

Lender-Dealer Relationships

Key Findings

Field dates: March 2024

Dealer survey: n= 318 Franchise dealers



ONE

Dealers want more digital enablement from lenders to drive efficiency and predictability in the auto financing process.



TWO

Stipulations management and multiple approval structures help dealers achieve their goals of easier dealmaking and faster funding.



THREE

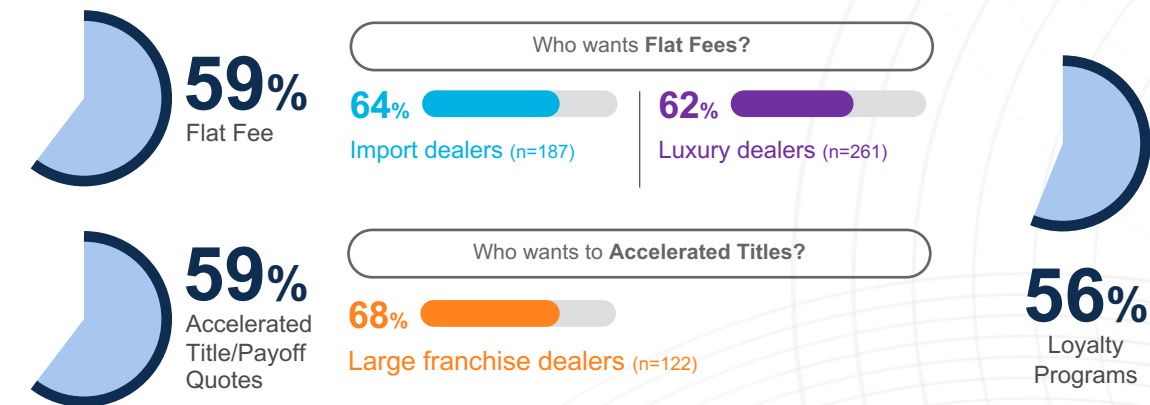
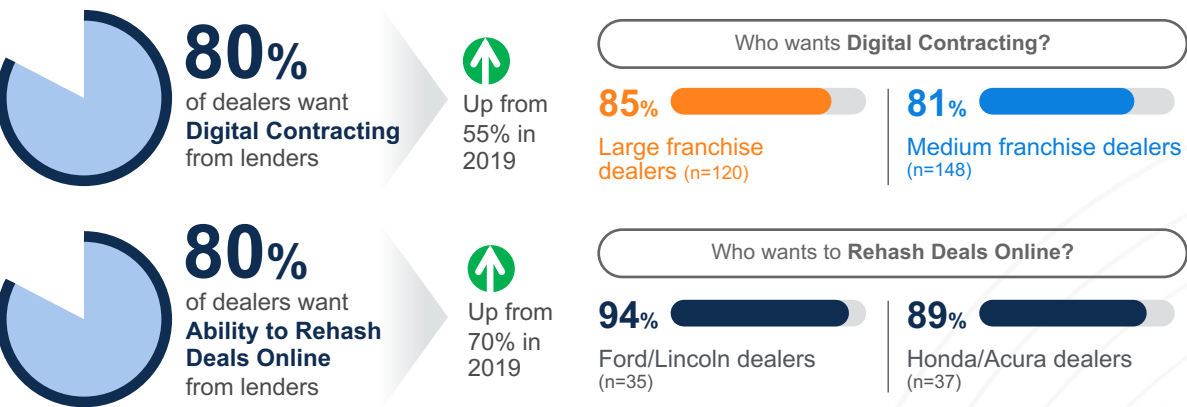
The best interest rate is the priority when deciding which lenders receive credit applications and receive financing contracts, but relationships matter as well.



