

Insights

Auto Lending: Winning the Research Phase

You have competitive rates. The challenge is getting borrowers to see them before the deal is done.

Auto lending should be a strength for banks and credit unions. Your rates are often better than dealer financing. Your terms are typically more favorable. And for existing customers, you already have a relationship and trust.

Yet market share tells a different story. Captive lenders, the financing arms of automakers, and dealer-arranged financing capture the majority of auto loans. Fintechs have carved out a growing slice of the market. Meanwhile, many institutions watch competitive rates sit unused while borrowers finance elsewhere.

The problem isn't your product, it's your visibility. Most borrowers don't think about financing until they're at the dealership, where dealer financing is the path of least resistance. Your great rate never comes up, not because borrowers rejected it, but because they never knew it existed.

This guide covers the competitive landscape, where loans are actually won and lost, and how to reach borrowers during the research phase when you can still influence their financing decision.

The Core Challenge

Auto lending competition isn't primarily about rate; it's about timing and awareness. The institution that's visible during the research phase, when borrowers are thinking about cars but haven't committed to financing, has a chance to win the loan. The institution that's invisible until the borrower is sitting in F&I usually doesn't.

The Competitive Landscape

Understanding who you're competing against, and how they win, is the starting point for any auto lending strategy.

Captive Lenders

The financing arms of major automakers (Ford Credit, Toyota Financial, GM Financial, etc.) have a structural advantage: they're embedded in the purchase process. When a

buyer is ready to close, the dealer presents captive financing as the default option. The rate may not be the best available, but it's right there, requiring no extra effort. Captives also deploy promotional rates, 0% or low-rate offers on specific models, that no traditional lender can match. These loss leaders pull buyers into captive financing even when a bank or credit union would be cheaper for non-promotional purchases.

Dealer-Arranged Financing

Dealers work with networks of lenders and present financing options to buyers at the point of sale. The dealer has an incentive to steer buyers toward financing that maximizes dealer profit, which isn't always the best deal for the buyer. But the convenience factor is powerful: the buyer can drive off the lot with everything taken care of.

Fintechs and Online Lenders

Digital-first lenders have streamlined the application process, often providing instant decisions and competitive rates. They've captured borrowers who research online before buying, particularly younger demographics comfortable with digital-only interactions.

Other Banks and Credit Unions

You're also competing with institutions like yours, often on rate, sometimes on relationship or convenience. In markets with a strong credit union presence, multiple institutions may be pursuing the same borrowers.

Where Loans Are Won and Lost

Auto loans aren't lost in a single moment. They're lost across a series of stages where your institution either shows up or doesn't.

The Research Phase (Weeks Before Purchase)

Borrowers spend weeks researching vehicles online before visiting a dealer. During this phase, they're thinking about the car, make, model, features, and price. Financing is an afterthought for most, but it doesn't have to be.

This is your window because borrowers in research mode are open to information.

They're not yet committed to a financing path. If you can get your rates in front of them, help them understand what they'd pay, and establish yourself as an option, you've changed the dynamic of what happens later.

The problem: most institutions are invisible during this phase. Their auto loan pages exist, but borrowers researching cars don't find them, don't engage with them, and don't think of bank or credit union financing as part of their research process.

At the Dealership

This is where most financing decisions are made, and where banks and credit unions are at their weakest. The dealer controls the interaction. Unless the borrower already knows your rate and has a reason to use you, the convenience of dealer financing usually wins.

By the time a borrower is at the dealership, you've largely lost the opportunity to influence the decision. The battle for that loan was won or lost weeks earlier, during research.

After the Purchase (Refinancing)

Borrowers who financed at the dealer, especially those who accepted unfavorable terms under pressure, are candidates for refinancing. This is a second chance to capture loans you missed at origination. But refinancing requires the borrower to take action on a loan that's already working, which is a higher bar than capturing the loan initially.

The Research Phase Opportunity

If auto loans are won during the research phase, the question becomes: how do you show up during research in a way that influences financing decisions?

Rate Visibility Where Borrowers Are Looking

Borrowers researching cars aren't searching for "credit union auto loans." They're searching for vehicle reviews, pricing, and comparisons. Getting your rates visible, through content marketing, SEO, advertising on auto research sites, or partnerships, puts financing options in front of borrowers when they're engaged with car shopping.

Tools That Answer Research-Phase Questions

During research, borrowers are trying to understand what they can afford. "What would my payment be on a \$35,000 car?" "How much difference does 60 months vs. 72 months make?" "What rate can I expect with my credit?"

Tools that answer these questions, with your rates, your terms, your products, capture attention and build familiarity. A borrower who has already seen that your credit union offers 5.9% on used vehicles is more likely to think of you when financing decisions happen.

