Experian
Learning Day

København, Lyngbyvej 2

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25 februar 2020

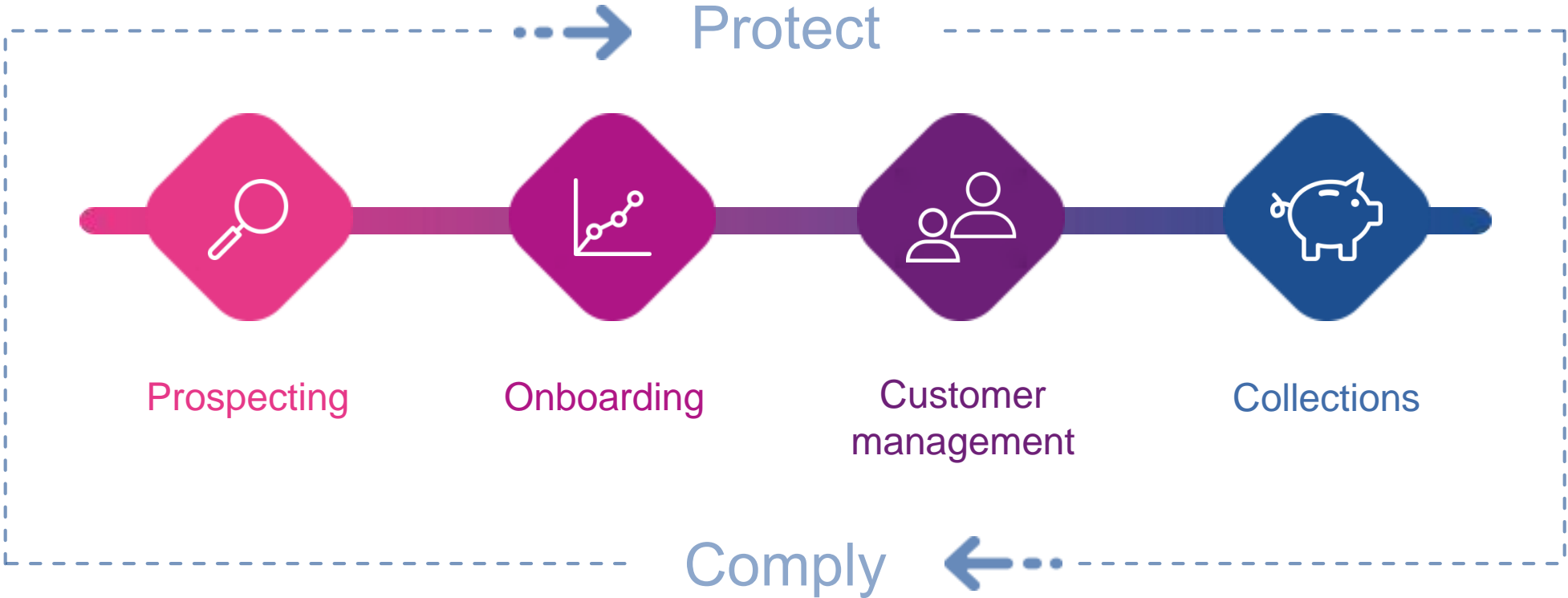# Collections

Jakob Færgeman, Global Consultant

Glen Østergaard, Analytics Consultant
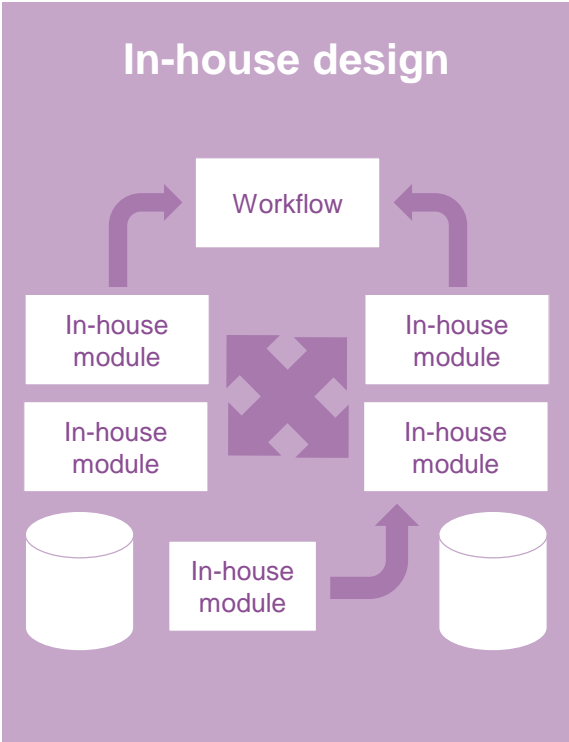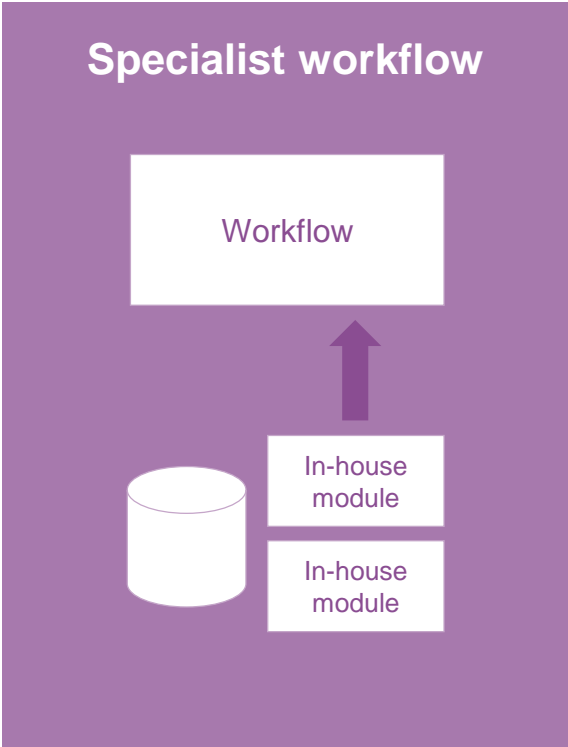
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Hele din kunderejse på en dag

Protect

Prospecting

Onboarding

Customer management

Collections

Comply

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Vi skal tale om Collections / Inddrivelse

Collections

