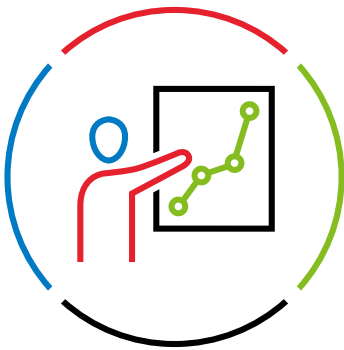




Auto Finance

Automotive Finance Digital Transformation Index Q1 2023

Wolters Kluwer, a global leader in professional information, software solutions, and services, announced first quarter results and analysis from its Auto Finance Digital Transformation Index. The key resource, which tracks the rate at which auto dealers, service providers, and lenders are advancing digitization from paper-based finance back-office processes, shows mixed growth results for auto and securitized markets.



Auto Finance Digital Transformation Index

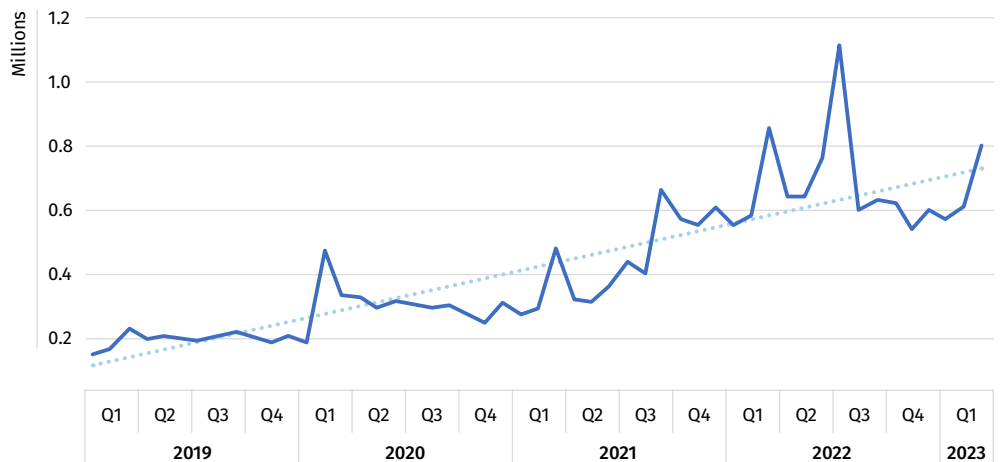
Helping to identify and track adoption drivers, the Wolters Kluwer Auto Finance Digital Transformation Index provides insights into market shifts that may impact the digital evolution within the automotive ecosystem. Results of the first quarter Index revealed mixed growth results for auto and securitized markets. While digitization has slowed among auto dealers, service providers, and lenders (mirroring vehicle sales activity), there is evidence of a stronger rate of adoption in securitized markets.

Digital adoption for lenders deaccelerates to mirror vehicle sales trends

Although the growth rate of digital adoption in the auto segment was essentially flat when evaluating year-over-year, when comparing the first quarter of 2023 with the fourth quarter of 2022, the Index showed a growth rate of 12%. While Wolters Kluwer experts believe the annual spring tax-buying season may have contributed to the slight increase in digitized contracting during the first quarter, the findings are in line with the lack of significant growth in vehicle sales activity over the past 12 months. Further, with auto dealers and lenders expected to remain focused throughout the year on overcoming economic challenges, it is likely that they will weigh their plans for additional digital investments against their sales progress and growth.

While the overall activity for auto sales enjoyed a stronger-than-expected first quarter, industry observers such as [Cox Automotive](#) believe it is difficult to pinpoint an exact forecast for the remainder of the year; however, the firm bumped its initial full-year new sales forecast from 14.1 million to 14.2 million.