Lead Capture During Exploration

Not every borrower who explores your auto lending tools is ready to apply. Many are weeks away from purchase. The ability to capture these borrowers through saved quotes, email scenarios, and callback requests keeps you in the conversation even when immediate conversion isn't possible.

A lead captured during research is a borrower you can follow up with. You can follow up with them when they're closer to purchase. Or, they might return to your site when they're ready to act. Without lead capture, research-phase visitors disappear without a trace.

Establishing "We're an Option" Awareness

Sometimes the biggest win during research is simply establishing that your institution is an option for auto financing. Many borrowers, even your own customers, don't know their bank or credit union offers auto loans, or assume dealer financing is the only practical choice.

Research-phase engagement that communicates "you can finance through us, and here's what it would look like" changes the borrower's mental model. They arrive at the dealership knowing there's an alternative, even if they haven't formally applied yet.

Building a Digital Auto Lending Experience

Your digital presence is where most research-phase engagement happens, or doesn't. Here's what an effective digital auto lending experience includes.

Prominent Rate Visibility

Your auto loan rates should be easy to find, not buried three clicks deep on your website. Borrowers researching car purchases should be able to quickly see that you offer competitive rates. This is table stakes, but many institutions fail it.

Payment-Focused Tools

Borrowers think in payments, not rates. "What would I pay per month?" is the question on their minds. Tools that let borrowers input a vehicle price and see estimated payments, at your actual rates, answer this question while showcasing your competitiveness.

Basic calculators are a start, but [Guided Selling Tools](#) go further. They ask about the borrower's situation (new or used, approximate price, preferred term), present personalized scenarios, and help borrowers understand trade-offs among options.

New vs. Used Guidance

New and used vehicle loans have different rate structures, term options, and considerations. Borrowers may not know which category their planned purchase falls into, or how the differences affect their options. Tools that ask about the borrower's plans and present relevant options reduce confusion and increase engagement.

Comparison Capabilities

"What if I went with 60 months instead of 72?" "How much more would I pay in interest with a longer term?" Side-by-side comparisons let borrowers explore scenarios and understand trade-offs, building confidence and keeping them engaged with your tools longer.

Save and Return Functionality

Auto purchases take weeks. A borrower who explores your rates today may not be ready to act until they've found the right vehicle. The ability to save a quote, receive a reminder, or easily return to a saved scenario keeps you in consideration across the full purchase timeline. See [Save and Return: The Underrated Conversion Tactic](#) for implementation details.

Clear Paths to Next Steps

After a borrower explores scenarios, what should they do? Your tools should offer clear options: start an application, request a callback, save this quote for later, or get more information. Different borrowers are at different stages of readiness; give them paths that match.

Mobile Optimization

Car shopping happens on phones, at dealerships, during lunch breaks, and on the couch at night. If your auto lending experience doesn't work well on mobile, you're invisible during the moments when borrowers are most engaged with their purchase decision.

Reaching Borrowers Before They Reach the Dealer

Having good digital tools isn't enough if borrowers don't find them. Active strategies for reaching borrowers during research extend your visibility.

Cross-Sell to Existing Customers

Your current customers, especially those with deposit accounts, existing loans, or long tenure, are your best auto lending prospects. You have a relationship, you have contact channels, and you may have insight into life events that signal car purchases (lease expirations, paid-off loans, large deposits suggesting a down payment).

Proactive outreach, "Shopping for a car? See what rate you could get with us," puts your offer in front of customers before they start shopping. Some percentage will remember when they're ready, and some will engage with your tools immediately.

Targeting Likely Car Buyers

Digital advertising can target behaviors associated with car shopping: visits to auto research sites, searches for vehicle reviews, and engagement with car-related content. Reaching borrowers during the research phase, before they've visited a dealer, is your best window for establishing visibility.

Content That Attracts Researchers

Content that helps borrowers understand auto financing, how rates work, what to expect at the dealership, and how to budget for a car purchase attracts borrowers during the research phase. This content can introduce your institution as an option while providing genuine value.

Partnerships and Integrations

Some institutions partner with car-buying services, vehicle listing sites, or automotive marketplaces to put financing options in front of shoppers at the point of research. These integrations can be complex to establish, but create valuable positioning earlier in the journey.

Converting Research-Phase Interest

Engagement during research is valuable, but only if it converts to funded loans. Here's how research-phase interest becomes lending volume.

Lead Capture Is Essential

Every borrower who explores your auto lending tools and leaves without providing contact information is a lost opportunity. Save-a-quote features, email-this-comparison options, and callback request buttons capture leads that can be nurtured over time.

Follow-Up Matters

A lead captured during research may not be ready to apply for weeks. Timely, relevant follow-up, "Still shopping? Your saved quote is waiting," keeps you top of mind and increases conversion. Leads without follow-up decay quickly.

