

# Enterprise **FINANCIAL** NEWS

LENDING  
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## 2017

CLEAR VIEW.  
CLEAR PLAN.  
CLEAR PROFITS.



Keep On Keeping On

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# KEEP ON KEEPING ON

Mark Rappaport  
President, Simplicity Division  
Enterprise Financial Group



The Consumer Financial Protection Bureau (CFPB) has not come out unscathed in the wake of the Wells Fargo scandal. While some say the CFPB's enforcement action demonstrates a need to strengthen the agency, others use the scandal as a case study to demonstrate the bureau's inept and over-reaching practices. **What's behind the controversy surrounding the CFPB on this case?** The L.A. Times broke the story of Wells Fargo deceptive practices in 2013, yet it just got the attention of the CFPB. Regulators are now asking the CFPB to account for this lapse.

In the background of all this, the Senate is scheduled to vote on legislation that could curb the CFPB's independence. While both dealers and lenders avidly await that decision, it's important to remember that the legislation does not dismantle with the bureau. And, with everything still up in the air, the best practice to undertake is to keep on overhauling your own compliance practices.

Regardless of any legislative changes, compliance will continue to be in the spotlight in the coming years. Whether the CFPB functions under more strict parameters or continues to have free reign over lending practices, we can expect them to continue to work to expand their influence.

That being said, by now, most lenders should have a fairly robust CFPB compliance program in place. This is great. Keep it up.

*Don't let your compliance initiatives slack while the CFPB is under the microscope.*

In addition, as each announcement of lender settlements comes about, it's always a good idea to compare your compliance program with the one making the news to learn from their investigation and apply those learnings to your processes.



Of course, all lenders involved in auto finance recognize that the CFPB is treading closer, regulating the retail automotive space through their institutions. With recent developments of the Federal Trade Commission clamping down on deceptive dealership practices, we can expect heavier emphasis across the board for both lenders and dealers. For this reason, it's more important than ever to foster a collaborative compliance platform for your dealer partners.

## Ask yourself:

**HOW AM I INVOLVING DEALERS IN MY COMPLIANCE INITIATIVES?**

**DO THEY FEEL INVOLVED, OR DO THEY FEEL LIKE I REPRESENT THE HAMMER THE CFPB IS METAPHORICALLY USING TO SHOVE COMPLIANCE DOWN THEIR THROATS?**

The last thing any lender should want is a combative relationship with their business partners. For this reason, I highly suggest that lenders get out and have proactive discussions with dealers around how they can work together. Just as your team needed compliance training, so do dealers. Help put them in touch with compliance training courses that will better enable dealers to maintain compliance and profitability.

*The more you work with your dealers during this time to keep your relationships strong and create a more compliant atmosphere overall, the better off you will be when dealership compliance takes a front row seat. In addition, if you help dealers address the paradox of profitable compliance, how much more likely do you think it will be for them to consider you a top lender for their business?*



With almost 40 years of experience helping dealers maintain compliance with a myriad of local, state, and federal regulations, EFG Companies knows how to bridge the compliance divide. Contact us today to get ahead of the pending compliance storm.



## EFG Companies Advances Compliance Initiative with Consumer Credit Compliance Certification

- EFG's Compliance Oversight Rated as Top Area of Performance by Dealer Partners -

DALLAS, TX (Tuesday, November 29, 2016) EFG Companies, the innovator behind the award-winning Hyundai Assurance program, today announced the Consumer Credit Compliance Certification of EFG Compliance Vice President, Steve Roennau.

The National Automotive Finance Association (NAF) specifically designed the Consumer Credit Compliance Certification Program to address the challenges faced by consumer finance companies in maintaining legal compliance in an environment characterized by ever-changing federal and state regulatory requirements. It provides compliance professionals with a deep working knowledge of the federal laws and regulations that govern consumer credit along with an overview and general examination of state consumer credit law.

Coupled with EFG's AFIP certification of its dealer services field team, this certification further demonstrates EFG's commitment to addressing the number one "stay-awake" issue for dealers. Going forward, EFG will utilize these certifications to help its clients create a governance model to assure ongoing compliance. This will include acting as a facilitator, training on compliance best-practices, educating clients on the magnitude of what lenders are facing, and preparing them for future compliance initiatives.

