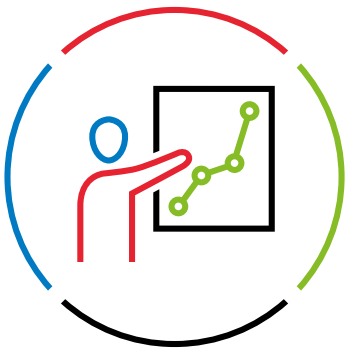




Auto Finance

Automotive Finance Digital Transformation Index Q2 2023

Wolters Kluwer, a global leader in professional information, software solutions and services, announced second quarter results and analysis from its Auto Finance Digital Transformation Index. A slight increase in growth for auto and securitized markets was revealed by 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.



Auto Finance Digital Transformation Index

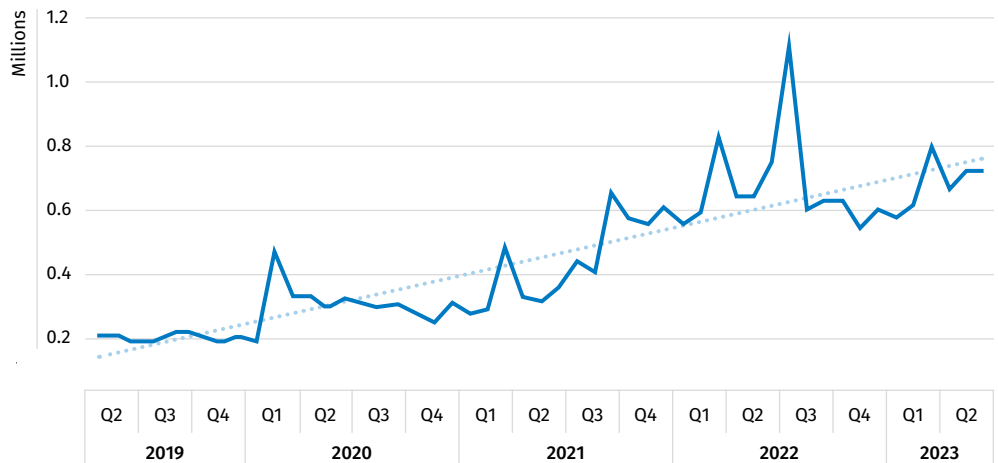
Helping to identify and track adoption drivers, the Wolters Kluwer Auto Finance Digital Transformation Index provides insights into market shifts that may impact the digital evolution within the automotive ecosystem. Results of the most recent Index revealed a slight increase in digitization growth for auto and securitized markets, which mirrors the small uptick in overall vehicle sales activity.

Digital adoption rate for lenders up 7% in Q2

Wolters Kluwer's most recent Auto Finance Digital Transformation Index measured a digital adoption growth rate of seven percent for the second quarter of 2023, compared to first-quarter data. When comparing year-over-year (YOY) data for the second quarter, the volume increased two percent from 2022 to 2023. Despite the subtle second-quarter YOY increase, the trailing 12-month rate rose by 13 percent, representing perhaps the best sign of market stability and recovery.

Looking at the first half of the year, the digital adoption rate was up just slightly, which parallels the minimal uptick in overall vehicle sales activity. Historically over the past four years, a first-quarter spike in digital adoption has been followed by a plateau, which appears to be the case again in 2023. Further, the Federal Reserve System's June edition of its Beige Book revealed that auto loan demand has slowed recently amid high interest rates, although sales continue to be steady and up slightly on the year. Consumers seem to be choosing lower-priced vehicles as affordability places pressure on loan demand. Yet regardless of the sluggish loan environment and budgetary pressures, the auto industry continues to recognize the importance of digitizing loans and contracts for improved back office-efficiencies.

Vehicle e-contracting volume Q2 2019 – Q2 2023





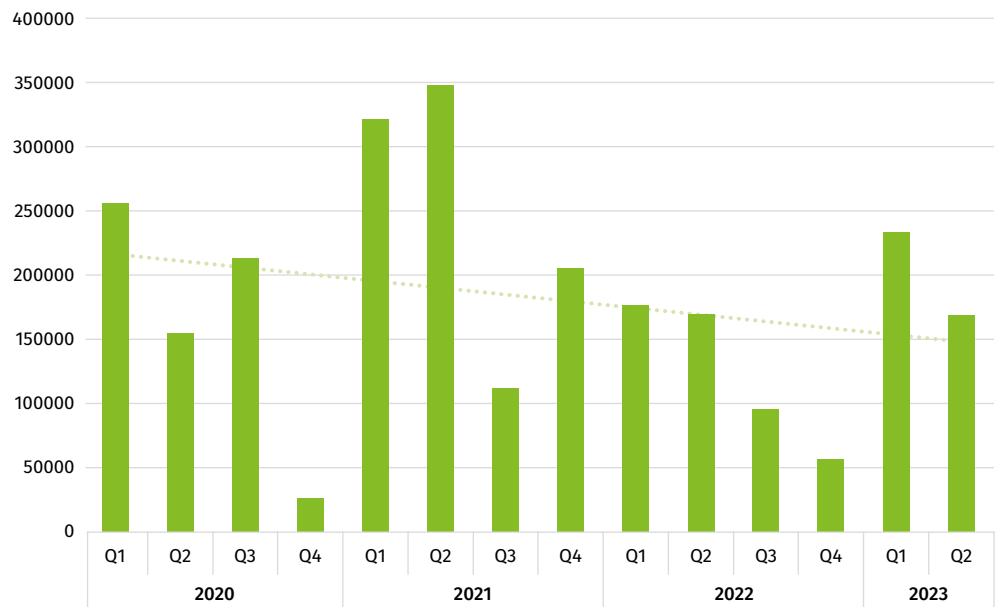
Digital adoption remains on cruise control for securitization markets

When it comes to securitization markets, Wolters Kluwer’s Q2 Auto Finance Digital Transformation Index found that the digitization adoption rate has remained relatively flat, with the number of transactions on par with the previous year’s Q2 rate. Overall, the number of transactions over the last three years is still trending slightly down, remaining in line with market conditions.

“Midway through 2023, we’re beginning to see budgetary pressures from continued sluggish auto sales impact the adoption rate of digitized back-office workflows for many lenders and dealers. Our customer feedback is telling us that the industry continues to see great value in the need to digitize all aspects of the loan and contract phases for both originations and securitization, especially since there are greater efficiencies realized when digitization is experienced along the consumer’s entire journey, not just upfront.”

Tim Yalich
Head of Auto Strategy for Wolters Kluwer

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 Q2 Index showed just a slight increase in growth for both auto and securitized markets.



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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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