

Compliance from deal start to completion

How Dealertrack solutions help your customers and your profits

Compliance oversights can be costly to your customers, your dealership's bottom line and your reputation. As you continue to execute on your 2024 goals, and look at the year ahead in a market that has experienced uncertainty with high interest rates and wavering consumer demand, it is more important than ever to make every dollar count.

Prioritizing compliance is a must in this market to avoid potentially debilitating fines that threaten profits. A culture of compliance at the dealership helps protect consumers from identity theft and ensures that all customers are treated fairly and consistently, safeguarding both the consumer's financial health and the dealership's reputation.

Dealertrack's connected DMS, F&I platform and complete suite of registration and titling solutions help promote a culture of compliance that assists your dealership in operating and staying compliant. Here's how.

Stop identity theft in its tracks

Identity theft continues to plague Americans, with the Federal Trade Commission (FTC) estimating over 1 million complaints in 2023.¹ At the same time, synthetic identity theft, a special form of fraud that combines fake information with real data to create a credit profile, is gaining traction. The FTC continues to strengthen the Safeguards Rule and at least 13 states - including California, Colorado and Virginia - recently enacted new data privacy and data security laws, with several other states considering legislation to follow suit.

Ensuring the security and confidentiality of consumers' personal information starts with your DMS. An advanced DMS helps mitigate risk from login through secure document management with built-in Multifactor Authentication (MFA) for compliant customer information protection. During the F&I process, compliance tools help detect fraud before progressing through the financing process. This can give dealerships the information necessary to avoid submitting fraudulent deal documents that trigger potential chargebacks from finance companies - up to \$15,000 per incident in potential losses.²

Protect customer cash and your dealership's reputation

The FTC estimates that illegal tactics like hidden fees during the buying process cost consumers more than \$3.4 billion each year.³ In response, the agency created the Combating Auto Retail Scams (CARS) rule to save people money and protect honest, law-abiding dealers from those who give our industry a bad name. Although pending judicial review, the Rule seems likely to go into effect in 2024.



The good news is that a complete and compliant F&I workflow, from credit to contracting and signing, can help dealers protect consumers from unfair practices while safeguarding their own finances and reputations. When compliance defense extends the length of the deal, proactive alerts and notifications help ensure compliance at every step. This includes aftermarket sales which are a ripe area for consumer misunderstanding. All user interactions are tracked and saved within the deal jacket to protect against future audits and enforcement actions.

Safeguard customer data all the way through deal completion

Increased federal and state regulations mean dealerships should expect continued scrutiny over all aspects of the business - including title and registration. Paper-based processes can potentially expose customer information to theft at the dealership or while being couriered, mailed or shipped for processing. When it comes to finalizing cross-border deals, staff may inadvertently collect too much or the wrong customer information to complete a deal, putting the dealership at risk for fines.

Electronic registration and title processes help mitigate risk because transactions are completed and securely submitted online directly to the registering state. When completing cross-border deals, staff can access an electronic checklist so they only collect the information, documents and forms needed for a particular customer and state. When you safeguard customer data all the way through deal completion, you protect your customers financial health and reduce your compliance risk.

Compliance at every step of the deal is critical for dealership's to protect customers and profits. Schedule a no-obligation demo with your Regional Sales Manager to discuss how Dealertrack's advanced DMS, F&I platform and complete set of registration and titling solutions - all with proactive support - can help you safeguard your dealership with a culture of compliance.

¹ Federal Trade Commission, Consumer Sentinel Network Data Book 2023

² Synthetic Identity Fraud in the U.S. Payment System: A Review of Causes and Contributing Factors, The Federal Reserve, July 2019.

³ <https://www.ftc.gov/news-events/news/press-releases/2023/12/ftc-announces-cars-rule-fight-scams-vehicle-shopping>

This is not meant as legal advice, and we do not purport to provide any legal or regulatory analysis. Consult with your attorney for any legal, regulatory, or compliance questions you may have.

