

**Michigan Credit Union League & Affiliates**  
**Annual Convention and Exposition**  
*Helping Credit Unions Serve, Grow and Remain Strong* #mculace

# Automotive Lending & Sales Overdrive

June 5, 2014 | 10:30 – 11:30 a.m.

Bob Nealon

Sponsored by:

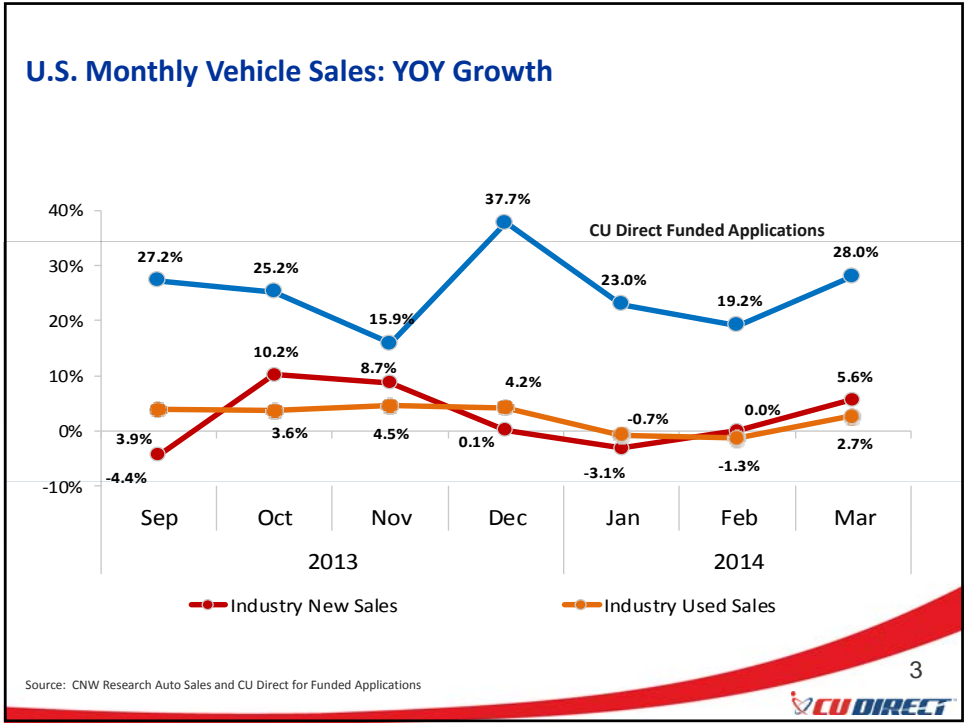


**Overdrive!**  
*June 5, 2014*

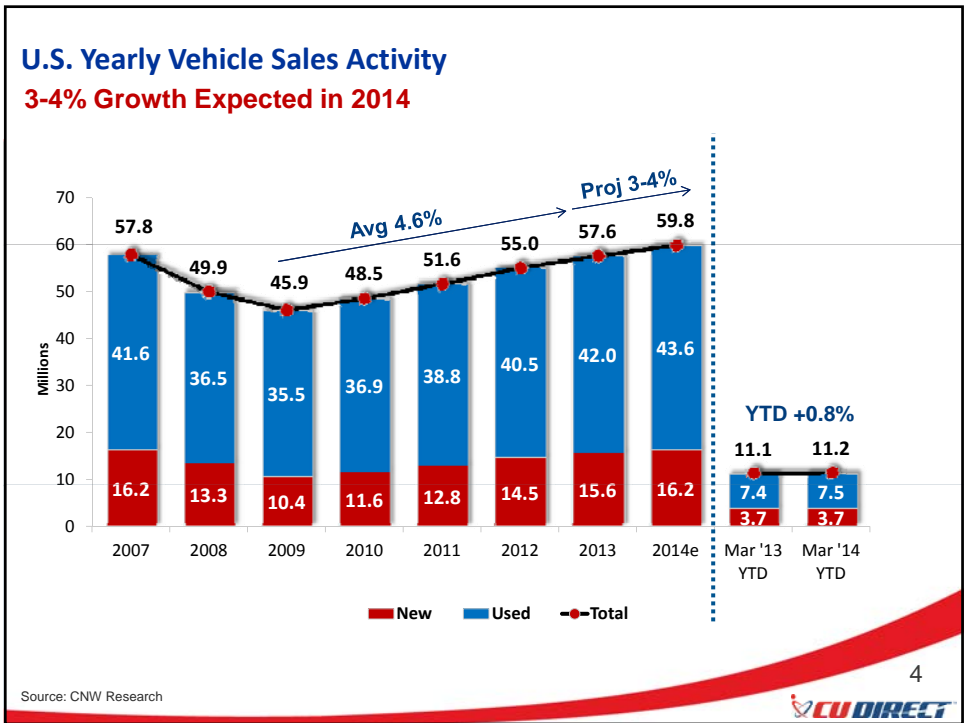


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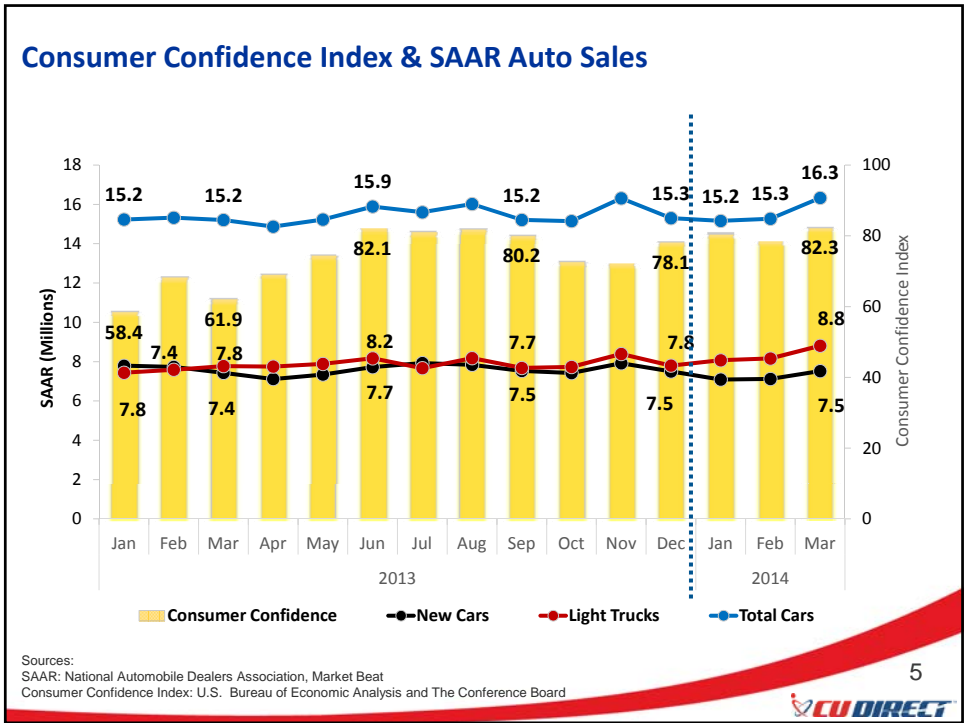


