

# Navigating Collections Challenges: How Alternative Data Can Help Guide Your Recovery Strategy

Gain a more precise view of customers and their ability to pay with recovery insights derived from alternative data.

# Limited Visibility into Customer Financial Health and Behaviors

Financial volatility created by inflation and rising interest rates has left many banks with an increased number of clients at risk of default. Many customers have high credit card balances and are teetering on the edge of financial insecurity.<sup>1</sup>

Traditional credit reports may not provide the same warning signs of default as they have historically. Many data elements are no longer reported in credit files; for example, some medical debt and collection tradelines. So how can lenders truly gauge consumer risk?

**Alternative data provides a more holistic view of a consumer's ability to pay. It can help amplify a consumer's financial situation well beyond traditional credit scores or reports.**

## Use alternative data to help:



**Increase debt recovery**



**Strengthen customer relationships**



**Bolster default prevention and minimize delinquency**



**Drive more profitability into your servicing and recovery workflow**

For our ebook series, the first ebook, *Build Resilience in Your Consumer Portfolio with Integrated Servicing Strategies*, focused on how alternative data insights can help recognize shifting portfolio risk and create an opportunity to proactively work with accounts to help prevent delinquency.

In this second ebook, we'll examine how alternative data solutions can be integrated into your existing workflows to increase your recovery success.

# Alternative Data for Smarter Servicing and Recovery

It's important to understand the difference between non-traditional data versus alternative data. Non-traditional data, which includes utility payments, is widely available and can be used to supplement traditional credit data. Alternative data, however, encompasses more unique consumer insights on credit seeking behavior, stability, asset ownership and public records.

A closer look at the sources of alternative data reveals a wealth of untapped potential. They can encompass everything from short-term lending insights and property deeds to bankruptcy filings and occupational licenses. By applying insights derived from alternative data, you can stay ahead of portfolio risk through a servicing strategy that helps you support customers adversely impacted by economic trends.

Alternative data, when used to fuel purpose-built servicing and recovery solutions, offers great value. It can no longer be considered just an alternative. When you incorporate alternative data solutions into your servicing and recovery workflows, you're able to improve business agility and mitigate losses.

# Smart Practices for Account Segmentation and Prioritization

With traditional credit reporting focused on long-established credit activities, it may not provide a more complete perspective of consumer credit health. Alternative data can fill the gaps and empower more insightful decisioning. It offers a more detailed, granular financial picture of consumers so you can better segment and prioritize customers.

*In fact, a recent study indicated that roughly half of consumers entering collections for the first time do so with no delinquency having been recently added to their credit report.<sup>2</sup>*

LexisNexis® Risk Solutions collections and recovery solutions fueled with alternative data can drive increased workflow efficiencies and profitability.



**LexisNexis® Payment Score:** Rank-orders accounts based on the likelihood that a consumer will make a payment in the next three months and the size of that payment.



**LexisNexis® RiskView Attributes for Collections:** Includes 350+ next-generation insights, offering powerful, granular alternative data for use in your internal scoring models.

By leveraging alternative data solutions, you're able to distinguish the low-hanging fruit as well as identify accounts that require special handling. You have the opportunity to strategically assign high-balance, high-risk customers to specialized or more experienced collectors. And you can direct the most attention toward high-value accounts at risk — those that owe the most and have the greatest propensity to pay.

# Accelerate Skip Tracing Efforts

More current and more accurate contact information is vital to the success of any recovery effort. Skip trace processes can be costly and time consuming. When agents can't locate consumers quickly and must research their contact information, they have less time to engage with consumers.

Bad data slows customer outreach; it can also create regulatory issues around right-party contact. Our solutions, powered with alternative data, can provide information that is more complete for skip tracing.



**For example, LexisNexis® Accurant® for Collections provides access to public and proprietary data gathered from thousands of reliable sources and analyzed using our industry-leading linking and analytics. When paired with our world-class monitoring solutions, you can:**



**Find more accurate contact data quickly**



**Make outreach more effective**



**Streamline your collections workflow**







**Accelerate your account update process**

# Make Better Litigation Decisions with Alternative Data Insights

Whether to litigate or write off a debt is an important decision. Litigation can be costly and time consuming. When other forms of consumer outreach have been exhausted, it may become necessary to pursue legal strategies.

Solutions such as PAYMETRIX® offer the power to identify previously undiscovered consumer assets. You're able to determine if the customer has the resources to pay the debt and how quickly they can satisfy a judgment.

## The right solutions can provide the information to:

-  **Verify a person's place of employment**
-  **Confirm property ownership and bank accounts**
-  **Decide when to take legal action**
-  **Improve litigation outcomes**



# Elevate Your Recovery Strategies with Alternative Data and Advanced Analytics

By leveraging the power of data — both traditional and alternative — and cutting-edge analytics, LexisNexis® Risk Solutions collections and recovery solutions transcend the boundaries of your internal capabilities to create a super-charged collections workflow from start to finish.

**Your business will benefit from our robust suite of solutions, which is fueled by extensive data. We have over 90 billion records from more than 10,000 different sources. Accessing new types of data gives you a broader picture of who you're collecting from. When you understand a consumer's situation better, you're able to tailor the customer experience accordingly.**

LexisNexis Risk Solutions collections and recovery solutions can help you optimize recovery workflows, including previously deemed irretrievable debts and unrecoverable accounts. By embracing proactive measures, coupled with strategic engagement based on informed insights, you're paving the way for heightened customer retention and amplified collections success.

From assessing shifting risk in your portfolio, to segmenting accounts and pursuing legal action, our recovery solutions give you a substantial advantage in collections from end to end.



Are you ready to tap into next-generation, predictive, alternative data insights from LexisNexis® Risk Solutions? Transform your customer servicing strategies and drive profitable portfolio growth.

Learn more today.

Contact us at 866.528.0780  
or visit [risk.lexisnexis.com/collections](https://risk.lexisnexis.com/collections)



<sup>1</sup> <https://www.usatoday.com/story/money/economy/2023/02/16/credit-card-debt-record-high-and-delinquencies-rising/11271305002/>

<sup>2</sup> Source: LexisNexis Risk Solutions InfoHub data September 2023

#### About LexisNexis Risk Solutions

LexisNexis® Risk Solutions includes seven brands that span multiple industries and sectors. We harness the power of data, sophisticated analytics platforms and technology solutions to provide insights that help businesses and governmental entities reduce risk and improve decisions to benefit people around the globe. 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 [risk.lexisnexis.com](https://risk.lexisnexis.com) and [www.relx.com](https://www.relx.com).

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