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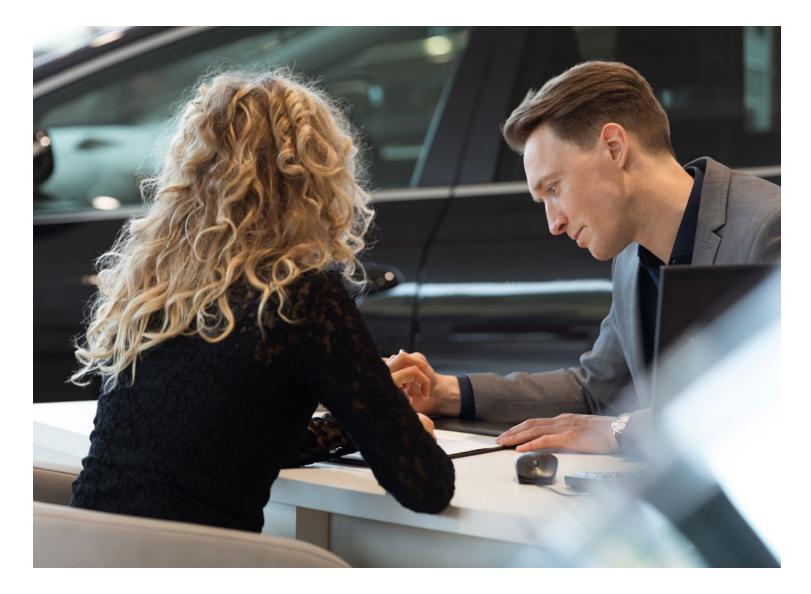
Datalytics® for the automotive industry: Disrupting the status quo and delivering unprecedented efficiencies

An executive discussion on AI-enabled automotive financing processes with Simon Moir, Vice President and Segment Leader for Banking Compliance Solutions at Wolters Kluwer

Explore unprecedented levels of data accuracy through AI and machine learning

One of the biggest challenges holding back end-to-end digital financing for automotive loans is the data problem – how to digitally capture accurate customer data from loan paperwork and share it with banks for a fast, efficient decisioning and loan execution process. Despite the automotive marketplace undergoing significant digital transformation in some areas, loan jackets are often sent as paper files to banks, whose loan officers must manually key data into their system. And even when companies use "digital" processes, digital data quality is a persistent problem. As explored in this point of view, artificial intelligence and machine learning can change all this, resulting in a win-win scenario for buyers, sellers, and banks.

Simon Moir is Vice President and Segment Leader for banking compliance solutions at Wolters Kluwer Compliance Solutions, responsible for overseeing the growth and development of the segment's banking compliance product portfolio and its open digital lending platform and expert solutions ecosystem. He joined Wolters Kluwer following its acquisition of eOriginal, Inc. where he was the Chief Product Officer responsible for the company's product vision, strategy, design, and delivery to all financial industries. Simon shares his insights on how artificial intelligence and machine learning is enabling unprecedented data accuracy and verification, and transforming downstream processes.

Q: What opportunity does AI and machine learning offer to the automotive industry?

Simon: AI and machine learning are game changers for the automotive industry because they can vastly improve the quality and accuracy of digital data captured from loan origination documents. Existing methods of extracting and digitalizing this data are slow, cumbersome, costly and excessively error prone – in some cases, generating so many inconsistencies between paperwork and the digital data extracted from them that manual reviews and corrections are required for 70-80% of loan requests.

How does this save time? Improve the dealer, customer and lender experience? Or enable fact-based decisions that drive better business outcomes and reduce loan risk?

With AI and machine learning, you can approach 100% digital data accuracy and verification. This level of accuracy is a digital disruptor for every other technology on the market today because nothing else even comes close. Ecosystems can instantly leap from cumbersome paper processes to digitally transformed, fully automated ways of doing business.

