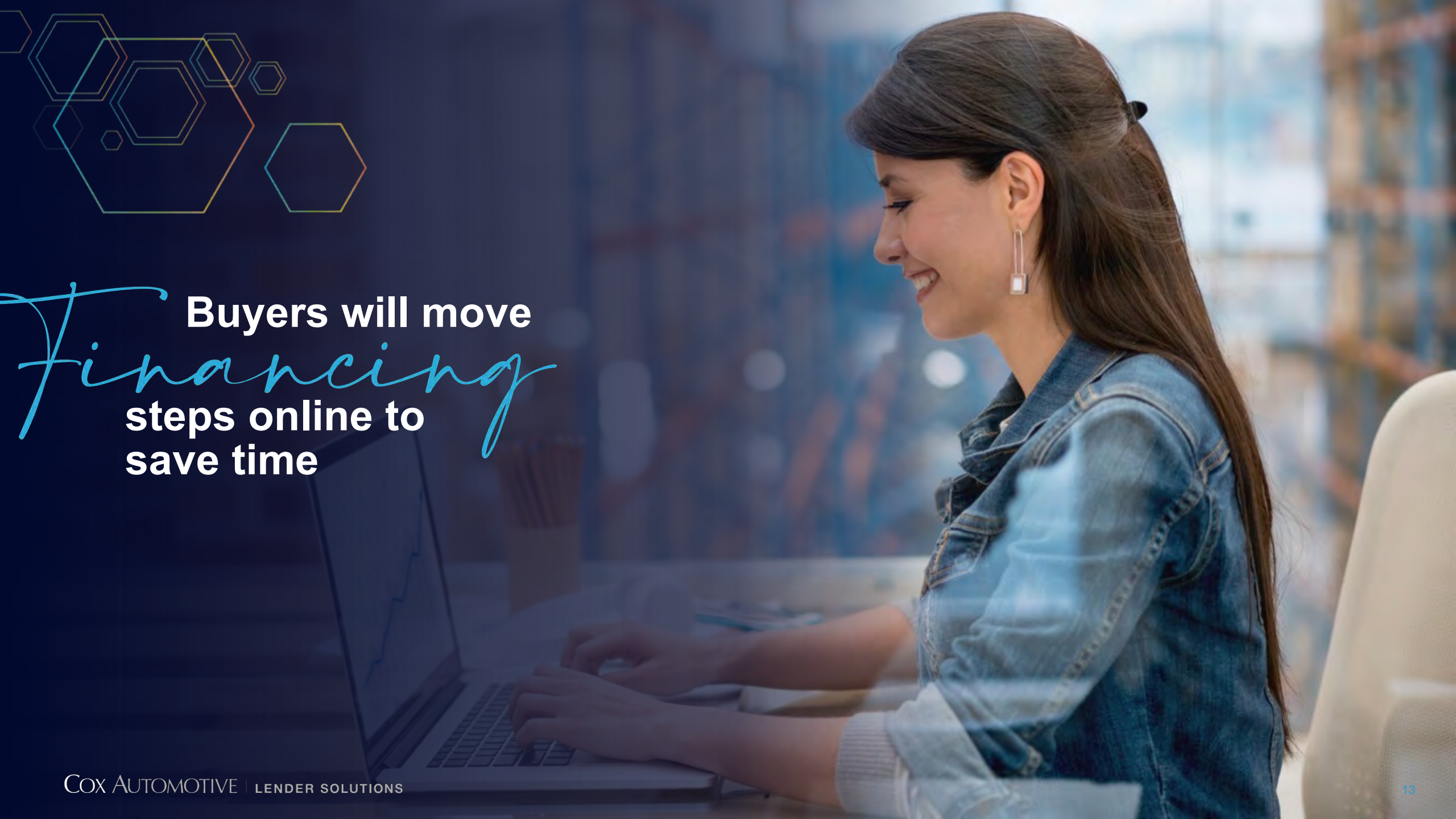
Direct communication has substantial influence