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**Mother Nature chills showroom traffic, sales**  
 7:00 am U.S. ET, March 3 2014 | [UPDATED: 3/3/14 3:43 pm](#)

## U.S. Auto Sales Rebounded to Lively Pace in March

A Gain of 5.7% Overall Reflected Strong Demand After Harsh Winter Passed

6

**March New Auto Sales Data**

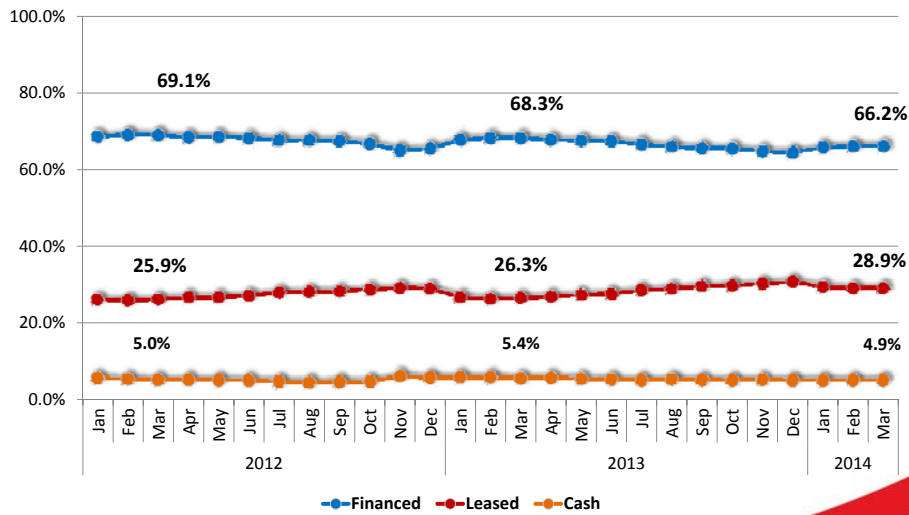
Rank	Brand	Mar Units	YOY%
1	Ford	234,448	3%
2	Toyota	180,838	3%
3	Chevy	179,681	3%
4	Nissan	136,642	8%
5	Honda	117,738	-3%
6	Hyundai	67,005	-2%
7	Dodge	60,575	1%
8	Jeep	57,983	47%
9	Kia	54,777	12%
10	Subaru	44,479	21%

7



**New Vehicles Sales by Purchase Type**

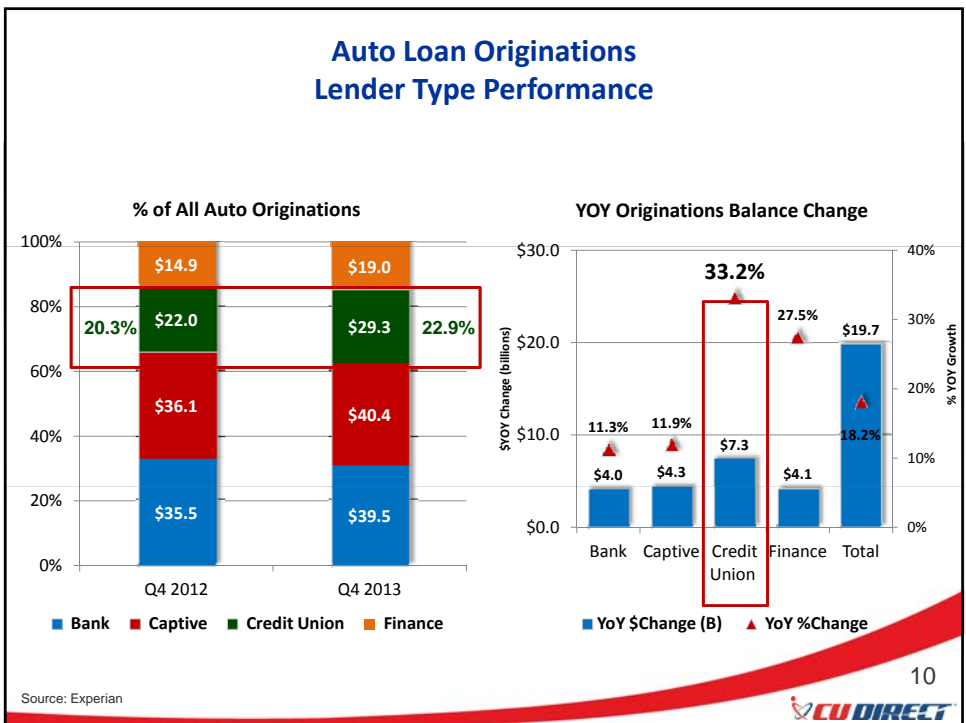
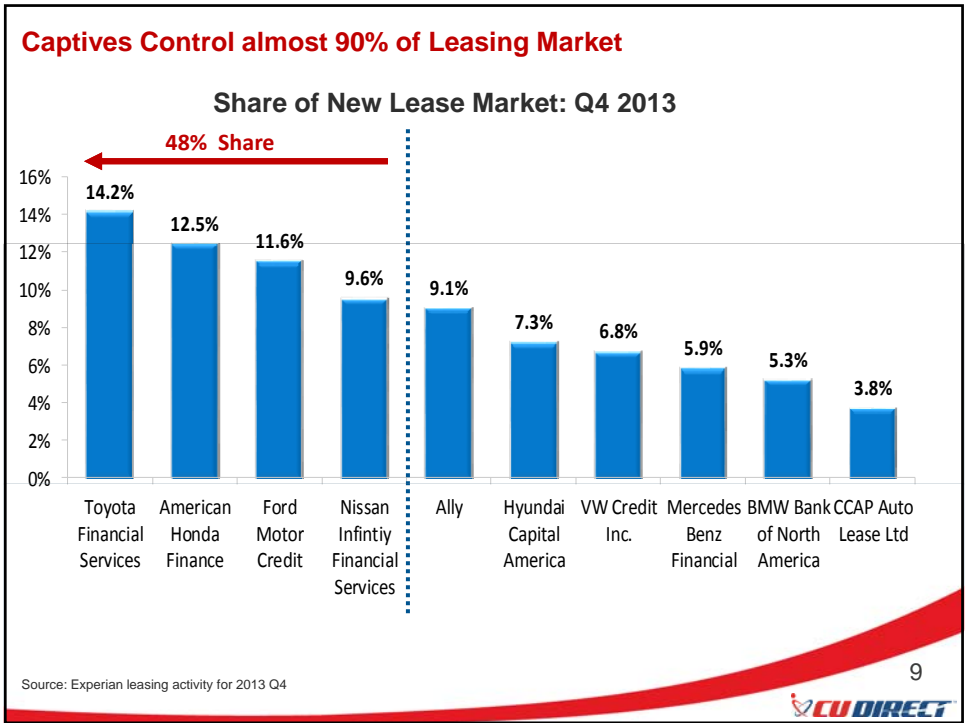
**New Vehicle Leasing Continues to Grow**