*"Compliance with both state and federal regulatory requirements is a critical priority in our dealer partners' businesses; and, with pressure from entities like the CFPB, it continues to increase in complexity" said John Pappanastos, President & CEO, EFG Companies. "In our recent client satisfaction study, our dealers rated Compliance Oversight as one of EFG's top 3 areas of performance. We are committed to continuing our investment in, and the pursuit of, educational and training opportunities that will enable us to facilitate an even higher level of operational compliance on the part of our dealers."*

# COMPLIANCE







With four intensive training modules reviewing everything from typical state laws to CFPB initiatives, the NAF program enhances EFG's ability to positively impact the long term success of its clients. "Beyond the value of the sheer knowledge, the Consumer Credit Compliance Certification qualifies me to serve as a compliance officer in a lending institution. As you can imagine, this is a critical perspective that can be brought as a significant benefit to our dealer and finance institution partners," said Roennau. "Our goal is to position ourselves ahead of upcoming changes so we can proactively inform and prepare our clients."

*The National Automotive Finance Association is the only trade association exclusively serving the non-prime auto finance industry. Their mission is to lead the way in building a forum of transparency and trust for all industry stakeholders, and to set the standard in cooperation and collaboration that results in an industry that produces transparent and fair finance solutions.*



For close to 40 years, EFG Companies has developed products to protect consumers from the risks associated with costly vehicle mechanical breakdowns. As a product administrator, EFG provides innovative solutions to generate non-interest fee income, drive auto loan volume and mitigate risk for our lender partners. EFG is the only product administrator awarded the ASE Blue Seal of Excellence, and the only administrator to be certified as a Center of Excellence by Benchmark Portal – a customer service designation that less than 10% of companies evaluated achieve. EFG's field team is 100% AFIP-certified and is the only product administrator with a dedicated Certified Consumer Credit Compliance Specialist. Find out how our 40 years of working side-by-side with F&I managers can help you achieve your goals.

## DO COMPLIANCE DISCUSSIONS WITH YOUR DEALER PARTNERS FEEL LIKE TALKING TO A WALL?



### BREAK THE COMMUNICATION BARRIER WITH EFG!

Increase auto loan volume and non-interest fee income through our:

- 40 years of direct dealership expertise;
- custom-bundled ancillary products that ensure CFPB compliance;
- comprehensive training; and,
- award-winning engagement.

*COMPLIANCE: AS EASY AS E-F-G*

Stop losing loan volume,  
call EFG today!

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Close to 40 Years of F&I Product Knowledge

As featured in:



# LOCKING DOWN DATA SECURITY



Barry Carter  
Chief Operating Officer  
Enterprise Financial Group

**W**e see news headlines daily.  
*Credit Card Company Suffers Data Breach*  
*Personal Information Potentially Compromised at*  
*Major Retailer*  
*Hackers Target Customer Data at Major Lender*

These revelations send consumers scurrying to check their statements and update passwords. But what about data security in the retail automotive F&I office? **Dealers work with a significant amount of consumer confidential information, including social security numbers, pay stubs, utility bills and more.** In addition, the majority of dealers in the U.S. have migrated to web-based platforms for conducting business, especially with regards to credit applications. Data security is mission critical to successfully conducting business in today's market.

Not only are dealers managing an increased volume of consumer data, more entities are interested in what dealers are doing with that data. Regulatory agencies including the Federal Trade Commission (FTC), the Securities and Exchange Commission (SEC) and the Consumer Financial

Protection Bureau (CFPB) are actively investigating data security practices. In fact, the CFPB recently emulated the FTC's enforcement theory on unfair, deceptive or abusive practices, and could penalize companies for employing "unreasonable" data security practices.

**Some would say the risk of a data breach at a dealer is higher than at traditional financial institutions** because dealerships do not invest in the latest updated computer systems – or regularly monitor their existing systems for data breaches. How important is data security - and what steps can you take to "lock down" your information technology infrastructure?

