



defi SOLUTIONS • On eContracting

eContracting: Compelling Benefits for Lenders, Dealers, and Borrowers

Millions of lenders, dealers, and consumers have used eContracting. Yet, that is still only a fraction of all auto sales in recent years. Every paper-intensive industry has acknowledged the potential benefits provided by a completely digital transaction process. Despite the ability of modern loan origination systems to deliver hundreds of thousands of eContracts per month, two major obstacles remain to making the transition: 1) Difficulty incorporating eContracting services into a lending system; and 2) A business mindset skeptical of giving up paper.

Integrate eContracting Into Modern Loan Originations

Fortunately, using eContracting in the lending process is easier than ever. It also carries the same legal enforceability as paper without the drawbacks of handling and long-term retention management. Modern loan origination solutions and eContracting services enable easy integration of the two capabilities. There's no need for prolonged, custom integration. Many key services will be pre-integrated.

For lenders used to paper transactions, there's every reason to adopt eContracting.

- eContracting provides a faster more secure process that benefits all participants.
- eContracting enables trusted lending transactions that have all the legal and enforcement rights of paper contracts.

eContracting Benefits Lenders

Incorporating eContracting into loan origination lets lenders streamline the process, reduce costs, and improve the probability of booking loans by responding to applications quickly. High-volume

lenders can save considerable time and money, multiplying individual savings by hundreds to thousands of transactions per quarter. With automation digitally managing the contract step, lenders eliminate all the delays and physical handling—printing, faxing, mailing, and filing—associated with a paper contracting process.

Accurate and Predictable

eContracting makes for a more accurate and predictable process. Workflows help manage digital creation of contract documents and automatically populate them with the correct borrower information, loan terms, and any notifications or disclosures required by law.

eContracting systems can also validate the contract within the workflow so lenders are receiving the most accurate data from their dealer partners.

Manage Review and Signing

The contract process can be complex, involving multiple signers and signatures that require routing and sequencing. A paper process virtually guarantees a delayed and potentially incomplete

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process. eContracting accelerates completion of the loan process by ensuring all documents are properly reviewed and signed by the appropriate parties.

Support Compliance

eContracting also supports many of the compliance requirements of the lending process by automatically tracking and recording the actions associated with the process. This includes secure management and proper retention of the digital contract documents, with the added benefit of eliminating the cost and space associated with storing increasing volumes of paper documents. In the event a lender needs to access any of these documents, they are securely and immediately available via search. That is far more efficient than searching through file cabinets or bankers' boxes stored on- or off-site.

With eContract capabilities, lenders increase their ability to quickly respond to applicants that match credit policies, execute a predictable and efficient review and signature process, and eliminate all of the inefficiencies and risks associated with paper-based contract processes.

eContracting Benefits Dealers

eContracting addresses one of the most common complaints about the auto sales process—the time consumed by financing paperwork.

As reported in the Cox Automotive Car Buyer Journey 2018, “Of the 3-hours average time spent at the dealership during the purchase process, half is spent negotiating or doing paperwork, resulting in a 46% satisfaction rate for how long the process takes. Among buyers who were dissatisfied with

how long the process took, Negotiations and Financing/Paperwork were the top 2 areas that took longer than they expected.”

For dealers, eContracting reduces the time involved in financial paperwork. That can increase the probability of closing a deal. Lenders—captive, direct, or indirect—who use eContracting respond to applications from dealers faster than lenders dependent on paper contracting processes.

In many instances, lenders using cloud-based loan origination solutions that include workflow, decision rules, and auto-structuring can return offers to dealers in a matter of seconds.



In an increasingly connected, on-demand world that expects business transactions to be convenient and fast,

eContracting is a powerful tool to help capture deals, especially with millennials who expect rapid, completely digital transactions.

eContracting Benefits Borrowers

The convenience and efficiency of eContracting helps borrowers, too. Upon receiving the eContract, either when sitting in the dealer or in a direct lending instance via email, they can review and sign contract documents on a desktop computer or mobile device.

eContracts offer multiple ways to conveniently capture signatures, including:

- Typed text,
- Image uploading,
- Voice recording, or
- Use of signature devices.

eContracting also brings a greater degree of transactional security by providing multiple identity authentication methods for signers, including security codes, SMS-text PIN delivery, and knowledge-based authentication using “out-of-wallet” challenge questions, such as “the city your mother was born in.”

Compelling Reasons to Consider eContracting

Consider these:

- eContracting is easier than ever to incorporate into the loan origination process.
- eContracting meets all the legal requirements associated with a paper contracting process and does so far more efficiently and cost-effectively.
- eContracting capabilities and automation accelerate the entire loan origination process by dealing with financing paperwork faster.

Elimination of paper processes improves the accuracy of loan information. In the most advanced applications of automation and decision rules, digital workflows let lenders return offers in seconds. Every step of the process is tracked, while required documents are captured and retained digitally, helping lenders meet compliance requirements more efficiently.

Summary

A completely digital lending process benefits lenders, dealers, and consumers. Lenders can use eContracting to respond to applications from dealers or consumers quickly. In the most advanced applications of automation and decision rules, digital workflows let lenders return offers in seconds. eContracting also brings transactional security by providing multiple identity authentication methods for signers. Elimination of paper processes improves the accuracy of loan information. These qualities make eContracting in the loan origination process a competitive differentiator and must-have.

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