Lender Communication Influence

Among Purchasers who Received Lender Communications*



**Among purchasers (excludes lessees)
Base: Buyers who financed (excludes cash buyers)*



Buyers will move
Financing
**steps online to
save time**

More done online = less time at the dealership

Average Time Saved at Dealership

42 MIN

Pre-qualified
for financing

1

30 MIN

Applied for
financing online

2

38 MIN

Signed
paperwork online

3

49 MIN

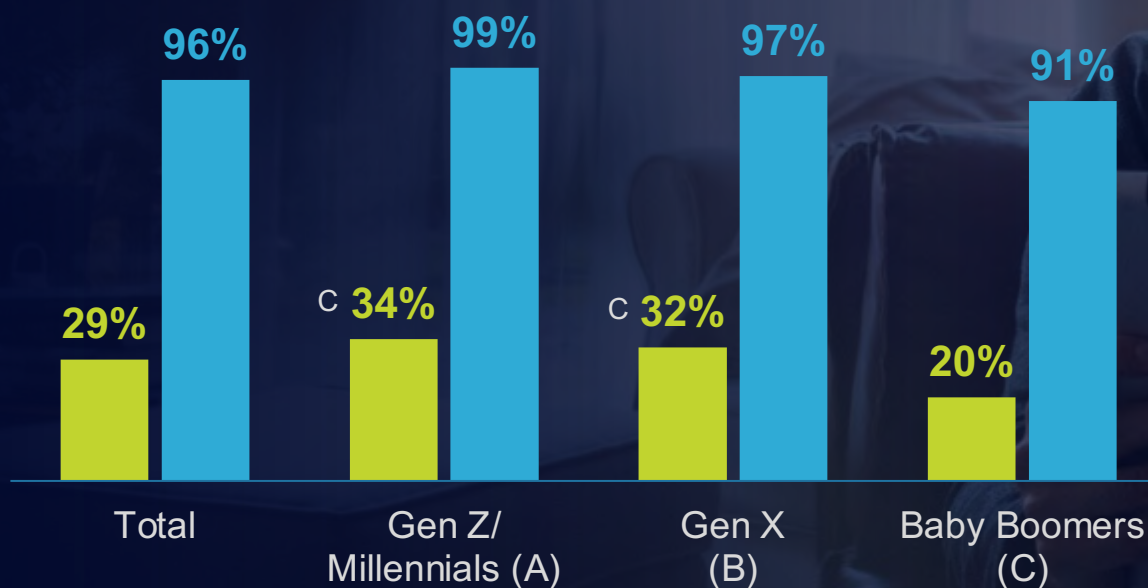
Mostly digital buyers saved

78%

Of those who researched financing
pre-qualified for a loan

No generation gap in buyers willing to finance online

Applying for Financing Online



- % applied for financing online
- % willing to apply for financing online

Base: Buyers who financed (excludes cash buyers)
Letters indicate significant difference between groups at the 95% confidence interval