## But First...Let's Talk About Accounting

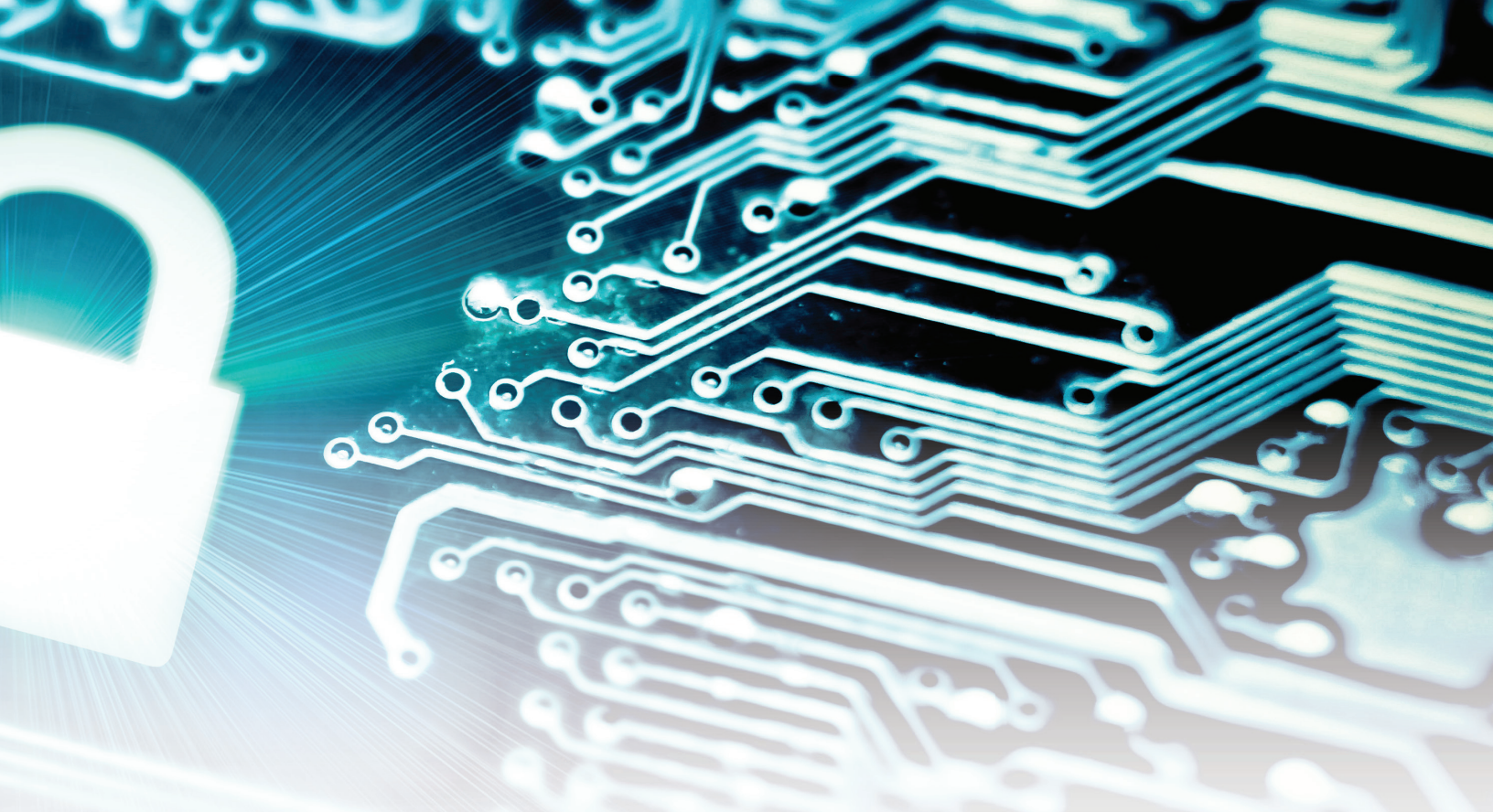
We recently completed a Service Organization Control 1 (SOC 1) Certification under the Statement of Standards for Attestation Engagements 16 (SSAE 16) guidelines from the American Institute of Certified Public Accountants (AICPA). **SSAE**

**16 is the most widely-recognized standard providing companies with a method for reporting information about the design and operation of internal systems and controls relating to privacy and security regulations.** SOC 1 reports are designed to certify whether a company utilizes uniform and reliable safeguards as a processor of data belonging to their clients and customers.

That sounds like a bunch of gobbledygook – so let's break it down into something meaningful for a dealership principle.

There are numerous rules and regulations which your accounting department deals with on a daily basis. For example, public companies fall under the "Public Company Accounting Reform and Investor Protection Act" or SOX. There are also a number of provisions of the Act that apply to privately held companies, including the willful destruction of evidence to impede a Federal investigation. In addition, Sarbanes Oxley requires that companies show





effective internal controls covering financial reporting. Conformance to these regulations is proven via an audit process. AICPA has created a series of auditing standards for service organizations that strive to review and certify that an organization is properly reporting their financial details. The SSAE 16 effectively replaced Statement on Auditing Standards (SAS) No. 70 in 2011 as the defacto audit tool. A SOC 1 Type 1 report is an independent snapshot of the organization's control landscape on a given day. The AICPA relies on independent third-party auditors, certified to conduct these audits and deliver reports on the performance of both public and private service organizations. So in essence, we have an accounting industry group - AICPA - that has established a series of measurements - SSAE 16 SOC 1 - to judge the financial reporting of a given company - EFG Companies or your dealership.