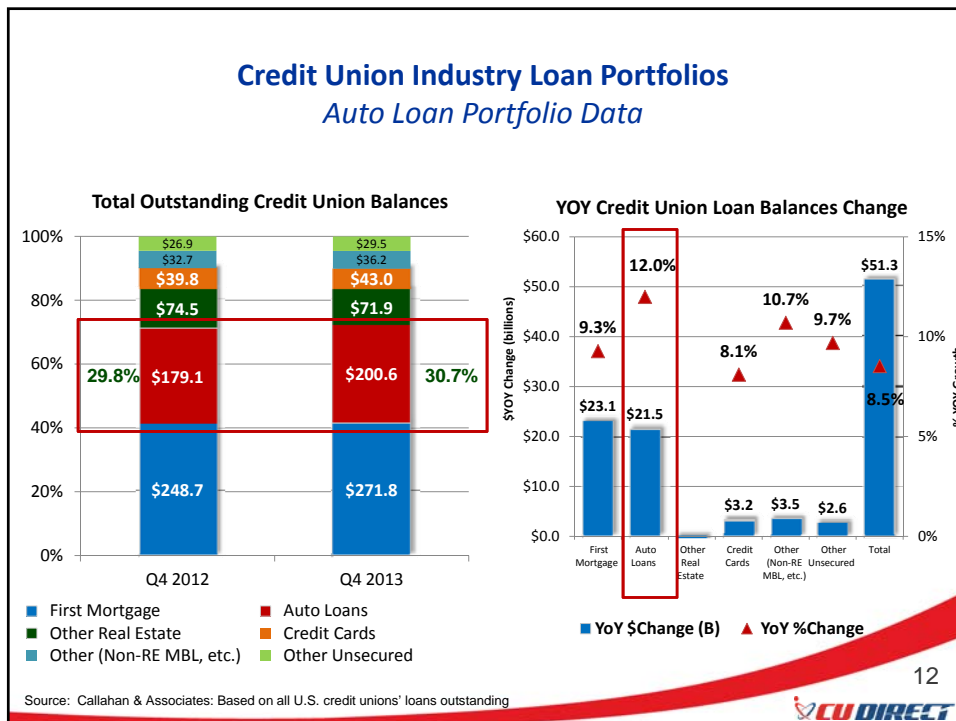
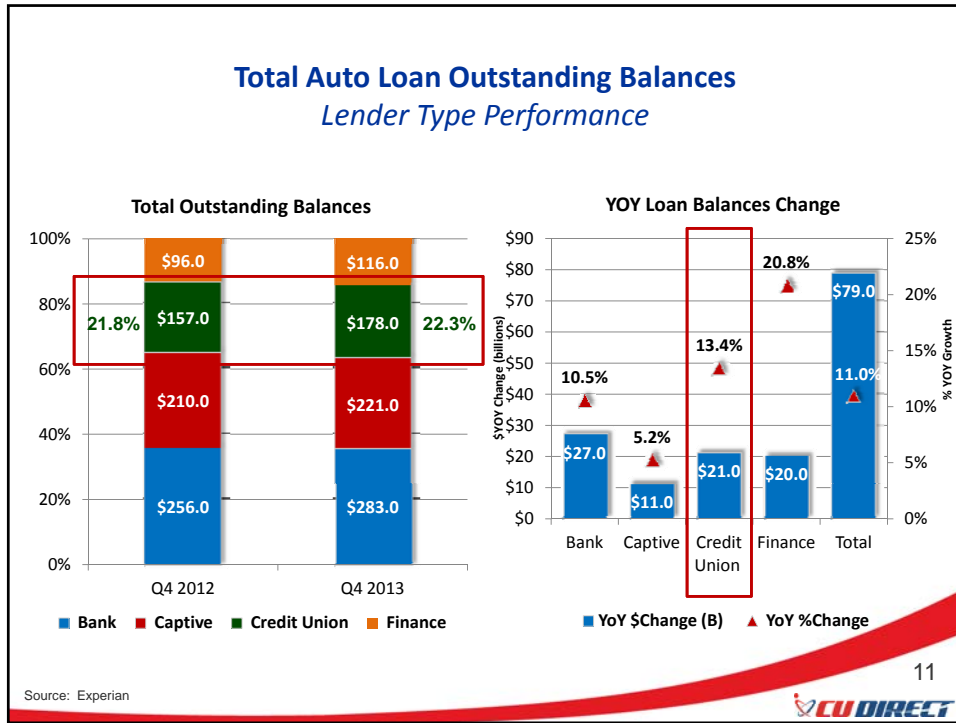