48% of Gen Z/Millennials
38% of Boomers
prefer assistance when applying online

Willingness to buy vehicles online continues to expand

76%

Open to Buying a Car Online

47%

Open to Buying a Car Online
From Lender

*Base: Buyers who financed
(excludes cash buyers)*

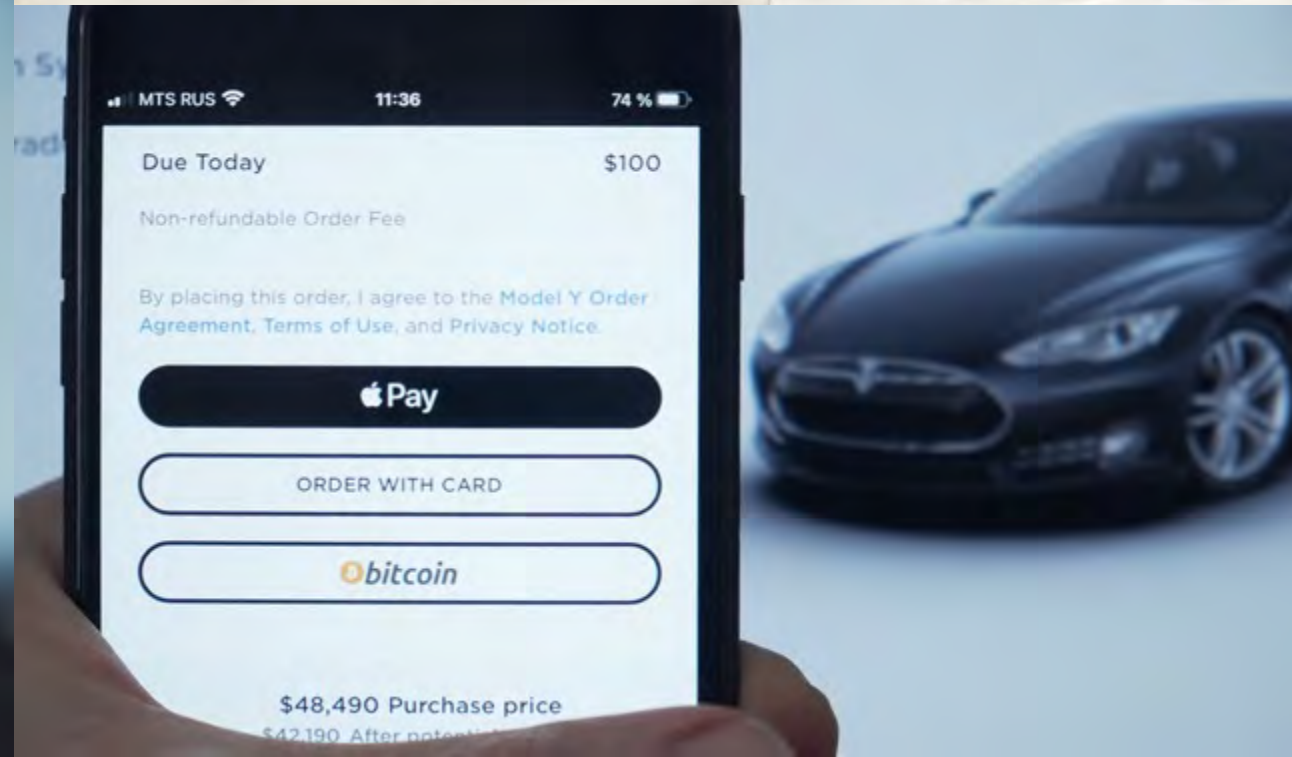


The industry was built on and is fueled by constant innovation

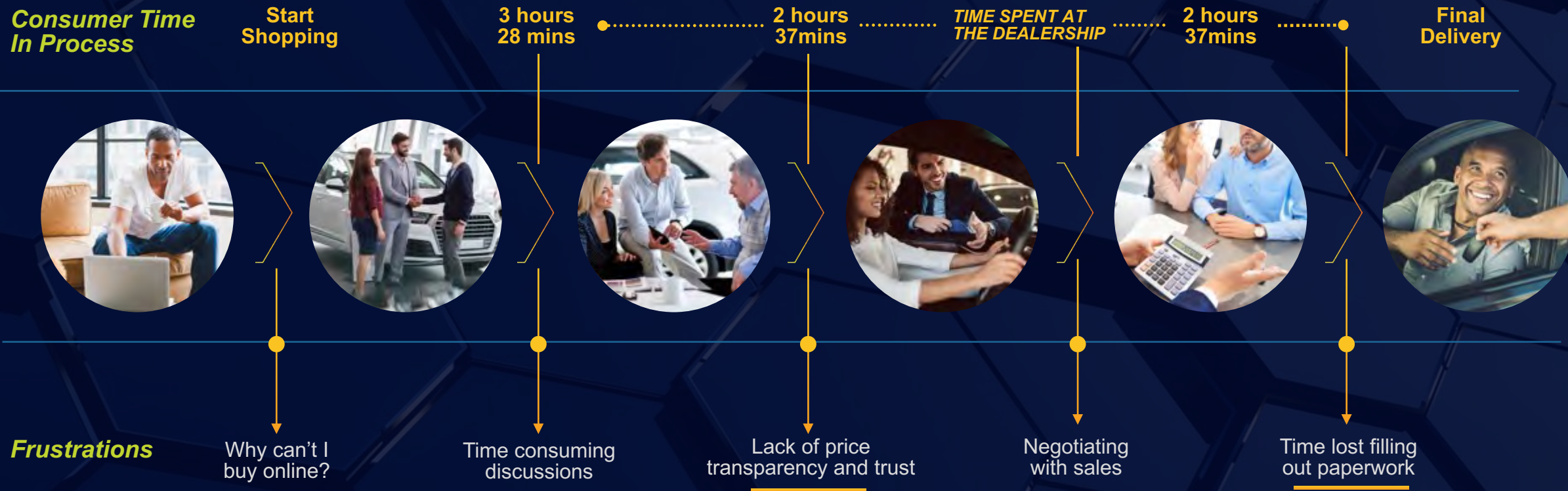
Financing



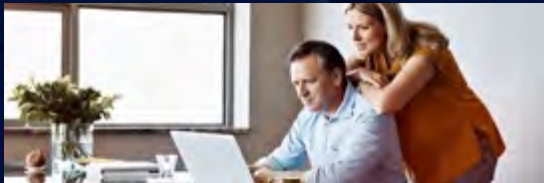




Today's innovations remove frustration to optimize on opportunity



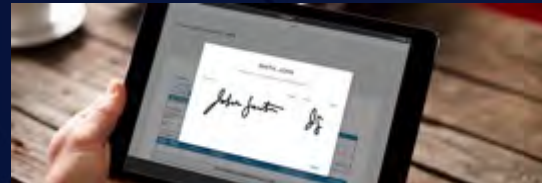
Less friction, more satisfaction — automated eCommerce



