Driving payment efficiency for your dealership

Putting your treasury team behind the wheel could be key to riding out an uncertain economy.

Global Payments & Liquidity

Introduction

Industry challenges on the rise

The auto industry has seen more than its fair share of volatility, and not just in recent months. Economic uncertainty is as old as the industry itself, shaping not just costs, but also how sellers adapt to changing technologies and buyer preferences.

While challenges in the auto industry are hardly a new phenomenon, the nature of said challenges has evolved exponentially. Where past decades brought labor concerns, industry consolidation, and shifting safety and environmental standards, today's macroeconomic environment is more global in nature, bringing newer challenges in the form of supply chain volatility, tariffs, inflation, foreign competition, and a potential shift to electric vehicles.

In many ways, the challenges faced by auto dealers are a reflection of the broader economy — a bellwether of sorts as companies across all industries look to their cash flows to stay solvent in uncertain times. Importantly, more localized, industry-specific concerns can shape how modern sellers adapt to financial strain.

> *"Economy has frequently nothing whatever to do with the amount of money being spent, but with the wisdom used in spending it."*
>
> — Henry Ford

What's slowing down auto sellers?

For auto dealers, some of the biggest challenges with regard to maintaining a steady cash flow are:

- Continued use of paper checks: Impacts payables efficiency and working capital metrics
- Surcharging challenges: Makes it difficult to balance customer convenience with margin recovery
- ACH return risk: Creates hesitancy to adopt electronic payments
- Overreliance on branch banking: Burdens staff and cuts in to available working hours
- Inadequate fraud controls: Puts dealerships at risk for significant financial losses
- Floor plan costs: Elongated days in inventory strains credit and available liquidity

While these challenges are not wholly exclusive to the auto industry, they are nevertheless persistent, limiting many dealerships' ability to maintain the cash flow they need to withstand growing pressure from events they cannot control.

Putting treasury in the driver's seat

Treasury teams play a crucial role in staving off the worst effects of strained finances, as they are tasked with maximizing cash flow, even when profit margins can be razor thin. In many ways, your treasury staff are the unsung heroes of the back office, doing ever more with increasingly less.

When raw capital is a limited commodity, implementing best practices in your treasury operations can make the difference in whether your dealership has the financial resources it needs to withstand growing pressure. This means **automating payables, optimizing receivables, stemming fraud losses**, and **creating a strong liquidity buffer** that puts your idle cash to best use.

Automating payables

Dealerships are much like the cars they sell — large, small, and midsized. This means that regional sellers might face different capital constraints than larger national chains. There are also technical limitations inherent to the dealer management systems (DMS) used by many dealerships across the U.S. As a result, many dealerships have very manual, very expensive, and somewhat out-of-date practices when it comes to managing outgoing payments.

Regardless, there are relatively simple improvements that dealerships of all sizes can put into place immediately. These improvements range from automating paper-intensive tasks to adopting faster payment methods that can help reduce friction and drive customer satisfaction in the car buying process.

Transition from paper to electronic

One of the most stubborn barriers to effective payments automation is the auto industry's continued reliance on paper checks. Not just recently, but for decades, checks have been proven to be a time-consuming and expensive choice for payers, with many companies starting to phase out check usage entirely.*

* Association for Financial Professionals. 2025 AFP Digital Payments Survey Comprehensive Report.

By contrast, electronic payment options such as ACH can help you make several payments all at once, with batch payments being less expensive to issue than individual paper checks.

Notably, ACH does not require check stock, printing or postage costs. The payments also settle much faster — in as little as one day — carry far less fraud risk, and can be simpler to reconcile, as they often carry remittance data you can use to track and close out transactions more quickly.

Additionally, some forms of electronic payments, such as commercial cards, have the added value of cost mitigation in the form of early payment discounts, potential rebate, and positive working capital through the reduction of Days Payable Outstanding (DPO).

Automating accounts payable tasks has the potential to make processing cycles **73%** faster and lower processing costs by approximately **81%**.

Source: Association for Financial Professionals. 2024 AFP financial operations guide to automating accounts payable processing.

Go from fast to faster

Just like cars, payments are capable of remarkable speed when their full potential is unleashed. Consider faster payment vehicles such as the Zelle®* network, which facilities settlement within minutes for enrolled payees.

* Zelle and the Zelle-related marks are wholly owned by Early Warning Services, LLC and are used herein under license.

