

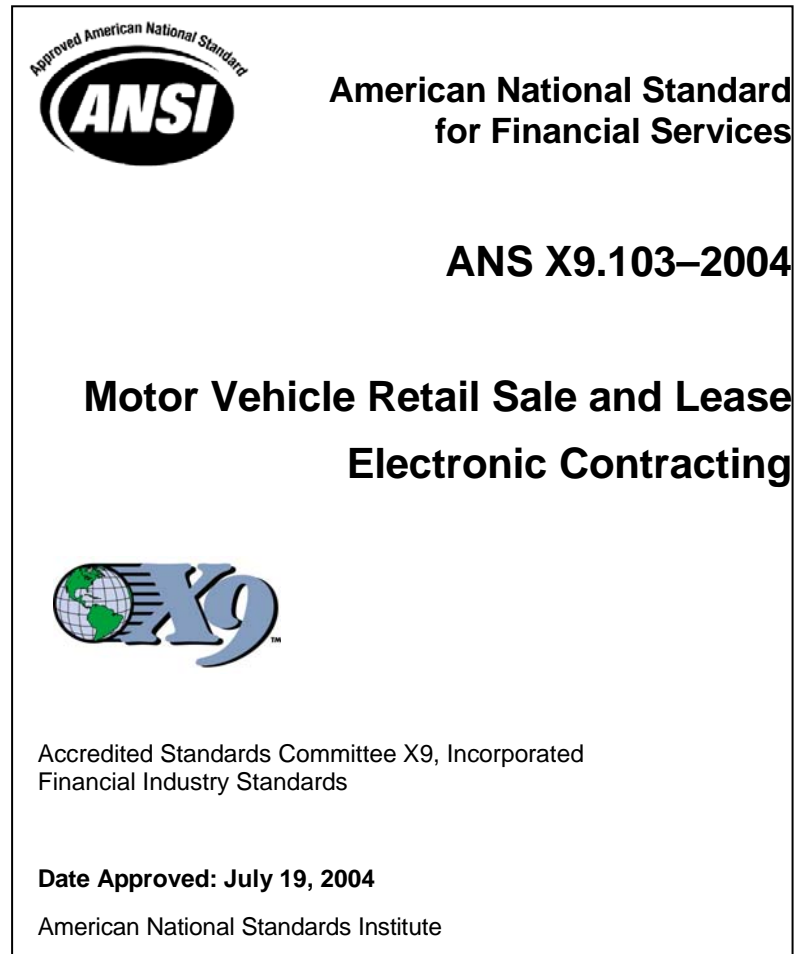
# *American National Standard for E- Contracting in Automotive Financing*

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Chairman X9C -Credit*

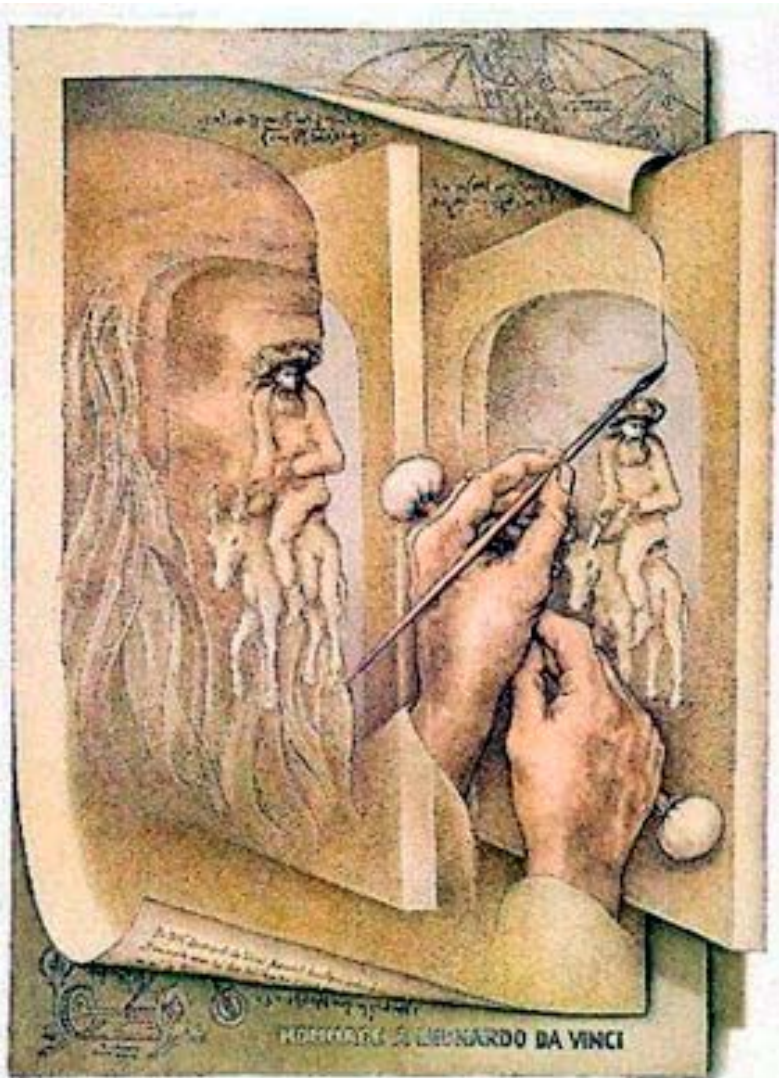
# ANSI X9.103-2004 ...