Shop & Compare



Streamlined Financing



Buy, Contract & Sign



Deliver

START

FINISH

Consumer Self-paced
Personalized Payment & Search
Prequalifying for financing

Financing Automation featuring
Alternative Deal Structures
Structured Stips

Aftermarket Upsell (AI automation)
Automated Contracting / Remote Signature
Automated Funding

Delivery Scheduling

AUTOMATED FRAUD DETECTION & PREVENTION

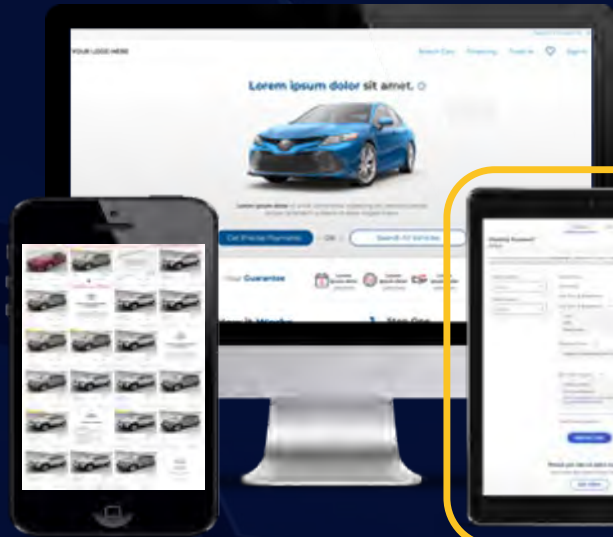
Increased Consumer Satisfaction
via personalized & transparent shopping,
financing and buying experiences

Origination Opportunity & Cost Reduction
leveraging F&I enhancements that improve
operational efficiency