## F&I Components Under Review

For the purpose of EFG's audit based on our F&I product portfolio, our SSAE 16 audit reviewed the following components:

**Contracts** - data included customer name, coverage type, renewal date and cost

**Claims** - data included claim review/coverage, repair facility, cost, deductible, parts companies and customer authorization

**Payments** - data included customer or provider electronic payment

**Reporting** - data included daily reporting on earnings, claims, commissions, reinsurance, and profit

included our information technology infrastructure and application system. Your dealership audit framework might include some similar components, but would be customized for your data critical areas.

Numerous control areas and departments were also involved in the audit. Human resources, information technology, call center, sales, and accounting participated in the pre-audit and audit review process. In addition to the functional workings of the IT and application systems, the SSAE 16 audit team also reviewed important - yet difficult to quantify - control areas:

**Integrity and ethical values**

**Commitment to competence**

**Management's philosophy and operating style**

**Human resources policies and practices**

**Organizational structure and assignment of authority and responsibility**



Our work with the SSAE 16 audit team, feedback from customers and partners, and input from our internal teams created the framework for the review. These four areas comprise the mission critical portion of our business - and contain the data with greatest impact in the event of a security breach. The scope of the review



# EFG Companies Receives Top Client Satisfaction Recognition in National Research Study

- 95 Percent of Clients Would Proactively Recommend EFG -

DALLAS, TX (December 6, 2016) EFG Companies, the innovator behind the award-winning Hyundai Assurance program, today released the results of its most recent dealer services client satisfaction study, in which EFG's Net Promoter Score\* ranked higher than Nordstrom, USAA Banking and Insurance, Ritz Carlton, JetBlue, Apple Laptops, Amazon and Netflix.

Among the key findings of EFG's client satisfaction survey conducted by national research firm Troubadour Research and Consulting, EFG's performance was rated highest in those areas that are considered the most important among the company's client base: compliance oversight, engagement, and F&I training. On a scale of one to ten, where ten is the highest for attributes in a given area, dealers ranked EFG as

**9.6 for account representative engagement;  
9.7 for compliance oversight; and,  
9.2 for F&I training.**

Research study participants noted the high quality and depth of EFG's account service team as one of the company's greatest strengths, describing EFG as a true partner with "skin in the game" who cares about their account and is focused on maximizing compliant profitability. Training and compliance were deemed as the most critical service provided, along with reinsurance. EFG was rated:

**98%**

of EFG's clients stated that EFG representatives are F&I education and compliance leaders.

**96%**

of clients regarded EFG overall as an expert of the F&I landscape.

**96%**

of dealers stated that EFG understands the performance drivers of their F&I organization.

**95%**

believed that EFG has expert knowledge about government regulations and economic trends that affect their business.

EFG Ranked Higher than:



jetBlue

NORDST

amazon



*"Once again, results were impressive. From our interviews with dealer principals, EFG is universally viewed as a partner, not a vendor," said Stephanie Vance, Troubadour's Chief Research Officer. "This is also reflected in the customer service metrics, which are not only outstanding overall, but are strongest in the areas that are most important to dealers."*

Troubadour Research and Consulting conducts national research with brands such as USAA, JetBlue, Apple and Netflix. In administering EFG's client satisfaction study, they analyzed qualitative and quantitative metrics from dealer principals, finance managers, general managers, and F&I directors.

*"Our partners' feedback is an invaluable driver in the evolution of our business as we constantly work to provide the most effective engagement at the executive level to directly impact our partners' profitability and growth," said John Pappanastos, President and CEO, EFG Companies. "We are constantly asking ourselves if there is a better, more proactive way to accomplish our partners' goals. This requires a commitment to empirically measuring our efforts by soliciting direct, objective input on our effectiveness as a whole."*

In the qualitative analysis, recurring comments from dealer principals said the following about EFG:

*"I have a very proactive relationship with my rep and VP. It's an open door all the way up to John P. Anything we need, EFG is here for us. There's not one thing I've asked for that EFG hasn't supplied."*

*"We don't want to be the guy on the 10 o'clock news fined for non-compliance. EFG is a good partner in that area. They keep us informed and we don't finalize a deal until every piece of paperwork has been done perfectly."*

*"I would hate to think I had to run these two stores without EFG in the deal. I could do it cheaper, but it doesn't matter what the rates are. These people are class acts. They're the kind of people I want to go to dinner with, and just have a real partnership."*

\* Net Promoter Score (NPS) is a metric developed by Satmetrix to measure customer experience and predict business growth. Satmetrix is a customer retention consultation service that combines software, data, and 10 years of expertise in business consulting to drive results.

