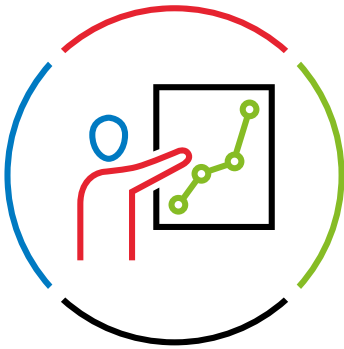




Auto Finance

Automotive Finance Digital Transformation Index Q3 2023

Wolters Kluwer, a global leader in professional information, software solutions, and services, announced third quarter results and analysis from its Auto Finance Digital Transformation Index. A record-high loan volume and a significant rise in digital adoption within securitization markets were recorded 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

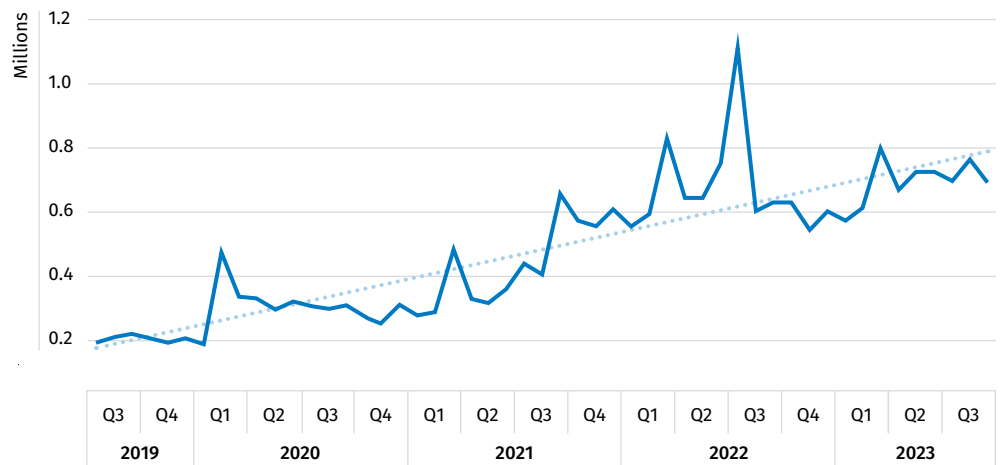
Helping to identify and track adoption drivers, the Wolters Kluwer Auto Finance Digital Transformation Index provides insights into market shifts that may impact the digital evolution within the automotive ecosystem. Results of the most recent Index revealed a slight increase in digitization growth for auto dealers, service providers and lenders, with a significant increase recorded in securitized markets.

Digital adoption rates see slight uptick in Q3

Wolters Kluwer’s most recent Auto Finance Digital Transformation Index measured a two percent digital adoption growth rate in the third quarter of 2023 compared to Q2. Industry experts attribute slow sales for used vehicles in the first three quarters of the year — which dropped four percent compared to the same timeframe in 2022, according to [Cox Automotive](#) — as one of the reasons why the Index has been flat. However, digital adoption rates are considerably more favorable when evaluating the numbers with a longer lens; the overall rate of adoption grew by 120 percent when comparing third quarter 2023 activity with the same period of 2020.

Meanwhile, new vehicle sales have exhibited stability throughout much of 2023, spurred by the highest level of inventory in more than two years. While the spring and summer months saw increased sales for new vehicles, continued economic pressures from high interest rates have eased the pace of fall sales.

Vehicle eContracting Volume Q2 2019 – Q2 2023





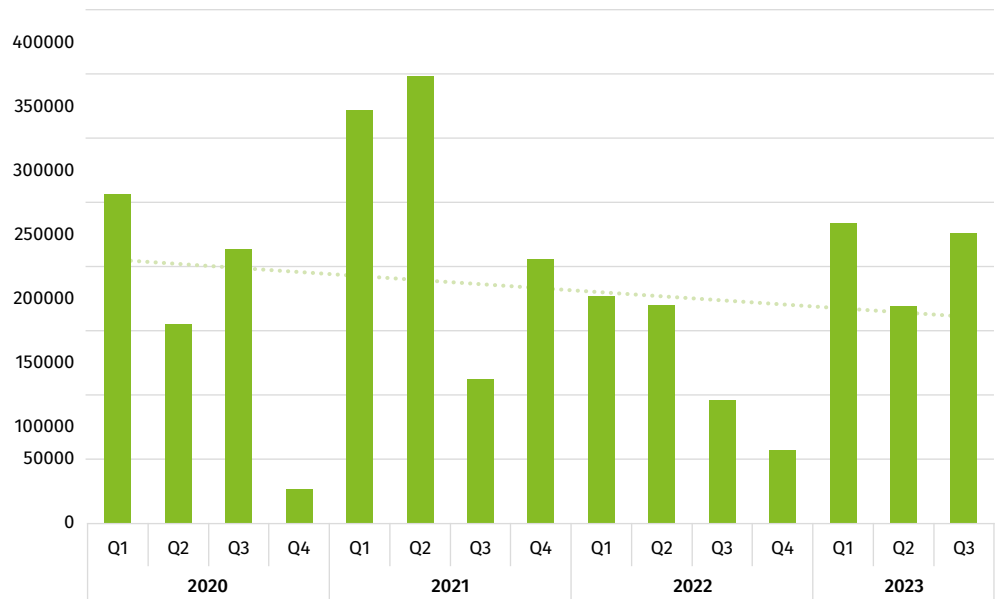
“We’re still in a period of transition mirroring where the adoption of digitization is closely tied to the performance of new vehicle sales. Despite this slower-than-normal pace of adoption, the industry has shown remarkable growth since the onset of the pandemic, when many quickly realized the importance of moving back-office documentation to digital formats.”

Tim Yalich
 Head of Auto Strategy for Wolters Kluwer

Securitization markets put the pedal to the metal on digital adoption

The digitization adoption rate for securitization markets accelerated by 34 percent from Q2 to Q3 2023, complementing a record-high loan volume that represented the greatest activity for any third quarter period ever. In fact, the adoption rate jumped 137% comparing to Q3 of the previous year. The volume of these loans was comprised of primarily subprime loans, a likely consequence of lenders seeking cash and liquidity to ensure solvency amid the recent rise in delinquency rates, and choosing securitization as the method to do so. Recent [data from Equifax](#) showed seven percent of subprime auto borrowers today are considered delinquent, up from five percent during the financial crisis more than 10 years ago.

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 Q3 Index showed a slight increase in the digital adoption growth rate, with a significant increase for securitization markets.



Ready to discover how digitization can transform your business?
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About Wolters Kluwer Financial & Corporate 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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