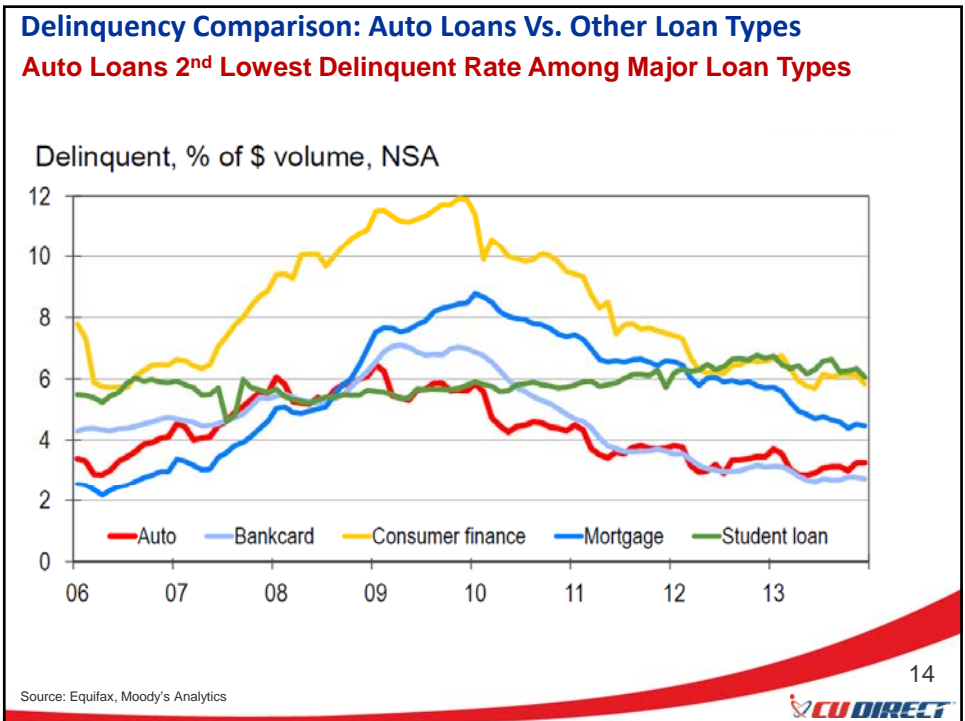
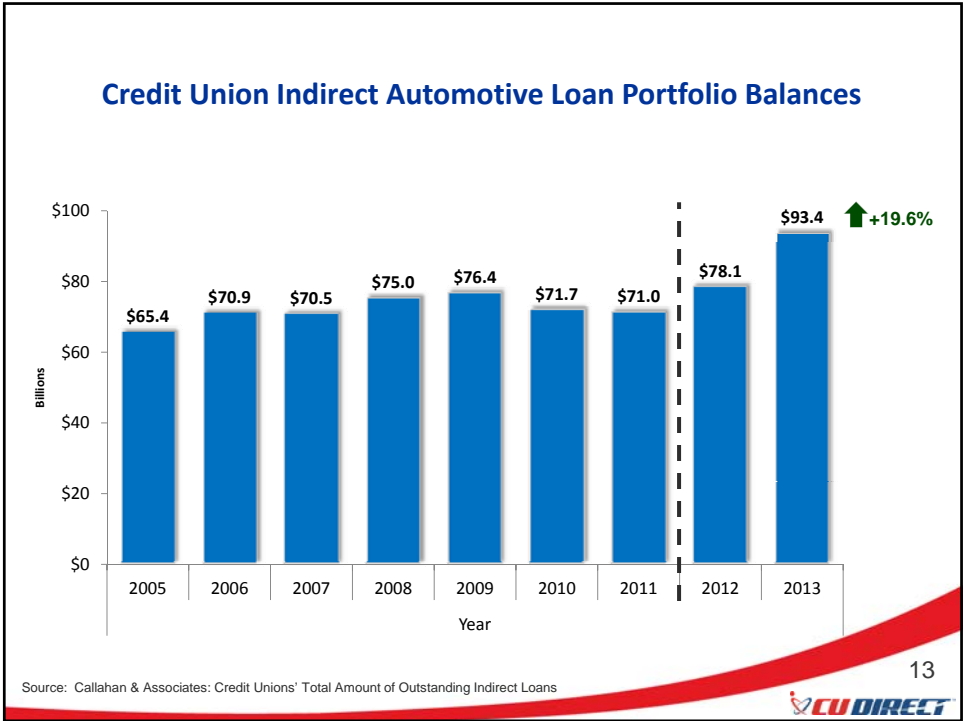
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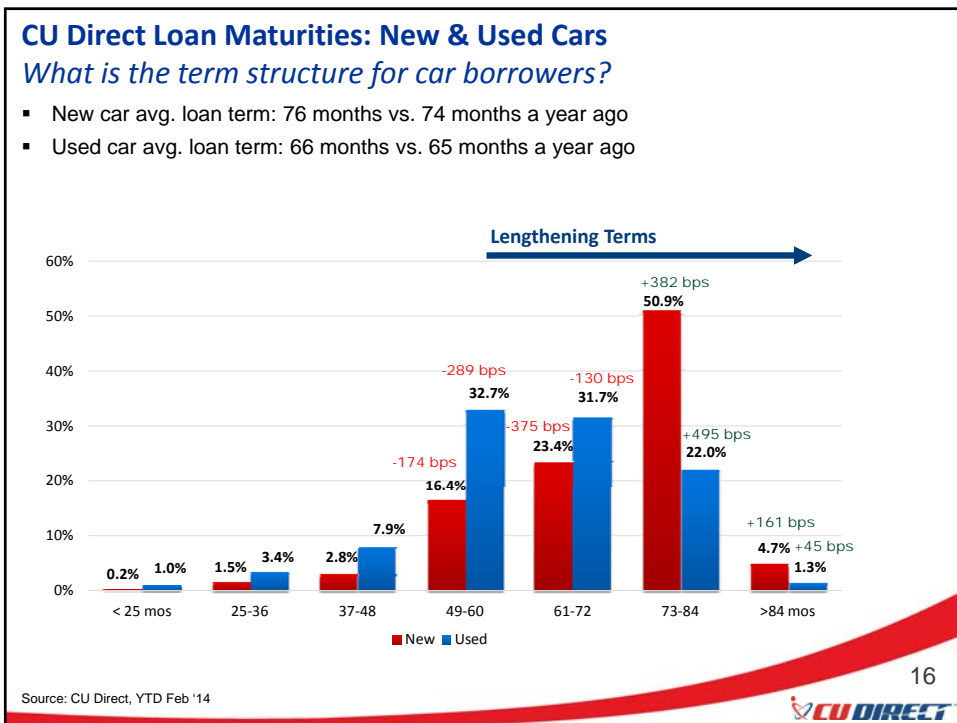
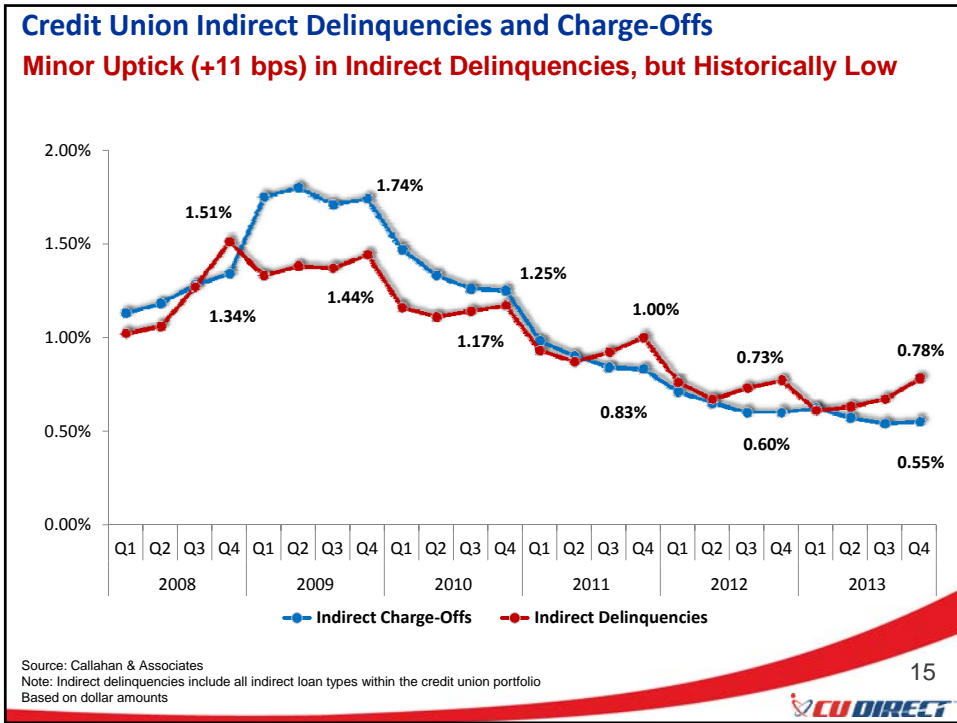
Source: CNW Research



