

Canadian Auto Lenders Recasting Themselves as Customer Problem Solvers, J.D. Power Finds

BMW Financial Services Ranks Highest in Dealer Satisfaction among Captive Lenders; Bank of Montreal Ranks Highest among Non-Captives

COSTA MESA, Calif.: 23 May 2017 — Amid fierce competition, razor-thin yield spreads and the specter of plateauing auto sales, Canadian auto lenders are finding the secret to growth is delivering highly tailored solutions to auto buyers and dealer challenges, according to the J.D. Power 2017 Canadian Dealer Financing Satisfaction Study,SM released today.

The study finds that dealers are most satisfied with their lenders when they are assigned a dedicated primary buyer or buying team. Tasked with everything from making a credit decision to restructuring a deal, these frontline lending personnel play an increasingly critical role in shaping the dealer/lender relationship.

“In the current marketplace, the difference between closing a deal and losing a customer to the dealership down the street will frequently be determined by the finance department’s ability to secure the right loan at the right price,” said **Jim Houston, senior director of automotive finance at J.D. Power**. “The more adept these financial professionals are at helping dealers address specific challenges along the way, the more business they will ultimately do with that dealer.”

The study, now in its 19th year, has been significantly redesigned to now evaluate auto lenders in two primary categories: captive (lender that is wholly owned by a manufacturer or is directly affiliated with a manufacturer) and non-captive (an independent lending institution). The study measures dealer satisfaction with captive finance providers across four factors: application/approval process; relationship; provider offerings; and lease return. The measurement criteria for non-captive lenders are the same, with the exception of the lease return factor.

Dealer satisfaction in the retail captive segment is 868 (on a 1,000-point scale), and in the retail non-captive segment, satisfaction is 866.

Following are additional findings of the 2017 study:

- **Primary underwriting teams affect dealer satisfaction:** Dealers who have the highest levels of satisfaction with particular lenders are those who have a primary buyer or buying team assigned specifically to their dealerships. Employing a primary buyer/team structure cultivates a greater intent to send more business to those providers, 10% for captive lenders and 24% for non-captive lenders.
- **Credit desk becomes critical dealer touchpoint:** Contrary to conventional wisdom, among captive lenders, the dealer relationship with the lender credit desk is a more significant driver of dealer satisfaction than the relationship with sales representatives. Among non-captive lenders, that ratio is flipped, with sales representative relationships driving higher overall satisfaction than credit desk relationships.

- **Lender as problem solver:** For both captive and non-captive lenders, dealers overwhelmingly turn to the credit desk as the first point of contact when there is a problem. The most common reasons for contacting the credit desk are credit decision; funding questions; held contracts; stipulations; deal restructuring; program changes/updates; and dealer reserve questions.
- **Timing is everything:** When it comes to on-site visits by lender sales representatives, dealer satisfaction is highest when lenders visit at the beginning or middle of the month; in the morning; never on a Monday; and for no longer than 30 minutes.

Lender Rankings

BMW Financial Services ranks highest in the captive lender segment with a score of 972. **Mercedes-Benz Financial Services** (930) ranks second; **Ford Credit Canada** (899) ranks third; and **Honda Financial Services** (877) ranks fourth.

Among non-captive lenders, **Bank of Montreal** (897) ranks highest, followed by **Scotia Dealer Advantage** (896); **TD Auto Finance** (875); and **Scotiabank** (868).

The 2017 Canadian Dealer Financing Satisfaction Study captures approximately 3,750 finance provider evaluations across the two segments from new-vehicle dealerships in Canada. The study was fielded in January-February 2017.

See the online press release at <http://www.jdpower.com/pr-id/2017063>.

