



White Rose Corporate Finance

Fast Competitive Finance Solutions

Guide to Retail Finance



- **What is Retail Finance and how can it help your business?**

Retail finance is the offering of credit facilities or stage payments to suitable creditworthy customers.

It can be put into place for any retailer so long as these customers are individuals rather than businesses.

By offering easy payment options this facility is designed to reduce any financial objections your customers may have to purchasing your goods, not only allowing them to buy, but encouraging them to spend more and build up a customer loyalty that will ensure they come back to spend again.

At White Rose Finance partner with and market for a number of specialised Retail Finance underwriters. We specifically target the smaller businesses and potentially new start-up concerns and we enable the small business to compete with the large established chain stores on equal terms. For a long time, it was a facility only available to these bigger companies but whatever the size of your company we look to arrange a retail finance package that will benefit your business.

Then, as your business develops, we work with you to improve your retail finance provisions and increase the level of credit throughput.

In short, offering Retail Finance facilities to your customers can help your business by reducing financial objections, help you to close more business, increase your margins, speed up cash flow and improve your market share.

Please note that all retail finance schemes operate under the 1974 Consumer credit Act and require you to hold a valid Consumer Credit License.

- **The two main schemes – Interest Free & Interest Bearing Credit**

We offer you two options on the main retail finance schemes, *Interest Free* credit and *Interest Bearing* credit. It is entirely at your discretion which of these schemes you wish to use. You can, of course, offer both, maybe at different times during the year to achieve your marketing goals.

When you offer credit facilities to your customers essentially you are offering them a loan. This loan is paid for by interest that is charged either to you or the customer.

With the *Interest Free* option you subsidise this payment for your customer. In other words, they pay for the product only, and you pay for the interest by way of the discount on the product as a means to entice them to purchase.

Take for example a £600 product with an 8% retailer subsidy. On interest free they pay £600 for the product and you pay the 8% (£48) and therefore receive a remittance of £552.

With the *Interest Bearing* option the customer pays both for the product and for the loan itself by paying the interest that will vary depending on rate and period.

In both cases you as the retailer get this money straight away. In both cases the customer gets the option to pay for his product over a period of time but this may incur interest charges.

With the *Interest Free* option the period is usually shorter (6-12 months) compared to *Interest Bearing*, where it can be anything up to 5 years. Therefore the payments on *Interest Bearing* will be more in total over the entire period but will generally be less each month.

Using the same example as above a customer opting for £600 on *Interest Free* for 6 months will pay £100 per month.

If they opt for £600 on *Interest Bearing* at 12.9% APR over 24 months they will pay £28.30 per month and £679.20 in total.



- **Consumer Credit Act**

To offer any form of credit you as a retailer must be in a possession of a valid ***Consumer Credit Licence*** (CCL) and the contact details for application for this are shown below. The CCL is provided by The Office of Fair Trading and currently takes circa twenty working days to be dispatched once you have made an application.

The type of business you are will dictate which form you need to complete and what fee you will need to pay to get your CCL application processed.

White Rose Finance is happy to assist you in your application for a CCL. We can also, as part our service, assist by arranging personal loans purely on a referral only basis, using our own CCL, whilst you are waiting for your application to complete. It is very important that you do not directly offer, quote or broker credit services until you hold a valid CCL

This interim referral facility will not be a complete retail finance service but can certainly help you to bridge the gap before receiving your own CCL

**Office of Fair Trading
Consumer Credit Licensing Bureau
Craven House
40 Uxbridge Road, London W5 2BS
<http://www.offt.gov.uk/default.htm>**



- **On-Line Application Facilities**

Within the next few months, for our established and active retailers with sufficient turnover, we plan to make available online credit application facilities.

The most advanced and sophisticated computer retail finance system in the UK.

The on-line service is designed to eliminate the existing paper-based system and if you are dealing with customers over the phone or in your store, you can access an online page. Your sales staff can then input customer information, receive a decision online almost instantaneously and print out the completed credit form that can be signed and sent directly to the underwriters.

Secondly, if you are dealing with a customer through your own web site the customer will be able to get a decision online and will be able to print off the agreement themselves and send it back directly to the respective underwriter. You the retailer will be notified by email of the decision to offer credit, you can then contact the customer to arrange shipment of the goods once payments are received.

Another powerful benefit of this online system is that credit decisions can be made any time of the day or night, so a late night online shopper can impulse buy and have the documents off in the first post next day. Eventually, a system of electronic signatures is inevitable so the postal system is removed altogether, but this is further into the future

**White Rose Finance Group Ltd
Ousegate Business Centre, Ousegate, Selby, York YO8 3UE
Telephone: 0845 838 1954 Fax : 01757 700693**



- **Making an application for retail finance**

The easiest way to make an application for a Retail Finance facility is to use our website and under the **Retail Finance** section there is a link to submit an online application. Simply complete the two pages and the information that you provide us will indicate whether we can underwrite your business and what rates and conditions we can offer you.

The link below will take you directly to the application form on our web site:
http://www.whiterosefinance.com/services/retail-finance/application_form.php

If you prefer to complete a hard copy of the form the last two pages in this guide represent the application form that you can complete and either fax or post back to us as below.

- **Our Services and Terms and Conditions**

White Rose Finance Group will quickly and efficiently package and process your application to set up a Retail Finance Facility and we aim to provide an underwriting decision to you within 48 hours. In all cases a scheme set up fee is charged to you the Retailer to implement the scheme but only when you are accepted as a Retailer. This fee covers initial administration, underwriting costs, marketing costs and business forms etc. to implement the facility. The fee is non-refundable even in the event that you decide not to process Retail Finance business thereafter once accepted on to the scheme.

Once a Retail Finance scheme is in place every case application that you submit for approval is underwritten on an individual 'case by case' basis against normal credit checks that our underwriters will make. Neither White Rose Finance Group or any of our underwriting partners can guarantee that any individual application for credit finance facilities will be approved.