



## **How Blockchain Can Help to Avoid a Repeat of the Subprime Mortgage Crisis in the Auto Industry**

*By Fusion Foundation Chief Product Officer John Liu*

### **The Problem and a Possible Solution for Used Car Finance:**

The used car industry has long been plagued by widespread data discrepancies and operational inefficiencies. Following Fusion Foundation's February announcement that it was selected by the Automotive eXchange Platform (AXP) to serve as AXP's blockchain backbone, the Fusion/AXP partnership continues to make inroads bringing the benefits of blockchain to help reduce fraud and improve data processing in the U.S. second-hand car industry.

### **Information Sharing and Transaction Processing of Automotive Funding:**

AXP is an automotive blockchain ecosystem that plans to address information sharing and transaction processing needs throughout the automotive industry, including private and government run organizations. Working with Fusion, AXP digitizes automobiles, drivers and key pieces of information in the used car ecosystem, such as automating the auto loan process and enabling a seamless system to register and transfer vehicle registration and titles.

### **How the AXP/Fusion Partnership Works:**

Using this data, AXP/Fusion provides independent dealerships an alternative and cost-effective way to gain access to financing for their customers, with projected underwriting times reduced to a matter of minutes. Government agencies and lenders can leverage this data across multiple organizations to help decrease cost and increase transparency, which in turn improves the buying and selling experience of both consumers and dealers.

### **What Fusion founder and CEO DJ Qian said about the Solution”**

“Rather than reinvent the wheel, our goal was to accelerate change throughout the used car industry by teaming with AXP,” “The first step in our partnership, was to integrate Fusion’s technology with the AXP platform and to digitize AXP’s database of 10.5 million automobiles, so they can be properly tracked and audited.”

### **Blockchain in Auto Finance:**

Fusion’s role in this real-world use case of blockchain includes digitizing car owners and automobiles as unique assets, ledgering this information on both a private and public chain and linking these assets. Creating and linking these assets gives users throughout the used car industry – including Independent dealers, governments agencies such as Departments of Motor Vehicles, insurers, financing companies and individuals – the ability to combat fraud by seeing “transparently” who is actually purchasing “what” vehicle and tracking that vehicle over time.

### **Blockchain as the Only Solution to deliver Auto Finance Innovation:**

Max Kane, CEO of AXP said Fusion was also the only blockchain solution they found that could support some of the innovative financing options and operational improvements that many of its auto industry partners want, including native digital asset creation, innovative interoperability, and a novel approach to decentralized security.

### **Significance of this Interoperable Breakthrough:**

“We recognized the potential of Fusion’s breakthrough approach to help us stem the rising tide of fraud and inefficiency that has led to countless vehicles on the road with ‘washed’ titles,” said Kane.” “Consumers are often buying vehicles that are not as advertise, and the insurance industry continues to struggle with billions of dollars in bad claims due to drivers and dealers providing wrong or misleading information and inaccurate insurance reporting.”

## What DCRMS Delivers & How:

Fusion's groundbreaking Distributed Control Rights Management System (DCRM) delivers increased transaction safety by using a decentralized approach to security. With this approach, a private key is split into individual shards and distributed to nodes on the network. This distributed private key is then re-assembled when the signing of a transaction occurs.

## The End of Loan Processing Opacity:

Blockchain eliminates processing opacity that fueled the subprime mortgage crisis a decade ago. With the Fusion/AXP platform, investors can drill real-time into collateral and check how loans are performing and do their due diligence that the quality of the collateral is as expected. "The lack of visibility and reliance on middlemen who contributed to the subprime mortgage crisis can be averted by leveraging a platform like ours," Qian explains.

Fusion continues to improve its groundbreaking protocol by working with real-world business partners like AXP and a team of luminary cryptographers.

## Conference Platform Presentations Coming Up on May 15<sup>th</sup>:

You can hear and gain more information about Distributed Control Rights Management (DCRM) from Fusion founder and CEO DJ Qian who has been selected to deliver the keynote address at the inaugural [Digital Asset Summit \(DAS\)](#) May 15 in New York/

See [Keynote Presentation: Digital Assets and the Internet of Value](#)

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