

## **Putting lenders in the driver's seat for better vehicle finance**

*Ensuring consumer affordability and stopping fraudsters is possible with the right checks*

When it comes to major financial choices, buying a vehicle is second only to purchasing property. In an environment where household budgets are under increasing strain from high interest rates, economic pressures for consumers loom large. "Facilitating access to vehicle financing for legitimate customers is a pivotal responsibility for businesses. In the pursuit of profitability and customer satisfaction, lenders face the often daunting task of safeguarding themselves against potential fraud and internal mismanagement in conducting proper Know Your Customer (KYC), credit, and affordability checks," says Sameer Kumandan, Managing Director of [SearchWorks](#), South Africa's largest and most innovative data aggregation platform that allows users to conduct live, accurate searches on individuals and companies, and in-depth KYC checks online.

Consider a common scenario: A prospective client approaches a dealership seeking to purchase a car with what appears to be legitimate identification documents, proof of address, and bank statements in hand. Unbeknownst to the dealership, the client may be using stolen or falsified credentials. In the haste to expedite the transaction and accommodate the customer, critical verification checks may be overlooked or rushed, leaving the business vulnerable to fraudulent activity.

"Such situations highlight the crucial need for access to accurate and current consumer data. Therefore, businesses providing credit should utilise comprehensive data-driven tools to improve the efficiency and precision of credit and KYC checks at every opportunity," explains Kumandan. He says that by embracing modern technologies and employing a suite of data-driven solutions, businesses can mitigate risks, streamline processes, and ensure that credit is extended only to legitimate customers who meet the requisite affordability criteria.

"As financial complexities and heightened regulatory scrutiny mount, businesses cannot afford to place robust credit and affordability checks on the back burner. These processes are essential not only for safeguarding the interests of lenders but also for consumers and their financial stability", notes Kumandan.

He adds that the following checks can help eliminate internal oversights and stop potential fraudsters in their tracks.

- **Credit checks:** A credit check is vital for showing a consumer's repayment reputation and any adverse information that would be of interest to a lender before extending vehicle finance.
- **Vehicle registration check:** This search provides lenders with information on any additional vehicles owned by an individual and forms part of the National Credit Act (NCA) check.
- **ID verification check:** A verification check should be non-negotiable to establish authentic identity.
- **Income estimator:** A crucial element in ascertaining affordability
- **Trace check:** This includes a consumer's address, employment and contact information.
- **Account verification:** Confirmation that banking information provided by an individual is accurate and true.

Kumandan says the importance of reliable and up-to-date consumer data cannot be overstated. "Lenders that prioritise access to comprehensive data insights are better equipped to mitigate risks, streamline processes, and uphold the highest standards of integrity and diligence in extending credit to consumers."

SearchWorks offers 160 different search types and gives instant access to over 20 data sources, including all credit bureaus in South Africa allowing lenders to perform ID and bank account verifications, asset valuation, live tracing on individual records and batch tracing for multiple records at once; credit, past employment, property and directorship searches; and have access to an income estimator on a new client, all within the confines of the law.

Ultimately, the goal is to facilitate transactions while promoting responsible lending practices that contribute to long-term financial stability for both businesses and consumers alike. "By embracing a holistic approach to credit assessments and affordability checks, lenders can strengthen trust, mitigate risks, and foster mutually beneficial relationships with their customers. It's a win-win for everyone involved," says Kumandan.

Ends.

