

# Auto finance sector spotlight: Data governance



Shape the future with confidence

The better the question. The better the answer. The better the world works.

In an era where the auto finance landscape is shifting at rapid pace, the importance of data governance has never been more pronounced. As the car-buying journey transforms and financing options expand, the demand for high-quality, accurate data becomes critical. Effective data governance not only ensures that decision-making is grounded in reliable information but also boosts operational efficiency by streamlining data management and enhancing accessibility. By establishing a robust data governance framework, organizations can harness their data assets to innovate new products and services, securing a competitive advantage in this dynamic market.

## Sector spotlight: Why data governance should be on auto finance data leaders' radar

### Data quality and accuracy

Inaccurate, incomplete or outdated data can lead to ill-fitted decision-making and strategy. Cultivating a culture to maintain high quality and accurate data can improve data usability, allowing organizations to develop new insights and create innovative lending and servicing offerings and experiences.

#### Key areas of data quality:

Accuracy Completeness Timeliness

### Operational efficiency

As interest rates soar, the auto finance industry faces pressure to provide customers with more adaptable experiences. Enhanced, clearly defined data management processes reduce redundancy, improve data accessibility and lend to operational efficiency, benefits that are then passed to the auto customer.

#### Common in the industry:

Data policy and standards Data prioritization framework Issue management process

### Customer trust and satisfaction

Shifting auto market dynamics have prompted regulators to more closely examine auto lending practices and data. Staying abreast of the latest data governance standards to protect customer data builds trust, supports seamless omnichannel experiences and prevents costly regulatory backlash.

#### Enabled by data management

Contact center Web/mobile Value-added Interaction

Key questions

- What percentage of your organization's time is spent on cleaning and fixing low-quality customer, originations or asset information?
- Has low-quality data produced inaccurate or incomplete insights or analysis?

- If a data defect or issue arises, are there clear contacts or roles identified for resolution?
- Which of your data management requirements are centralized vs. federated?

- How has hyper-personalization or content-relevant-driven interactions been a part of your customer's experience?
- Has there been missed customer opportunities or a loss of real-time insights?

## EY market insights: common challenges and leading practices for managing data governance

### Current state challenges

Many auto finance companies still rely on decades-old **legacy systems** that are not designed to handle modern data governance requirements. Upgrading or integrating these systems with new technologies can be complex and costly.

The auto finance market faces significant challenges in both the **availability and quality of data**. The presence of a wide variety of lender types contributes to data gaps, as different institutions have varying data requirements.

A **lack of industry-wide standardized definitions and terms** across business functions and data complicates analysis across different data sets, like with credit risk assessment and residual value forecasting, and this can lead to poor data management practices, including ineffective risk mitigation.

Organizations in the auto finance market may face challenges when accommodating the **increasingly interconnected nature of data**, as trends shift toward digital transformation and personalized financing solutions and enhancing CRM.

### EY recommendations

**Collaborate with trusted platform modernization partners** – Avoid costly planning and execution pitfalls during these complex transformation and migration efforts by partnering with experienced practitioners to promote smooth, timely, and comprehensively designed migration and testing practices. Explore how commoditized, cloud-based infrastructure that can easily scale yet stay cost-effective may benefit the organization.

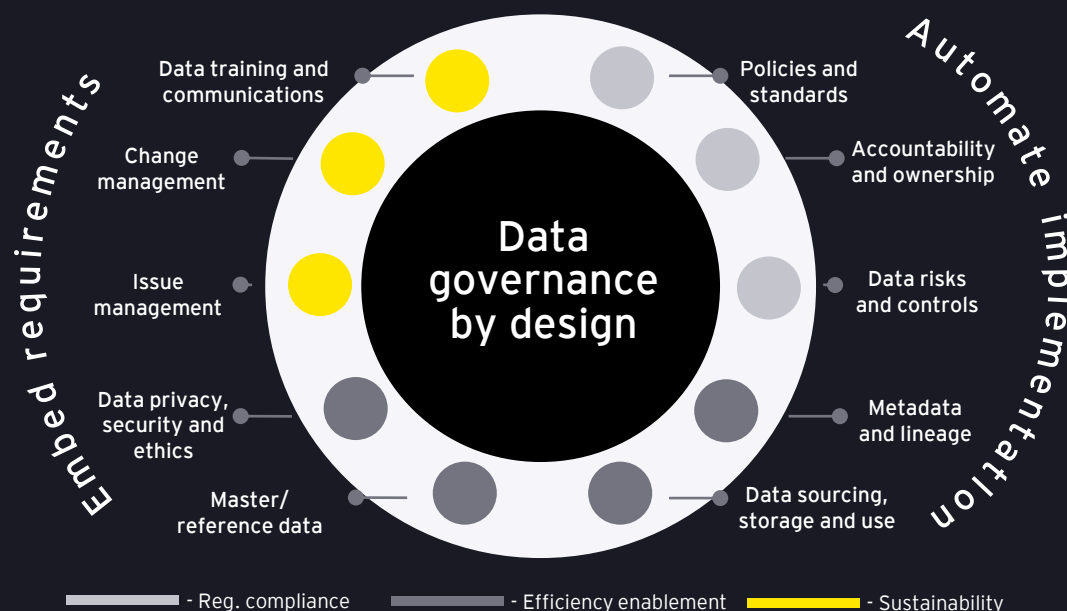
**Define and measure data quality management techniques** – Lay the groundwork for future analysis and data quality remediation by operationalizing data quality into measurable variables, such as completeness, uniqueness, accuracy and traceability of data.