- Is very **focused** – retail installment sale and lease contracts in automotive dealership financing.
- Defines **uniform rules** for creation, storage and transfers of ownership (assignment) of electronic contracts.
- Is **technology neutral** to enable independent choices for market acceptable implementation and technological solutions.
- Is not a technical standard, rather a **common solution** to use electronic communication to comply with relevant rules of law.

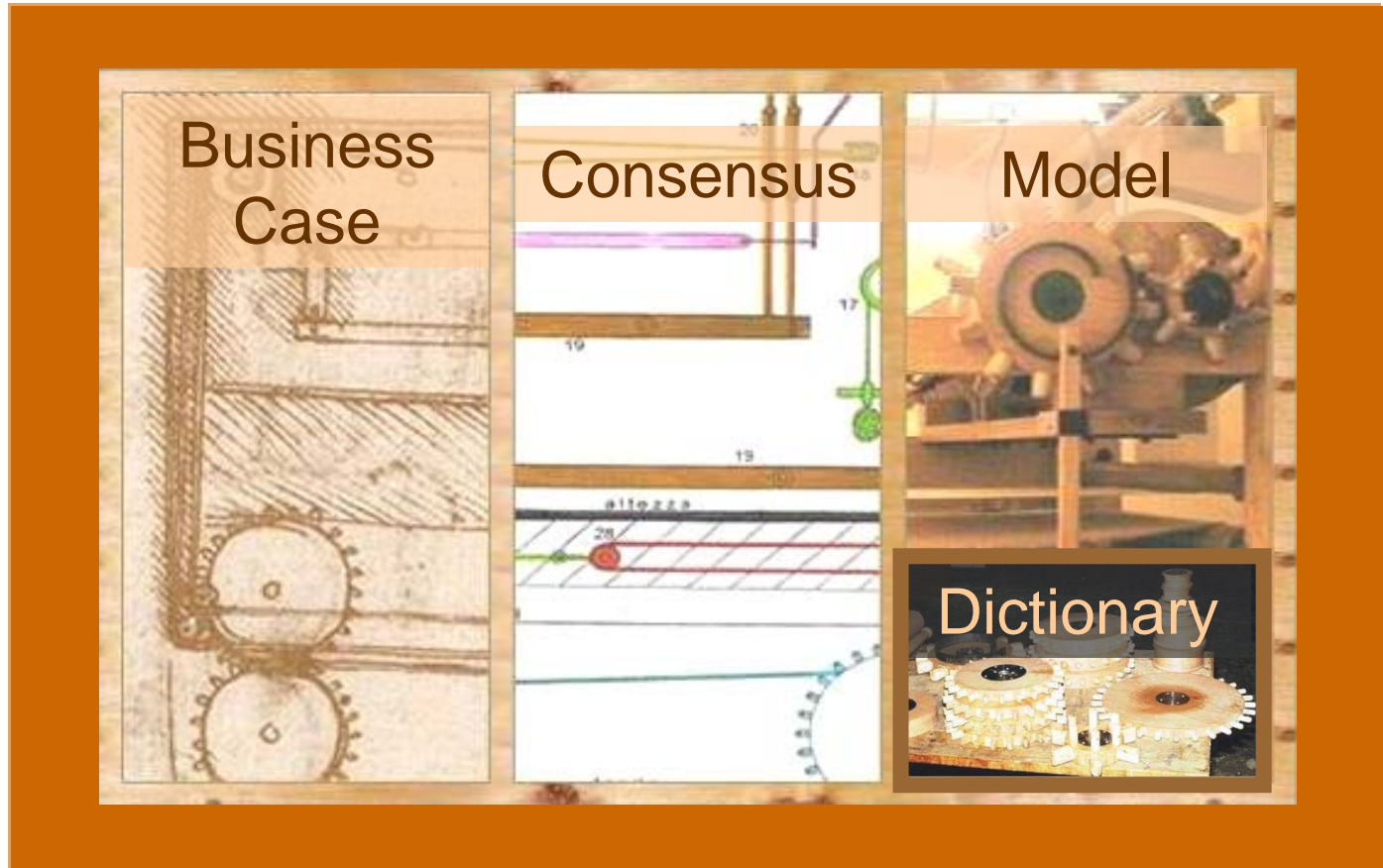


# American National Standard needed to provide..

- Common language for business, legal, IT
- Common understanding of single issue
- Communication between sellers and buyers



