

The Need for Better Pricing Analytics in Auto Finance



Price competition in US auto finance is heating up. Originations volumes are increasing and the stated goal of 90%+ of auto finance lenders is to increase market share*. While good dealer relationships are critical to succeeding in auto lending, a strong, analytically driven pricing strategy is just as important. The reality is that auto finance in the US is an auction-based commodity market – in a majority of deals, buy rate and dealer comp decide who wins the deal. For lenders in the auto finance market today, it is critical to understand:

- What is the price sensitivity to buy rates and dealer incentives of each of the dealers I work with?
- What is the segmented loan profitability for each of my dealers?
- How do I design profitable pricing strategies for new or consolidated dealers?
- How do I deploy a segmented pricing strategy that delivers the best offer to each dealer segment, for each deal?
- How do I coordinate published rate sheets, negotiated deals, and real-time one-on-one pricing?
- How do I take into account competitor rates and incentives as quickly as possible?
- How do I provide negotiating guidance to my underwriters so that they increase deal conversions and profitability?
- How do I ensure a consistent pricing process that is defensible to regulators, consistent, fair, and increases profits and market share for my company?
- As market rates increase, how do I profitably time buy rate changes to my dealers?

* based on Nomis Solutions' October 2010 Auto Finance Survey

Nomis Solutions' Pricing and Profitability Management suite answers these questions and in the process generates 10-25% increases in profitability or 10-15% in volumes.

Early pilots in pricing analytics by auto lenders focused predominantly on optimization and showed mixed results. As the only company dedicated to financial services, Nomis has continued to invest in pricing solutions for the auto finance market through the recession and our customers today price more than \$2bn in auto finance originations each month using Nomis technology. Nomis Solutions' customers include 5 of the top 15 North American banks as well as global leaders in lending, auto finance, mortgages, and deposits.

Come talk to us about how next generation pricing technology can help you accelerate your auto finance business at booth 2 during CBA Live.

About Nomis Solutions

Nomis Solutions enables best-in-class Pricing and Profitability Management for financial services companies. Through a unique combination of data, advanced analytics, innovative technology, and tailored business processes, Nomis Solutions' **Pricing and Profitability Management™ Suite** enables banking executives to make more intelligent, data-driven decisions to align their pricing practices with customer needs and business goals. Through predictive insights about customer price-sensitivity, the Pricing and Profitability Management Suite™ provides banking professionals the ability to unlock the profit and volume potential of their consumer lending and deposits portfolios while satisfying risk, funding, and regulatory constraints.

The Pricing and Profitability Management™ Suite of business solutions includes the award-winning Nomis Price Optimizer™, the Customer Portfolio Optimizer™, and Nomis Insights™. Driven by each customer's data and the Nomis Data Network™, our solutions provide analytic insight through predictive price-response models, the Nomis Score™, and the Nomis Market Schema. Each engagement is a collaborative process between our customers and our team of pricing experts, spanning data, analytics, software, and business consultants.

Nomis Solutions has the **largest depth and breadth of Pricing and Profitability Management experience** in the financial services industry. We leverage this experience to bring similar results to your unique business environment and deliver the fastest time-to-benefit. Our solutions are used by executives responsible for pricing, product management, marketing, finance, and risk across consumer lending and deposits with over \$400 billion in consumer accounts and generated \$400 million in incremental profits through the use of Nomis technology.

Visit www.nomissolutions.com or contact us at info@nomissolutions.com or 650-588-9800.

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