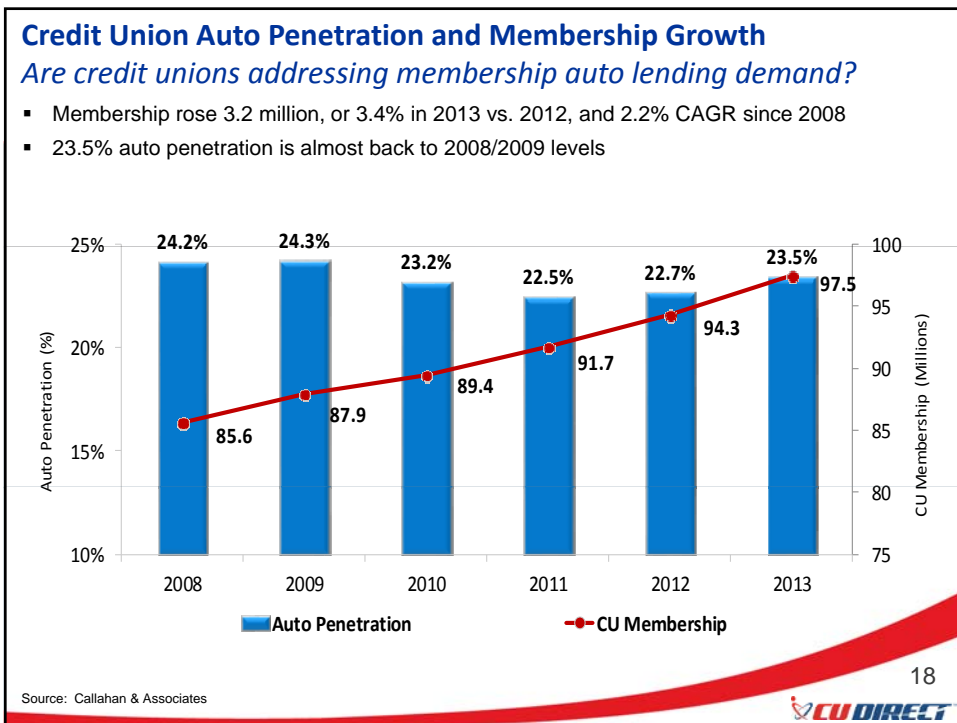
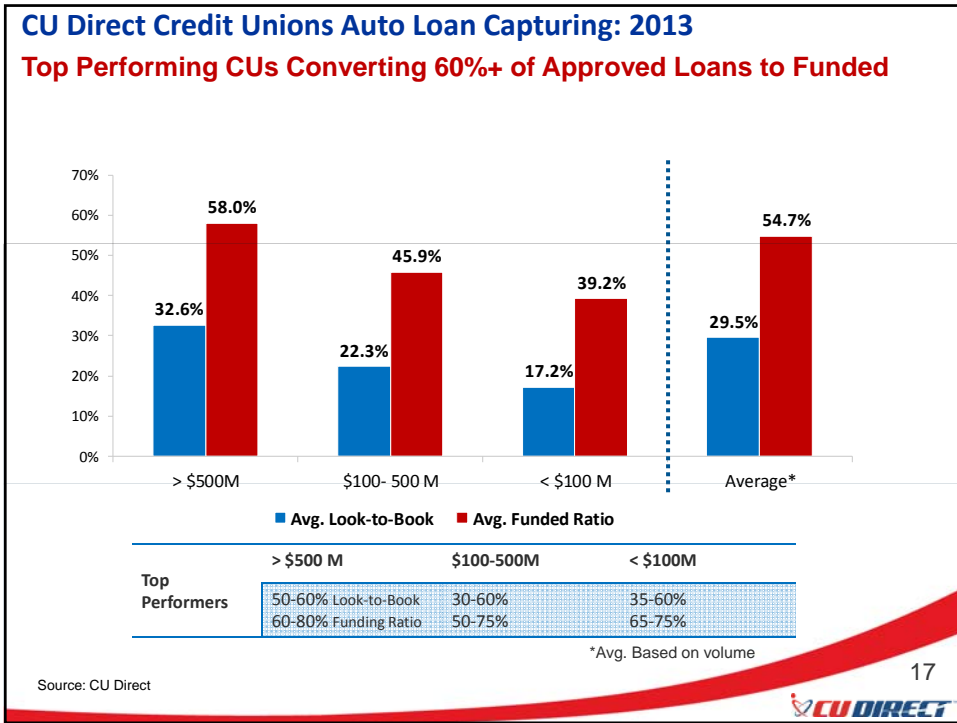








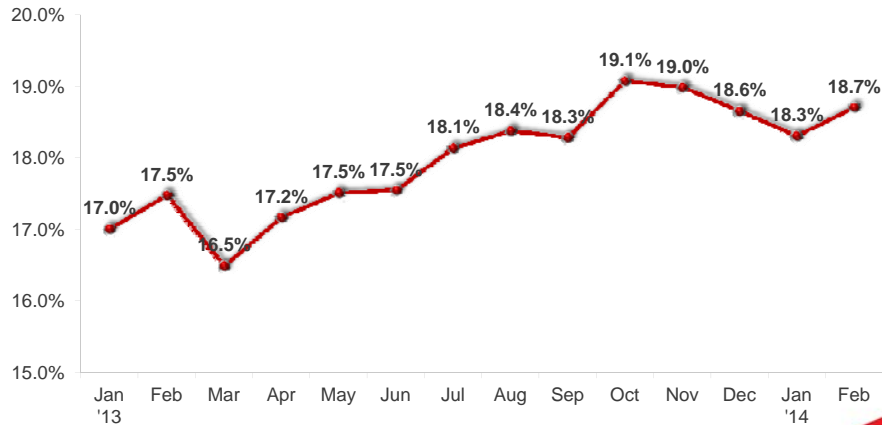




**Credit Unions Share of # Auto Originations Financed: Monthly**

*How are credit unions doing in capturing new auto loans?*

- Credit unions market share increased 40 bps from previous month, regaining its market share
- Currently: Almost 1 in 5 auto loans is financed with a credit union



Source: AutoCount, an Experian Company.  
Note: Does not include leases and private party transactions.



