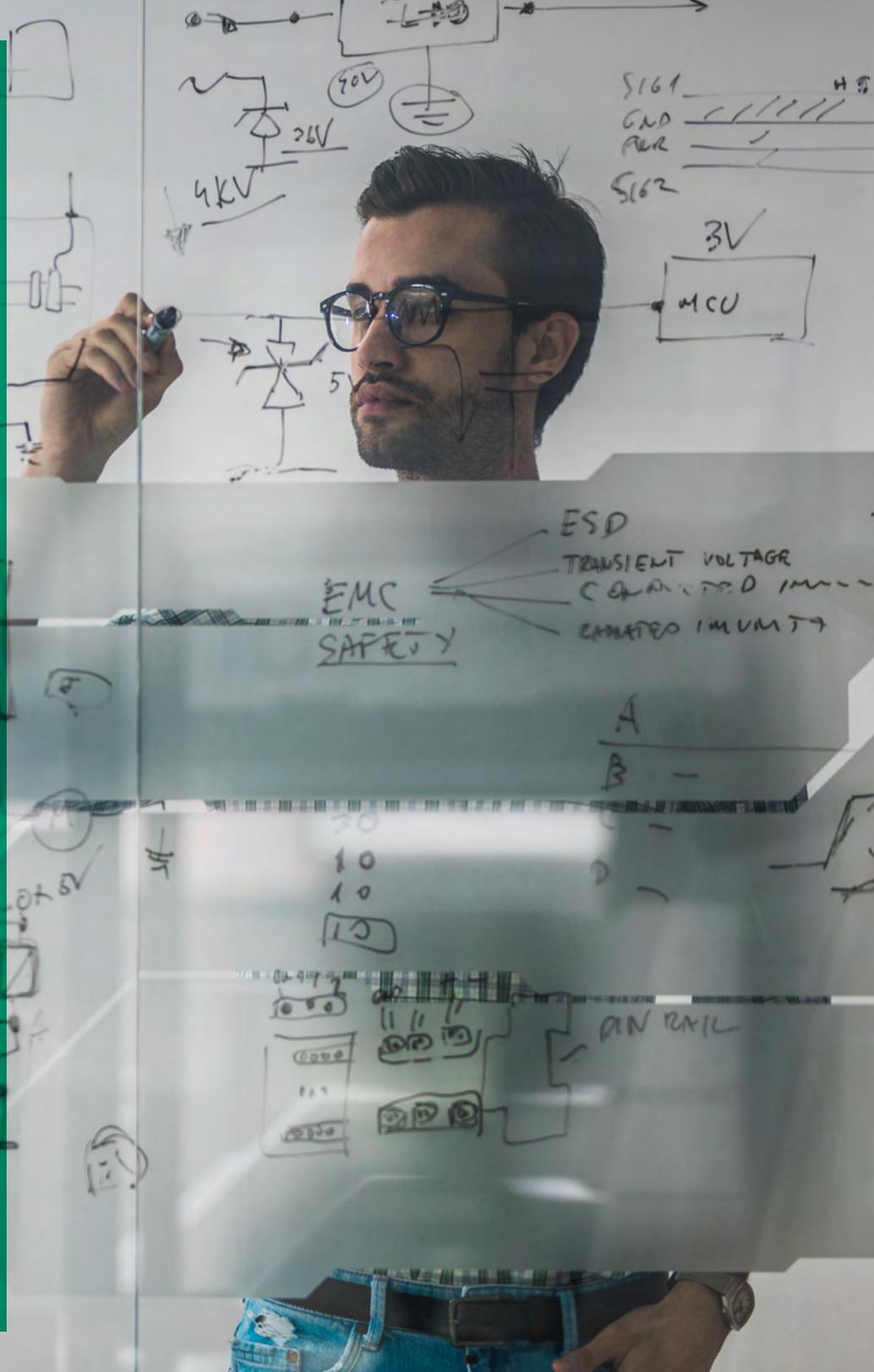


The collections workflow is measured in insight.

DO YOU HAVE THE FORMULA FOR SUCCESS?
SIZE UP YOUR WORKFLOW AND SEE.