For example, lenders can fearlessly consume digital loan document data, stream it into their digital processes, apply automated decisioning, and enable fact- and rule-based loan decisions in seconds. Dealers can find out whether a loan request is approved or denied while a customer waits mere moments, resulting in happier customers and more closed deals. And banks can offer visibility across the portfolio, transparency in lifecycle management and verified data pools, and insights for investors and ratings agencies – all of which enables quicker access into the secondary market.

Q: As automotive digital lending evolves, how is verified data and machine learning transforming the lending process?

Simon: The automotive industry has long sought to enable a fully automated and expedited lending process – one that enables ease of use for consumers, dealers, and lenders. But technical barriers have prevented this – from the limited availability of a complete set of eSignable documents to the varying level of accuracy and compliance in documents generated by a wide range of origination platforms.

Because AI-enabled machine learning models can pull highly accurate, verified data directly from the actual paper and electronic loan documents, lenders can leap-frog over issues that have long made automated eContracting and funding impossible. With access to trusted data, they can enable straight-through processing of loan requests, which benefits all parties. For example:

- Lenders can fund faster without risk that a manual review process will reveal the asset does not comply with approval parameters and policies.

- Consumers can get approved faster – from days to seconds – which increases customer satisfaction and the likelihood of making a purchase.

- Dealerships can close deals efficiently and get funded faster – all while providing a hassle-free buying experience consumers want today.

- Banks can vastly reduce operating costs and start to develop relationships with consumers – something they have long wanted to do but couldn't with traditional ways of doing business.

- Loan officers can work far more effectively, which allows them to process more loans faster.

Q: How is verified data created, and how is the approach and data of the Wolters Kluwer machine learning solution different from that other tech platform solutions used to enable eContracting today?

Simon: To date, origination platforms have largely relied on legacy platforms that struggle with data consistency and accuracy, as well as form generators that struggle to map forms accurately, compliantly, and with consistent disclosures to PDF templates. As a result, users of even industry-leading systems have had to deal with high levels of data inaccuracy – for example, by employing people to cross-check original paperwork against digital data. This process can add days to loan decisions and increase costs.

In addition, these systems aren't built to deal with the realities of paper documents, which many dealerships still rely on today. While there are outsourcing services that will receive paper documents and staff data entry teams to manually input data into databases, even these services have less-than-optimal accuracy levels due to unavoidable human errors.

We call this process and service Datalytics®. The verified data from the Wolters Kluwer machine learning solution is different because it is captured directly from the original loan origination paperwork – regardless of whether it is paper or electronic – and verified using embedded intelligence. Our machine learning models are trained using forms with countless variations and markups for specific fields so they can pull data out with very high levels of accuracy. This is true even when pulling data from paper forms; unlike traditional OCR technology that blindly pulls data from forms, our machine learning models use contextual learning and sentence context to understand where data comes from, as well as intelligent processes to verify data values.

As a result, we can provide a high level of confidence that verified data accurately represents the data contained on the legal agreement. This confidence allows lenders to consume it into automated processes without the need for manual QC of data and documents.

Even better, our machine learning models keep getting smarter and more accurate over time. With every loan document they process, the models refine their understanding of data and get better at delivering trusted, verified data that the entire automotive ecosystem can benefit from. For example, lenders can build business intelligence rules to make funding decisions and drive automation.

Q: Where is this trending for the future?

Simon: We see a digitally transformed automotive marketplace where lenders have nearly 100% trusted data that they use to fully automate credit decisions, dealers can eliminate their cash flow challenges with virtually instantaneous funding, and satisfied customers give dealers high CSI scores because they enjoy a fast, hassle-free buying process that saves them time and makes their lives easier.

With broad adoption of Wolters Kluwer's disruptive machine learning technology by dealers, lenders, investors, and even other eContracting solution providers, we anticipate accelerated innovation in lending and related processes across the automotive industry. This will be a win-win for all.

Fast access to trusted, verified digital data is the key to a fully automated, expedited lending process with straight-through processing. Wolters Kluwer has the AI-enabled technology to make it possible today, enhancing the capabilities of current eContracting solutions. Please visit our Automotive eContracting solutions for more information.

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