**U.S. Lender Rankings by Auto Originations Financed : Year to Date**

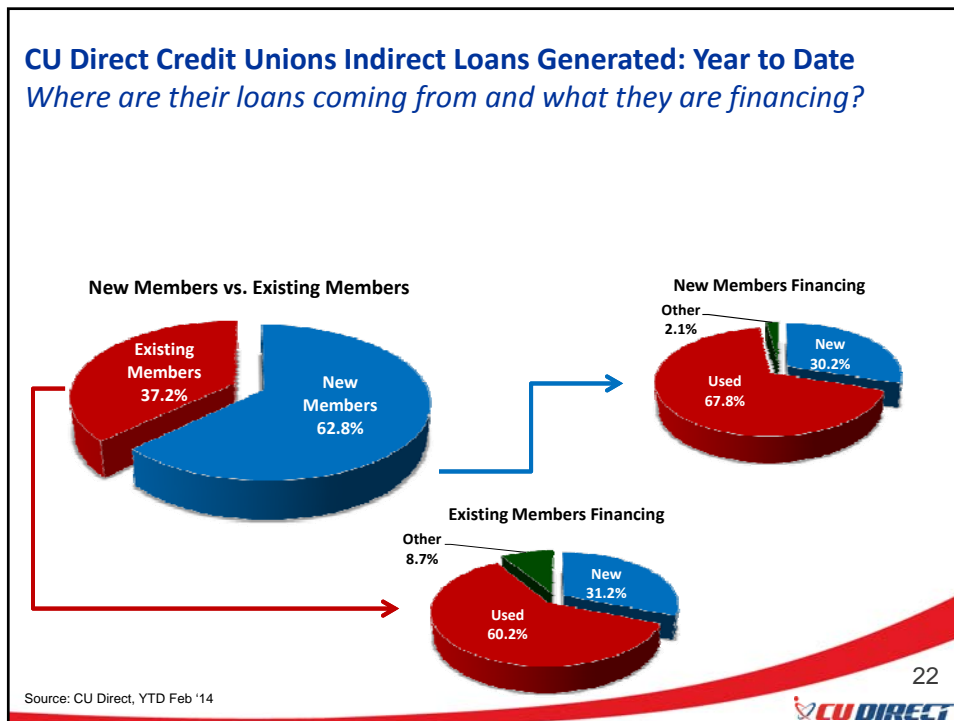
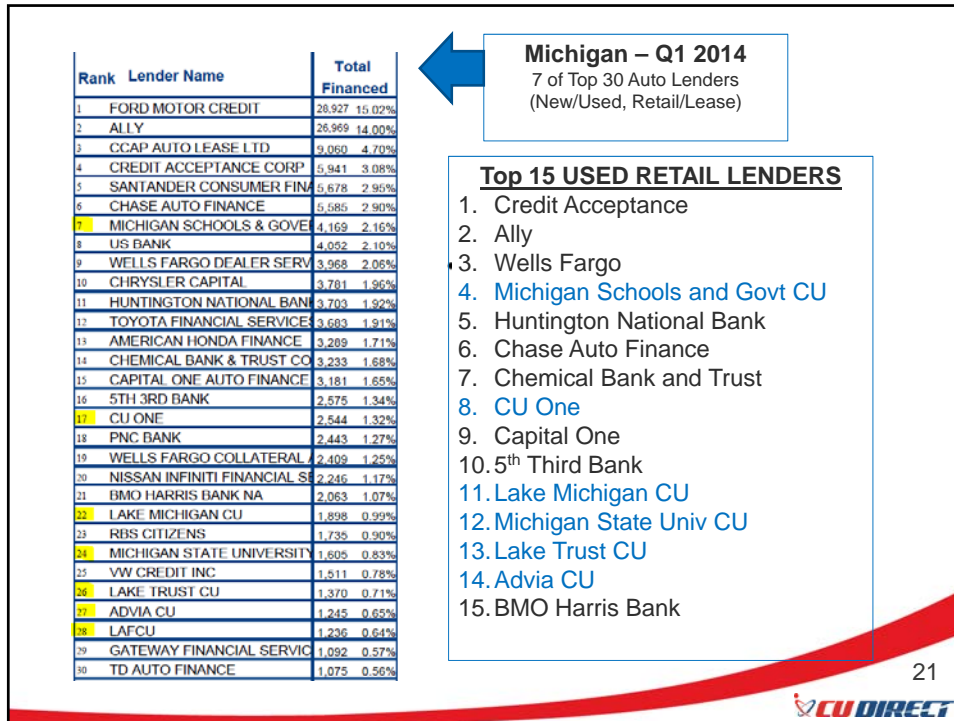
*Who is financing the most auto loan originations?*

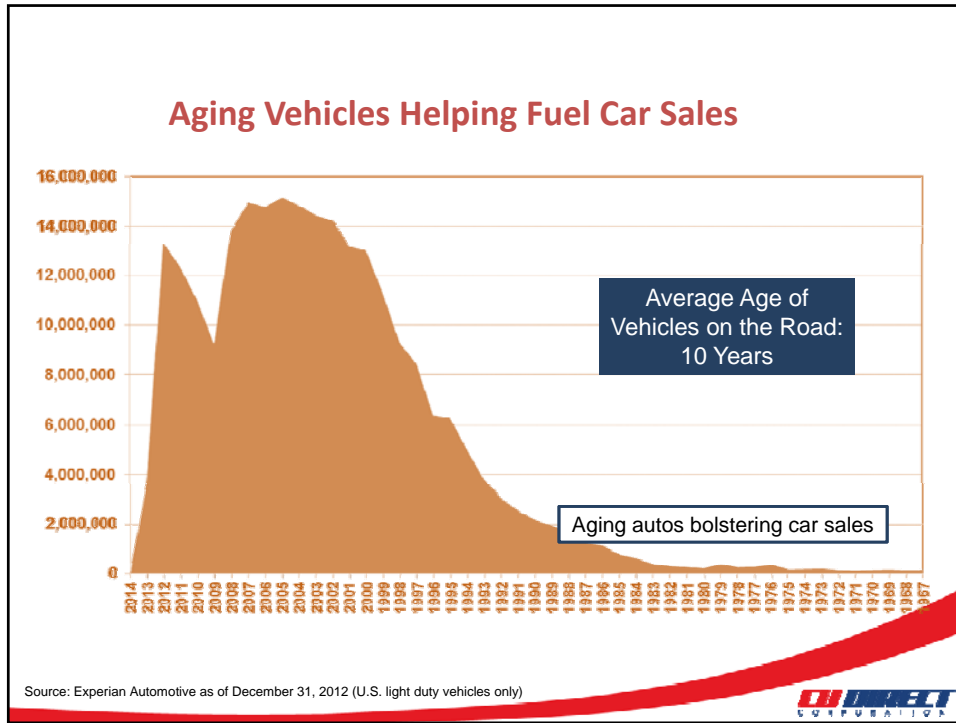
- CU Direct credit unions edged to 4<sup>th</sup> place vs. 5<sup>th</sup> place a year ago
- CU Direct credit unions top growth, excluding captives

2014 Rank	2013 Rank	Auto Lender	# Loans	Feb '14 YTD Growth
1	1	WELLS FARGO DEALER SERVICES	184,657	12.9%
2	3	CHASE AUTO FINANCE	150,980	0.0%
3	2	ALLY	134,148	-13.8%
4	5	CU DIRECT	127,704	21.2%
5	4	TOYOTA FINANCIAL SERVICES	125,411	-3.7%
6	7	CAPITAL ONE AUTO FINANCE	116,265	24.7%
7	6	FORD MOTOR CREDIT	106,718	3.2%
8	8	AMERICAN HONDA FINANCE	98,189	26.1%
9	10	NISSAN INFINITI FINANCIAL SERVICES	77,018	19.0%
10		CHRYSLER CAPITAL	62,996	n/a
<b>MARKET TOTALS</b>			<b>2,869,368</b>	<b>3.9%</b>

Source: AutoCount, an Experian Company and CU Direct  
Note: Does not include leases and private party transactions.







## *Auto Buying + Auto Loan = One Event?*

### *Can credit unions play a bigger role with members?*

**UNITED**  
CORPORATION

## Perceptions of Pre-Approvals



**Consumer**

- **Empowers** the member – better negotiating position
- **Expedites** paperwork.
- Consumers **don't know benefits** until experienced.
- Vast majority **recommended** seeking pre-approval ... *next time*.



**Credit Union**

- **Significantly aids in securing the loan;**  
– but no guarantee.
- **Provides opportunity for personalization/relationship building**

Source: CU Direct 2013 Research Study

**CU DIRECT**  
CORPORATION

## Build Dealer Relationships

### The Power of the Dealer



- **Emotions** are about the car, not the financing.
- **Financing** done at dealer.
- **Expectations** of best rate at dealer.
- Consumers don't distinguish buying from borrowing.

