

# Collection Managers Survey

September 1  
1-2 pm

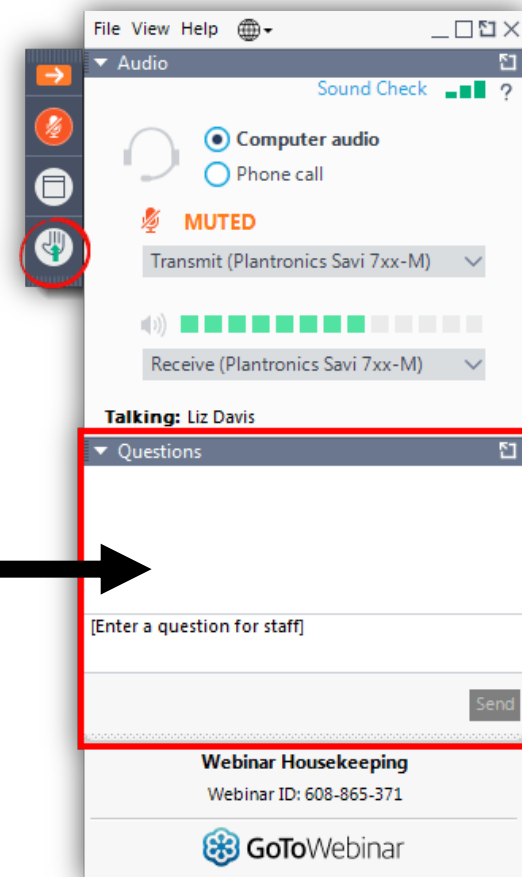


# Housekeeping



Today's web seminar is being recorded.

All questions should be submitted via the Questions Panel.



# Save the Date - Credit & Collections 2022



**June 6 - 8, 2022**  
**Hilton Palacio Del Rio**  
**San Antonio, Texas**

# Agenda

- ELFA Collections Benchmarking Survey Data

*Robert Fagan, Eastern Funding LLC*

*Daniel Goderis, GreatAmerica Financial Services*

*Jim St. Clair, DLL*





# ELFA Collections Benchmarking Survey Data

**Data Collection:**  
Bill Choi, ELFA

# Introduction: Survey Data

Questionnaire was designed to capture various information on collection activities

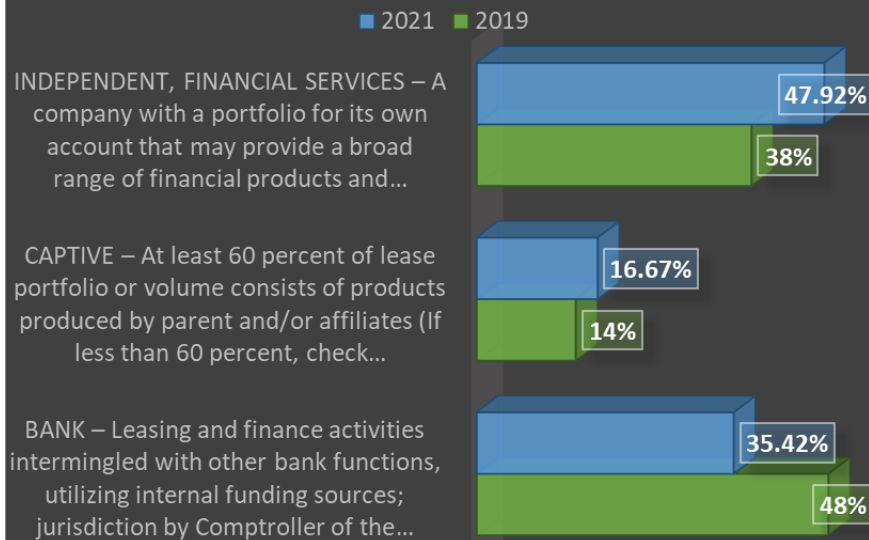
- Aging of Receivables
- Productivity measures
- Resources assigned to collection activities
- Late fee collection analysis
- Outsourcing strategies
- Staffing
- Technological Trends

Questionnaire captured information in the following categories:

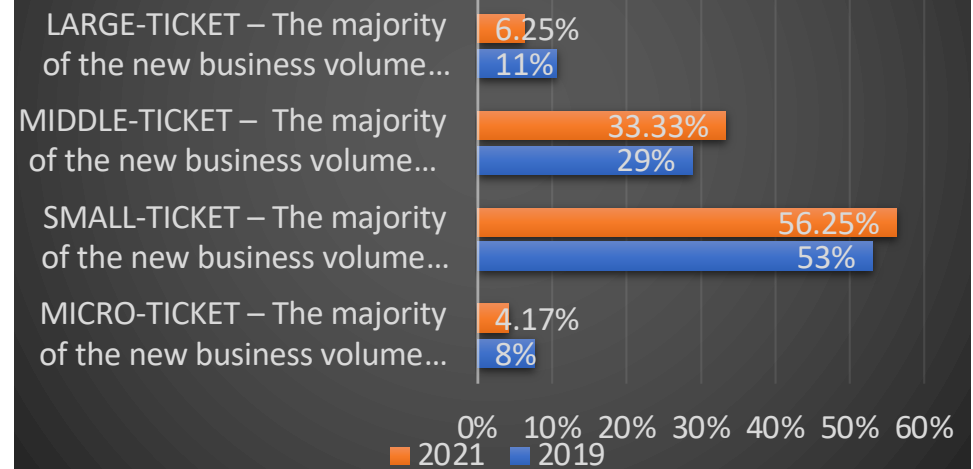
- Company size
- Ticket size (micro, small, large, etc.)
- Type of organization (Bank, Independent, Captive)

