ASSET FINANCE IN THE DIGITAL DIMENSION

Look beyond the pandemic. See customers more clearly.
Explore the deeper possibilities of data.

With insights from the International Asset Finance Network webcast

Let’s solve something bigger
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GET THE LATEST PERSPECTIVES ON DIGITAL SERVICES

The COVID-19 pandemic has made the world even more digital, adding rocket fuel to pre-pandemic trends.

Digital transformation takes many forms. How are auto and equipment finance firms harnessing the power of technology?

In a webcast sponsored by FIS® and hosted by the International Asset Finance Network (IAFN), leading asset finance and technology providers looked at digital services from the viewpoint of financiers, retailers and, above all, their customers.

Read on for expert insights, and see where transformation could take your asset finance business.

Meet the experts
DIGITAL ISN’T JUST FOR PANDEMICS, IT’S FOR LIFE

Will trends toward buying cars and finance online outlast the pandemic? Yes, say nearly 65% of the IAFN audience.

Understandably, COVID-19 safety measures have driven more auto finance customers online, with fewer visiting dealerships as part of their car-buying journey.

Across the auto industry, digital activity has already been growing for many years; the pandemic has only accelerated the shift to online transactions and made dealers adapt quickly.

Digital is clearly here to stay. Things will continue to change, but physical retailers still play an incredibly important role, whether it’s offline, online or a mixture of both.

Ian Durston, Jaguar Land Rover
In China, consumers use WeChat (a multi-purpose messaging, social media and mobile payment app) for pretty much all their transactions. We’ve got to look outside the auto industry to see our future direction.

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**FLEXIBILITY IS THE PRIORITY OF TRANSFORMATION**

Going digital helps give customers what they want. True or false?

True!

Online asset finance services are about more than just adopting the latest technology. The overarching objective is to provide the convenience and flexibility that today’s customers demand.

On smart mobile devices, incredible software tools now facilitate transactions from anywhere, at any time. It’s inevitable that customers want to transact online, and it’s all down to the ease of the digital experience.

Digital transformation is an important business trend, but it will continue to take its lead from the consumer.
We need technology to take us to a place where customer online activity interacts easily with applications in the showroom, so salespeople can pick up the details straight away and instantly move things forward for the customer.

Ian Durston, Jaguar Land Rover

FROM DIGITAL TO PHYSICAL, SERVICE SHOULD BE SEAMLESS

Q: What stops the customer journey from breaking down?

A: Consistency and integration

Online retail giants like Amazon have shown us the importance of consistency – being able to transact in the same way for every purchase. The car-buying journey can cross different terrains, moving from online to offline and often back again.

The challenge for auto finance providers and their technology partners is to support a seamless transition between the digital experience and brick-and-mortar through the platform and the car showroom.
DIGITAL CLARITY PUTS CUSTOMERS IN CONTROL

Q: Do customers buy more expensive cars and accessories online than they might in store?

A: Not necessarily

It’s too early to say how digitalization has changed spending habits during the pandemic. Online financial services might actually encourage customers to make a more informed, considered decision about their purchase.

In a car showroom, for example, there may be a more limited choice of products to browse in a less relaxed setting. More importantly, the digital experience can provide a faster, clearer view of how different options will affect monthly payments.

An online purchase is in the customer’s hands and you can serve up products in a transparent, compliant way.

Ian Durston, Jaguar Land Rover

Compliance is critical in the sale of financial services. If it’s online, you know the right questions have been asked and you’ve got an audit trail of the interaction with the customer.

David Betteley, Advisor, Asset Finance International
With video banking, we’re probably having conversations with more people than ever before. It’s actually helped build closer personal relationships with more trust, which is important in a data-led environment.

Miles Rothbury, HSBC

VIDEO CALLS KEEP VULNERABLE CUSTOMERS CLOSE

Efficient person-to-person service has become more important in the pandemic, agree 82% of IAFN survey respondents.

The pandemic has emphasized the need for financial services providers to consider vulnerable customers, who may be more at risk of making rash purchasing decisions on buy now, pay later (BNPL) products.