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How has the evolution for Collection been within the last 5 decades?

1970-80'S

In-house design

Workflow

In-house module | In-house module | In-house module | In-house module | In-house module

1980-90'S

Specialist workflow

Workflow

In-house module | In-house module

1990-15'S

Specialist workflow and separate decision engine

Workflow

Decision Engine

>2015

Integrated model

Decision Engine and Workflow Integrated

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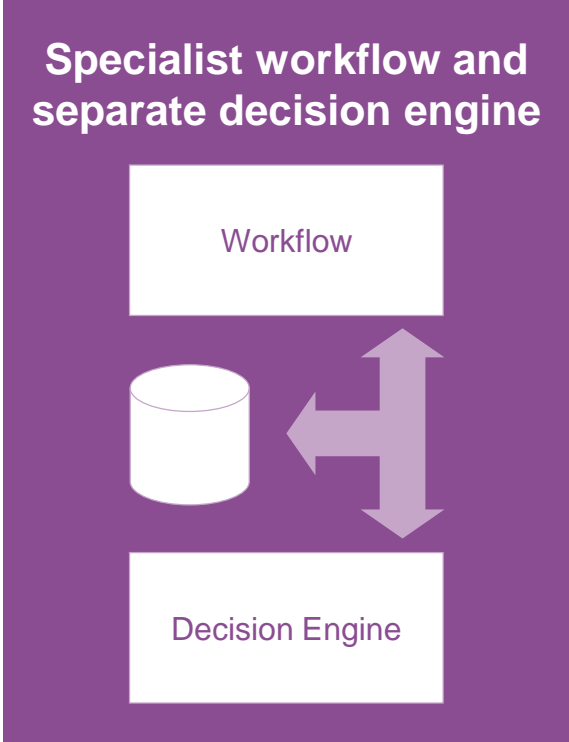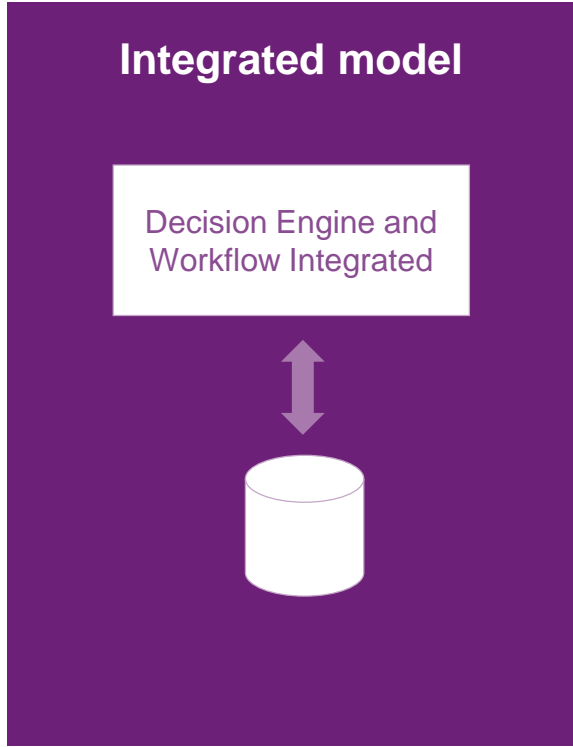
Debt Collection Industry Trends to Look Out for in 2020

