



Technology in First-Party Collections: Improving Engagement to Bring and Keep Borrowers Current

26 December 2018 By: Al Pascual

The impact of borrowers' defaulting on their debts can be detrimental for both borrowers and lenders; the lenders because they face significant costs in collections associated with each loan and the borrowers because it could take a toll on their personal and professional lives. The extent of the collections problem is glaring considering that the age-old predictive dialing strategies, used by lenders to connect with the borrowers, have been failing dramatically. Enhanced collection strategies, including the use of digital technology to connect with borrowers, represents an opportunity to not only bring more borrowers out of delinquency but also to bring down the cost to collect and to reduce the risk of defaults in advance of another economic downturn.

Key questions discussed in this report:

- How common are delinquencies in lending and who is being affected?
- Which contact channels and payment methods do borrowers prefer?
- What are some of the regulatory risks that lenders face with first-party collection efforts?
- Which types of technology can lenders use to better align strategies with borrowers' expectations?

Companies Mentioned: Corelogic, Flagstar Bank, GC Services, Interactions, Katabat, Nuance

Consumer data in this report is based primarily on information collected in a panel of 2,000 consumers in an online survey conducted August 2018. The margin of sampling error is +/- 2.19% at the 95% confidence level.

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javelinstrategy.com

inquiry@javelinstrategy.com

925.225.9100