

Case Study



Toyota Financial Services

E-contracting Enables Big Efficiency Gains for Auto Credit and Funding

With the help of Fiserv, this indirect lender has integrated paperless contracting into its business practices to enhance the borrower and dealer experience while increasing efficiencies during the loan credit and funding process.



In recent years, many automotive lenders have realized the importance of switching to paper-free processes. E-contracting can greatly reduce the time needed for loans to be approved and funded—as well as provide for the electronic transfer and control of contract ownership as loan portfolios are pooled and securitized for sale to investors.

Toyota Financial Services (TFS) is a prominent player in the adoption and promotion of e-contracting. TFS developed a clear strategy for implementing an e-contracting program—with the penetration of its program at Toyota dealerships exhibiting exponential growth. Using Automotive Loan Origination System from Fiserv, TFS began to phase out paper contracts and transition its dealerships from paper to electronic processes. Today, 80% of contracts TFS processes are electronic with more than 1,200 dealers actively participating.

Evolving Industry Trends

The industry adoption rate of e-contracting has climbed steadily as auto lenders enter the realm of digital lending. TFS carefully evaluated the industry's evolution of e-contracting to determine the best way to collaborate with their authorized dealers. TFS concluded that a comprehensive approach including both retail and lease products and more forms—over 200 at time of launch—would be the most effective strategy. The company worked diligently with all stakeholders to embrace the implementation and the new processes.



Client Profile

Toyota Financial Services has approximately 3,300 associates and managed assets in excess of \$99 billion. The company provides retail and wholesale financing, retail leasing, vehicle protection plans and certain other financial services to authorized Toyota, Lexus and Scion dealers.

A Trusted Technology Partnership

Realizing that technology could help drive its e-contracting initiative, TFS turned to Fiserv. The two partnered to ensure that Automotive Loan Origination System executed lender-configured business rules against the specific contract data; processed the data and automatically sent back the validated contract

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to the dealer for the customer's electronic signature. Automotive Loan Origination System streamlined the process, made it more timely, and helped to reduce contract errors.

Contract data auto-population, automated contract validation, integrated status messaging and expedited dealer plan disbursements provide TFS with a competitive edge and provide dealers with a user experience that helps set e-contracting apart from the former paper process. A number of client-required capabilities were also added to Automotive Loan Origination System without changing the interface to aid in the adoption of future users.

Dealership Owner Buy-In

TFS took a unique approach to drive adoption of its e-contracting strategy. Instead of soliciting the dealerships' finance managers, TFS approached the owners of each dealership and encouraged them to embrace the new electronic process. TFS executives realized that this top-down contact was critical for success and that the dealership principals would be crucial in guiding the acceptance of others.

Exceptional Results

TFS was able to commit to e-contracting with a process that ensures success. At each participating Toyota/Lexus/Scion dealership, a finance manager may transmit the validation message through the RouteOne® e-portal to Automotive Loan Origination System. After receiving a validation from Automotive Loan Origination System, the salesperson generates the electronic documents and the customer signs on the signature pad, which becomes an affixed image on the contract.

The benefits of the program were soon obvious to all parties involved. TFS set its original goal at 30 percent for e-contracting utilization, but as the field embraced the practice, the company increased its goal to

Challenge

When Toyota Financial Services (TFS) noticed a strong and definite trend in the industry toward paper-free contracts, the company made a strategic decision about how to drive acceptance at its dealerships.

Solution

TFS enlisted Fiserv to help roll out its e-contracting initiative. Automotive Loan Origination System provided client-defined e-contracting capabilities without the need to change the platform interface, ensuring that system users did not have to deal with learning-curve frustration and TFS did not have to factor in the cost of new interface training.

Proof Points

- TFS was uniquely positioned to promote e-contracting technology and its adoption to owners of more than 1,200 authorized dealers
- E-contracting enabled TFS to accelerate loan review, reduce errors and gain overall efficiencies in its funding process
- Dealer feedback for e-contracting is overwhelmingly positive

50 percent. By the end of the first year, TFS reached a remarkable 56 percent utilization and today they have reached an adoption rate of 80%. Using Automotive Loan Origination System, dealers are able to realize next-day funding with electronic contracts. And contracts are processed faster, allowing existing staff to book a greater number of new car deals.

Connect With Us

For more information about Automotive Loan Origination System, call 800-872-7882, email getsolutions@fiserv.com or visit www.fiserv.com.



Fiserv Inc.
255 Fiserv Drive
Brookfield, WI 53045

800-872-7882
262-879-5322
getsolutions@fiserv.com
www.fiserv.com