



Auto Finance

Automotive Finance Digital Transformation Index Q3 2022



Over the past few years, the auto industry has made significant strides in incorporating digital capabilities into its workflows, operations, and consumer-facing offerings. However, there remains a great deal of work to be done on the less glamorous, back-end parts of processes involving dealers, lenders, and an increasingly digital-demanding consumer population.

Organizations that have transitioned to digitized auto financing find themselves well-positioned to anticipate and readily respond to a volatile economy.

The Wolters Kluwer Auto Finance Digital Transformation Index helps identify and track adoption drivers and provides insights into market shifts that may impact the digitization of the automotive ecosystem.

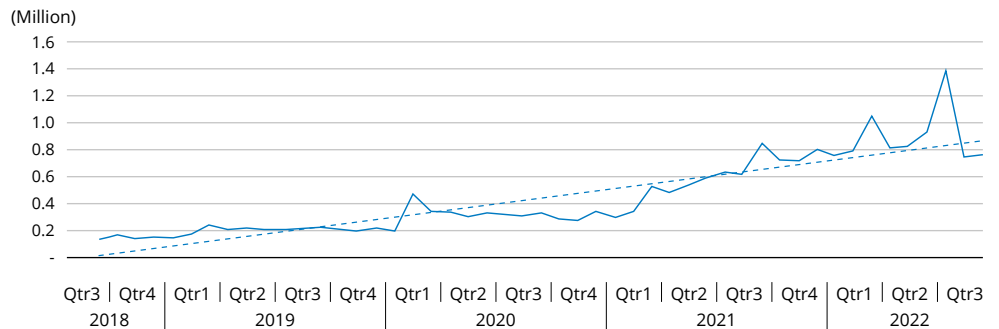
Auto Finance Digital Transformation Index

Early adaptors of automated processes have disrupted the lending ecosystem, creating new “norms.”

Retailers, tech providers, and lenders are partnering to provide many direct and indirect eContracting solutions.

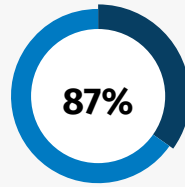
The benefits of data speed, accuracy, and security are driving automotive digitization at a steady pace.

Vehicle eContracting Volume 4/2018 - 9/2022



In 2018 and 2019, the U.S. economy was relatively strong. During that time, there was only a modest increase in digital adoption. The disruption in 2020 forced retailers and technology providers to innovate faster to meet the demand for contactless engagements. eContract volumes remained steady and elevated compared to previous years, and touchless and virtual transactions became more common. By 2021, digital adoption began to accelerate rapidly and was quickly becoming part of our new normal.

Although digital adoption remains steady, the continued macroeconomic impact on auto purchases is influencing the Index’s overall eContract volume. As the graph illustrates, eContracting volumes peaked during the second quarter of 2022 before plunging during Q3 to the lowest volumes the industry has experienced yet this year. Despite the downturn in sales activity, we’re still seeing noticeable growth in digital adoption, which is expected to continue into 2023.



growth in digital transactions over the last 12 months

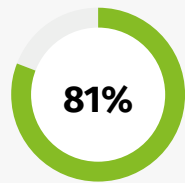


60%



growth rate in Q3 2022 compared to Q3 2021

Wolters Kluwer Digital Auto Finance Index reports an **87% growth rate in digital financing transactions** over the last 12 months, including a 60% growth rate when comparing Q3 2022 with Q3 2021; and an increase of 17% when comparing this quarter to Q2 of 2022. The steady growth rate is considerable given that the industry sold just over 15 million vehicles in 2021, yet the pace of sales in September stood at 13.67 million units – a 9.3% decrease.



increase in digital adoption from Q3 2021

The year 2022 has already exceeded the 2021 YTD volume by

21%

This quarter, we see continued digital growth despite the industry facing a drop-off in overall sales, indicating a staunch appetite for digital tools, resources, and assets used by dealers, lenders, and service providers. Given the downturn, digital use increased by 81% compared to the same time last year. With that in mind, 2022's eContract volume has already exceeded the 2021 YTD by a 21% margin. The combination of more efficiency, accuracy, and compliance is fueling this growth, and with consumers' appetite for more online shopping options, this trend will continue into the new year.

Summary

The automotive and auto lending industries recognize the importance of adopting a paper-to-digital transformation to improve business processes, remain compliant, reduce risk, achieve higher efficiencies, and satisfy consumers through seamless transactions. This transformation helps automotive professionals proactively keep compliance top of mind with changing regulations and mandates, rather than leaving it on the back burner and risking exposure in a paper-based environment.

Ready to discover how digitization can transform your business?

[Schedule an appointment with our product experts here.](#)

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