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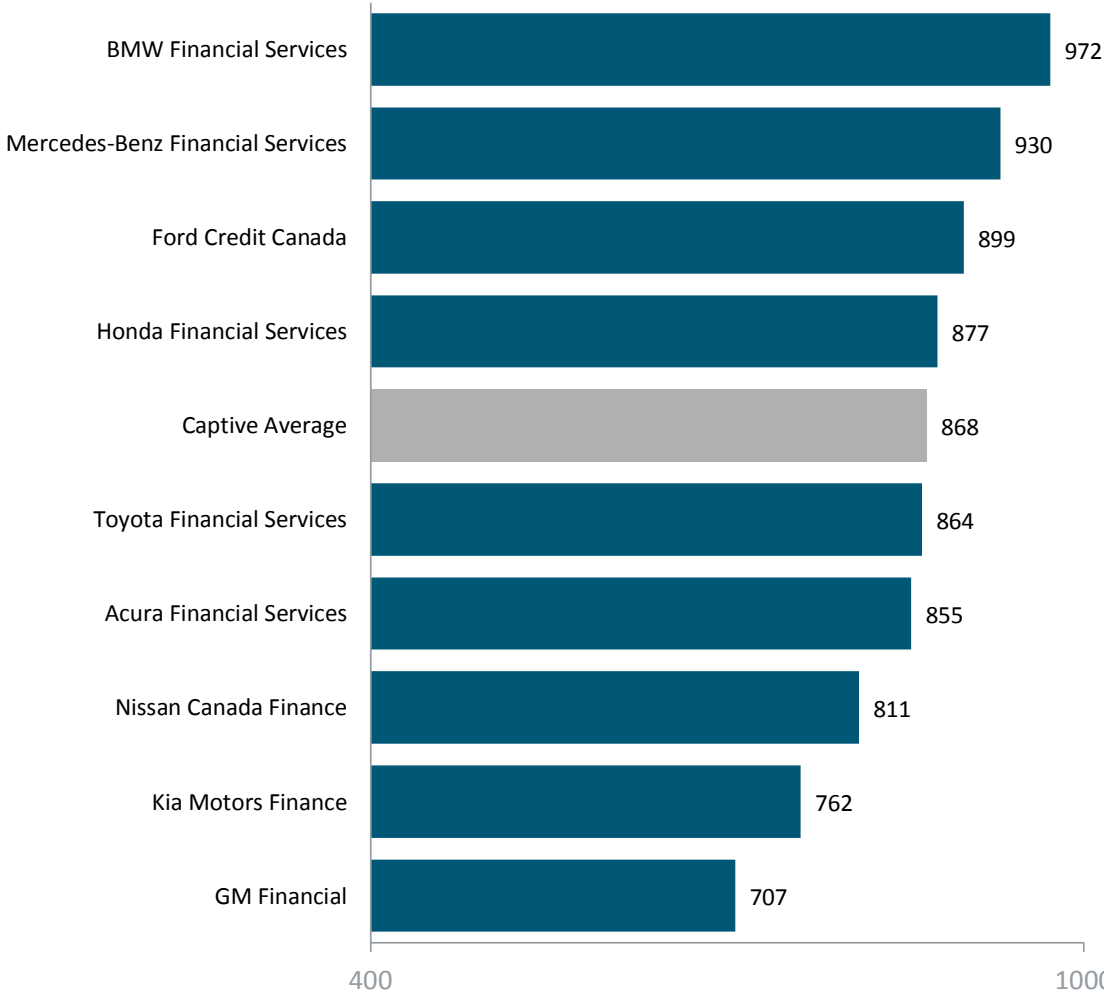
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Note: Two charts follow.

J.D. Power 2017 Canadian Dealer Financing Satisfaction StudySM

Retail Credit Satisfaction Index Ranking Captive

(on a 1,000-point scale)



NOTE: Mercedes-Benz Financial Services, BMW Financial Services and Acura Financial Services are award-eligible based on equivalent sample size calculations. Included in the study but not ranked due to small sample size is Hyundai Motor Finance.