By the end of 2020, research shows, that consumers will manage 85% of the relationship between themselves and a business without interaction with a human.

Using newer technologies, may offer greater efficiency, convenience and privacy.

The challenges facing the collections industry – can you recognize any of these topics?

Lack of current contact information of

Lack of Automation

Regulations

What is your biggest collections challenge?

Please go to www.Menti.com to join the vote

using
information

cking the ability to collect
from a significant number of debtors

Lack of Technology

Lack of Collections Strategy

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Decide your strategies by segmenting your Collection Customer

It´s typical for the collections process to be split into different areas
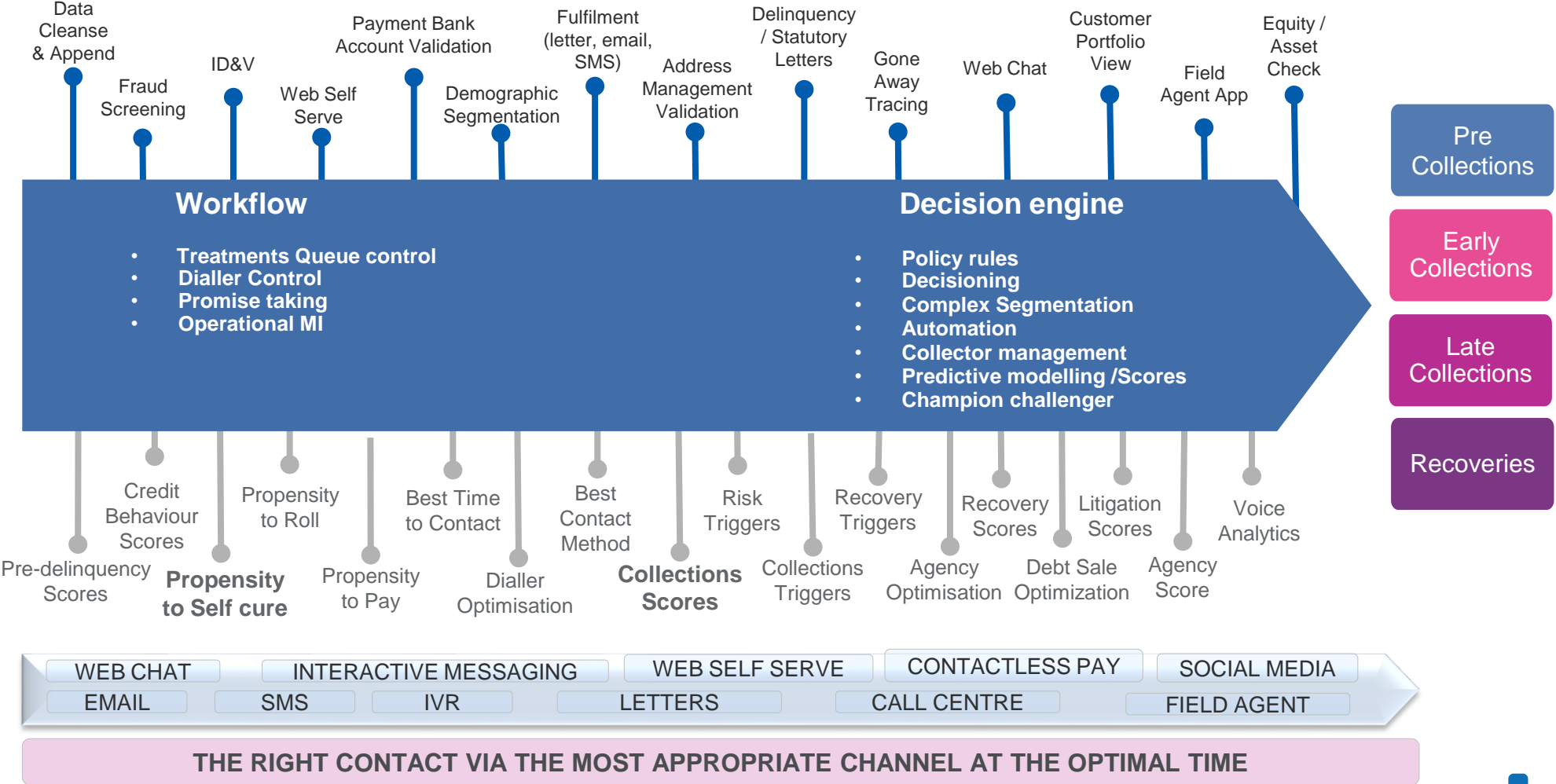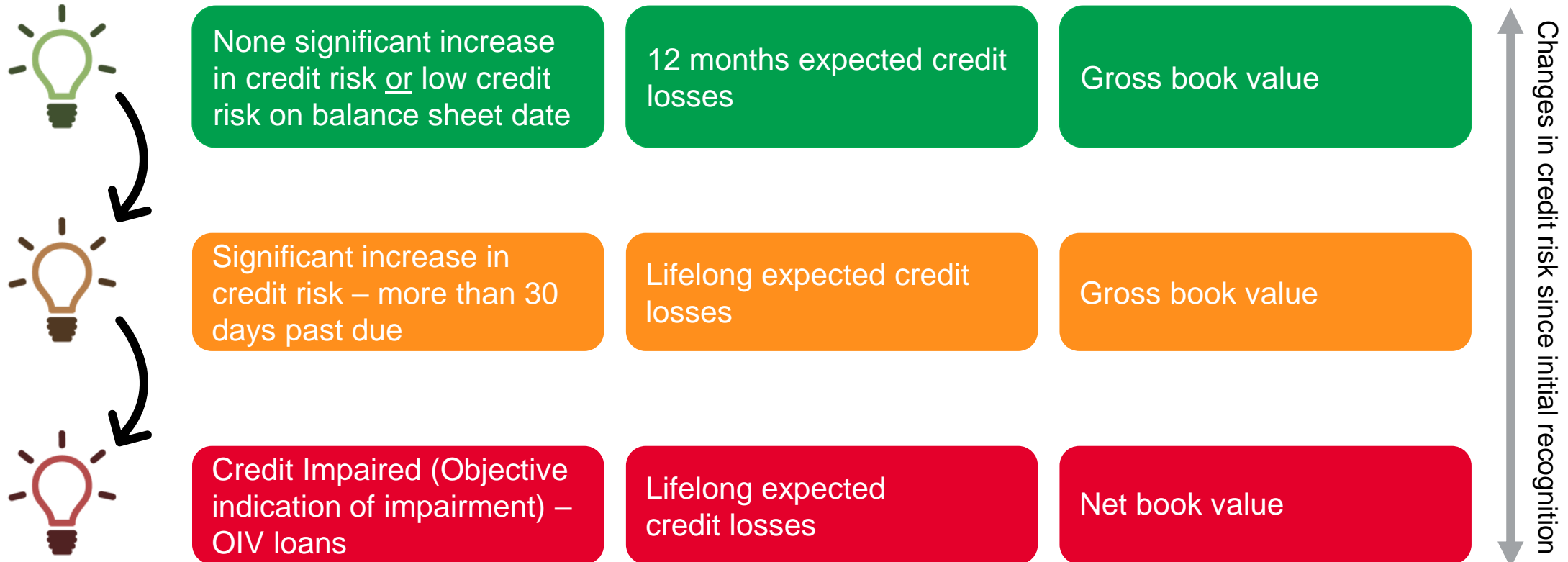
Pre-Delinquency

