

## Collectors Face Mounting Pressure to Control Costs

### Amid rising rates of household debt and delinquency, first-party creditors and collection agencies are facing more pressure than ever

As a result, they are looking for ways to keep costs down and maintain operational efficiency. To learn more about how they plan to allocate resources, we surveyed first- and third-party collectors and discovered three broad takeaways.<sup>1</sup>

#### 1

#### Collectors consistently place case complexity (disputes between the collector and the customer) among their top four challenges

Take a closer look at the top challenges cited by collection teams. The most frequently chosen among the top four was complexity of cases.



**58%**  
Complexity of cases



**56%**  
Ability to enhance collections



**55%**  
Ability to meet communications needs of customers



**55%**  
Keeping ahead of regulatory and compliance concerns

First-party and third-party collectors indicate similar levels of concern around many challenges, but there are three where their rankings were significantly different.

| First-party | Challenge   | Third-party |
|-------------|---|-------------|
| <b>44%</b>  | Ability to handle debt volume                         | <b>59%</b>  |
| <b>49%</b>  | Regulatory and compliance requirements                | <b>62%</b>  |
| <b>61%</b>  | Enhancing collections processes with new capabilities | <b>51%</b>  |

#### Key takeaway

For each of the prominent challenges identified by collection teams, technology has a critical role to play. Improvements in automation and data management will remain a high priority – whether it's updating systems and processes, enhancing regulatory compliance or meeting consumer communications preferences.



#### 2

#### Collection teams are focused on reducing expenses and improving operations

First-party and third-party collection teams share many priorities with respect to how they plan to invest in operational improvements.

#### Collectors plan to increase investments in:



**75%**  
Reducing expenses and improving operational efficiency



**67%**  
Improving or expanding data acquisition



**61%**  
Enhancing the experience for collection agency partners

When it comes to operational challenges, compliance concerns rank higher for third-party than first-party collectors.

|             |            |
|-------------|------------|
| Third-party | <b>51%</b> |
| First-party | <b>39%</b> |

As a result, third-party collectors place a higher priority on compliance requirements when making collections outreach decisions. This discrepancy can likely be attributed to the increasing regulatory attention that has been paid to third-party collectors in recent years, leading to increased compliance burdens.

#### Portion of all respondents currently offering or planning to introduce the following capabilities in the coming year:

**75%**  
Analyzing data for determining litigation strategies

**66%**  
Using new sources of data to support the collections process

**61%**  
Leveraging our existing data to improve the collections experience for consumers

**74%**  
Using non-traditional data to supplement traditional scoring strategies

#### Key takeaway

First-party collectors and third-party collectors alike are aiming to invest in data and technology to improve collections outcomes. In each of these areas, data analytics and digital technologies can provide a substantial advantage for companies looking to become more profitable and efficient. Furthermore, we see alignment between both types of collection teams when it comes to their capabilities related to the use of data.



#### 3

#### Digital communications channels will play a critical role in improving collections outcomes

Both first-party and third-party collectors are looking to enhance consumer engagement, which plays a key role in debt recovery efforts. This is leading to another shift, with many organizations looking to invest more in digital channels in the coming years.

#### The following channels are most likely to see increasing usage:

| First-party | Channels                                  | Third-party |
|-------------|---|-------------|
| <b>67%</b>  | Online/Browser (web payment portals)      | <b>51%</b>  |
| <b>58%</b>  | Text notifications                        | <b>44%</b>  |
| <b>55%</b>  | Mobile notifications (push notifications) | <b>40%</b>  |
| <b>47%</b>  | Mobile app (inside the app)               | <b>53%</b>  |
| <b>51%</b>  | Contact centers (inbound calling)         | <b>47%</b>  |

#### Key takeaway

Consumer preferences for digital channels will require collectors to have more accurate, current and relevant data to optimize collections outcomes. Moving forward, the most successful collections approaches will balance digital efficiency with traditional customer service. Routine interactions can be handled via digital apps and chat bots, while more complex cases will still require human intervention.



### Alternative data can support a range of collections goals

By improving customer communications with enhanced digital technologies and leveraging clean, more current, relevant data, collectors can differentiate themselves from the competition and ensure long-term success.



To learn more about the challenges and plans of collections teams, download our 2025 State of Collections Report

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#### Sources

1. 2025 State of Collections Report, LexisNexis Risk Solutions

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