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Presenting and fully explaining product choice online

The Financial Conduct Authority (FCA) stipulates that car dealer's financial promotions and adverts must be fair, clear and not misleading.

In this vein, Spencer Halil, director of Alpha Financial Services UK, said dealers need to present product choice simply and transparently. This can include, he said, FAQs, comparison tables, images and descriptive explanations, as well as videos, in the future possibly extending to live chat.

"The critical point is there should be no bias or agenda in the explanations – let the customer choose what is right for them, not what works best for the dealer or lender," he said.

Ivendi's chief executive James Tew said finance should be brought into the process as early as possible. "We offer a choice of products including PCH, PCP and HP that allow the customer to compare products against each other," he said.

Simon Cadbury, head of strategy and innovation at Intelligent Environments, said calculators, ratings and reviews were another useful tool in helping the customer to choose the right product. "It's about simplifying the buying process through using more conversational tools that let the customer complete the application more quickly because they are personalised and only ask the relevant questions," he said.

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Selling the benefits of the online finance calculator

Online finance calculators can be a useful tool to help the customer to determine the likelihood of being approved for finance without completing the full application, said Tew.

"Ten times more people will check the likelihood of being approved than go down the full application route to see if they are going to be able to get the product they want, as well as a choice of other products they are eligible for," he said.

With this in mind, Shaun Harris, sales director at Codeweavers, said that dealers need to make their calculators as easy to use and informative as possible.

"Dealers need to make it easy to distinguish the features and benefits of the products that might be offered, whether it's hire purchase or PCP, as well as which one might be the most relevant to their situation," he said.

Raphael Finance's deputy head of lending Darren Greenyer said that, whichever method of payment they choose, the finance calculator should be as accurate as possible to give the customer an indication of the affordability of the vehicle.

Auto Trader's head of motor finance Paul Harrison added that given most buyers start their research with a monthly payment in mind, a finance calculator can help them understand how to achieve this over a set term, with a certain deposit.

"Empowering customers with accurate information is a very effective way in which to build all-important trust," he said.

SEVEN ONLINE F

The internet is now one of the dealer's most powerful tools. But it should also be used to show consumers how effective – and FCA-compliant – dealers' specialist motor finance can be. [Alex Wright](#) reports



TIPS TO BOOST FINANCE

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Informing prospective customers which finance providers they use – and their commercial relationship

Under FCA rules, a credit broker must disclose any commission, fee or other remuneration they earn where knowledge of the commission or the amount received could affect their impartiality, or materially impact on a customer's decision.

They must also disclose the amount of any commission or fee if requested by the customer, states the regulator.

Halil said that dealers must also inform the customer which finance providers they use and that they only use a selection of providers.

"This should also be extended to the showroom and be part of the document handling process, whether online or face-to-face," he said.

Louise Wallis, head of business management at the National Franchised Dealers Association, said that dealers should provide downloadable documents with key facts that include all of the details of the finance providers with which they work, and their relationship with them.

"They need to convey this clearly in a particular section on their website, near where people are looking at those products to buy," she said. "A bigger problem actually is getting people to read that information."

At the same time, dealers should focus on selling their expertise to the customer, said Steve Nash, CEO of the Institute of the Motor Industry.

"Consumers need to know that they are dealing with professionally qualified people who understand the different products on offer," he said. "At the IMI, we provide the higher level F&I Accreditation that equips dealers with the knowledge to help the customer make an informed decision about the product they choose."



COMMERCIAL PARTNER COMMENT

By James Tew, CEO, iVendi



There is some debate in the industry about whether many genuinely online used car sales are taking place, but some new research we have just completed helps to throw some much-needed light on the subject.

From a sample of 12,500 motor finance transactions that took place through our iVendi Platform, we have identified that more than one in three (35%) were sold without the need for any dealer contact – requiring no part exchange, being sold at the vehicle's windscreen price and using the dealer's online finance.

In fact, around one in 20 (5.6%) purchases in the sample were fundamentally completed entirely online, in the sense that there was no e-mail, phone or physical contact with the dealer until the final step, when the car was collected or delivered.

These customers followed a structured, online buying process – they found their own vehicle, they did not haggle and they didn't have a part exchange. They were perhaps the easiest-to-handle customers that their supplying dealers ever had.