Early Collection

- -

Mid-Collection   Late Collection

- -

Legal Collection

The next generation of Collection model

Top labels (left to right):
Data Cleanse & Append · Fraud Screening · ID&V · Web Self Serve · Payment Bank Account Validation · Demographic Segmentation · Fulfilment (letter, email, SMS) · Address Management Validation · Delinquency / Statutory Letters · Gone Away Tracing · Web Chat · Customer Portfolio View · Field Agent App · Equity / Asset Check

Workflow

- **Treatments Queue control**
- **Dialler Control**
- **Promise taking**
- **Operational MI**

Decision engine

- **Policy rules**
- **Decisioning**
- **Complex Segmentation**
- **Automation**
- **Collector management**
- **Predictive modelling /Scores**
- **Champion challenger**

Bottom labels (left to right):
Pre-delinquency Scores · Credit Behaviour Scores · **Propensity to Self cure** · Propensity to Roll · Propensity to Pay · Best Time to Contact · Dialler Optimisation · Best Contact Method · **Collections Scores** · Risk Triggers · Collections Triggers · Recovery Triggers · Agency Optimisation · Recovery Scores · Debt Sale Optimization · Litigation Scores · Agency Score · Voice Analytics

Right side:
Pre Collections · Early Collections · Late Collections · Recoveries

Channel bar:
WEB CHAT · INTERACTIVE MESSAGING · WEB SELF SERVE · CONTACTLESS PAY · SOCIAL MEDIA
EMAIL · SMS · IVR · LETTERS · CALL CENTRE · FIELD AGENT

THE RIGHT CONTACT VIA THE MOST APPROPRIATE CHANNEL AT THE OPTIMAL TIME

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The consequence of IFRS9 (/regulatory changes?)

None significant increase in credit risk <u>or</u> low credit risk on balance sheet date	12 months expected credit losses	Gross book value
Significant increase in credit risk – more than 30 days past due	Lifelong expected credit losses	Gross book value
Credit Impaired (Objective indication of impairment) – OIV loans	Lifelong expected credit losses	Net book value

Changes in credit risk since initial recognition

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How does data help develop the most effective pre-delinquency strategies?

Late Payer	Slow Payer	Financial Stress	Life Event
Good Customer	Frequent and/or habitual slow payer	High levels of debt on own book/elsewhere	Previously good customer
Previous good payment history	May be "juggling" finances	Frequent or habitual slow payer	Life event severely compromises ability to pay
One-off late payment (holidays or forgot to pay)	"Knows" the reminding process	May also be min payer/heavy cash user	Account usage behaviours may precede delinquent behaviours
High propensity to self cure	Can "play the system" up to a relatively late stage before paying	High likelihood of "falling over	Behaviour elsewhere may also be precursor to delinquency
Will pay when reminded			

Experian is building models, which can identify the probability to enter collections and therefore determine the treatment strategy

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How can you identify the self cure customer from the ones who pose significant risk of default?


High Balance →

High self-cure probability ↑

Leave to self-cure	Leave to self-cure	Medium
Leave to self-cure	Medium	High
Medium	High	High

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Traditional collections strategies and analytics have become outdated

The traditional approach to collections **fails to capture the holistic view of the customer**

