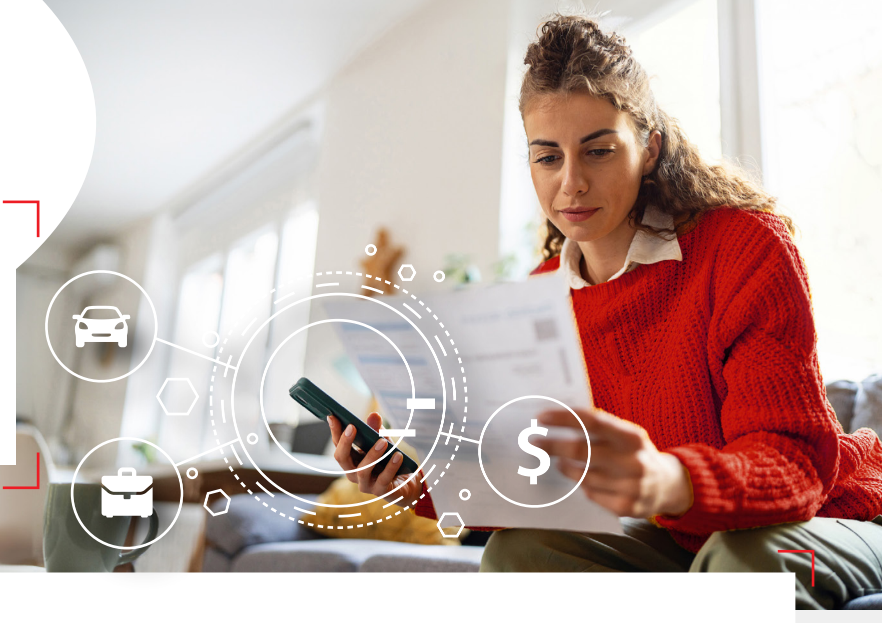
LexisNexis[®] RISK SOLUTIONS

Discover More Insights, Recover More Dollars



Customize your debt recovery strategies and improve payer rates

Delinquency rates are rising and household debt is approaching record highs, placing pressure on consumer payments. At the same time, collections managers are finding it more difficult to determine which delinquent customers are most likely and able to repay.

Consumer payments show warning signs of increasing risk

1 Total household debt in trillions[1]

Q2 2023 **\$17.06T** Q2 2024 **\$17.80T**

2 Accounts in serious delinquency[2] *(90+ days past due)*

Q2 2023 **1.16%** Q2 2024 **1.59%**

3 Share of debt newly transitioning into delinquency[1]

Credit Cards **0.7%** Auto Loans **0.4%**

KEY TAKEAWAY

Today's financial institutions who rely strictly on traditional credit data to drive their risk management strategies have a diminishing view of consumer's true credit quality.

Collections managers face mounting pressure from rising consumer debt loads and accounts moving into delinquency, but many of them lack access to insights that could help them understand which customers they should target for repayment.

Effective debt recovery strategies require an expanded understanding of a consumer's ability to repay

Payer rates can be predicted by other factors

70% HIGHER repayment rate for **property owners** vs. non-owners

50% HIGHER repayment rate for consumers with **high address stability*** vs. those without

*Consumers who have lived at the same address more than five years

KEY TAKEAWAY

Alternative data insights can be highly predictive of repayment rate.

By leveraging non-traditional indicators of credit stability, such as home ownership and address stability, lenders can better identify the best accounts to pursue.

CASE STUDY

A snapshot of improved collections performance

Challenge: After enduring an extended period of lower collection rates, a consumer debt collection firm sought a new means of scoring customers that could improve outcomes while operating within its end client's compliance strategy.

After implementing LexisNexis® RiskView™ Payment Score, the firm saw a significant improvement in repayment performance among customers in the top 10% of scores:

- ▲ **35%** **increase** in payer rate
- ▲ **9%** **increase** in amount paid, nearly \$500,000
- ▲ **57%** **higher** amount paid-to-original balance ratio

It is possible to build a customized score that blends RiskView™ Payment Score and client attributes to accommodate specific risk thresholds.

The preview showed the custom score helped the collection services provider identify the unique behaviors and attributes tied to significantly improved collections outcomes.

WHAT MADE THIS POSSIBLE?

LexisNexis® RiskView™ Payment Score

Dual performance score that ranks customers based on likelihood to:

Repay in the next 3 months

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Repay the most dollars

Benefits to your collections efforts

- Improve payer rates by identifying accounts with highest profit potential
- Reduce collections costs by streamlining portfolio management
- Refine decision making with robust data and powerful analytics technology

How does it work?

- Analyzes alternative data to build unique behavioral insights
- Determines customer's ability and willingness to repay
- Delivers actionable three-digit scores

RiskView™ Payment Score boosts collections efficiency

Improve collections predictability

Stabilize your efforts with the help of a scoring range from 501–900 that indicates the likelihood of repayment

Customize recovery strategies

Prioritize your account efforts and personalize repayment plans with a better understanding of a consumer's financial stability and capacity and willingness to pay

Identify more collectible accounts

Improve account visibility with alternative data, even for consumers with little to no credit history

LEARN MORE

Put yourself on the path to profitable debt recovery

Visit risk.lexisnexis.com/products/payment-score

Sources

1. https://www.newyorkfed.org/newsevents/news/research/2024/20240806 2. https://www.newyorkfed.org/newsevents/news/research/2023/20230808

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 nformation-based analytics and decision tools for professional and business customers. For more information, please visit LexisNexis Risk Solutions and RELX.

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