# Demographics of Participants:

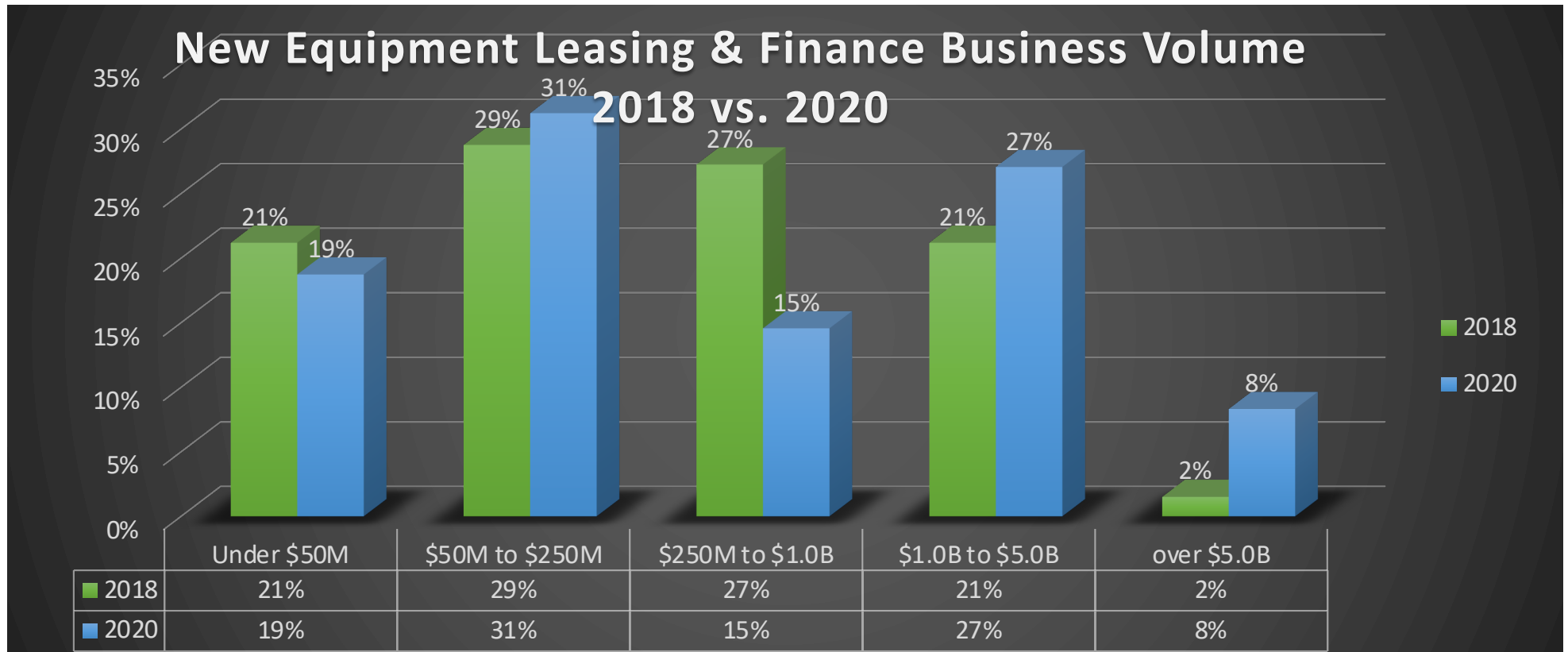
## ORGANIZATION TYPE



