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**Auto Finance**

# Automotive Finance Digital Transformation Index Q1 2022



Over the past few years, consumers have evolved into tech-savvy, digital-first users. As a result, the auto industry has witnessed a surge of interest from auto finance and dealer service providers of all sizes to incorporate digital capabilities into their workflows, operations, and consumer-facing offerings.

Balancing consumer demand and competitiveness requires auto finance and dealer service providers to anticipate and readily respond to industry trends.

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

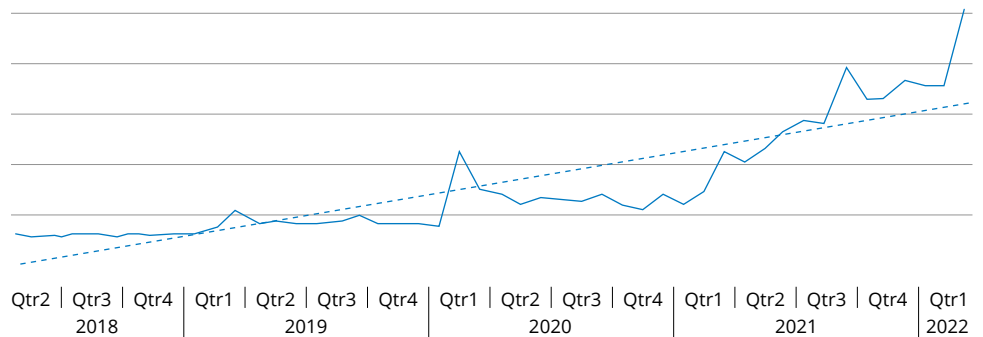
## Auto Finance Digital Transformation Index

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

Retailers, tech providers, and lenders are partnering to provide the fully digital car buying experience consumers are demanding.

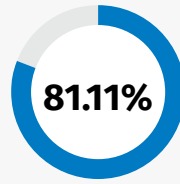
The benefits of data speed, accuracy, and security are driving automotive digitization at a steady pace.

## Vehicle eContracting Volume 4/2018 - 3/2022



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 had begun to accelerate rapidly and was quickly becoming part of our new normal.

The graph illustrates a jump in eContracting volumes during the first quarter and then a plateau for the remaining three quarters, with each year establishing a new high for the plateau. This indicates the inherent “stickiness” of digital adoption in the auto industry.



growth in digital transactions over the last twelve months

↑ **122.09%** ↑

growth rate in Q1 2022 compared to Q1 of 2021

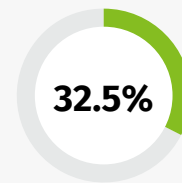
Our Wolters Kluwer Digital Auto Finance Index reports an **81.11% growth in digital financing transactions** over the last 12 months\*, including a 122.09% growth rate when comparing Q1 2022 with Q1 2021. Whether auto finance and dealer service providers should implement digital technologies is no longer the question. As the need for digitization continues to accelerate, leadership may instead focus on how quickly they can adopt the technology to avoid the risk of being left behind.

*\*Data reflects the following 12 month period: 3/2/2021 - 3/1/2022*



**9 million**  
**out of 28 million**

auto finance originations were eContracted in 2021



of all auto (new/used) loan transactions

Times have changed, and so have consumer preferences and sales approaches. Digitization not only delivers more remote, self-service, and automated options, but auto finance and dealer service providers also experience significant workflow enhancements, including faster processing, more reliable document handling, and mitigated risk. Despite the benefits, only one-third of all new and used auto loan transactions were originated using eContracts, meaning there's room for growth.

## Summary

The demand for touchless and virtual engagements remains high, especially with a continued increase in refinancing activity and consumer lease purchases. Used vehicle prices have also risen significantly, and many large used car conglomerates rely on digital platforms to efficiently manage the transaction volume. The innovators and adopters who invested in digital technology early on are recognizing a return on their investment and have started to deploy technology more broadly.

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

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