



Lending Enablement Solutions Drive ROA Attainment for Automotive Lenders, Open Lending Survey Finds

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New data validates the role of automated decisioning and risk analytics in financial institutions' performance, with 95% of Lending Enablement users meeting ROA targets

AUSTIN, Texas--(BUSINESS WIRE)--May 11, 2023-- [Open Lending](#) Corporation (NASDAQ: LPRO) ("Open Lending" or "the Company"), an industry trailblazer in lending enablement and risk analytics solutions for financial institutions, today released its Lending Enablement Benchmark report. The goal of the research is to uncover how financial institutions are using technology to adapt to an ever-evolving auto lending environment.

The report reveals that Lending Enablement Solutions are playing a clear and decisive role in improving decisioning speed, increasing Return on Assets (ROA), and reducing risk exposure for auto lenders. Additionally, the use of Lending Enablement Solutions is allowing financial institutions to better reach near-prime consumers — a segment that's strategically critical to serve, especially in an economic downturn.

Open Lending gathered responses from leaders of U.S.-based auto lending institutions at or above the director level. Key data insights include the following:

- **Institutions that use Lending Enablement Solutions are meeting or exceeding ROA targets and mitigating delinquency.**

When comparing auto lending institutions that use a Lending Enablement Solution to those that don't, a much greater proportion of Lending Enablement users report meeting their ROA targets last year compared to non-users (95% vs. 73%). Lending Enablement users are also far less likely to report a rise in delinquency rates among those in near-prime categories (12% vs. 57%). The marked contrast here suggests Lending Enablement Solutions have a positive impact on curbing delinquency among non-prime borrowers.

- **Financial institutions are prioritizing FICO scores and income/employment history for auto loan decisioning — while overlooking the value of alternative data sources.**

Many auto lenders take a reductive approach to determine borrower potential, using FICO scores (73%), income and employment history (60%), and debt-to-income ratio (60%) to evaluate and price loans. Without more nuanced alternative data sources — such as rental history, mobile phone payments and account balances — lenders are likely to exclude qualified borrowers in the near-prime credit segment.

Notably, Open Lending's research identified near-prime borrowers as a crucial component of a balanced, resilient portfolio: more banking industry professionals observed delinquency in prime borrowers (33%) than in near-prime borrowers (20%).

- **Improving loan decisioning speed is a top priority for 2023 — but it shouldn't introduce avoidable risk.**

Auto lending leaders indicate that driving faster loan decisioning is tied for priority No. 1 for 2023, with 44% listing it as a top priority. But as they prioritize decisioning, they're not overlooking default risk, with 42% of leaders committing to reduced risk exposure this year.

Respondents also note greater transparency, enhanced security, and increased use of AI as areas that could improve the Lending Enablement Solution they use.

"As challenging market conditions put pressure on financial institutions to build profitable, resilient auto loan portfolios, Lending Enablement Solutions allow these organizations to do so intelligently and quickly," said Matt Roe, Chief Revenue Officer at Open Lending. "The difference in results for auto lenders who use these solutions and those that don't is clear. Lenders Protection™ offers a unique combination of fully automated auto loan decisioning, AI-powered risk analysis and built-in default insurance to enable lenders to strategically extend loans to near-prime borrowers and remain competitive with the industry's increasing reliance on personalization and AI."

Learn more about Open Lending's survey and read the full report [here](#).

With Open Lending's [Opportunity Calculator](#), financial institutions can get customized results on their potential to securely increase near- and non-prime loan originations with the Lenders Protection risk management platform. Open Lending's Lenders Protection program currently serves approximately 440 financial institutions and has facilitated more than \$19.3 billion in auto loans since its inception.

About Open Lending

Open Lending (NASDAQ: LPRO) provides loan analytics, risk-based pricing, risk modeling and default insurance to auto lenders throughout the United States. For 20 years we have been empowering financial institutions to create profitable auto loan portfolios with less risk and more reward. For more information, please visit www.openlending.com.

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