Warm Handoffs to Loan Officers

When a research-phase lead requests a callback or otherwise indicates readiness, the conversation should be warm, not cold. The loan officer should have context: the scenarios the borrower explored, the vehicle type they're considering, and the payment range they were looking at. This context-rich conversation converts better than starting from scratch.

Smooth Application Path

When a borrower is ready to move from exploration to application, the transition should be seamless. Information already provided shouldn't need to be re-entered. The borrower should feel like they're continuing a journey, not starting a new process.

What Happens at the Dealership

Even with research-phase engagement, borrowers will face dealer financing offers. Your influence at this point is limited, but not zero.

Informed Borrowers Negotiate Better

A borrower who has explored your rates, even without formal pre-approval, knows what competitive financing looks like. They're less susceptible to payment manipulation and more likely to question dealer offers that seem off. Education during research creates better-informed buyers.

Rate Awareness Creates Comparison

"My credit union showed me 5.9%, what can you do?" A borrower who has seen your rates has a benchmark. They may not have your financing in hand, but they have a reference point that forces the dealer to compete.

Some Borrowers Will Return to You

Not every borrower will finance at the dealership. Some will leave to complete financing elsewhere, including with you, if you've established yourself as an option. Making it easy for these borrowers to return and apply (through saved quotes, easy application access, or follow-up outreach) captures loans that escape the dealership.

Consider Pre-Approval Programs

For institutions wanting maximum dealership influence, formal pre-approval programs let borrowers walk in with financing already secured. This is a meaningful investment beyond research-phase tools, requiring credit decisioning capabilities, longer validity periods, and dealer-ready documentation, but it maximizes competitiveness at the point of sale.

The Refinancing Opportunity

Not every auto loan can be captured at origination. Refinancing offers a second chance at loans that went to dealers or competitors.

Who Refinancing Works For

Refinancing makes sense for borrowers who accepted unfavorable terms at the dealer (common for buyers focused on monthly payment rather than rate), borrowers whose credit has improved since origination, or borrowers who simply didn't know a better rate was available.

Marketing Refinancing

"Think you're paying too much for your car loan? Check your rate." This message resonates with borrowers who suspect they got a bad deal, and many did. Refinancing marketing can target recent car buyers, borrowers with improving credit profiles, or demographics likely to have financed through dealers.

Making Refinancing Easy

The barrier to refinancing is inertia; the current loan is working, and taking action requires effort. Streamlined refinance applications, clear savings calculators ("See how much you could save"), and fast funding reduce the effort and increase conversion.

Measuring Auto Lending Performance

Track metrics that illuminate where you're winning and losing across the auto lending journey.

Research-Phase Engagement: How many visitors engage with your auto lending tools? Time on page, calculator usage, and scenario comparisons indicate whether your digital experience is capturing research-phase interest.

Lead Capture Rate: Of visitors who engage with auto lending content, what percentage provides contact information through saves, callbacks, or other mechanisms? This measures your ability to convert anonymous research into actionable leads.

Lead-to-Application Rate: Of captured leads, what percentage eventually start an application? This measures whether your follow-up and nurturing convert research-phase interest into lending intent.

Application-to-Funding Rate: Of applications started, what percentage are funded? Any drop-off here can indicate friction in your application or decisioning process.

Source of Funded Loans: Are your auto loans coming from digital engagement, branch referrals, indirect channels, or refinancing? Understanding the mix helps you allocate resources to the most effective channels.

Customer vs. Non-Customer Mix: What percentage of auto loans go to existing customers vs. new relationships? High customer concentration suggests an opportunity to reach beyond your current base; low concentration suggests an opportunity to better serve existing customers.

Getting Started

If your institution wants to grow auto lending, focus on the highest-impact improvements first.

Audit Your Digital Experience. Go through your auto loan pages as if you were a car shopper. Is the rate easy to find? Can you explore payment scenarios? Is there guidance on new vs. used? Is the experience mobile-friendly? Fix obvious gaps before investing in new acquisition strategies.

Add or Improve Payment Tools. If your auto lending pages offer only a basic calculator or just a rate table, you're missing research-phase borrowers who want to explore scenarios. Interactive tools that let borrowers enter their situation and see personalized payment estimates increase engagement.

Implement Lead Capture. Every borrower who explores your auto rates and leaves without a trace is a lost opportunity. Save-a-quote, email-this-scenario, and callback request features capture leads you can nurture over time.

Promote to Existing Customers. Your current customers are your most reachable audience. A targeted campaign, email, in-app, or direct mail, letting them know you offer competitive auto rates, can generate immediate engagement and downstream volume.

Build a Refinancing Program. If you don't actively market refinancing, you're leaving volume on the table. A simple "check your rate" campaign targeting likely refinancing candidates can capture loans you missed at origination.