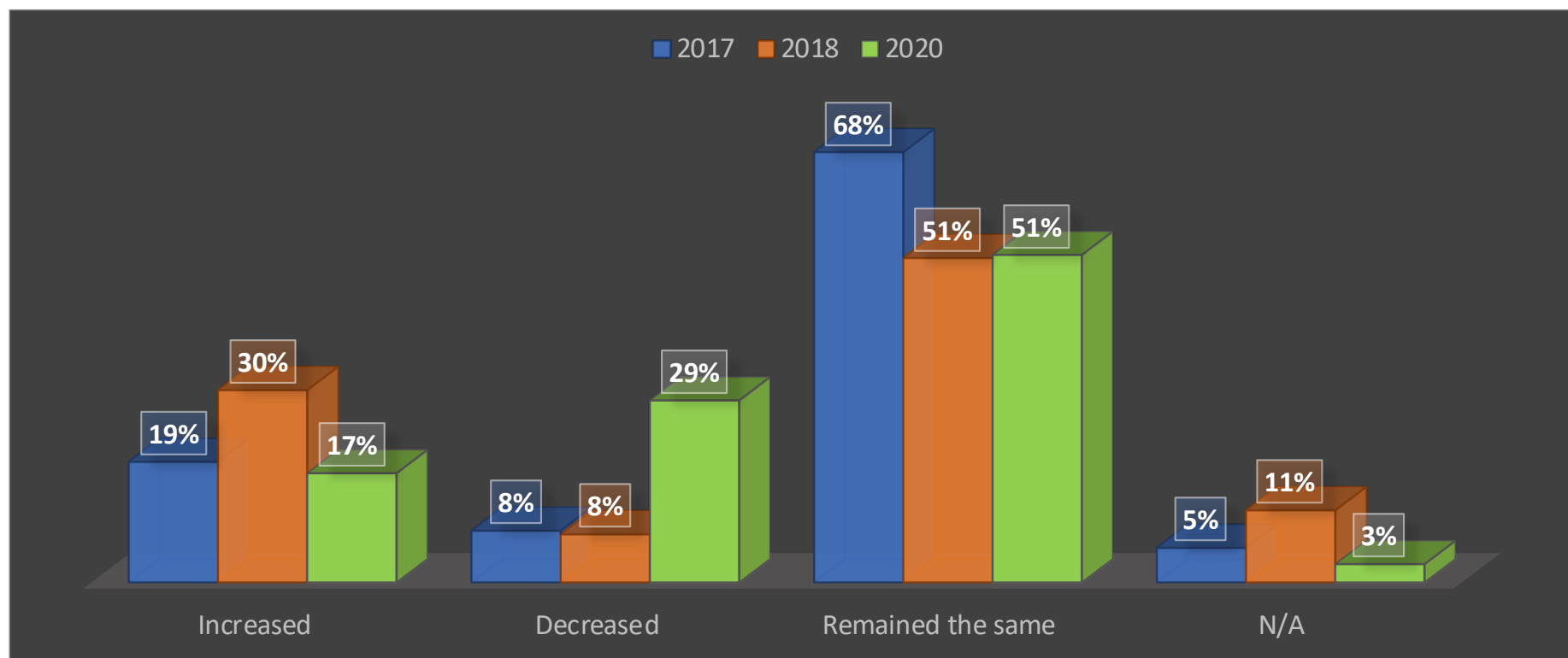
## Ticket Size



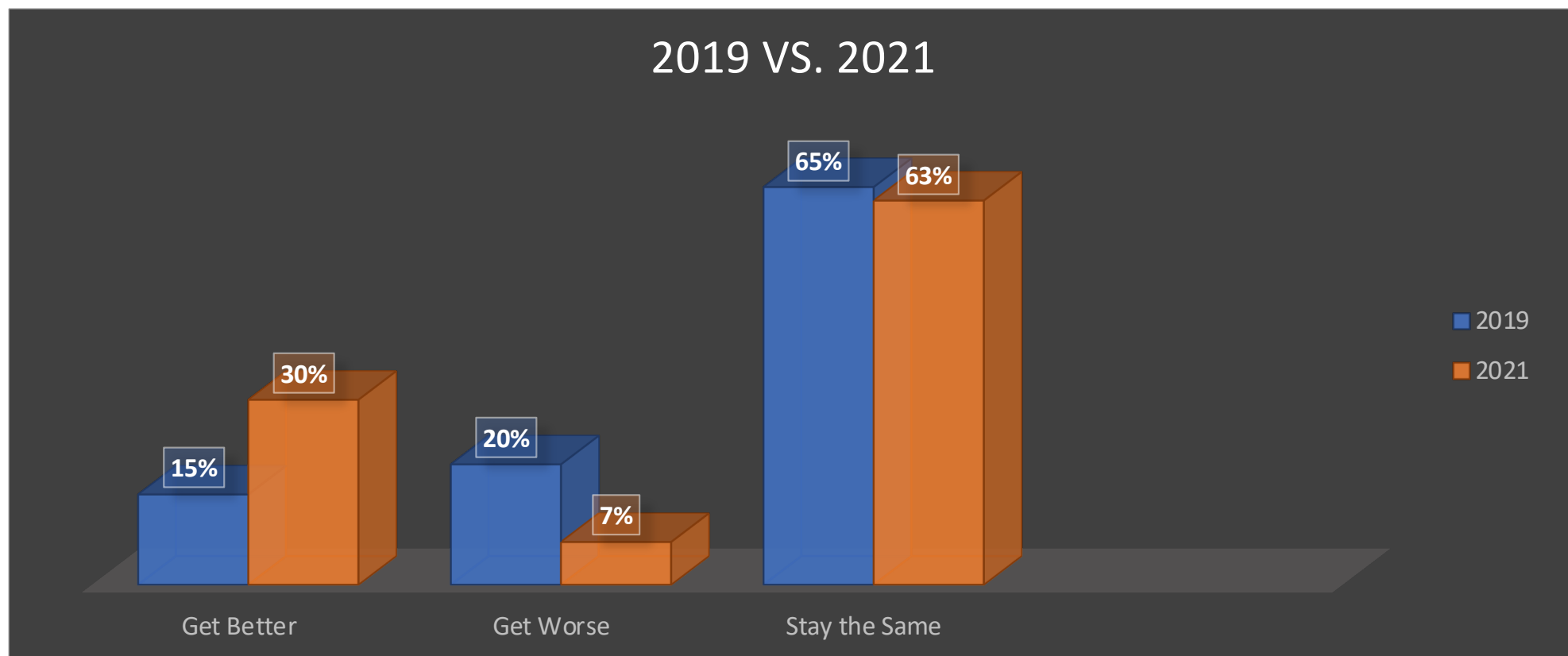
# Demographics of Participants:



# Administrative Delinquency?



## What Do You Believe Will Be The Trend For Administrative Delinquency?



# Administrative Delinquency

Covid  
Restructures

Increased Focus to Reduce  
Admin Delinquency

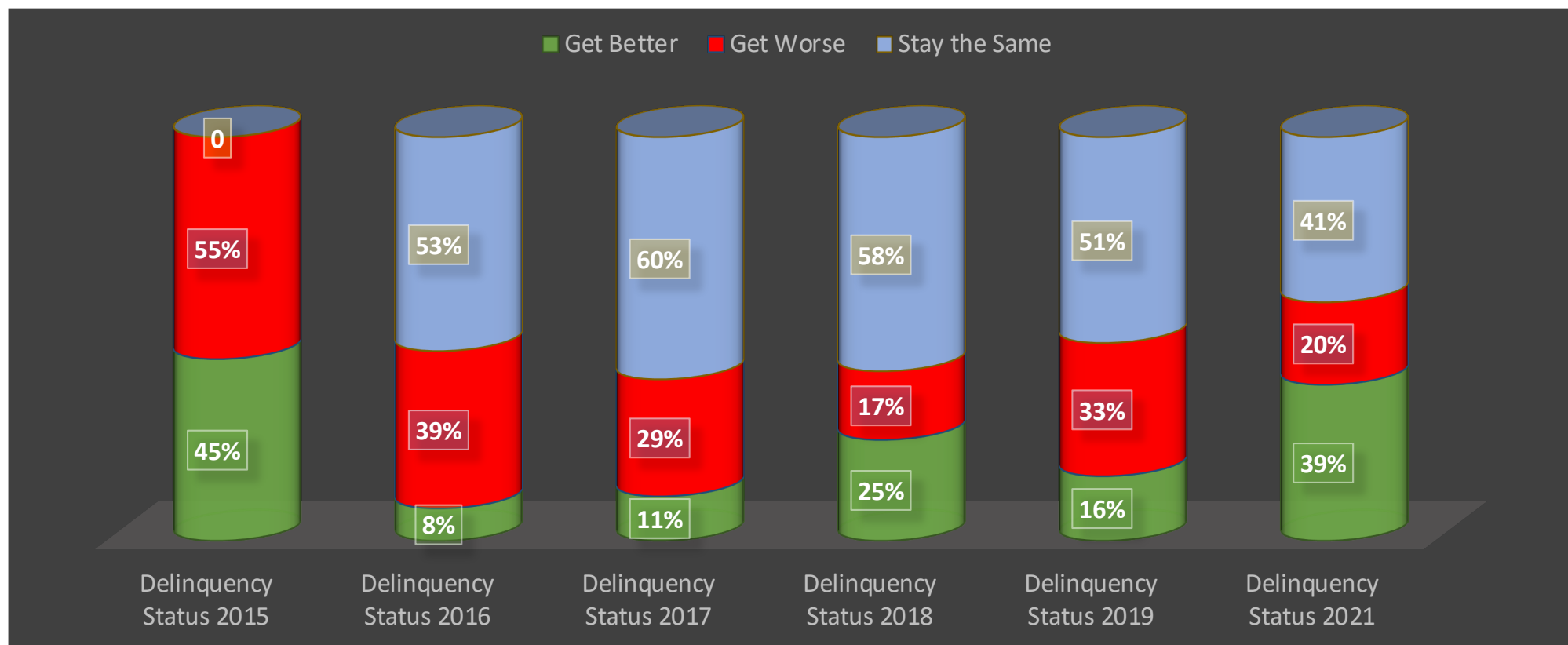
Better Technology

Complex Programs/Competitive  
Marketplace