There are some people in the industry who believe that there are few online used car sales occurring, or even none at all. This analysis suggests that viewpoint simply isn't true and that, where customers are given the technology, a significant proportion will complete as much of the sale online as possible.

The iVendi Platform provides a complete online motor finance solution for dealers, motor finance providers, car portals and manufacturers. To find out more visit ivendi.com, e-mail enquiries@ivendi.com or call 0345 226 0503.



iVendi is a commercial partner of our Dealer Masterclass programme, and will be sharing more inspiration at Automotive Management Live on November 16.

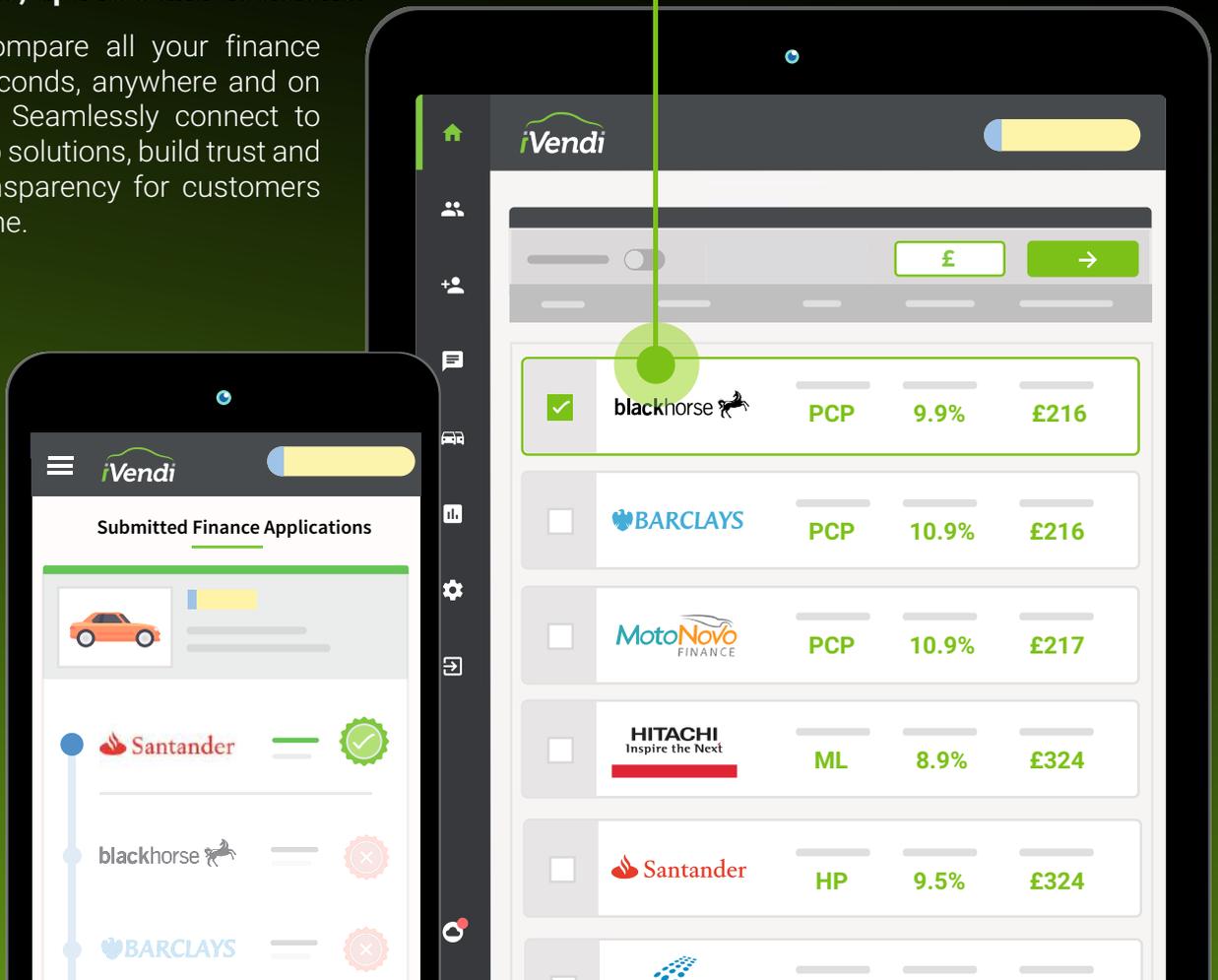
Next issue's dealer masterclass: websites and digital



MULTI-LENDER QUOTING & SUBMISSION

One unique solution to manage quoting, applications, updates and decisions.

