

# IT'S TIME TO BREAK FREE

## Digital game-changers for auto and equipment finance

Digital experiences are part of everyday life. Connectivity is everywhere, and the auto and equipment finance markets are breaking free from traditional practices and legacy processes to facilitate digital customer journeys. Here are five technologies that are enabling digital transformation:



### 1. Cloud and Software as a Service (SaaS)

Already being utilized and growing quickly, the cloud and SaaS enable rapid innovation, business agility and a **consumption-based business model that makes everything else work at scale**. What's more, cloud computing facilitates "cloud-native" applications and program deployment – a non-negotiable factor in today's fast-moving digital age.



### 2. Machine Learning (ML), Artificial Intelligence (AI), and Internet of Things (IoT)

These emerging developments, which are still somewhat in their infancy, will combine to **automate many of the functions that are crucial to success** in the evolving auto and equipment finance markets.

Smart banking, connected vehicles, smart equipment, pay-as-you-go, all exist today but will greatly broaden with new technologies.

New business models focused on subscription, usage, mobility and demand management will challenge the status quo and lead to the industry of the future being very different from that of today.



### 3. Self Service Technologies (SST)

Consumer expectations for digital applications to either supplement financial service offerings or fully replace them have disrupted the asset finance industry.

Particularly in retail auto where the traditional role of the dealership is being replaced by quick and easy, online quotations available via an app, utilising technologies and such as digital ID verification & Open banking.

Deployment of self-service applications **can provide huge operational and cost efficiencies in all areas of asset finance**: dealer and broker applications facilitate the onboarding and credit process; Field-investigator applications allow real-time input of asset valuation and inspection data; and customer self-service applications allow customers to take control of their own financial contracts and reduce the work load for customer service teams.



### 4. Big Data Analytics

Data analytics is not new to any industry, but with increased connectivity, ML and AI, big data could transform the auto and equipment finance markets. **Ever-increasing regulation will become easier to manage** with enhanced data reporting capabilities.

Transactional data can be analyzed to address challenges in workflow and create efficiencies, while data regarding assets will greatly improve residual value-setting and pay-per-use models, leading to more accurate pricing – a benefit to both customer and lender that is too important to ignore.



### 5. Distributed Ledger Technology and Blockchain

While not as mature as the other technologies on this list, blockchain could soon become a disruptive technology in the auto and equipment finance industries. An ever-increasing belief is that blockchain (or a similar, yet to be developed) technology will **fundamentally change the way we think about auto and equipment financing and how banks and financial institutions operate**.

Distributed ledger technology could lead to smart contracts, better asset tracking, electronic know-your-customer analysis and transactional security incomparable to that of today.

## How are you leveraging these developments?

To take your organization to the next level of digital competitive readiness, please contact us at [getinfo@fisglobal.com](mailto:getinfo@fisglobal.com) for more information.