FROM  
NETFLIX



THE RITZ-CARLTON®

# Know Your Market

## Think Like an F&I Manager

With Subprime Market Intelligence from EFG, you always know the latest market trends without doing the extra legwork.

Let us do it for you!

**MANAGER**

**PROBABLY NOT**

According to the 2014 Makovsky Wall Street Reputation & Financial Services Company Executives Report:

- 81%** believe the financial crisis continues to have a major effect on stakeholder perceptions of their companies
- 64%** say negative perception of the industry affected their company's reputation over the last 12 months
- 27%** is the average business loss in the last two years as reputation and customer service issues persist

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Straight to  
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To sign up simply  
email your name  
and title to:  
[info@efgusa.com](mailto:info@efgusa.com)



☺  Good  
☹  Average  
☹  Bad

# CFPB

## A Year in Review

**A** lot has happened with the Consumer Financial Protection Bureau (CFPB) in the past year. From large settlements to court rulings, the CFPB brought itself under the spotlight.

Let's start at about this time last year. The House of Representatives passed H.R. 1737, the "**Reforming CFPB Indirect Auto Financing Guidance Act**" with a strikingly majority vote of 332-92. The piece of legislation would direct the CFPB to amend how it issues guidance to indirect auto lenders by:

**Providing a public notice and comment period before issuing the guidance in final form;**

**Making publicly available all information relied on by the CFPB, while also redacting any information exempt from disclosure under the Freedom of Information Act;**

**Consulting with the Board of Governors of the Federal Reserve System, the Federal Trade Commission, and the Department of Justice; and,**

**Study the costs and impacts of the guidance to consumers, as well as women-owned and minority-owned small businesses.**



In addition, the bill would nullify the CFPB's **"Indirect Auto Lending and Compliance with the Equal Credit Opportunity Act Bulletin"**. This bulletin instructed lenders to either eliminate dealer pricing discretion, or constrain dealer pricing discretion by monitoring dealership practices and using **"controls"** to force dealerships to adjust their practices.

With the bill not yet ratified, the CFPB went on to investigate Toyota Motor Credit Corp (TMCC) and in February, 2016, forced TMCC to join the growing list of lenders to cap dealer markup at **125 basis points** for loan terms up to **60 months**, and **100 basis points** for loan terms longer than **60 months**. After this last large settlement, the CFPB turned their attention to payday loans and title loans, and later, credit unions.

Flash forward to September, 2016, when the CFPB started feeling the pressure shortly after announcing a **\$185 million** settlement with Wells Fargo for creating fake accounts. It came out that Wells Fargo's practices were known and reported about by the L.A. Times nearly three years prior to the investigation. This called into question the CFPB's methods and investigation timelines.

This was quickly followed by an October surprise. The U.S. Court of Appeals for the District of Columbia Circuit ruled against the CFPB in a case involving a finance company in the mortgage space, rescinding a \$109 million enforcement action and calling the CFPB **"unconstitutionally structured."** In the ruling, Judge Brett Kavanaugh described the CFPB's structure as **"novel" with a single director who only answers to the President. Kavanaugh wrote that the structure "poses a far greater risk of arbitrary decision making and abuse of power, and a far greater threat to individual liberty, than does a multi-member independent agency."**

And, now we move to the Senate Bill S. 2663, which represents the next phase in last year's **House Bill H.R. 1737**. The industry is eagerly waiting to see if the Senate will ratify the bill or send it back to the House of Representatives for revisions. With the next general session planned for January, 2017, we still have some time to wait.

However, the CFPB is not waiting. In fact, they recently began using more tried-and-true federal investigation methods, including mystery shopping. Mystery shoppers pose as consumers and apply for loans to test the lenders for discrimination. This has been used by the Federal Trade Commission and Department of Justice for decades as a valuable tool to determine compliance. Going forward, we can expect the CFPB to broaden their compliance tool kit with more methods that have been approved and well utilized by other entities.