 LexisNexis®
RISK SOLUTIONS



THE COLLECTIONS PROCESS HAS GOTTEN MORE COMPLEX.

How do you navigate the complexity of the collections process? Are you experiencing multiple forms of contact, myriad rules and regulations, differing consumer contact *preferences*, and extensive decisions to negotiate or litigate?

The good news: Perfecting your collections workflow can help mitigate many of the challenges of debt recovery. Success largely depends on the way you use data to generate insight.

LET'S EXAMINE YOUR WORKFLOW, AND YOU'LL SEE WHAT WE MEAN.

If you're anything like the typical first party collections department, your collections workflow probably looks something like this:



I. Data Hygiene:

Confirm/update/scrub consumer records to ensure accurate and complete consumer information



II. Scoring & Analytics:

Prioritize collections activities



III. Contact & Locate:

Connect with consumer or perform skip tracing



IV. Mitigation:

Negotiate a payment plan



V. Litigation Strategy:

Sue to collect via legal judgement

And like your industry peers, you may be hitting snags at every step—with effects felt downstream. Let's explore each of these pain points and how a more robust data strategy will help.

I. DATA HYGIENE

Ensuring high quality consumer information is your first step. Without the proper attention you'll be derailed before you've begun.



INTERNAL DATA MAY BE INACCURATE/OUTDATED DUE TO:

- **Human error or misinformation** including typos, incomplete records, and customer self-reporting
- **Data decay** resulting from long life of credit card accounts and loans, consumer name/location/job changes, and financial institution mergers
- **Siloed, department-focused databases** with inconsistent inputs (e.g., loan processed as “Robert Smith, Jr.” vs. checking account as “Robert A. Smith”)

EXTERNAL/SUPPLEMENTAL DATA CAN BE A HINDRANCE



Too many results to comb through



Data not always “fit for purpose”



Accuracy questionable

Poor data hygiene causes major problems downstream—bringing “contact and locate” to a halt while more debt and fees accumulate. Delays damage the customer experience and relationship.

Each year, 3M consumers change marital status, 40M people move and 30% of workers change jobs. That's a lot of “new” to keep up with.¹

¹CDC National Marriage and Divorce Rate Trends (2017); USPS Guide To Move Update (2018); and ZoomInfo Infographic “Is Your B2B Database Full of Rotten Apples?” (2019)

WHAT YOU CAN DO:

The best approach is to implement an all-in-one system that combines banking and collections activities in a single platform. That's not always realistic, so here's what we recommend:

1) Run data quality checks on a routine basis, ideally monthly, and employ a unique identifier to link data between disparate systems.

2) For supplemental third-party data, look for providers that:

- Are industry leaders that pull data from reputable sources
- Maintain a diverse set of data sources
- Refresh their data frequently, and
- Use strong linking technology to harmonize disparate, sometimes conflicting data sources

II. SCORING AND ANALYTICS

While highly useful for prioritizing and strategizing collection efforts, many organizations aren't able to take full advantage of these tools.



WHAT YOU CAN DO:

- Always scrub your data prior to use.
- Supplement with additional third-party data as needed to enhance decisioning.
- Consider investing in a scoring & analytics tool from a reputable data provider.



Smaller organizations rarely use any type of scoring and analytics.

Manual processes are time-consuming and can lead to highly subjective decisions.



Those that do employ these tools may find their results poisoned by bad data. Anything less than vigilant data hygiene will make scoring and analytics futile.



Misassessment at this stage impedes recovery. Other creditors might reach the consumer first. Or, you may leave money on the table by pursuing “dead ends” instead of the consumers who truly are willing/able to pay.



Inaccurate scoring creates customer friction when it paints a false picture leading to unnecessary/excessive contact that damages the relationship.

III. CONTACT & LOCATE

There's more to this than just finding someone. Mistakes at this stage put you at risk of non-compliance with regulations.



Bad phone numbers. Old addresses. Missing information. Poor data quality not only thwarts contact, but may also put private consumer information in the wrong hands—a compliance violation.

Remember: Most “contact and locate” issues actually stem from insufficient data hygiene practices (Step 1 of the collections workflow).



There are also regulations that limit frequency and time of contact. This is a huge problem for larger organizations operating across multiple states.