Vehicle eContracting Volume Q1 2019 - Q1 2023





Strong digital adoption continues in securitization markets

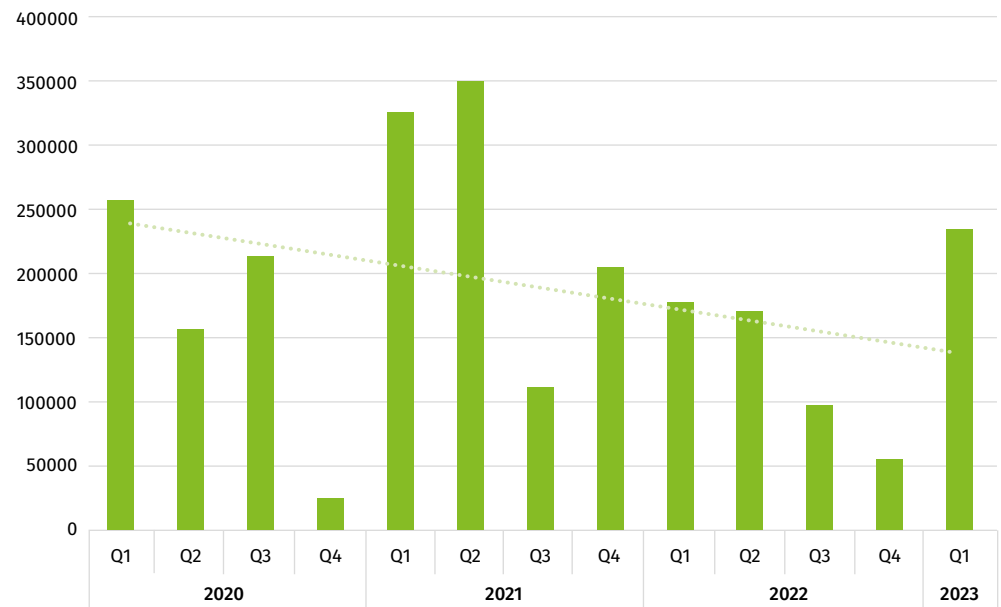
Like last quarter, the Wolters Kluwer Index also provided a spotlight on digital asset and workflow adoption in the securitization markets. Not only did securitized digital auto loans increase 32% in the first quarter compared to the same time last year, this segment jumped 317.85% compared to the fourth quarter of 2022. Wolters Kluwer attributes the strong growth in securitized markets to the rising appetite in digitized loan origination in the secondary markets through added efficiency in the pooling, auditing, collateralization, and execution of security exchanges using digital assets. The growth rate of more than 300% can also be attributed to a seasonality trend based on historical data, as many lenders seek capital in the first quarter compared to the fourth quarter. When examining the data longer term, from the first quarter of 2020 to the first quarter of 2023, overall securitized digital auto loans actually decreased 34.87%. This decline reflects the overall headwinds experienced by the broader automotive market since the start of the pandemic.

“Clearly 2023 has remained a highly competitive environment where dealers and lenders remain focused on overcoming economic challenges to find sales and portfolio growth. We are not surprised that the growth of digitized back-office processes and documentation has slowed to also mirror vehicle sales activity, and we expect dealers and lenders are keeping a watchful eye on the progress of sales growth as they plan additional investments in digital.”

Tim Yalich
Head of Auto Strategy for Wolters Kluwer

This quarter’s Index includes a quarterly view into the digital loan volume within the securitizations, as opposed to last quarter’s report, which disclosed only the number of securitizations.

Auto securitization transactions by quarter



Summary

The Wolters Kluwer Auto Finance Digital Transformation Index helps identify and track adoption drivers, while providing insights into market shifts that may impact the digitization of the automotive ecosystem. Results of the first quarter Index showed mixed growth results for auto and securitized markets. While digitization rates slowed among auto dealers, service providers, and lenders (in line with reduced vehicle sales activity), the Index found a stronger rate of adoption with securitization.



Ready to discover how digitization can transform your business? [Schedule an appointment with our product experts here.](#)

About Wolters Kluwer Governance, Risk & Compliance

Wolters Kluwer (EURONEXT: WKL) is a global leader in information, software, and services for professionals in healthcare, tax and accounting, financial and corporate compliance, legal and regulatory, and corporate performance and ESG. We help our customers make critical decisions every day by providing expert solutions that combine deep domain knowledge with specialized technology and services.

Wolters Kluwer reported 2022 annual revenues of €5.5 billion. The group serves customers in over 180 countries, maintains operations in over 40 countries, and employs approximately 20,000 people worldwide. The company is headquartered in Alphen aan den Rijn, the Netherlands.

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