### Impact?

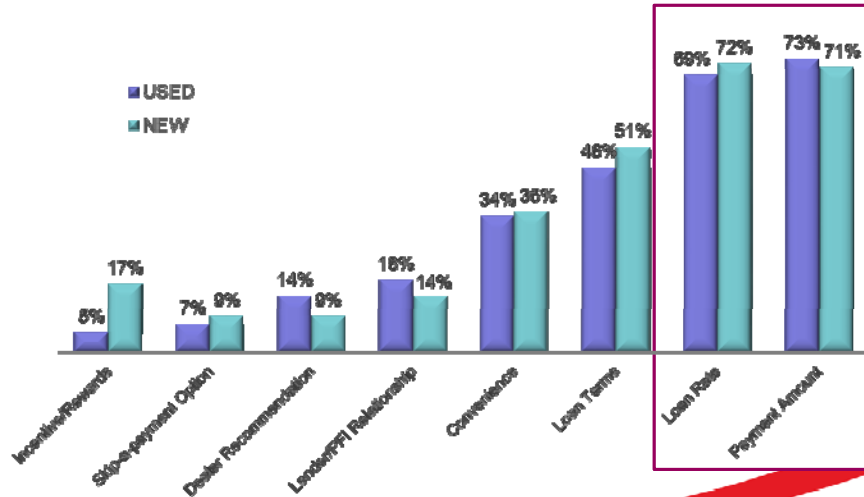


- **Lost** pre-approvals to **dealer-provided rate**.
- **Lost** loan due to **"not being open"** when buying.
- **Lose/Gain** loan due to **convenience** or **incentives**.

Source: CU Direct 2013 Research Study

**CU DIRECT**  
CORPORATION

### What Was “Very Important” to Consumers in Choosing Their Lender?



Source: CU Direct 2013 Research Study



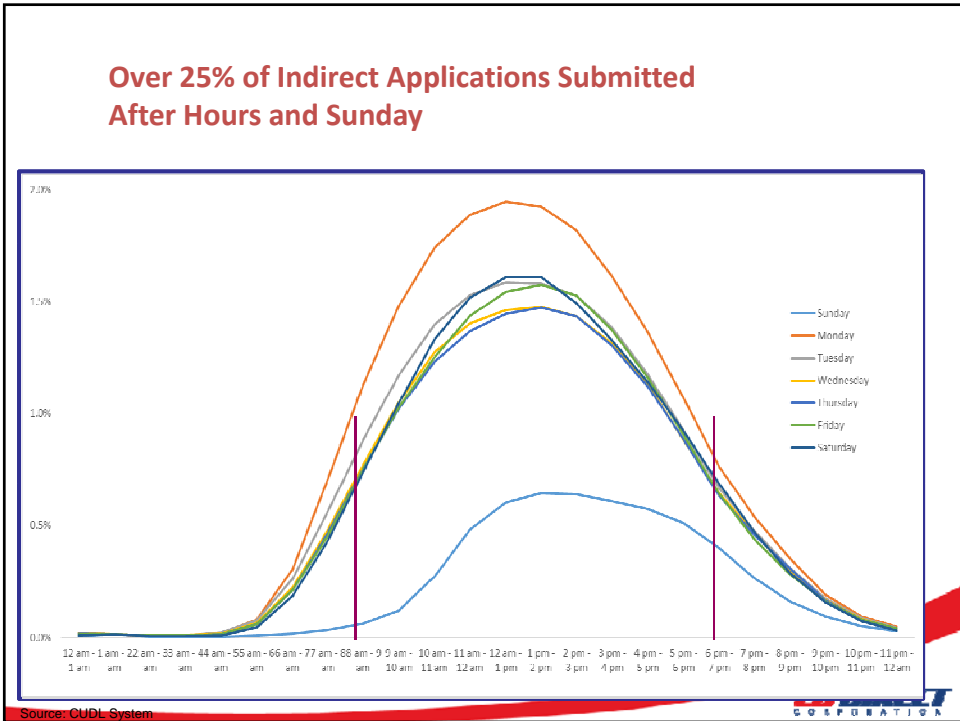
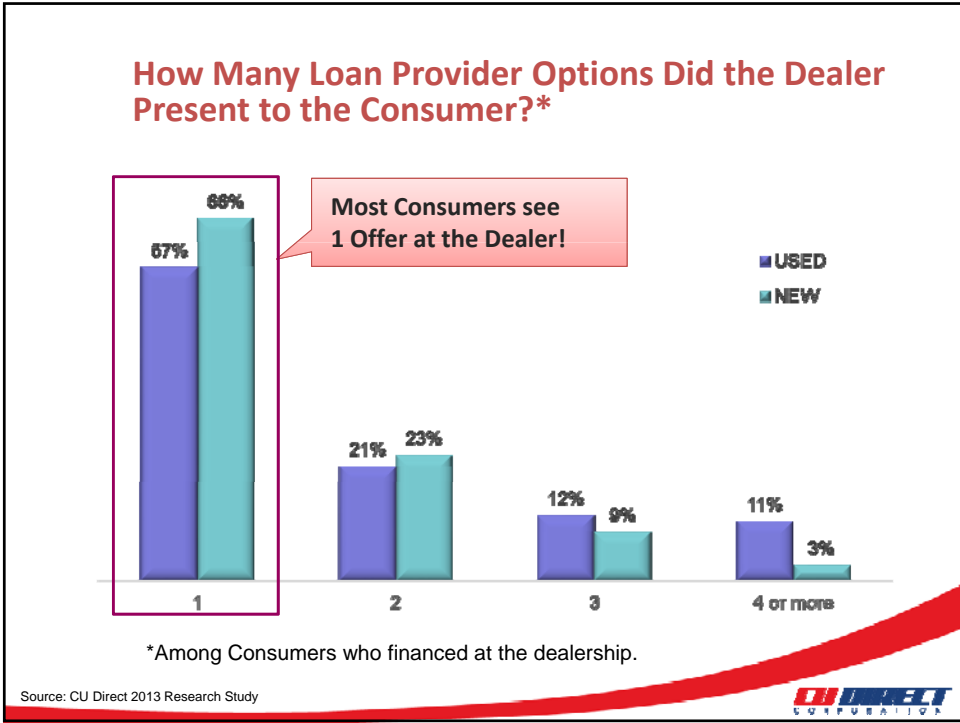
### Loyalty is a Matter of Basis Points



- “Loyalty is 25 basis points.”
  - From 10-50 depending on:
    - Relationship
    - Dollar amount
    - Convenience
      - Speed and Ease
      - Perceived ongoing value of one-stop-shop
      - Access at closing