# Process was key to standards development



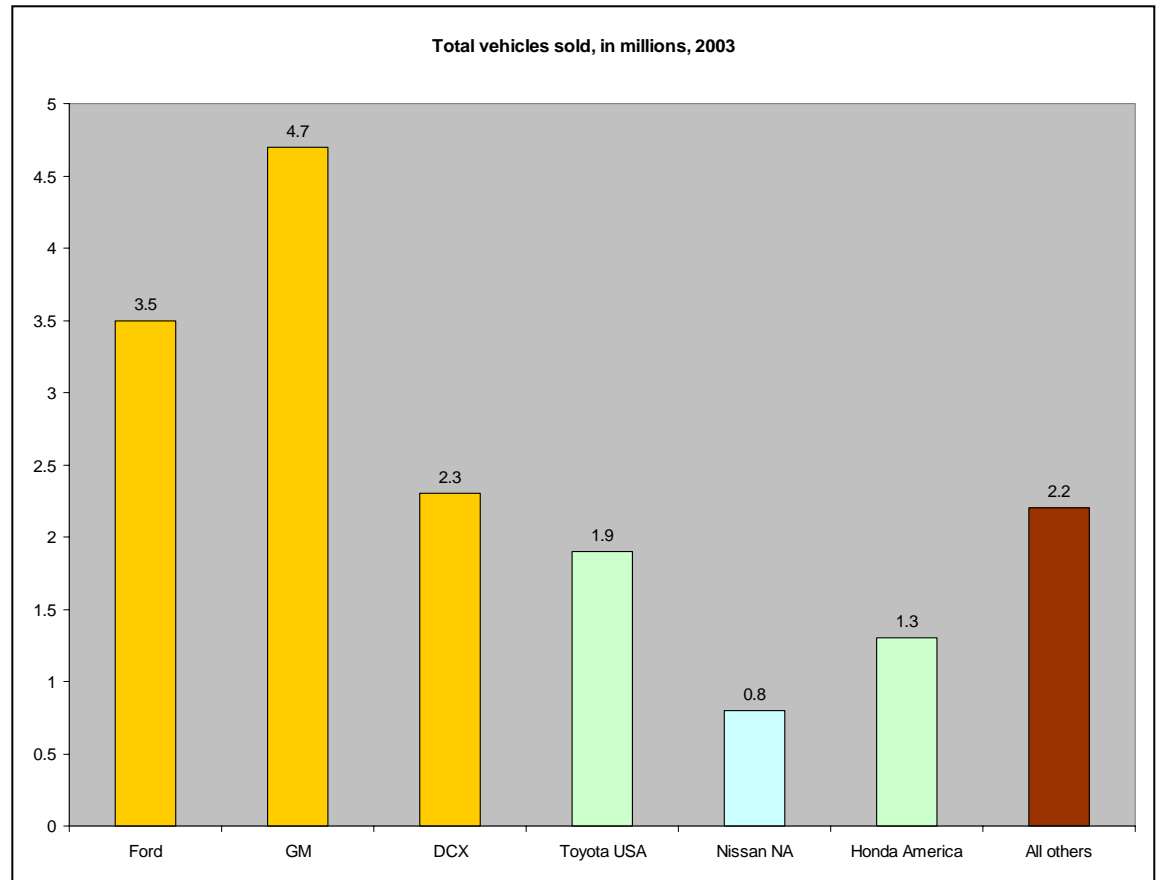
# ANS X9.103 resulted from..

- Private studies indicating potential annual cost reductions in the tens of millions dollars.
- Need to facilitate selling and buying electronic chattel paper.
- Over 1 year of intense debate, discussion and compromise
- Consensus of 33 companies
  - Captive Automotive Finance Companies,
  - Banks,
  - Dealer System Providers,
  - Law firms,
  - Hardware vendors,
  - Software vendors,
  - CPA firms,
  - Vendors.

**Adopted by American National Standards Institute (ANSI) in July 2004**

# One transaction with market impact

- **16.7 million** new cars sold 2003
- Average transaction price-after rebates-  
**\$26,000**
- \$434 billion market
- *Used vehicle market is 3X larger*



Source: Autodata Corp.

# Where are the benefits

- **Consumers - Lower down payments, longer loans**
  - Average down payment 3% to 5% since middle 2003
  - Average amount financed - 101% of new vehicle's cost (Source: Consumer Bankers Association, Feb.2004)
  - Average loan 63 month -some as high as 80 months (Source: NADA)
- **Dealers & Finance Sources - Escalation of Funding Cycles**
  - “Same-day funding is very beneficial for Dealers”. (American Banker Sept 17: JP Morgan Chase)
  - “The new standard could help dealers sell cars more efficiently”. (American Banker Sept 17: Ford Motor Credit)
  - Shrink time to public/private portfolio sales from 45- 60 days to 15 - 20 days.