**Promote documentation diligence** – After defining the most important use cases to your organization, understand what data is required to answer new business questions. Then, ensure documentation of data systems and processes exists and that technical metadata links to a business glossary with a consistent enterprise-wide taxonomy.

**Adopt modern master data considerations** – Revamp your customer master data management solution with next-gen practices to consider a larger, more global audience, accommodate global regulatory orders, enable better risk management and enable heightened visibility across global networks.

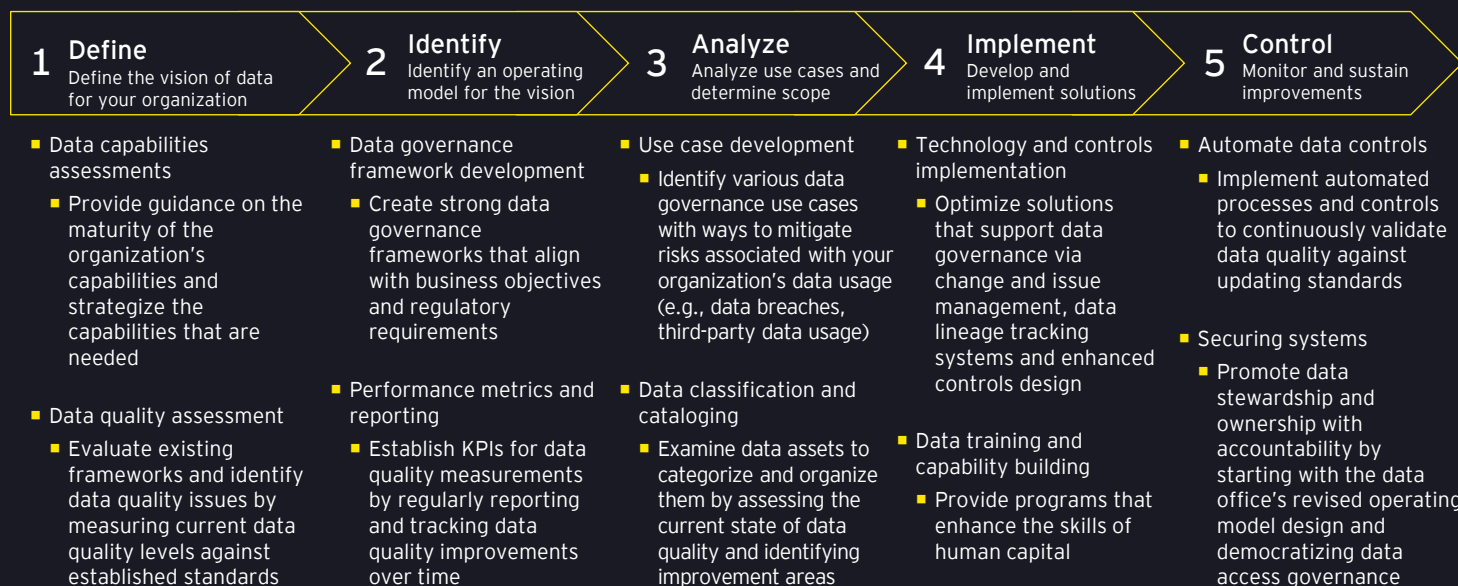
## Data governance by design

Data governance by design provides organizations the ability to more sustainably achieve data governance requirements across the 10 components of data governance with scalability and proactivity in mind. It is backed by a full suite of DG solutions, playbooks, accelerators and deep EY knowledge.



## EY service offerings

By catering solutions around our vast set of capabilities, we deliver integrated service offerings that allow auto finance organizations to leverage their data as a strategic asset, improve customer insights and provide sustainable technology solutions to their customers.



## Meet our Ernst & Young LLP team



**Aabid Abbasi**  
AI and Data Leader  
aabid.abbasi@ey.com



**Katie Johar**  
Auto Finance Leader  
katie.johar@ey.com



**Zahid Akhtar**  
AI and Data Leader  
zahid.m.akhtar@ey.com



**Gaurav Jani**  
AI and Data Lead  
gaurav.jani@ey.com



**Gengfei Li**  
AI and Data Team  
gengfei.li@ey.com



**Brandon Thio**  
AI and Data Team  
brandon.l.thio@ey.com



**Athena Zeng**  
Auto Finance Team  
athena.zeng@ey.com



**Julianna Bottomley**  
AI and Data Team  
julianna.bottomley@ey.com

Learn more about our approach to auto finance at: [ey.com/en\\_us/industries/banking-capital-markets/captive-and-equipment-finance](https://www.ey.com/en_us/industries/banking-capital-markets/captive-and-equipment-finance)

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