

Timely payments key to preventing repossessions

90 per cent of payments being caught up

VeriPay Ltd, New Zealand's pioneer and market leader in "Pay-to-Use" credit enhancement solutions, reports that it has experienced a more than 200% increase in the uptake of its service since the end of last year, and that it is currently installing its products on more than \$1 million worth of vehicle loans per week.



TERRY VERHOEVEN

Managing director, Terry Verhoeven, says that the increase is in part due to the collapses of National Finance, Provincial Finance and Western Bay Finance, which seems to have woken the industry up to exploring alternative, more effective, lending and collection processes.

According to Verhoeven, many second and third tier lenders say that they have been finding traditional 'manual' collection methods becoming less effective than in the past and that defaulters are exhibiting an increasing immunity to the "phone calls and letters" approach still used by most collections departments.

The VeriPay solution replaces the lender's 'first line' of collections activities with a mini computerised device called ON TIME® which is installed into a borrower's vehicle and made a condition of the loan. ON TIME functions as an electronic receipt system advising the borrower what their account status is at all

times.

Using visual and audible prompts, the system orchestrates to remind the driver each time a payment has fallen due, issues a series of warnings whenever a payment has been missed, and immobilises the vehicle

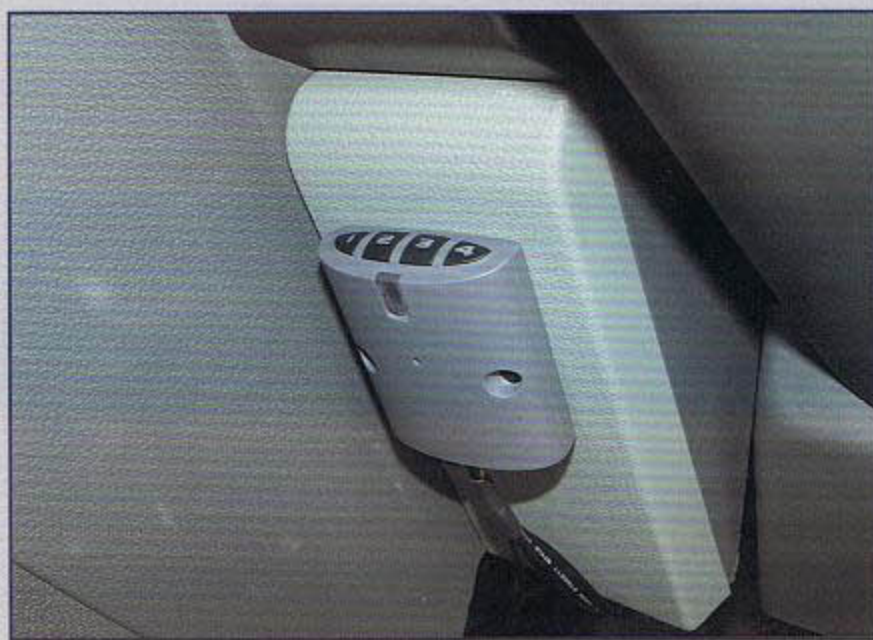
if the borrower's account remains in arrears. A thank you message is even played for the borrower each time the lender receives a due payment.

"VeriPay® is an extremely effective antidote to the procrastinating payer" explains Verhoeven. "By giving the borrower positive reinforcement each time they make a successful payment, and by being the 'squeakiest of wheels' whenever a payment is missed, our solution places the car payment right at the top of the priority list in their weekly budget.

"Since a defaulter cannot get more than one payment behind and still be driving their car, VeriPay effectively trains the borrower to 'eat the elephant one bite at a time', so to speak.

This approach of "coaching" people through their loans is proving to be very effective and suits the lifestyle of the credit-impaired customer".

VeriPay reports that companies using its service are typically experiencing that more than 90% of



missed payments are being caught up before any 'manual' collection activity needs to take place, with some reporting a 3% or better arrears rate.

Verhoeven issues a caveat on the system's success though: "Our solution is not a substitute for good lending practices. It only keeps people on track with their payment

obligations if the pre-condition of affordability and an intention to pay exist."

For a comprehensive introduction to VeriPay's Priority Payment Assurance service or to enquire about a demonstration of the ON TIME system, visit VeriPay's website: www.veripay.co.nz

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development and innovation featuring high on his list of strategic objectives in response to on-going changes in the market, in legislation and the industry, and makes a final comment: "We won't be sitting back waiting

for change to affect us – we will be doing our best to position ourselves to be at the forefront of our industry, providing Autosure dealers with the best products, systems and services for their business".

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