

Accelerate auto lending through AI



Consumers want ways to reduce expenses, and banks want to deepen relationships with customers. Auto refinance represents an untapped opportunity for both. Learn how banks can tap into the sizable auto refinancing opportunity and the key factors that banks must get right in order to deliver efficient, seamless auto refinance experiences with lower rates.

Auto refinance is a big, untapped opportunity

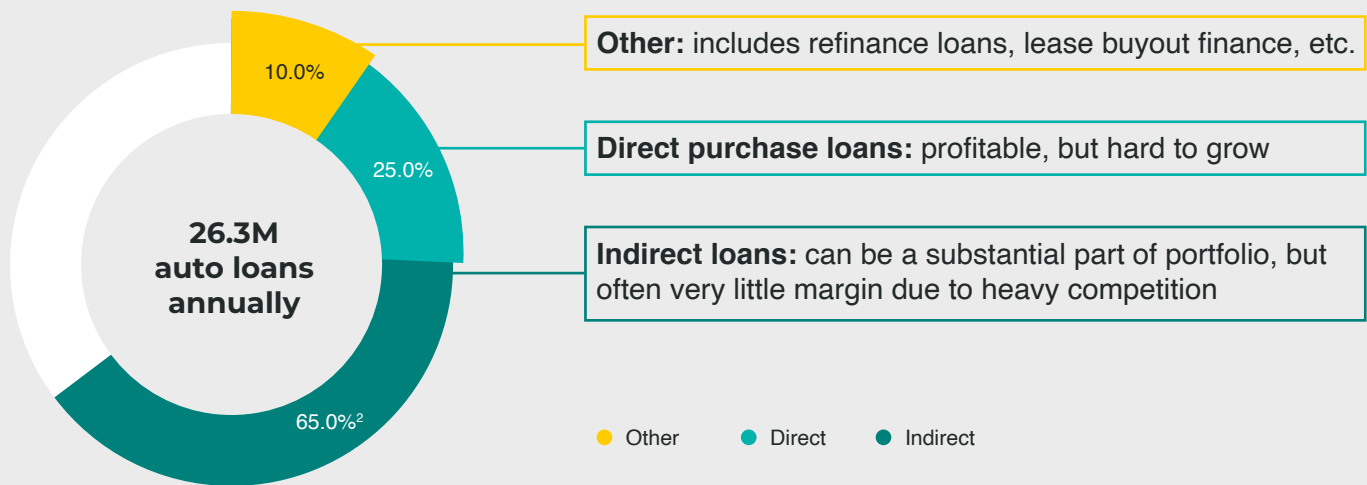


\$1.37T

outstanding loans – with >\$600B originated annually¹

Auto sales have been on the rise for a decade with trillions in outstanding loans

Banks are balancing growing both their indirect and direct lending channels

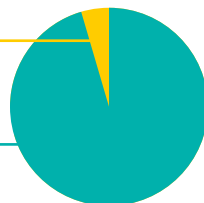


Auto refinance has historically been a small market

2019 auto originations by type³

Refinanced loans
1.2 million (4.5%)

New accounts (non-refi)
25.1 million (95.5%)



Barriers to entry

- 1 Lien perfection increases transaction costs
- 2 Smaller loan sizes make unit economics unprofitable
- 3 Complicated for consumers

Winning formula per TransUnion

“Make a **compelling refinance offer** while **minimizing the hassle** of switching.”

Auto refinance is ripe with opportunity

Many indirect loans are mispriced

Consumers may pay up to **2.5%** more in interest on indirect loans due to **dealer mark-ups**.⁴

Consumers are eager to reduce expenses

On average, borrowers **save over 15%** per month when refinancing their auto loan with Upstart.⁵

Digital innovation can drive greater efficiencies

AI and digitization have the potential to find hidden prime borrowers and **increase pull-through by 2x+**.⁶

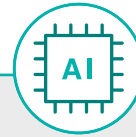
How Upstart helps in auto refinance



Grow your auto loan portfolio through refinancing

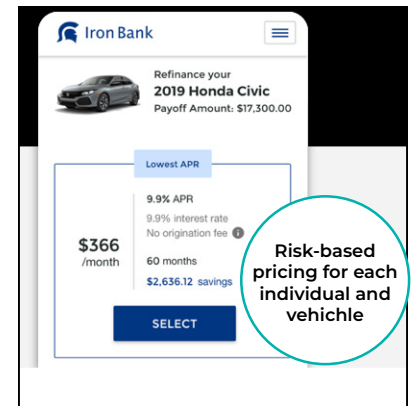
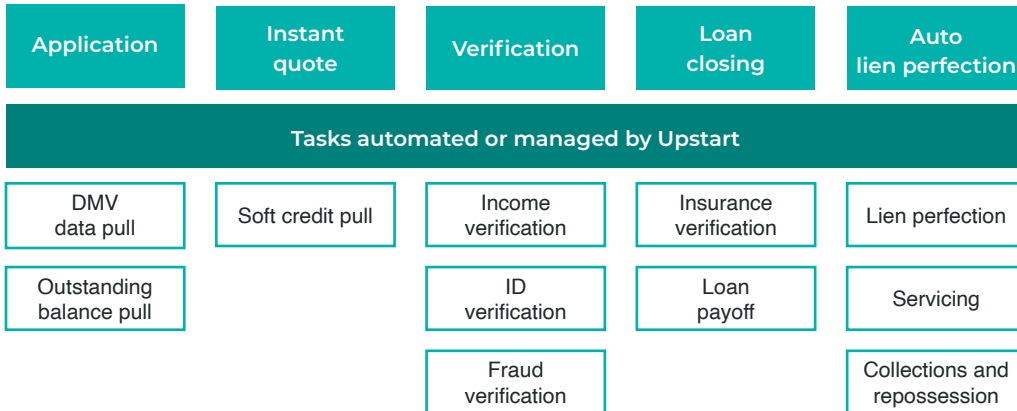


Deliver a modern digital refinance experience



Lend to more creditworthy borrowers safely

Upstart manages the process end-to-end



“ To meet changing customer expectations, Upstart’s auto lending platform will enable customers to refinance their auto loan without stepping into a branch. **Dale Oberkfell, President** ”



Learn more about how a partnership with Upstart can benefit your bank or credit union. Email lenders@upstart.com to request a demo.

1 Source: Household Debt and Credit Report, Federal Reserve Bank of New York, Q4 2020

2 Raddon Research, February 2019.

3 Auto refinance: Understanding Consumer Dynamics and how to Capitalize on the Opportunity, TransUnion.

4 Under The Hood: Auto Loan Interest Rate Hikes Inflate Consumer Costs and Loan Losses, Center for Responsible Lending, Delvin Davis and Joshua M. Frank, 2011 based on 2009 study.

5 This information is estimated based on all consumers who were approved for an auto loan through Upstart and accepted their final terms. As of 03/31/2021, the average monthly savings amount is 15%.

6 Based on Upstart Personal Loan data analysis.