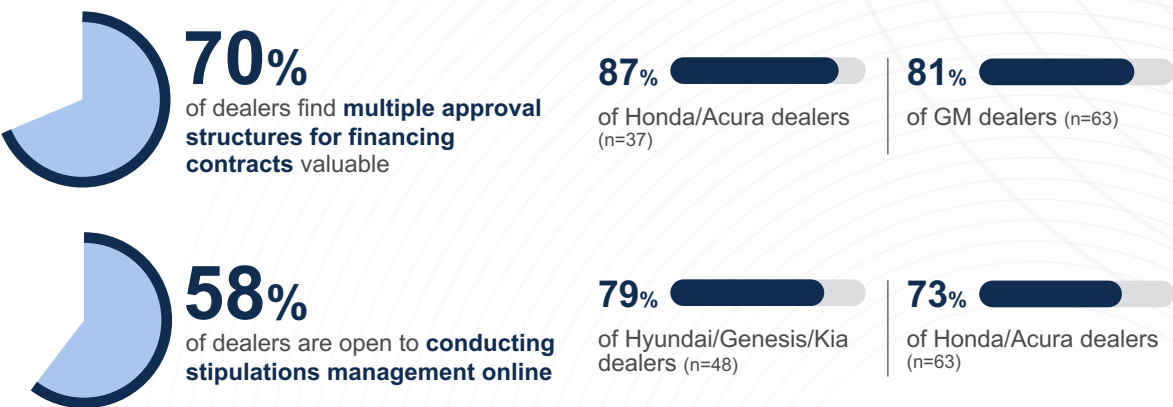
FOUR

Profitability and customer relationship management are the keys to persuading dealers from flipping pre-approved loans.

Lenders Can Help Dealers Achieve Efficiency and Predictability



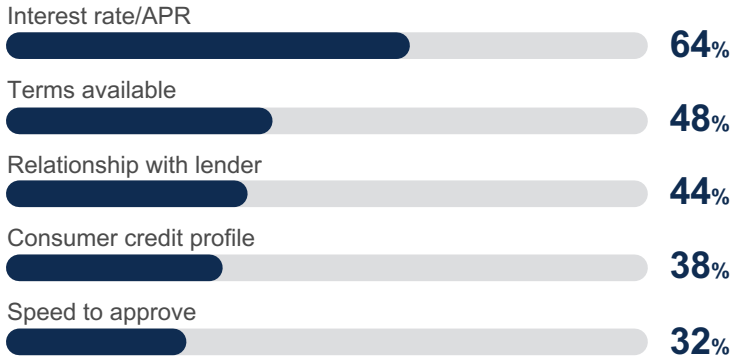
Dealers Want Tools that Enable Easier Dealmaking and Faster Funding



Base: Franchise dealers
Arrows indicate significant difference between 2019 and 2024 at the 95% confidence interval
Note: Large franchise dealers sell 150+ vehicles on an average monthly basis.
Medium franchise dealers sell 50-149 vehicles on an average monthly basis
Source: 2024 Cox Automotive Lender-Dealer Relationship Study

Driving Profitability Matters But Relationships Help Lender Consideration

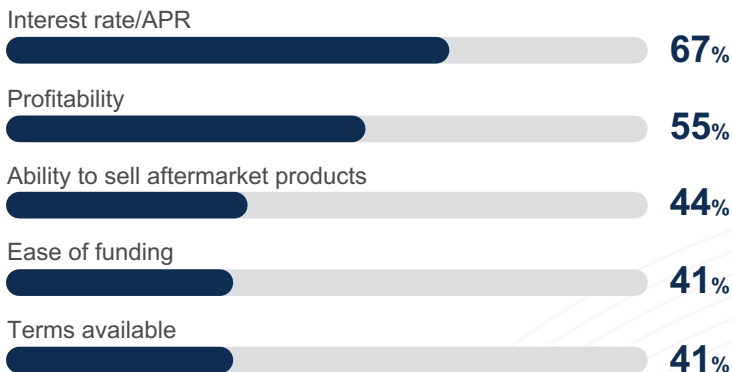
Top criteria for submitting a credit app to a lender (Non-captive)



36% of **Large** franchise dealers use **Speed to Approve** as top criteria for credit app submissions (n=124)

Contracting Decisions Driven By Dealer Profits

Top criteria for selecting a lender for contracting (Non-captive)

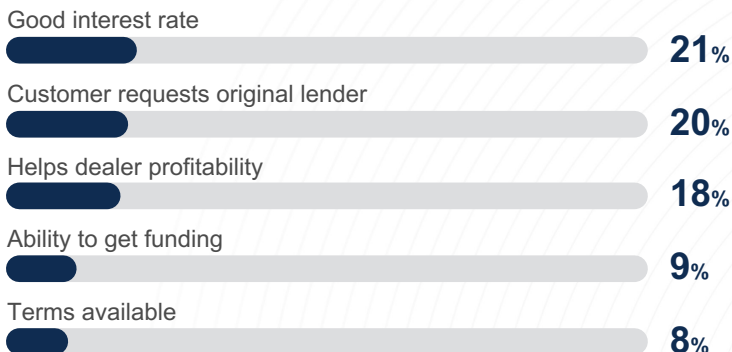


72% of dealers in a franchise group use **interest rate** as top criteria for contracting (n=181)

70% of GM dealers use **profitability** as top criteria for contracting (n=63)

Proactive Relationship Management Can Prevent Dealers From Flipping Customers

How to prevent flipping a pre-approved loan



85% of dealers can be **convinced not to flip a customer** from a pre-approved loan