But if fast is good, instant is even better, as instant payment networks such as RTP®† and FedNow® are able to deliver payments in seconds as opposed to minutes.

† RTP® is a registered trademark of The Clearing House Payments Company, L.L.C.

These fast and faster payment methods are not only popular with consumers, but are gaining steady adoption among corporates, particularly retailers, as they significantly decrease lag time for refunds and other one-off "nuisance" payments.

Leverage your in-house platform

Key to meaningful automation is the ability to integrate electronic payments directly into your system of record. Many commercial DMS platforms enable this automation through file-based integration, exports, or application programming interfaces (APIs). Methods vary depending on your system and available IT resources, but banking partners typically provide consultative resources that can assist you in incorporating electronic payments and helping you maximize the use of, and investment in, your existing DMS or your accounting system.

Optimizing receivables

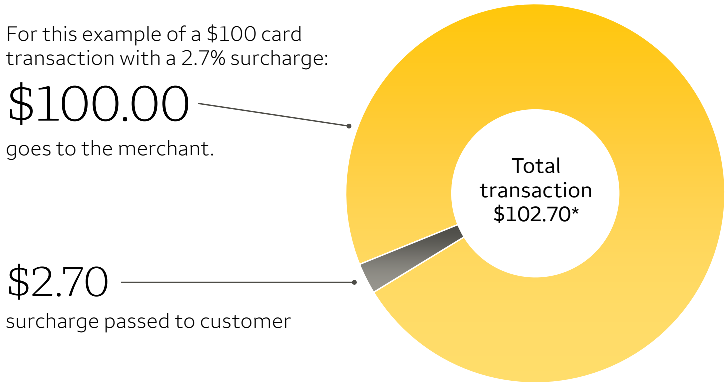
Surcharge responsibly

There is a notable hesitancy among retailers to apply surcharges, specifically when it comes to striking the right balance between placating consumers and protecting your margins. No one can afford to cut off credit cards as a payment choice. Yet absorbing the interchange burden is simply unfeasible, especially as profit margins grow tighter with inflation.

Now, more than ever, dealerships need to seek guidance from their banking partners to successfully navigate compliance-driven nuances such as fee disclosures as well as state- and federally mandated surcharge limits.

An experienced treasury consultant can also help you develop a well-rounded strategy that might include:

- Automating the surcharging process within your DMS or accounting system of record
- Implementing consumer transparency and communication
- Encouraging lower-cost consumer payment methods like debit cards
- Training staff on how to respond to customer questions and potential pushback



* For illustrative only. Amounts paid can vary depending on many variables including transaction size, industry, location, pricing model, and card type (such as credit, rewards, commercial). This example was based on a credit card transaction with a qualified interchange rate.

Reduce the risk of ACH returns

Electronic payments such as ACH bring a lot to the table in terms of not just payables automation, but also receivables efficiency. Yet many dealerships remain wary of ACH given the somewhat elevated risk of ACH returns. This is unsurprising, considering how many things can trigger a return, be it insufficient funds on the part of payer, keying errors, or invalid and outdated account information. But the result is the same — collections left uncollected, which can cause budget shortfalls and working capital constraints.

While no small issue, it is hardly insurmountable. Treasury teams can work with their treasury consultants to reduce ACH return risk, lower the costs of acceptance, and reduce float.

Operate on your time instead of branch time

The maxim that old habits die hard is seldom more evident than in the persistence of branch banking. While branches are a staple of any trusted banking relationship, they should be used thoughtfully, and sparingly, given the need for receivables speed. While full cash payments might be infrequent, there is still plenty of cash on hand, whether through service payments, auto parts, rentals, or reservation fees. And this cash needs to be converted as quickly as possible into usable capital.

Given restrictive operating hours, limited staff time, and even fuel costs, a branch run is not always the best way to deposit cash. By contrast, **smart safes** and **cash vault** arrangements provide immediate conditional credit while transferring liability to a contracted armored carrier. They also provide better security, enabling you to safely hold then remove cash from your locations — without burdening your staff with the transport risks.

Even **checks can be securely deposited** from the safety of your back office using scanners that capture check images and deposit totals.

In summary, reducing your dependence on branches can help dealerships of any size improve security, make better use of staff time, and maximize operating hours.

Automate reconciliation tasks

Matching incoming payments to outstanding invoices is no doubt time consuming for most treasury teams. Nor is it a good use of resources, considering your team is expected to bring strategic value to your operations, rather than wasting time on tasks that are largely administrative.

