



Consumer Finance Programs in the Current Economy

With the credit markets tightening up everywhere, businesses are finding it difficult to get customers approved for financing through their current consumer finance programs. Many of the big banks that are players in the retail finance industry are also players in the mortgage industry as well as other sectors that are not performing to par. This has forced them to tighten up on credit and take a much more conservative approach when deciding who to approve and in what markets they want to continue to offer financing in. This is bad news for businesses as less approvals means less sales and revenue and for many businesses no financing means NO REVENUE.

Fortunately there are solutions to this problem. This situation has created an excellent opportunity for smaller finance companies like Caduceus Banc, as well as indirect lenders and other debt buyers to step in and fill the void. Typically these institutions find it difficult to compete with the big boys on pricing so they typically take on the role of a 2nd look option for a business's customers. Many of these small finance companies and debt buyers aren't regulated the same ways as the big banks like GE, Citi, Wells Fargo, Chase, etc so they can remain versatile and can approve a wide range of credits even in tough economic times.

Using smaller finance companies and debt buyers will solve a business's approval rate problems and can provide great consumer finance programs but not without a price. These institutions have a higher cost of funds than the big banks and usually higher overhead so the programs are more expensive in terms of discounts. However, it is far less expensive than having a customer walk out the door because you can't get the financing for them.

Our office has been flooded with calls from businesses experiencing consumer financing trouble, but fortunately we are able to help them. No one knows how long this credit crunch will last. The businesses that survive will be those who find acceptable alternative finance solutions.