

FICO AUTO SOLUTIONS

# Accelerate Out of the Turn

Steer towards profitability with sharper business decisions



**FICO**<sup>™</sup>

Make every decision count.<sup>™</sup>

*“By leveraging the most predictive FICO Score tailored to auto finance, Santander is positioned to responsibly grow our Auto portfolio.”*

*—Director at Consumer USA  
Santander*





# Discover the road to recovery with sharper customer decisions driven by proven analytics.

Years of consolidations, government assistance programs and dealership closures have left the auto industry in a cautious lending state. However, as sales get more robust, the auto finance industry is now poised to help consumers with vehicle purchases and leases again.

Market dynamics have shifted. With increased competition among credit unions, major auto captives and auto lenders are now battling for fewer high quality, low risk borrowers.

With these updated scenarios, auto lenders must use the most precise tools available. FICO can help you

maximize each opportunity for credit risk assessment, manage your accounts, identify early stage delinquencies and boost recovery rates.

That's why all 25 of the top 25 auto finance captives *and* non-captives rely on the power of the FICO® Score as the industry standard measure of credit risk.



# Strategic Decision Solutions



## Auto Finance Growth

Drive informed lending decisions

With indications that auto lending is on a recovery path, both captive and non-captive lenders are rethinking acquisitions strategies and customer finance programs to grow responsibly. With intelligent analytics, auto finance lenders can:

- Prioritize customer segments for outreach and promotion (non-captives).
- Improve originations decisions with finely honed risk analytics tuned to the auto industry.
- Assess both risk and ability to pay for greatest profitability.
- Automate products promotion strategies that both maximize acceptance and enhance portfolio NPV.
- Target only regional opportunities for growth to help mitigate the risk of expanding the credit portfolio.



## Risk Control

Operate with vigilance to lower risk

The ability to grow auto revenues responsibly is not simply a matter of acquisition. It involves accurate assessment of risk at every stage of the auto credit life cycle. With the right solutions, auto lenders can:

- Acquire the best performing customers.
- Sharpen the approach to assigning the right product to the right customer to reduce defaults and write-offs.
- Identify pre-delinquent behaviors early, signaling a change in treatment.
- Underwrite across the credit spectrum (Super Prime, Prime, Sub-Prime).



## Collections and Recovery

Recover maximum revenue and reduce loss

With most auto delinquencies occurring in the first 90 days of ownership, lenders need to be diligent in their efforts around the entire collections and recovery process. The right tools and analytics can help auto lenders to:

- Prioritize collections actions to reduce losses and charge-offs and maximize on recoveries.
- Establish loan workout parameters in real time, while the customer is on the phone.
- Devise, test and select best performing collection strategies in a rapid fashion that improve recoveries.
- Gain access to and maximize third-party agency and attorney collection.
- Manage the sale of debt in the most profitable way.



## Warranty Management

Drive efficiencies for warranty processing across all participants

One of the challenges faced by auto captives is in managing the entire warranty process, which can be cumbersome and costly if performed manually. Complicated by a distributed dealership model, this area is ripe for mid-steps and inefficiencies. To modernize this process, auto captives need to:

- Apply analytics that determine responsibility for repair and/or replacement costs.
- Provide realistic repair estimates, based on a myriad of factors.
- Ensure consistency across dealerships on warranty treatments.
- Lower operational costs by automating the entire process.



## Incentive Management

Increase sales with optimized incentive programs

Managing the incentives and profitability is a balancing act that most auto captives must embrace to win in the marketplace. Having a sophisticated way to accomplish this task helps to:

- Assign incentive for dealers to drive maximum sales.
- Grant special incentive programs to sales teams that motivate desired sales.
- Design vehicle-based programs that drive corporate strategies for market share in selected auto segments.
- Provide a real-time solution that really works when a potential buyer walks in the dealer's door.



Make every decision count.™

**Fair Isaac Corporation**

Corporate Headquarters:  
901 Marquette Avenue Suite 3200  
Minneapolis, MN 55402 USA  
US toll-free: +1 888 342 6336  
International: +44 (0) 207 940 8718  
[info@fico.com](mailto:info@fico.com)  
[www.fico.com](http://www.fico.com)

**Regional Centers:**

London  
Birmingham (UK)  
Beijing  
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