ACH Payments Delay In Application

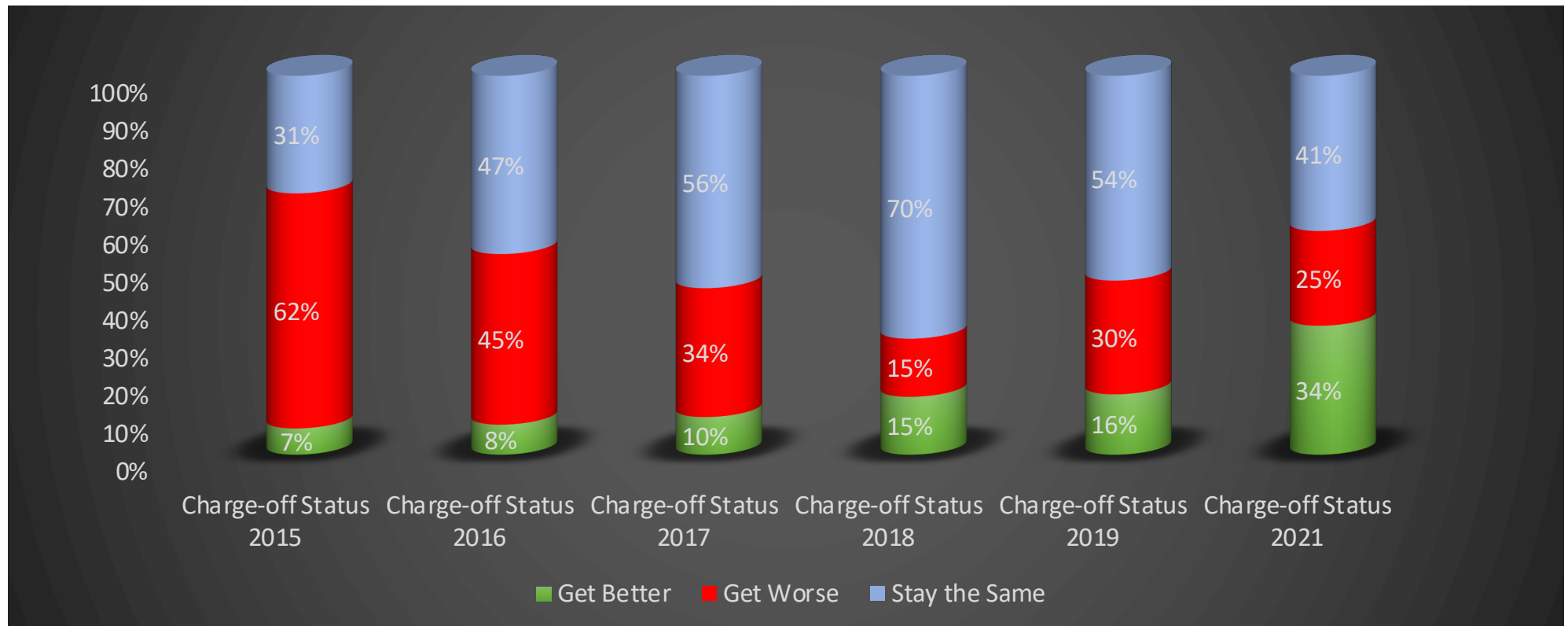
Covid/Staff Shortages

# Delinquencies Opinions are Changing





# Charge-Offs Opinions Are Changing



# Opinions Regarding Delinquencies and Charge-Offs

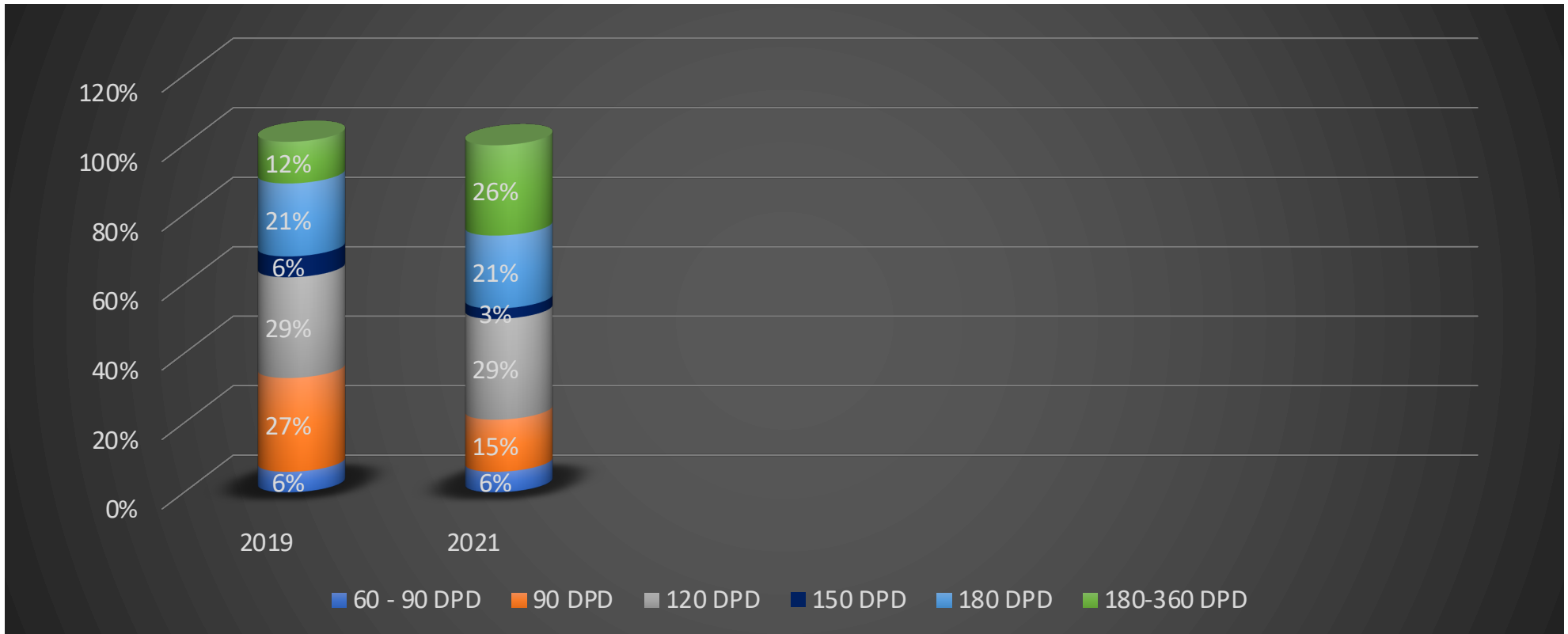
## Get Better/Stay the Same:

- Solid credit underwriting.
- Continued improvement in Collection capacity.
- Technology - improved systems and processes.
- Delinquency is trending down, Charge-offs should follow.
- Critically stressed companies were identified and addressed in 2020.
- Stronger economic trends supports improved delinquency and losses.
- Less impact due to Covid shutdowns.

## Get Worse:

- Covid impact on business not opened.
- Performance of Covid restructures.
- Unknown future government stimulus and interest rates.
- Paycheck Protection Program (PPP) loans effect on customers ability to pay.

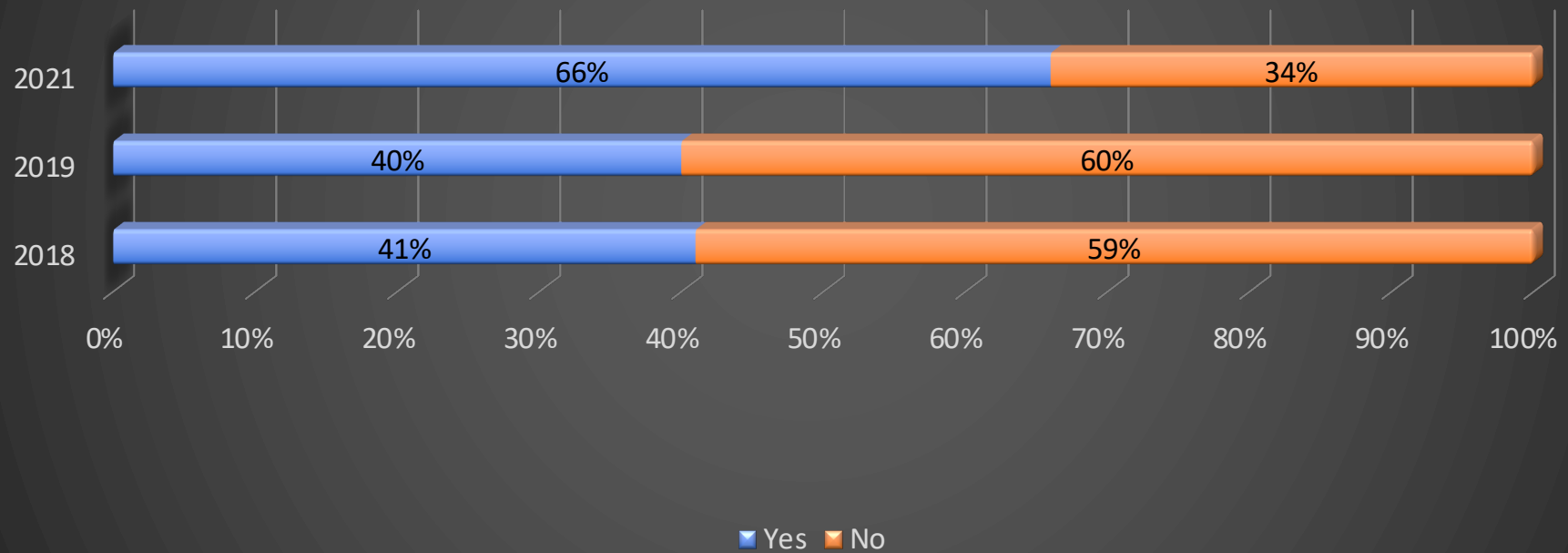
# Charge-Off Recognition



## Average 12 Month Recovery Rate on Terminated Inventory

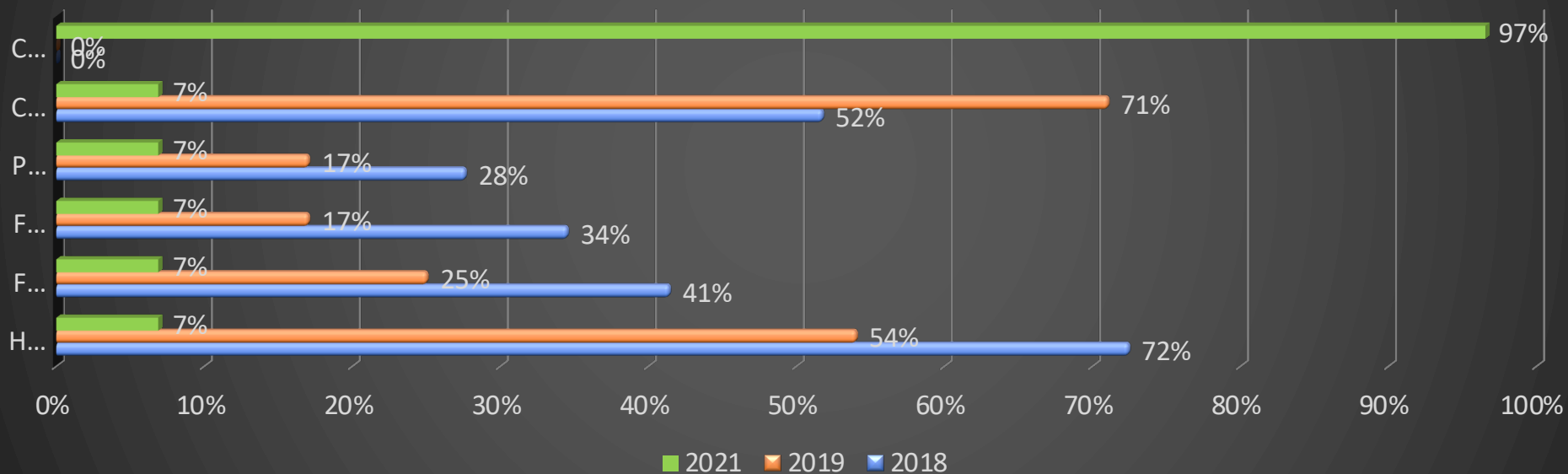


## Have You Experienced a Rise in Restructuring Requests?

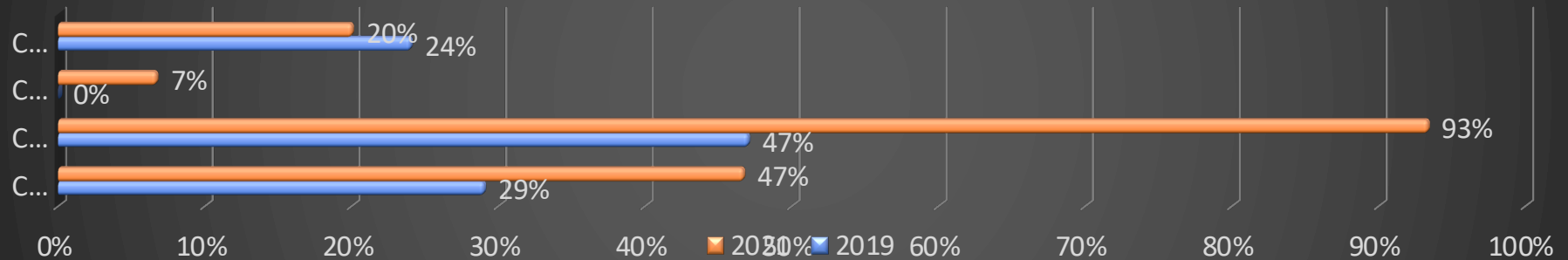
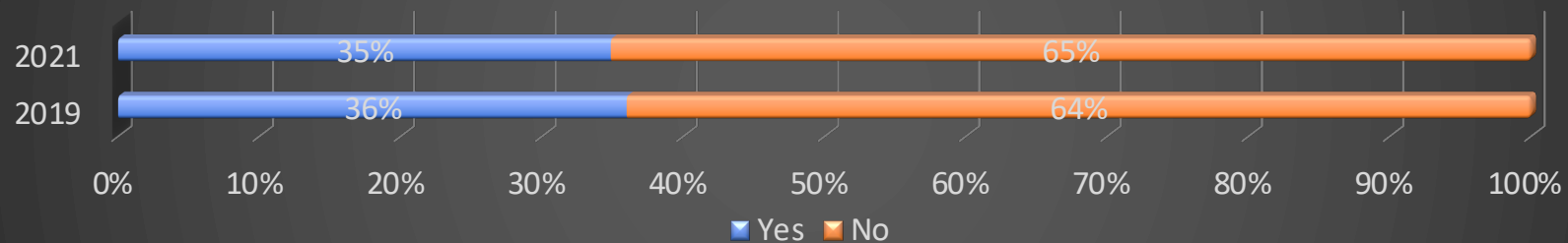


