

# 5 Ways to Reduce Delinquent Auto Loan Payments

With high interest rates and high inflation, car shoppers are facing an affordability crisis. Consumer budgets are tighter, while the costs of new and used vehicles – and auto loans – are higher than ever. Lenders are challenged as well, with 60-day delinquencies on auto loans surpassing pre-pandemic levels in early 2023, according to Experian.<sup>1</sup>

Although consumers prioritize auto loans at about the middle of their bill pay list (after housing and utilities), they are second most likely to be paid late, according to a PayNearMe survey. Lenders need to capitalize on this intention to pay by making payment experiences seamlessly easy to motivate on-time action.

**Here's a checklist of payment strategies lenders can put into action to streamline collections and reduce delinquencies.**

## 1. Replace costly phone payments with seamless self-service

**Why it matters:** Many payment-related calls are needs that could be handled by self-service (make a payment, set up autopay, change payment date, biller website login issues). Transactional calls are time-consuming and costly, and add burden to already-overloaded call centers.

**What to do:** Offer a modern mobile self-service payment experience that makes it easy for customers to pay how, when, and where they prefer. Lenders can reduce costs from \$8 per call to \$0.10 per automated self-service interaction, and free up agents to focus on customer service and outbound collection calls.

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## 2. Climb the payment priority ladder with digital reminders

**Why it matters:** 63% of consumers say digital reminders (email, text, or push notification) would make it easier to pay bills on time.

**What to do:** Implement a self-service payments platform like PayNearMe that pushes reminders with Smart Link™ technology. In one click, customers can start the payment process, with no need to register online or remember a username or password.



### 3. Give customers more ways to pay

**Why it matters:** Providing more flexible options is vital to prompting on-time payments. 81% of consumers use a mobile wallet or payment app such as PayPal, Venmo, Cash App, or Apple Pay. And 76% of people using digital wallets keep a balance each month.

**What to do:** Provide a robust payment experience that enables customers to make auto loan payments via their preferred method: digital wallet, debit card, ACH, or cash at retail locations.

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### 4. Drive adoption of recurring autopay with flexible options

**Why it matters:** Autopay can significantly boost on-time payments, but many people resist it. 65% of consumers would be more likely to enroll in autopay if it offered more scheduling flexibility. What would make it easier to pay on time? 76% of people want flexible due dates, and 54% would prefer to make two smaller payments instead of a single monthly payment.

**What to do:** Give customers more control over their autopay scheduling. PayNearMe provides more flexibility in the autopay setup process, enabling customers to choose their preferred frequency (i.e. weekly, monthly, twice monthly, etc.), payment method (card, wallet, ACH) and more.

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### 5. Offer cash payments at retail locations

**Why it matters:** Among unbanked consumers (often subprime and nonprime borrowers), 54% of their bills are paid in cash. Enabling auto loan customers to pay this way could help reduce delinquencies and eliminate the need for your staff to collect, transfer and reconcile cash payments each day.

**What to do:** PayNearMe enables fast, convenient and guaranteed cash payments at over 60,000 retail locations (e.g., 7-Eleven, CVS, Walmart, Walgreens). The process is simple: customers scan a barcode at a participating store, pay, and get an instant receipt, while lenders receive these funds electronically..



## Boost loan performance with self-service payments

Improve portfolio profitability, increase staff productivity, and deliver exceptional self-service experiences with PayNearMe..

Ready to find out more? Request a demo online.  
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