**As a lender, what can you do? Essentially stay the course!** Ensure all your processes are documented. Utilize a compliance officer that has been trained under programs such as the National Auto Finance Association. Train your employees on your compliance procedures and have processes in place to determine individual compliance. Remember, consistency is key. Maintain processes that make compliance part of the routine in your institution and conduct random compliance audits to ensure all processes are followed consistently by everyone. This should be done on at least a monthly basis. Lastly, focus on customer service. You'll tend to find the institutions that have the best customer service tend to also maintain strict compliance. The two practices simply go hand-in hand.

A good tactic is to treat every customer as if they are a mystery shopper by providing best service possible to every person who goes to your website, uses your mobile app, or walks through your doors. Work equally as hard for each customer you see to get them the best deal for their financial situation.

*Remember, if you have documented process, work them, and audit them, you should have nothing to worry about. The further along the road to compliance you can get the better prepared you will be in the event of an audit. The CFPB isn't waiting for legislative changes to take effect and neither should you.*



With almost 40 years of experience helping dealers maintain compliance with a myriad of local, state, and federal regulations, EFG Companies knows how to bridge the compliance divide. Contact us today to get ahead of the pending compliance storm.

# A REVOLUTION IS COMING



John Stephens  
Sr VP, Dealer Services  
Enterprise Financial Group

**C**an you remember the last time you walked into a fast food restaurant and they filled your drink order? It was a short few years ago when the restaurants started handing you a cup and you dispensed the ice and your drink of choice. The shift happened as consumers demanded a better, quicker experience. Now, order kiosks are being introduced to eliminate further wait time.

While established dealership vendors have built iPad and Docupad platforms to improve the overall customer experience in the transition to F&I, this segment of F&I technology is about to burst with robust competitive offers. Startups are now beginning to appear on the scene with full online financing capabilities. In addition, manufacturers are now investing in online financing technology.

***In December of 2015, AutoNation launched its first online financing offering, allowing customers to value a trade-in vehicle, determine payments and apply for credit.***

***In June of 2016, CarMax, Inc., the biggest U.S. used car dealer, announced the rollout of a new online financing initiative to help customers pre-qualify for financing before entering the dealership.***

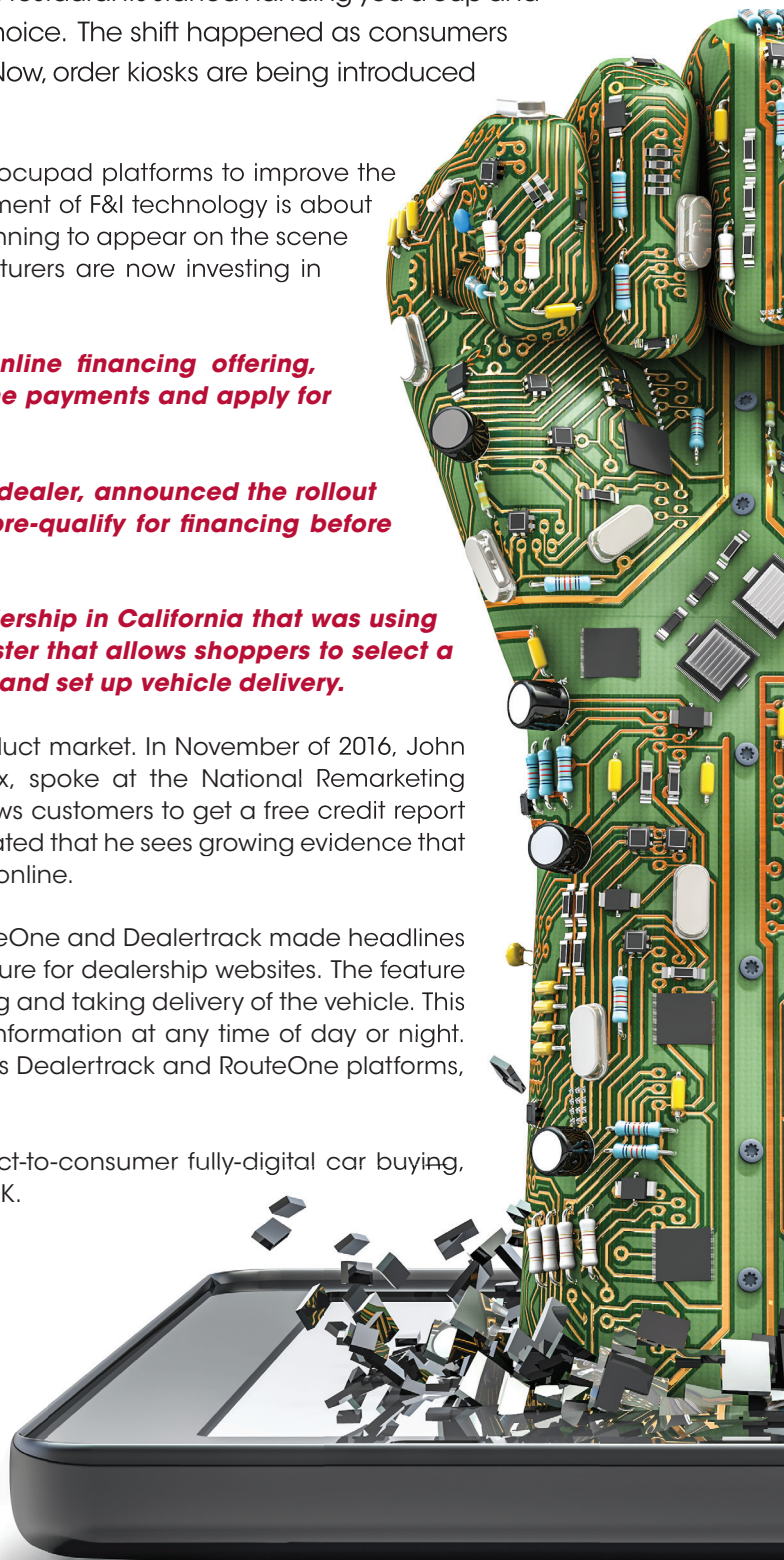
***In October of 2016, Automotive News reported on a dealership in California that was using Express Storefront, an online-buying platform from Roadster that allows shoppers to select a vehicle, get approved for credit, sift through F&I options, and set up vehicle delivery.***

