



AFSA 12th Annual Vehicle Finance Conference and Exposition

Managing Profitable Growth

February 6 – 8, 2008, San Francisco, CA

ISSUES ROUNDTABLES - HIGHLIGHTS

Creating and Maintaining Higher Performance Relationships with Customers and Dealers

- **Dealer loyalty continues to be a key focus of auto financing sources** - Product depth, one-on-one relationships at all levels and long-term commitment will be key.
- **Industry executives should be aware of what comprises customer loyalty measurements** - Customer loyalty results from focusing on the consumer's perspective of measurements such as ease of financing, minimum time impact, and anticipation of needs that dealers and auto financing sources must focus on at the point of sale and throughout the life of the loan.
- **Dealers and auto financing sources should work together on integrating consumer communications** - This includes creating and delivering appropriate products, as well as automating processes without losing the connection with the dealer or consumer.

Best Practices for Driving Improved Servicing and Collections

- **Companies must adapt to today's generation** - This applies to both staff and customers. For example, it includes offering telecommuting to talented and loyal collectors that are self-motivated, as well as offering more voice activation options to the "cell phone generation."
- **Companies must recognize the importance of leveraging technology** - This includes developing and executing collection strategies, best practices, leveraging behavior of collections, scoring auto dialers to deliver call campaigns, and testing to speech calling and recovery management systems.
- **Challenge the process** - Look for ways to get information from customers before they hit collections. Find the right tools and words to help customers stay in their cars.

State and Federal Government Affairs

- **Shift in liability from vehicle driver to vehicle owner** - The number one most troubling state trend is a shift in liability from the vehicle driver to the vehicle owner. This is evidenced by legislative proposals that would ticket the owner of the vehicle as the presumed driver through red light cameras.
- **Interest in ELT continues to grow** – Today, 11 states offer ELT programs. There are three states with active ELT initiatives, seven states with pending ELT initiatives, and several target states. "Real ID" is a potential big hurdle that could slow industry's efforts.



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The Future of Auto Financing Landscape: Accelerating or Slowing

- **Don't panic!** - This is not subprime mortgage. We have seen credit cycles like this before. Stay focused on what you do best. Help dealers sell cars at an acceptable ROA.
- **What doesn't kill you makes you stronger!** - It is what you learn and implement at times like these that makes your organization fundamentally stronger and better prepared for the future. Make it a priority to investigate different approaches to running the business.
- **Align with dealers** - Regardless of whether it is through technology, process or relationship, this is a smart thing to do. Dealers are an integral part of the go-to-market strategy for auto finance today and into the future. Including dealers into your planning process is an integral part of strategic planning.

Innovative Strategies and Technologies to Fuel Profitable Growth

- **Better leverage of existing data strengthens processes**
- **Pricing offers an immediate opportunity for profit improvement** - Auto finance executives are looking to achieve profit improvements and increase shareholder value despite decreasing values. Pricing optimization incorporates market response into pricing decisions and offers a more efficient pricing process with proven results.
- **Take advantage to inject data-driven intelligence into business decision making** - Unfortunately, most IT organizations spend the majority of their time maintaining current systems and processes and resolving problems. Finance companies have a huge opportunity for proactively working with IT to come up with solutions to drive business performance and growth objectives.
- **Technology is the engine that enables the business to run and achieve its performance goals** - Auto finance companies can leverage technology to create dealer loyalty by providing dealers with value and to make their job easier. Technology can also be used to leverage data among existing customers and for market analysis for cross-selling opportunities.

Legal Issues and Compliance Challenges

- **Be prepared for increased scrutiny at origination** - The vehicle finance industry should be prepared for increasing attempts to hold it responsible for what happens at origination.
- **Others want to control how your company operates** - Plaintiffs' attorneys and policymakers want to have more control over how vehicle finance companies operate.