Source: CU Direct 2013 Research Study





***Auto Buying + Auto Loan = One Event?  
Can credit unions play a bigger role with  
members?***

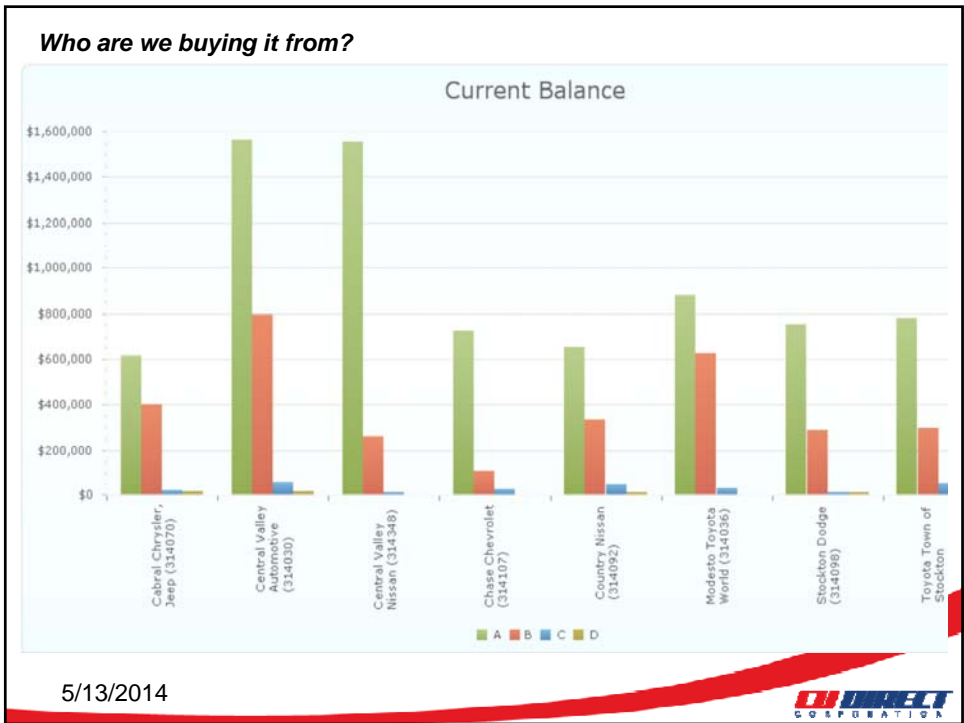
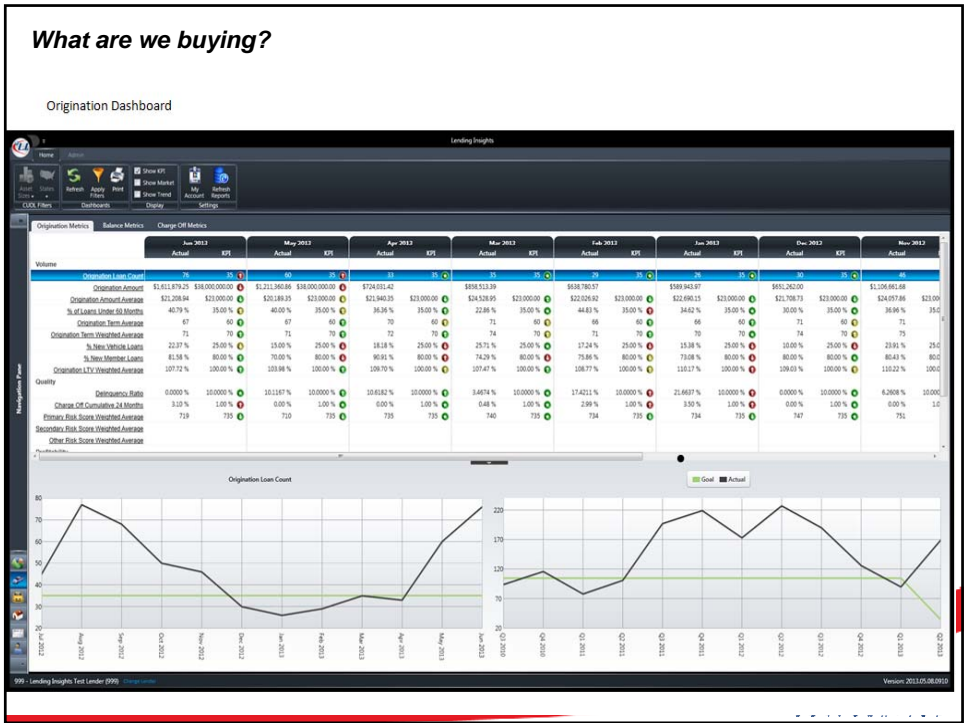


***Should Successful Lenders Know:***

- *What are we buying?*
- *Who are we buying it from?*
- *How is it performing?*







How is it performing?



Loan Delinquency by Dealer



	Everything		Everything		Current Balance
	Delinquency Ratio 60+	Delinquent Loan Count 60+	Delinquent Balance 60+	Current Loan Count	
5 Star Auto Sales, Inc. # 3 (314308)	8.5300 %	4	\$36,797.12	34	\$431,385.35
5 Star Auto Sales, Inc. (314307)	3.0692 %	2	\$9,912.63	26	\$319,842.92
A & W Auto Plaza (314253)	0.0000 %	0	\$0.00	7	\$60,169.43
A1 Auto Wholesale (311247)		0	\$0.00	0	\$0.00
Abel Chevrolet, Pontiac, Buick (312067)	0.0000 %	0	\$0.00	1	\$4,495.98
Acura of Modesto (314132)	26.6827 %	1	\$3,838.26	4	\$14,384.85
Acura of Pleasanton (312097)		0	\$0.00	0	\$0.00
Alfred Matthews, Inc. (314021)	2.5613 %	2	\$14,029.26	26	\$547,731.60
Alternative Auto Source (313342)	100.0000 %	1	\$5,295.55	1	\$5,295.55
Amador Motors, Inc. (311292)	6.2407 %	1	\$2,692.16	5	\$43,138.79
American Chevrolet (314023)	0.0000 %	0	\$0.00	2	\$7,103.65
Antioch Chrysler, Jeep, Dodge (312210)	0.0000 %	0	\$0.00	1	\$6,942.78
Auburn Honda (311037)		0	\$0.00	0	\$0.00
Auto First Financial Corp. (313363)		0	\$0.00	0	\$0.00
Auto Maxx/Shaw (314176)	0.0000 %	0	\$0.00	1	\$13,898.59
Auto Shopper (of Modesto) (314218)	0.0000 %	0	\$0.00	3	\$19,246.36
Auto Solutions (314389)	0.0000 %	0	\$0.00	2	\$3,480.67
Auto West Honda (312013)		0	\$0.00	0	\$0.00
Autoland Corporate Office (315325)	22.0240 %	1	\$2,029.65	5	\$9,215.63
Autoville of Stockton (314266)	41.3500 %	1	\$18,508.59	6	\$44,759.82

Portfolio Month: Current. Loan Type: All. Pool Year: All. Column: Everything. Column Filter: All. Row: Dealer. Row Filter: 5 Star Auto Sales, Inc. # 2 (314308) or 5 Star Auto Sales, Inc. (314307) or A & W Auto Plaza (314253) or A1 Auto Wholesale (311247) or Abel Chevrolet, Pontiac, Buick (312067) or Acura of Modesto (314132) or Acura of Pleasanton (312097) or Alfred Matthews, Inc. (314021) or Alternative Auto Source (313342) or Amador Motors, Inc. (311292) or American Chevrolet (314023) or Antioch Chrysler, Jeep, Dodge (312210) or Auburn Honda (311037) or Auto First Financial Corp. (313363) or Auto Maxx/Shaw (314176) or Auto Shopper (of Modesto) (314218) or Auto Solutions (314389) or Auto West Honda (312013) or Autoland Corp.



In Summary

- Vehicle sales growth has slowed, yet Credit Union volume growth continues.
- Delinquency rates are historically low and manageable.
- Overall market continues to be hyper competitive.
- New vehicle leasing continues to grow.
- How can you influence member behavior?
- Are you available and convenient at dealership?
- Can Auto Sale & Auto Loan Be One Member Event?
- How can improved data analytic capability help you?



# THANK YOU!

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