Even Equifax is dipping their toe in the online financing product market. In November of 2016, John Giamalvo, the vice president of dealer services at Equifax, spoke at the National Remarketing Conference, discussing his company's soft-pull tab that allows customers to get a free credit report without affecting their credit. In his presentation, Giamalvo stated that he sees growing evidence that car shoppers are ready to do more of the financing process online.

Also in November, a partnership between Drive Motors, RouteOne and Dealertrack made headlines with a collaboration that resulted in an online checkout feature for dealership websites. The feature allows customers to structure their deal online before finalizing and taking delivery of the vehicle. This creates a 24/7 sales funnel, where customers submit their information at any time of day or night. The information automatically populates into the dealership's Dealertrack and RouteOne platforms, saving an enormous amount of time in the store.

Now, Hyundai is entering the fray, announcing its own direct-to-consumer fully-digital car buying, financing, and home delivery portal being launched in the UK.

While we are slightly ahead of the fast food industry in some respects, it's becoming clear that the evolution of the auto dealership is about to go into hyper-drive. The horizon of someone perfecting the kiosk for automotive sales/F&I/service is not decades away, and the industry will follow quickly. As more capital is being funneled into financing technology, it's important that dealerships begin addressing how this technology will change their business model.





Just because customers will be able to structure their deal online doesn't mean sales and F&I personnel won't be necessary. So what's going to change?

## **Qualifications for New Hires**

In the coming years, sales and F&I personnel will need savvy technology skills. The internet sales department will expand, while traditional sales roles will morph as more customers look to complete more of the total sales effort online. This has the potential to bring in more Generation Y and Z talent, as they are the two most tech-savvy generations to date. Considering that dealerships have struggled to attain and retain Gen Y in a more traditional sales role model, this new model could help open up greater opportunity within this demographic.

## **Road to the Sale Training**

As customers self-select and qualify themselves for the vehicles they want, sales personnel will have the opportunity to move more quickly along the steps in the road to the sale. They will, of course, start with building rapport and establishing a business relationship. However, salespeople will be able to go right into asking for the sale and overcoming objections based on using data from the customer's vehicle selection and deal structure. In addition, they can use the deal structure as a baseline for negotiations. Then, they will turn the customer over to finance as the finance manager will still need to confirm the correct information, provide any regulatory notices, and submit the loan application to the lender.

