

# DIGITAL FINANCE SOS: IS DR THE ANSWER?

## IS THE STRONG PREFERENCE FOR DEALERSHIP FINANCING SHIFTING?



### CONSUMERS WANT CONTROL

Consumers want more control of the car purchasing process digitally and on their terms – especially when it comes to payment information.

**47%**

Nearly half (47%) of auto loan customers shopped online for vehicle financing options before visiting the dealership and, of that group, only 42% opted for financing from their dealer, according to J.D. Power\*.

### A SHIFT IN CONSUMER PREFERENCE?

The majority of car buyers acquired their last automotive loan through a dealership, but many plan to take a different route next time



**73%**

In the U.S., 73% of customers acquired financing at a dealership in 2017, according to FICO's 2019 Consumer Survey of Vehicle Financing

**63%**

In 2018, 63% of customers acquired financing thru the dealership - down 10 points from the year earlier.

**40%**

But for their next car purchase, only 40% said dealership financing would be their first choice for their next automotive loan

### AUTO SHOPPERS LOOK ONLINE FOR FINANCING OPTIONS

While Dealership Financing continues to be the epicenter, there is an increasing appetite for online financing options



**5%**

of U.S. consumers acquired vehicle financing online in 2017

**13%**

In 2018, the share of U.S. consumers acquiring vehicle financing online more than doubled to 13%,

**28%**

And for their next ride, 28% listed online financing as their 'first choice' for their next automotive loan.

\*Source: FICO's 2019 Consumer Vehicle Financing Survey



### SHOULD DEALERS TAKE NOTICE?

**2x**

The percent of consumers listing online financing as their first choice for their next automotive loan doubled (2x) vs the percent of current online borrowers. \* [JD Power]

**34** points

The same J.D. Power study showed that satisfaction scores among customers who secured direct financing outside the dealership were 34 points higher than those selecting an indirect financing option offered by the dealership

**43%**

And 43% of dealers in our own survey\* report that they are unable to flip the majority of pre-financed customers into a dealership financing option .