



AUTO LOAN CHARGE OFF CASE STUDY

In light of the growing discourse surrounding loan losses, this case study aims to quantify the effectiveness of Stellar's "Direct" Auto Recapture Model in minimizing loan losses. By analyzing charge-off data, we seek to validate assumptions regarding the model's impact on customer loyalty and loan duration.

STELLAR "DIRECT" AUTO RECAPTURE MODEL:

The core concept of our model revolves around helping consumers save money on their auto loans, often without realizing they were overpaying based on their creditworthiness. Our approach emphasizes branding all marketing outreach in the name of the bank or credit union, fostering brand awareness, and most importantly, lasting brand loyalty from the initial outreach throughout the entire refinancing process.

The primary goal is to secure new customers who are predisposed to loyalty and open to establishing multiple relationships with the financial institution. This study aims to assess loyalty from two key perspectives: payment loyalty and the duration of newly refinanced auto loans.

METHODOLOGY:

Stellar solicited charge-off data from three long-standing clients, each with a partnership of over four years. These clients were strategically chosen from diverse regions across the country to ensure a well-rounded dataset. The data request covered all Stellar refinanced loans generated from January 2020 through March 2023. Additionally, we gathered information on the percentage of loans still active, average days open, and average years open. This comprehensive approach allowed us to evaluate both charge-off data and the duration of the loans we facilitated. The three clients represented regions in the Midwest, Southeast, and Northeast.

RESULTS:

39 Month Case Study

- Total Loans Tracked: 2,335
- Gross Loan Balances: \$65,469,145
- Average Balance: \$28,038
- Total Charge-Offs: 12
- 39 Month Charge-Off Percentage: .51%
- 12 Month Charge-Off Percentage: .17%
- Average Months Open: 39 Months
- Percentage Open After 39 Months: 42%

CONCLUSION:

The 39-month case study demonstrates the effectiveness of Stellar's "Direct" Auto Recapture Model in achieving remarkably low charge-off rates, validating its capacity to foster customer loyalty and prolong loan durations.

For more information on how Stellar's "Direct" Auto Recapture Solution can add significant value to your auto loan portfolio contact George Monnier at 402-708-2425 or GeorgeM@stellarfg.com

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