The single channel outbound calls **restricts effectiveness and agility**

Balance

Risk Score
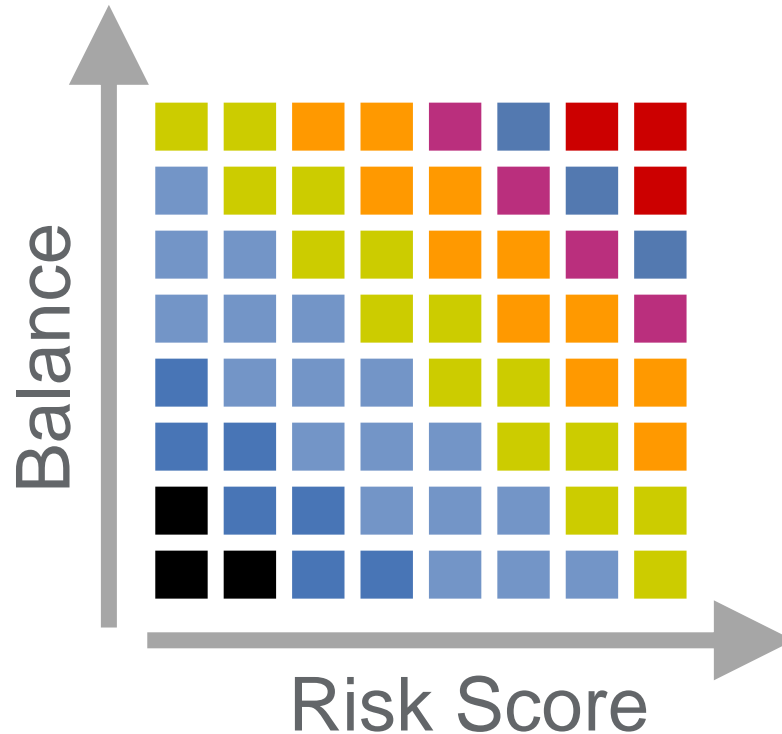
1	Immediate high intensity outbound calling
2	Call day 1; medium / high intensity
3	Call day 1; medium intensity
4	Call day 1; low intensity
5	Leave to self cure; call day 5, low intensity
6	Leave to self cure; letter day 5, call day 10
7	Leave to self cure; letter day 10, call day 20
8	Leave to self cure; letter day 20

Organisations that lack integrated machine learning driven analytics within scalable, multi-channel automated collections decisioning face increased costs, risks and losses

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Test and Learn – Champion Challenger – how to determine the relevant KPIs

General Delinquency Rates

- Delinquency rates by cycle
- Forward Roll Rates

Effectiveness Rates

- Promise made kept Ratio
- Promise kept Ratio
- Amount collected per hour

Contact Rates

- Right Party Contact Rate

Coverage Rates

- Workable accounts ratio
- Penetration ratio

Dialler Frequency

- Monthly attempts per account
- Service Level of answering calls within 20 seconds
- Call abandon rates

Quality KPIs

- Staff Attrition
- Training Time

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How Experian increased the amount collected from Early Collection with 80%

Experian Collection solution map

Data

Analytics

Software

Expertise

Global Network
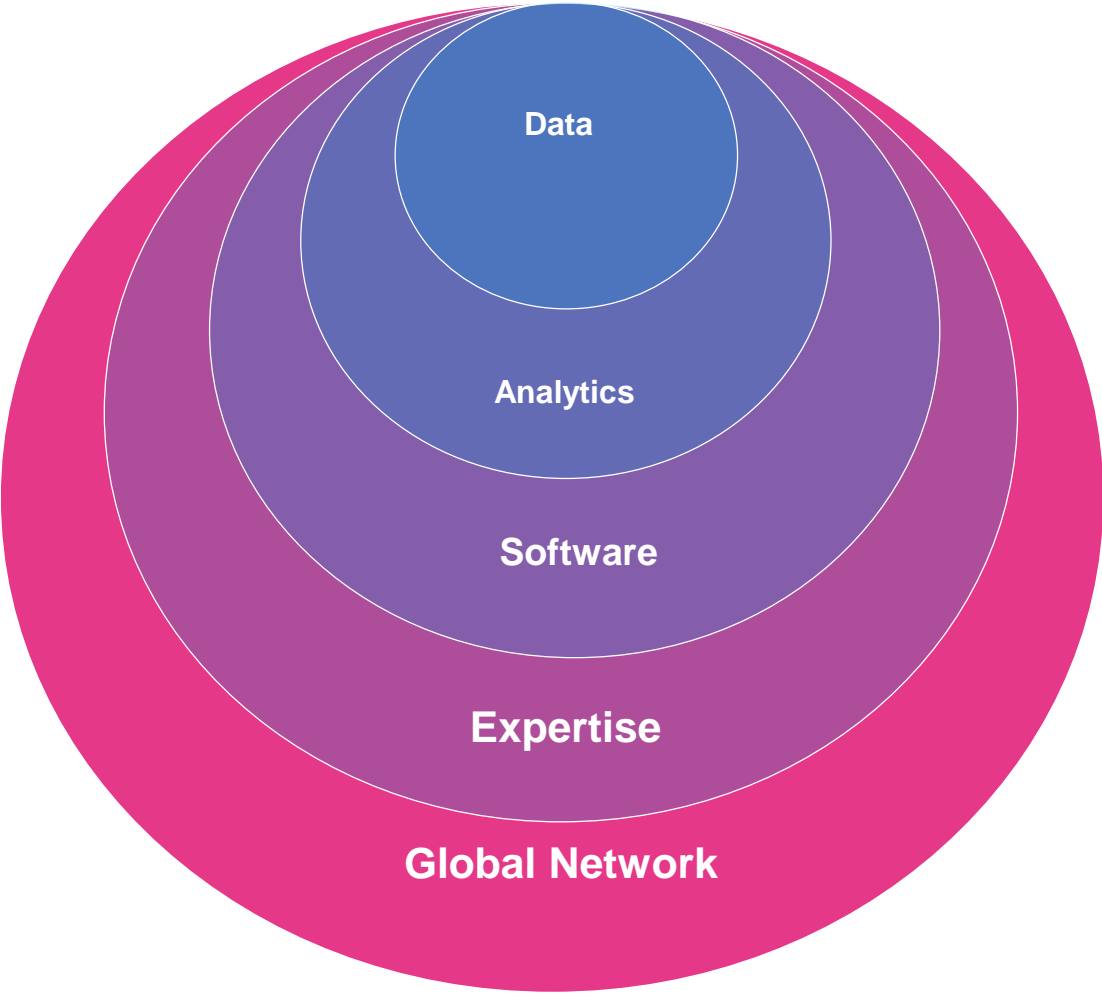
Early collections management