Quote & compare all your finance offers in seconds, anywhere and on any device. Seamlessly connect to iVendi's web solutions, build trust and provide transparency for customers on and offline.



To see the product in action, contact us on

0345 226 0503

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SHOWROOM SOLUTIONS



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Using social media to promote finance deals and representative examples

When using social media, the FCA recommends signposting a product or service with a link to more comprehensive information, or to use images for a more general promotion.

Tew said that the best way to promote finance deals through social media is by using an image with a link to the dealer's website that is first vetted by the compliance department to make sure it meets FCA rules.

"Using an image is a safe way to promote your finance deal on social media and then tweak it accordingly, depending on which platform you are using, provided it has been thoroughly vetted by compliance beforehand," he said.

Harrison said that social media should be used to start the conversation rather than promoting the full finance proposition because of the difficulty in conveying a monthly payment where a rate of interest is attached.

Halil also believes that social media is a tool that should be used carefully.

"Social media is a very different medium to traditional marketing and it needs to be engaged with in a different way – smaller 'snackable' chunks of information, more personal insights into our business and people, references to items and stories that interest us and reflect Alpher's personality," he said. "Once we have created an interesting pattern of content that is worthy of a follow or like, then we can try to point our followers in the direction of more traditional media with those offers and examples."

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Better communicating the hurdles of consumer credit regulation

The FCA has published extensive guidelines on consumer credit requirements to which customers must adhere when buying a car.

In this respect, Halil said dealers need to communicate all the relevant aspects of the regulation simply, clearly and fully in order to inform the customer and help them to make a decision.

He added that descriptions of products should be unbiased and accompanied by alternatives, allowing the customer to evaluate their options and make an informed choice.

"Videos work well online and are better than pages of text," he said. "FAQs are good but live chat is an inevitable evolution of this and a better option if it can be resourced appropriately."

Harris said that dealers need to explain all of the finance terms in plain English on their website.

"They need to use plain language to explain what each plan means, such as what's a representative APR, what's an option to purchase fee, what's a guaranteed future value," he said. "Make it easy for them to break down the quote and understand it."



SOCIAL MEDIA IS A DIFFERENT MEDIUM TO TRADITIONAL MEDIA AND IT NEEDS TO BE ENGAGED WITH IN A DIFFERENT WAY

SPENCER HALIL, ALPHERA

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Helping the customer to buy online and protect them against the risk of fraud

The electronic signature should be used as one component of a wider buying process that is easy for the consumer to complete and meets the lender's compliance and legal requirements, said DealFlo's MD Abe Smith.

"A simple electronic signature alone adds risk to lenders' businesses – such as risk of fraud and risk of non-compliance which can leave lenders with agreements that are not enforceable," he said. "To mitigate against these risks, lenders must consider other steps in the agreement process such as ID-verification, evidence capture and secure vaulting."

Smith said that device ID and geolocation, as well as a full identity audit trail, can also be used to prove the customer exists and was in control of the device that the agreement was signed with.

"Lenders need to be able to prove that the customer is who they say they are through authentication tools such as document identification, biometrics, one-time passwords, knowledge-based authentication or a combination thereof, depending on underlying risks," he said.

Harrison said that because consumers have varying degrees of confidence when committing to buying a car online, they should be equipped with the tools to enable them to progress as far in the process as they feel comfortable.

Wallis added that, above all, dealers need to work with their finance providers to ensure a robust process is in place that prevents fraud and safeguards both the customer and themselves.

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Keeping online finance data safe and valued

Tew said that dealers need to explain to the customer where their data is being stored and who is storing it, as well as the regulatory standards to which they must adhere.

Greenyer said that dealers should explain to the customer not only who their financing relationship is with, but also who they are sending their data to.

"Dealers are very good at this in terms of making sure that if a customer applies for finance, that application goes directly to the funder that is going to give them the best outcome, which is generally the best product at the best rate," he said.

Nash added that dealers must inform the customer where they can get the relevant information they need to keep their data safe, and to work closely with their finance partners and take guidance from them on data protection and security.

