

Driving efficiency in auto lending: The power of AI and automation

Solving the manual auto loan funding challenge with a single, secure, AI-powered document management platform

If anyone understands scale, it's auto financiers. If you are one, you may know that worldwide, an estimated **92.4 million vehicles** were sold in 2023. About 80% of new US vehicles are financed. That means each year, you process and fund millions of auto loans and their supporting documents – often still in paper formats. Unfortunately, this also translates into millions of manual processing hours spent on the 40-80 pages of paperwork per loan, as well as checking that paperwork for completeness, corrections, and compliance.

On average, your auto financing process can easily require **two-plus manual labor hours per loan**. Those two hours include entering data manually, making copies, verifying identity, validating Know Your Customer (KYC), and signing, reviewing, and filing the documents. At scale, manual and labor-intensive loan processes cost you millions of dollars in operating expenses each year. Simultaneously, these lengthy, inherently error-prone manual processes can degrade your employee and customer experiences and introduce incremental compliance risk, further increasing costs. In addition, physical documents cannot scale, limiting your potential.

That's why auto financiers are accelerating their adoption of end-to-end digital and AI-powered, smart automation. After grappling with manual processes and physical documents for decades, AI is rapidly advancing solutions and urgency. It's becoming clear that change is imperative to future viability – to reduce cost, gain efficiency, and achieve scalability.

A Deloitte survey reveals that 86% of financial service IT leaders believe AI will be very or critically important to their business's success in the next two years. For auto financiers, digitization has now become mission-critical.

Racing ahead – cautiously

As digitization races forward to transform the auto lending process, adoption is being met with thoughtful caution. Data ingestion, when automated, can save **30-40%** of the hours spent on manual data entry, bringing AI-powered process efficiencies and the ability to automatically enter, summarize, and translate data. Yet the perceived risks of data transparency and validity from external artificial intelligence (AI, including generative AI) sources persist. Using an abundance of caution, auto financiers often start AI-powered digitization with internal processes versus external, customer-facing ones.

This caution stems from a good place. Customer experience is a top priority for auto financiers. Financiers, steeped in a highly competitive industry, recognize that money is personal, making trust essential. Ironically, the full-scale implementation of AI-powered deployments can elevate customer experiences and augment personalization and responsiveness. Yet, customer-facing processes are often the last area to see AI deployments.

At the same time, auto financiers face strict regulatory requirements and must safeguard data privacy and ensure compliance. This is underscored by the need to protect customer personally identifiable information (PII) in a heavily regulated industry that deals with escalating risk levels of fraud and cybersecurity. Often, auto financiers leverage human-in-the-loop (HITL) to make their workforces more efficient with automation while minimizing customer experience vulnerabilities. Other guardrails, built into modern, end-to-end digitization solutions, help to mitigate risks, bolster security, and streamline processes.

Leveraging a secure, unified platform

Modern digitization solutions are answering these long-standing challenges in auto loan funding. More specifically, auto financiers are leveraging secure, unified document management platforms designed with a purpose-built array of AI-powered tools that seamlessly integrate across the entire auto loan process. A holistic toolkit is vital to optimizing the entire auto loan process and realizing the full benefit and return on investment (ROI).

One of those tools is Intelligent Document Processing (IDP). Because of paper-intensive auto loan processes in loan funding, IDP is a game-changing vehicle that classifies and extracts information automatically so that existing but unused data trapped in non-digitized documentation can be used to generate additional value.

Consider reviewing auto loans for document-level exceptions. Today, your employee(s) will likely have to go through the many loan documents page-by-page to check for missing documents – whether those are in physical or digital PDF formats. In addition, because that information is “locked” inside of manual processes, you cannot use it in individual, loan-specific, or aggregate ways to check trends in loan volume, see which dealers are generating exceptions, check loan status, or uncover which loans have missing information and what that missing information is specifically.

Instead, IDP can ingest all forms of your auto loan documents and turn them into useful information while reducing the cost and time involved. IDP is an automated tool that intelligently digitizes, extracts, classifies, and verifies information with speed, security, and accuracy. This makes data usable, accessible, and searchable to fuel more informed decisions and elevate customer experiences.

IDP enables auto financiers to leverage the next tool in the toolkit, automated workflows. You can use pre-built workflows or customize your own automated document

processing workflows, helping you innovate, scale, and grow. With automation, auto financiers gain the ability to access, manage, and govern documentation, increasing productivity and reducing costs – with a chain of custody throughout the entire loan process.

An end-to-end toolkit for auto loans

A large North American bank chose Iron Mountain to handle document ingestion, data extraction, and storage of incoming auto loans. As a result, Iron Mountain handles 600K – 1M loans annually, helping to proactively resolve compliance issues and improving time to revenue by 4X.

Working with over 2,500 leading financial services institutions worldwide has helped Iron Mountain develop a comprehensive Digital Auto Lending solution. Built on the Iron Mountain InSight® Digital Experience Platform (DXP), the solution includes many ready-built tools for auto financiers, such as IDP and low-code automated workflows. With 70+ years of proven experience processing billions of documents and protecting assets across industries, Iron Mountain is uniquely suited to help auto financiers tackle document management challenges.

Most auto financiers face escalating costs, increased error risks, and lengthy funding cycles, making digitization imperative. Iron Mountain’s end-to-end solution aims to help auto financiers securely and smartly accelerate their digitization journey to enhance efficiency, reduce costs, and improve customer experiences. Those benefits will then allow further scale – something all auto financiers understand – and help catalyze a better future.

[Learn more about Iron Mountain Digital Auto Lending solution.](#)

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