



FINANCE AND INSURANCE

BY LISA GLADSTONE

F&I technology can make dealers more competitive

How technologically savvy is your dealership's Finance & Insurance (F&I) department or outsource company? If you think a single email address and a static website—which are rarely updated—are all that a dealer needs to be technologically competitive in today's business marketplace, think again! It's 2005, and now's the time to change those old ways of doing business in marine F&I. Revolutionary advancements are currently available that will save dealers valuable time and make it easier for them to conduct business.

Paperless transmission

One of the most anticipated updates in marine F&I is the ability for dealers to quickly and easily print completed loan contracts and all additional F&I paperwork from their outsource company (service contracts, credit insurance contracts, UCC forms, titling forms, etc.). Currently, most dealers rely on overnight services to receive completed loan packages from their outsource companies. The downside of this delivery method is that the packages may not arrive on time due to bad weather, human error, or other unforeseen complications. If a customer shows up to take home a new boat, but delivery of the loan documents is delayed, that customer will have to return at another time to complete the closing

Dealers can eliminate this customer inconvenience when they can print F&I paperwork at their dealerships. However, accomplishing this change is no easy endeavor. Lenders have just begun the monumental task of conforming to standardized documents and completely overhauling their systems to make paperless transmissions a reality.

Standardizing contracts

Traditionally, lenders have done business using their own, individualized loan contracts. The problem here is standardization, because even the lenders' own contracts differ from state to state, which makes standardization an elusive prize. To make matters worse, the information required on loan contracts occasionally changes which forces lenders to update their documents.

Loan contracts also come in multi-part forms, so printing on these forms requires a dot matrix or other type of impact printer that will print through the top page onto each of the underlying pages. The lack of contract uniformity and the use of multi-part forms have made it nearly impossible for dealers to download customer information from their outsource companies and print completed loan contracts at their dealerships.

Fortunately, lenders are already confronting this challenge head-on and implementing the necessary adjustments. Lenders are investing heavily in software, hardware, encryption devices for safe data transfer, and other technology. Companies have emerged to help lenders with this transition. These companies are in the process of creating a uniform loan contract in non-multi-part form. They also stay abreast of regulatory changes in required data for loan contracts and update the forms as needed.

In the early stages of this transition from multi-form paper to paperless systems, dealers may find it necessary to continue printing on impact printers, but eventually the move toward standardization will enable dealers to print loan contracts at their dealerships on laser printers. In addition to the lending contract, a loan package includes other paperwork such as UCC forms, titling documents, service contracts, and credit insurance contracts. Companies are currently developing software and hardware to standardize these documents as much as possible and to convert them to downloadable and printable Adobe Acrobat PDF files.

Deal tracking

In the current business marketplace, most dealers fax their finance deals to their outsource companies and wait to hear back by phone or fax on the status of the deal. Did the lender approve the loan? If not, what is being done to resubmit the deal? Has the outsource company contacted the customer yet? When will the deal close?

New technology is being developed that will enable dealers to check deals online and instantly know the status and history of the deal. Dealers will also have the ability to determine which F&I professional is handling the deal at any given moment and correspond with that person with just a click of the mouse.

Another innovative change will come in the form of connectivity between F&I outsource companies and marine lenders. The industry is making great strides toward direct connectivity that will cut the loan approval time in half which will allow dealers to close their customers much faster. All of the vast improvements in F&I technology will make life easier for dealers and allow them to sell boats rather than worry about customer financing.

Caveat

Although technology is moving forward to help dealers with F&I, there is a caveat. Although the prospects of these changes will excite dealers, but they can also frighten them dealers.

In the past many of us in the marine industry were slow to embrace business technology, and I certainly can understand this reluctance. Several years ago, I was incredulous when my IT director suggested that I incorporate an inter-office email system. "We have a small company," I said. "Why do I need to email someone who I can walk over and talk to?" Despite my skepticism, I agreed to the email system, and now we can't live without it.

Today we have several e-business websites, online resource services for dealers, and we're in the process of creating an entirely new state-of-the-art customized software system with numerous benefits for both dealers and lenders.

Assessment

Technology continues to advance at lightning speed, and the boat and motor industry must embrace the electronic business environment to remain competitive. Adapting to change is rarely easy, but once accepted, it often leads to incredible benefits.

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