Increasingly, regulators see vulnerability on a spectrum that individual borrowers may move into and out of, rather than as a fixed state that’s applicable to whole groups of society. Finance providers need to stay alert to their customers’ state of mind.

Throughout the pandemic, video conferencing technology has helped firms maintain face-to-face contact with potentially isolated customers, better assess their vulnerability and support them with fast, convenient finance that meets their personal needs.
AUTOMATION MUST LOOK AHEAD

Automated acceptances of asset finance requests are more accurate than human acceptances. True or false?

True!

Despite early caution and rumors of a widespread return to manual assessment processes, automated acceptance rates have remained high for consumers in the pandemic. But businesses have been less fortunate.

With some industries more vulnerable than others to changes in buying behavior, digital automation must play a greater role in forward-looking analytics – predicting how commercial customers may perform in the coming months and years.

A business may have a very healthy P&L and balance sheet right now but that doesn’t mean they will succeed in the future. Therefore, we need to include a forward view of industry trends a lot more than we have in the past.

Ian Durston, Jaguar Land Rover
Technology like AI can drive insight by sifting through large amounts of data from telephone, video and online interactions. It may not pick up issues from a single conversation, but over time it can pull together a complete picture of behavior to better support the relationship and improve satisfaction.

David Woodroffe, FIS

Digital Channels and Human Relationships Can Go Hand in Hand

“We’re extremely satisfied,” say 27% of businesses assigned a relationship manager, versus the 17% that don’t have an RM.1

Investing more in human interactions doesn’t mean investing less in automation. The trick is to take a multi-layered approach to technology, with tools that both digitize services and allow for one-to-one conversations or even multi-way collaboration.

Person-to-person communication is essential for complex queries, but to provide the best support, the RM or person servicing the customer also needs fast, digital access to the right information without searching through multiple systems.

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1 FIS, UK Business Insights – Information to Insights: Pace Findings, 2019
A BROAD VIEW OF SECTORS ALONE MAY MISS BIG OPPORTUNITIES

People or businesses in troubled sectors are never worth the risk. True or false?
False!

In these challenging economic times, it clearly makes sense for lenders and lessors to question the creditworthiness of applicants from certain sectors. A rigid, blanket policy may not always pay off, even when it comes to the worst-hit industries.

First, things move fast in the pandemic and events can quickly change an industry’s prospects. Second, a generally unhealthy sector could contain a thriving subsector. While event management is on its knees, for example, online events are big business.

It’s critical to understand individuals and their aspirations. Historically, a lot of data has been ignored, but now digital technology can help enrich a relationship manager’s knowledge of the customer. There’s a responsibility to make sound decisions but also to keep customers going and funding in place.

David Ratnage, FIS
Digital Data Can Go Deeper

Q: What’s the biggest obstacle to appropriate change?
A: People’s mindsets

The technology is already out there. It’s up to asset finance providers to take advantage of the latest innovations and help their businesses make more data-powered, customer-centric decisions to support truly individualized customer journeys.

Investment will become increasingly focused on integrated, multi-technology strategies that provide a deeper understanding of the customer to properly assess credit quality and drive cash flow.

Why couldn’t publicans have a sensor on their door showing how many people are going in and out of their pub and how many pints are pulled from their pumps? That’s just one example of how you can start differentiating between businesses in one sector.

Miles Rothbury, HSBC
WE’RE ALL IN THIS TOGETHER

Q: Who will lead the way forward for asset finance?

A: Customers, fintech providers and other industries

Auto and equipment finance firms can learn a lot from not only other financial services but also their customers’ own progressive ideas. By working closely with fintech partners, it will be easier to meet those customers’ needs head-on.

Beyond finance, there are many industries that can teach us how to succeed in a customer-focused, data-driven world, from the armed forces, energy suppliers and data scientists to equipment manufacturers that already capture, process and analyze large amounts of data to drive insights.

Are you open to the opportunities? Then welcome to the digital dimension.

At HSBC, we are exploring all possible areas of digital innovation. FIS is one of our key partners and together we will continue to evolve our thinking.

Miles Rothbury, HSBC

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