Identify financial vulnerability with data

Active collections management

Protect portfolio profitability and deliver your customer experience promise

Data:
Bureau Data, Collection scores & Triggers

Consultancy:
Analytics

Software:
PowerCurve Collections, including ACE framework for AI model deployment, AIVA for customer engagement and Assisted Strategy Design

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Takeaways

Ultimately, your goal is to

- Don´t reply on antiquated systems (clumsy workarounds or excel spreadsheets)

- Speed up your collections process

- Accurately diagnosing and treating the signs of pre-delinquency

- Not only invest in tech – but investing in the **right** tech, with focus on the customer

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Thanks for today, please feel free to contact:

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Glen.Ostergaard@experian.com

Find din næste session:

Tidspunkt	Breakout-session og talere	Mødelokale
08:30	**Morgenmad og registrering**	Foran Konferencelokale 1 og 2
09:00	**Velkomst og intro** Bo Rasmussen, Experian	Konferencelokale 1

Breakout-session 1

Tidspunkt	Breakout-session og talere	Mødelokale
09:15	**Onboarding** Matthys Rossouw, Experian	Konferencelokale 2
09:15	**Customer Management** Michael Jensen og Søren Molander, Experian	Mødelokale N, Stueetagen
09:15	**Collections** Jakob Færgeman og Glen Østergard, Experian	Mødelokale B, Stueetagen
09:15	**Vækst og innovation** Jon Marius Bru, Experian	Mødelokale C, Stueetagen

Breakout-session 2

Tidspunkt	Breakout-session og talere	Mødelokale
10:15	**Beskyt din forretning** Jon Marius Bru, Experian	Konferencelokale 2
10:15	**Customer Management** Michael Jensen og Søren Molander, Experian	Mødelokale Y, Stueetagen
10:15	**Compliance** Kaare Smit, Experian	Mødelokale X, Stueetagen
10:15	**Fra indsigt til handling** Mikkel Lykke Platz, Experian	Mødelokale B, Stueetagen

Tidspunkt	Breakout-session og talere	Mødelokale
11:00	**Pause** Tag en kop kaffe og et lækkert stykke kage på vej til din næste session! Kage og kaffe kan findes foran det lokale du befinder dig i.	

Breakout-session 3

Tidspunkt	Breakout-session og talere	Mødelokale
11:15	**Onboarding** Matthys Rossouw, Experian	Mødelokale O, Stueetagen
11:15	**Vækst og innovation** Jon Marius Bru, Experian	Konferencelokale 2
11:15	**Collections** Jakob Færgeman og Glen Østergard, Experian	Mødelokale Y, Stueetagen
11:15	**Fra indsigt til handling** Mikkel Lykke Platz, Experian	Mødelokale B, Stueetagen

Tidspunkt	Breakout-session og talere	Mødelokale
12:00	**Frokost og networking**	Foran Konferencelokale 1 og 2
12:30	**Tak for i dag!**	