

Boost Collections Performance with a Unique Identity Scoring Approach

Collections managers are struggling to keep up with the current volume of consumer delinquencies. Organizations need more granular insight to determine the real risk of an account charging-off versus simply being a slow payer. ID Analytics Collections Optics accurately determines the likelihood of a charge-off while accounts are still in an early stage of delinquency. For late stage accounts, it fine tunes collections efforts by predicting the percentage of a delinquent balance likely to be repaid.

id:analytics™

Improve Account Segmentation to Sharpen Collections Strategies

In today's environment, collections organizations are discovering that traditional strategies and tools are no longer effective on their own. Analyzing length of time delinquent and delinquent balance alone cannot accurately assess a consumer's ability and willingness to pay. A low risk credit score does not necessarily indicate the probability that an early stage account will cure. Early detection is key – once an account is 60 or 90 days past due, multiple creditors are competing for limited funds available for payment. Likewise, some accounts that appear high risk may in fact cure. Treating these customers aggressively may put a profitable account in jeopardy. The key to best defining a collections strategy in today's market should include gaining insight into the recency and velocity of a consumer's use of their identity elements.

Analyzing how recently and how often a consumer has used their identity elements, such as name, phone number and address, to apply for credit and services provides real-time insight into changes in credit neediness. These variables have proven predictive in determining which accounts are going to self cure and which can be expected to default. This analysis also sharpens segmentation for both early and late stage collections accounts. In early stage, the score separates those accounts likely to pay from those likely to charge-off, enabling organizations to fine tune collections strategies to quickly realize return on investment while releasing unprofitable assets sooner. For late stage collections, the score predicts the percentage of the outstanding balance that will likely be repaid. This helps to determine which accounts should be treated in-house and which should be transferred to third-party collections agencies quickly.

BENEFITS OF ID ANALYTICS COLLECTIONS OPTICS

- **Reduce Credit Losses with a Unique Perspective of Risk**
Accurately identify accounts most likely to become severely delinquent so early action toward remediation can be taken.
- **Improve Collections Performance**
In the early stage, Collections Optics has proven to reclassify up to 30 percent of accounts into more appropriate collections strategies.
- **Fine-Tune Decisioning Processes to Reduce Expenses**
Pinpoint customers who will self-cure to both avoid the expense of pursuing repayment and maintain a positive relationship.

$$u(x) = \beta_0 + \sum_{i=1}^n \beta_i x_i$$

Collections Optics has exceeded our clients' expectations. Lenders find that using Collections Optics, deployed through current portfolio review channels results in:

- A significant portion of the delinquent population (up to 30%) being identified for reassignment to a new collections strategy.
- A new rank ordering based on Collections Optics scores to better identify balances at risk.
- More effectively identifying self-cures to save costs by enabling resources to be assigned to accounts requiring treatment to result in payment.
- Greater operational efficiency across all treatment strategies.

How It Works

ID Analytics delivers a unique perspective of risk based on proprietary Advanced AnalyticsSM and the ID Network[®], the nation's only real-time, cross-industry compilation of identity information. The ID Network inherently contains information used to assess collections risk, which is not available in consumer credit reports. The ID Network incorporates a broad range of identity-centric information across multiple industries and includes 700 billion total aggregated data elements from Fortune 100 companies as well as granular detail on more than 2.6 million cases of reported identity fraud.

Collections Optics delivers unique predictive performance on its own, or can provide incremental lift to existing collections strategies and tools. Collections Optics integrates easily with existing collections processes.

Evolve Collections Risk Management Practices

Turn to ID Analytics Collections Optics to sharpen decisions and improve collections treatment strategies. The results are proven to improve contact rates, reduce charge-offs, and lower operations expenses by integrating a powerful new perspective on risk. For a free consultation and assessment, contact us today at marketinginfo@idanalytics.com, 858-312-6200 or 866-248-7344 to set-up an appointment. Or, visit www.idanalytics.com for more information about ID Analytics Collections Optics and our complete suite of identity intelligence solutions.

VALUE OF ADDED INSIGHT

WITHOUT COLLECTIONS OPTICS...



1

Two consumers present very different payment profiles. On the surface, collecting on Consumer B who is 90 days delinquent seems to be the right strategy.

2

However, as time goes by it becomes clear that Consumer B was actually the better credit risk, while Consumer A never intended to pay off his charges.

WITH COLLECTIONS OPTICS...

Information within the ID Network indicated that Consumer A applied for six bankcards in the last 12 months and used four different home phones, while consumer B did not apply for a bankcard during the past year and has used just one home phone.



3

Collections Optics uncovered risky behavior for Consumer A and a stable profile for Consumer B, enabling the collections organization to assign the right treatment sooner, thus improving the odds of recovery.