Compliance and risk mitigation
safeguards against identity theft and fraud
applied across the consumer journey

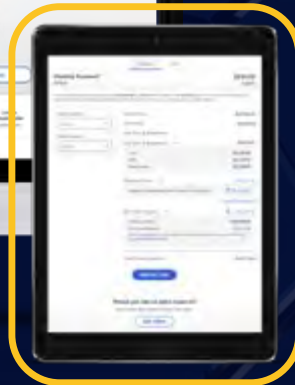
Replace time and risk with speed and productivity

SHOPPING

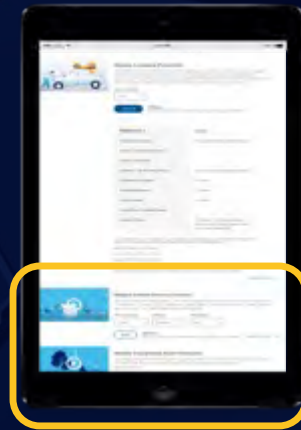


Consumer self-paced.
(transparent & personalized)

FINANCING

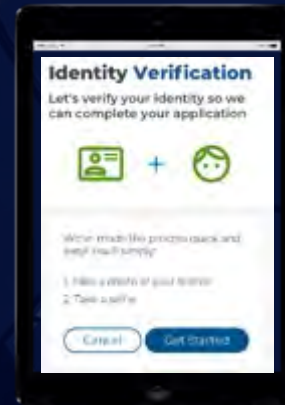


Pre-qualifying &
Personalizing
Financing

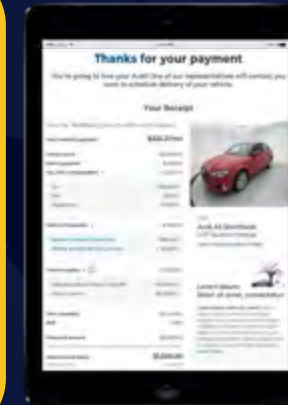


Automated aftermarket
upsell for precise
payments, all-in pricing
and financing

SIGNING AND BUYING



Automated Contracting & Remote Signing*



DELIVERY



Fulfillment
Logistics

Tradition vs Disruption: all roads lead back to lenders

Originations may begin anywhere.



Third Party

Consumers have more ways to start their buying journey than ever before. Be present for all of them.



Direct

Provide YOUR customers and new clients with exceptional service. Familiarity breeds loyalty and your data can help you drive originations.



Indirect

For consumers who still want to kick the tires before they buy, make their time at the dealership a faster and more satisfying experience.



New form OEM

Fortune favors the bold, they say. Don't ignore the crop of OEMs overturning tradition and carving new roads to originations.

Supporting every purchase path leaves no origination stone unturned

Understand the consumer mindset. Provide the customer and dealer service the industry is calling for. Reap the benefits.



Online

Consumers have more ways to start and end their buying journey than ever before. Be ready and present for them.



In-store

For consumers who kick the tires before they buy, make their time at the dealership a faster and more satisfying experience.



eCommerce

1 in 4 consumers are ready to purchase entirely online — and that number will continue to rise.

COX AUTOMOTIVE



COX AUTOMOTIVE
MOBILITY

DEALER.COM

Dealertrack

DICKINSON
FLEET SERVICES

F&I Express

FYUSION

Kelley Blue Book

Manheim

NEXTEAR
CAPITAL

ZNT
TECHNOLOGIES

vAuto
LIVE MARKET VIEW

VinSolutions

oaxtime



Key strategies for
Financing
in our new digital era

Reducing Friction – strategies for the way forward

Transparency

Educate consumers on financing options online and/or in advance of a dealership visit.

Personalization

Building trust and personalized client engagement should augment competitive rates.

Efficiency

Leverage technology to improve internal operations and speed transactions.

Flexibility

Enable transactions to flow wherever consumers choose to originate.

Seamlessness

Support digital experiences that reduce friction points throughout the process.