## **F&I Training**

The F&I process will remain largely the same, however it will move at a faster pace. Having a preliminary deal structure complete before the customer is turned to F&I will speed up the overall F&I process, as most of the customer's down time in a dealership is directly related to the F&I manager pulling together all the necessary paperwork. After introductions are made and information is verified, the manager can move right into submitting the deal and preparing the menu. Because customers have already reviewed the products and self-selected the ones they want, the manager can tailor their menu presentation to the ones the customer left off the deal. They'll give a more in-depth overview of those products, respond to objections, and get a commitment.

## **Lender Relationships**

Lastly, as everything becomes more streamlined, cultivating lasting lender relationships will become more prominent in the F&I office. It will be all too easy to let deal submissions and approvals be automated. However, F&I managers need reliable lenders for those customers who can't get qualified online, or who might have missing information in their deal. The automation of the F&I process should help free up F&I manager time to manage contracts-in-transit, and ensure they have the most up-to-date lender criteria and are meeting each lender's goals for look-to-book. Remember, the better the relationship with the lender, the more likely they are to extend credit to those customers that fall outside their criteria.



While technology and automation is coming to the sales and F&I process, it's important that dealers, sales and F&I managers focus on how that technology will benefit them. Sales and F&I personnel will still be needed, with slightly different training and skills sets. Those who are in the business today will have the opportunity to train on the technology as it evolves. While younger competition will creep up, those who are proactive in implementing and learning how to work with automated processes will have a leg up in a business environment that is much more focused on the customer.



# EFG Companies Fortifies Dealer and Lender Data Security Through SSAE 16 SOC 1 Certification



EFG's Continued Leadership in Both Compliance and Technology Sets Industry Bar for Customer Service Excellence

## LOCKING DOWN DATA SECURITY CONTINUED FROM PAGE 7

While we would all like to believe that our computers and information storage/transmission systems are responsible for our data security, it's the people behind those computers and information systems that are ultimately responsible. The effectiveness of your processes is only as successful as the people applying those processes. Those employees – and the management supporting them – must be committed to possessing the knowledge and skills necessary to keep the IT system secure. And while the employees are the hands-on owners, **management is responsible for honestly assessing risk and taking appropriate action to safeguard the company and its clients.** The loop is closed when management provides those employees with the tools necessary for successful security – and the authority to responsibly do their job.

There is an old saying when it comes to computer science and IT – garbage in...garbage out. When evaluating your dealership's data security, resist the temptation to only evaluate the hardware. Review your people system as well, and make sure they have the tools and knowledge to competently guard your data.

## Thoughts and Actions for Dealership Management

This process may seem too much to undertake. Honestly, we spent hundreds of man-hours in the pre-audit and audit review. Why did we do it – and why should you? The SSAE examination proved to ourselves and our clients that we had the necessary processes in place to ensure that critical personal and confidential financial information was secure. It also provided the confidence to know that in the event of some unforeseen occurrence affecting our technology, our business will continue to run in a secure and uninterrupted manner. This is extremely important to ensure our clients can continue running their businesses effectively. We now know we can weather any type of data breach or security hack and our clients' information will not be compromised.

The second reason we undertook this process was to ease the compliance burden for ourselves and our clients. As both dealers and lenders continue to feel significant compliance pressures from government regulators, **working with partners that are SSAE 16 SOC 1 certified will give them better footing in demonstrating data privacy and security compliance.** While lenders frequently undergo data security audits, it can be expected for dealers to begin receiving audit requests from a host of regulatory agencies such as the CFPB in the coming years. It is also likely that lenders will pay closer attention to data security – and their partner's policies and processes. As a dealer principal, knowing that your valuable consumer data is secure provides a strong measure of padlock protection, and enables you to strengthen your relationship with your lender partners.



*While EFG was pleased to achieve this certification, our work in this area is not final. The same holds true for any other entity engaging in the audit process. Those who seek to undermine data security barriers will continue to advance their technology. And we, on the other side of that barrier, must also continue to fortify our protection. Unfortunately, it's the world we live in.*



For close to 40 years, EFG has set the example in servicing its clients. EFG is the only product administrator awarded the ASE Blue Seal of Excellence, and the only administrator to be certified as a Center of Excellence by Benchmark Portal – a customer service designation that less than 10% of companies evaluated achieve. EFG's field team is 100% AFIP-certified and is the only product administrator with a vice president with a Consumer Credit Compliance Certification from the National Automotive Finance Association. The company's stalwart commitment to superior client engagement is delivered through its proprietary portfolio of products and services that increase penetration, fortify compliance, and drive maximum F&I profitability.



800-527-1984

[www.efgcompanies.com](http://www.efgcompanies.com)