Source: J.D. Power 2017 Canadian Dealer Financing Satisfaction StudySM

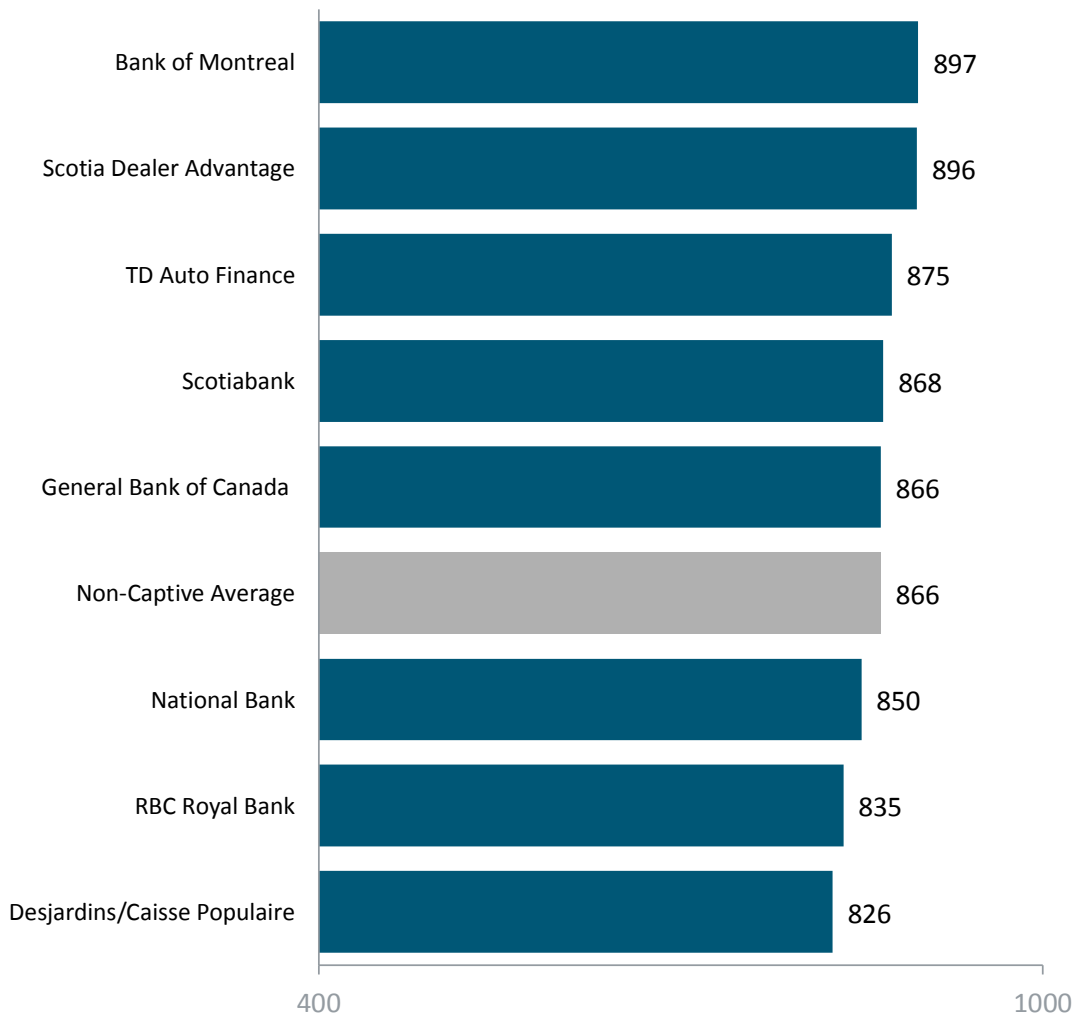
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J.D. Power 2017 Canadian Dealer Financing Satisfaction StudySM

Retail Credit Satisfaction Index Ranking

Non-Captive

(on a 1,000-point scale)



Source: J.D. Power 2017 Canadian Dealer Financing Satisfaction StudySM

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