Navigating a complex web of internal policies along with state and federal regulation was cited as a major pain point by collections agents in a recent LexisNexis® Risk Solutions study.



The legwork required to connect with past-due account holders consumes significant time and resources. Even more when skip tracing comes into play. Consumers “learn the game” and hide from collectors.

WHAT YOU CAN DO:

- Cleanse and enhance your data routinely and consistently.
- Pull from sources that provide information on relatives and associates to help with skip tracing.
- Choose a data provider with a robust single interface that allows for multiple kinds of searches, reducing movement between systems.
- Leverage a compliance solution to ensure you're adhering to state and federal regulations.

IV. MITIGATION

While there are some organizations that will skip straight to litigation, most try to mitigate the situation first. The consumer may have hit a short-term financial hardship—and efforts to work out a mutually beneficial payment plan goes a long way toward building a long-lasting relationship. But how do you decide where to mitigate vs litigate?



WHAT YOU CAN DO:

- Look for scoring models that are specifically built for collections and don't rely heavily on credit based performance. Seeing things through this distinct lens helps clarify which accounts to hold on to and mitigate. These solutions should also provide profitability calculations—a key facet of the evaluation process.
- Access high-value data to help assess the consumer's financial standing—such as employment, assets and other recent or impending financial obligations (i.e., bankruptcies, liens and judgements).

You need solid insight about a consumer's ability to repay (including data on current assets, current liabilities, and more).

Seek information from multiple sources:



- 1) Judgements
- 2) Liens
- 3) Bankruptcies
- 4) Property data

Collections scoring at this stage is often subjective or based on non-ideal scoring methods (i.e., using credit-based scoring vs. scoring specific to involuntary collections).

Suboptimal scoring methods can lead to:



- 1) Regulatory exposure
- 2) Missed opportunities to collect, or
- 3) Wasted time and expense pursuing accounts that are unlikely to pay

V. LITIGATION

Of those who litigate, the majority outsource, however, those who do manage litigation directly often face many challenges.



WHAT YOU CAN DO:

Look for scoring models that are specifically built for collections and don't rely heavily on credit based performance. Seeing things through this distinct lens helps clarify which accounts to litigate. These solutions should also provide profitability calculations—a key facet of the evaluation process.

Regulations heavily favor the consumer:

- Most organizations have put even more conservative in-house policies in place to stay on the right side of regulators and decrease customer friction.
- It's hard to know when to cut your losses:
 - A cost-benefit analysis is needed to inform litigation strategy, which requires analytics resources.
 - Litigation is situational and specific to each consumer.

Using a third-party law firm isn't necessarily easier. Attorneys and collectors don't always agree on the best course of action. This could create delays and may yield a reduced judgement or even worse, a non-performing judgement.

THERE ARE MANY TOOLS AVAILABLE TO HELP YOU NAVIGATE THROUGH THE COLLECTIONS WORKFLOW.

Let LexisNexis® Risk Solutions support your collections operations with an unparalleled combination of robust data, sophisticated linking and analytics, and compliance expertise. It all comes together to deliver razor-sharp insight that optimizes decision making and reduces costs at every step in the collections workflow.



Vast Data Resources

Accesses billions of public and proprietary records



Big Data and Advanced Linking Technology

Leverages proprietary platform and linking technology to process at very high speeds and resolve to unique identities



Analytics Insights

Applies data science to build market-valued insights and solutions



Compliance Expertise

Helps keep collections professionals on the right side of ever-changing regulations around privacy, permissible contact methods, data usage and other mandates

Let's talk further.

Call us at 1-800-747-3958

<https://risk.lexisnexis.com/collections>

About LexisNexis® Risk Solutions

LexisNexis® Risk Solutions harnesses the power of data and advanced analytics to provide insights that help businesses and governmental entities reduce risk and improve decisions to benefit people around the globe. We provide data and technology solutions for a wide range of industries including insurance, financial services, healthcare and government. Headquartered in metro Atlanta, Georgia, we have offices throughout the world and are part of RELX (LSE: REL/NYSE: RELX), a global provider of information-based analytics and decision tools for professional and business customers. For more information, please visit www.risk.lexisnexis.com, and www.relx.com.

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