With the advent of machine learning and the rapid adoption of AI, dealerships with a heavy receivables burden can now explore receivables tools that reassociate payments automatically and feed the information to a DMS or other in-house accounts receivable (AR) system. With advanced AR capabilities, dealerships also have the potential to improve cash application rates, which helps to increase both efficiency and cash flow.

Stemming fraud losses

Auto dealers make particularly attractive targets for all types of fraud, be it common check fraud or more sophisticated cyberattacks. In fact, fraud losses are hitting the auto industry hard, with the auto industry suffering approximately **$7.2 million** in losses in 2025 alone.*

* Auto Finance News. Bush, Aidan. Auto lending first-party fraud losses hit $7.2B in 2025 - Auto Finance News. April 9, 2026.

Given the nature of the auto business — multiple types of payment flows, high-ticket purchases, and a wealth of financial information on file — it is no surprise that fraudsters are exploiting even the smallest vulnerabilities.

Preventing fraud losses before they happen, rather than simply hoping to recoup them, is therefore paramount when protecting your dealership's profitability.

Help protect against payments fraud

Check fraud is by far the most common type of payments fraud. According the Association for Financial Professionals, check fraud impacted 58% of survey participants in 2025.* And while check fraud is the most prevalent, there are also high occurrences of ACH, wire, and credit card fraud, implying that no type of payment is foolproof.

* Association for Financial Professionals, 2026 AFP® Payments Fraud and Control Survey Report.

However, if there can be good news on the fraud front, there are several types of fraud prevention tools designed to prevent payments fraud before it happens:

- **Positive pay:** Matches presented checks against information submitted in a check issue file
- **ACH fraud filter:** Lets through only preauthorized ACH debits
- **Proxy account numbers:** Can be given to remitters in place of actual account numbers
- **Account validation services:** Confirms the account owner before sending a payment

These are comparatively modest steps any dealership can take to help decrease the risk of significant fraud losses.

Stay on guard against cyberattacks

While losses from payments fraud can certainly add up, larger-scale cyberattacks can be catastrophic for dealerships. Some of the most common forms of cyberfraud include:

Business email compromise (BEC):

Impersonating a vendor, trusted trading partner, or even company executive to convince an employee to issue a fraudulent payment

Account takeover:

Tricking an employee into disclosing online banking credentials for the purpose of installing malware

Phishing:

Purchasing stolen or leaked company data then spoofing legitimate email communications to obtain sensitive personal information

While more severe in nature, cyberattacks are not inevitable. You can effectively mitigate the risk through:

- ✓ Staff education and awareness
- ✓ Dual custody and approvals for large transactions
- ✓ Frequent monitoring of account activity
- ✓ Regular fraud reports and alerts

In addition to establishing best practices around cyber fraud, business partners such as banks, security firms, and technology companies are constantly working to raise awareness and improve existing security methods. There are also visible, continued improvements in fraud prevention tactics such as multifactor authentication, tokenization, and data encryption.

Create a strong liquidity buffer

Since the lows of the Covid-19 pandemic, many dealerships have seen their inventories bounce back in recent years. But with growth comes greater expense in the form of higher floor-plan financing costs — at a time when credit availability is already tightening.

With short-term debt on the rise, dealerships are more pressured than ever to make better use of idle cash. In fact, many dealerships are employing aggressive liquidity strategies to help cover payables obligations and release trapped operating capital.

Regardless of the credit and broader economic environment, there are liquidity optimization tools that treasury teams can and should deploy to counter the credit crunch. Namely, **subaccounting strategies** that consolidate transactions from various billing entities, **cash concentration services** that aggregate balances to offset deficits, and **overnight investment sweeps** that pay interest on unused balances.

Floor-plan expense per vehicle rose in 2025 by roughly **35%**, due mostly to higher interest rates and slower turnover.

Source: Hidder, Thomas L. “Floor-Plan Financing for Auto Dealers: Trends, Structures & What’s Changing.” November 24, 2025.

The good news

Solutions are outpacing problems

Financial volatility is baked in to almost every facet of running a business. Auto dealerships are no exception, with many of your peers actively finding ways to adapt and mitigate the most disruptive effects. Whether the answer is time savings through automation, disciplined cash flow strategies, or greater care in managing runaway costs, your bank or other trusted partner can work with you to implement the treasury tools you need to lessen the impacts of events of economic uncertainty.

TLM-202607019504