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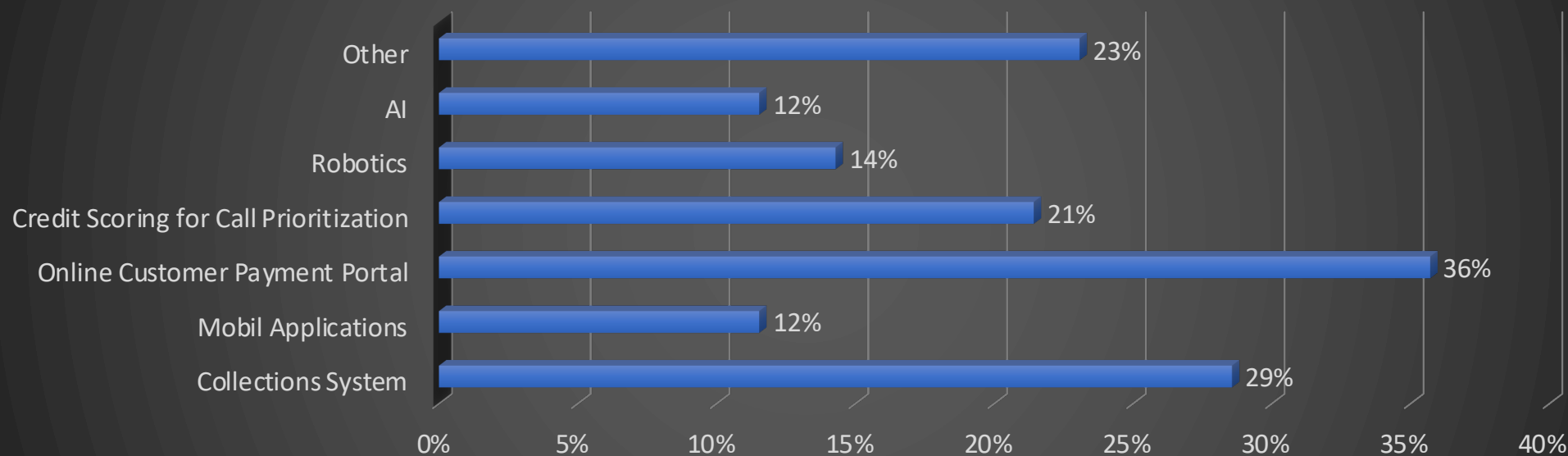
### Restructure Makeup



## Have You Seen an Increase in Bankruptcy Filings?



# What New Technology Did You Implement in 2020?



## Other:

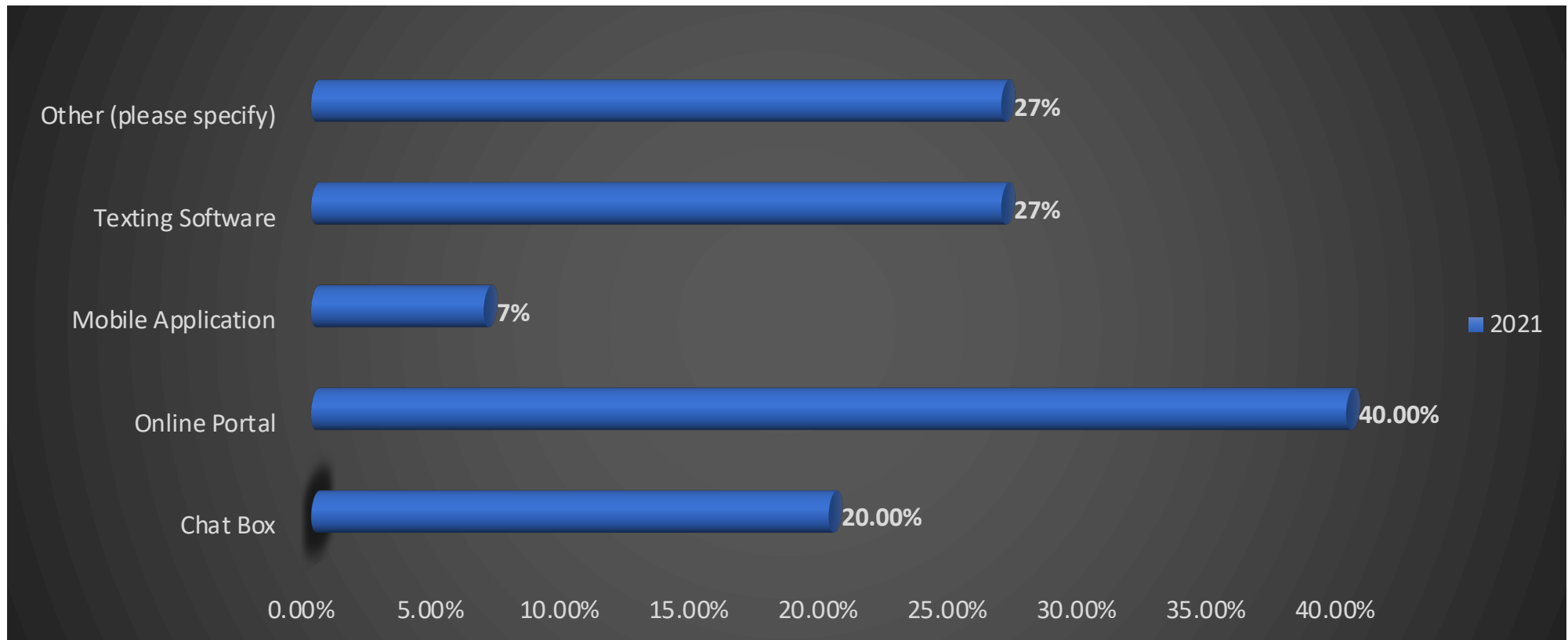
- Electronic Court Filing
- System Conversion
- New Phone System
- Analytics Based Prioritized Collection Worklists



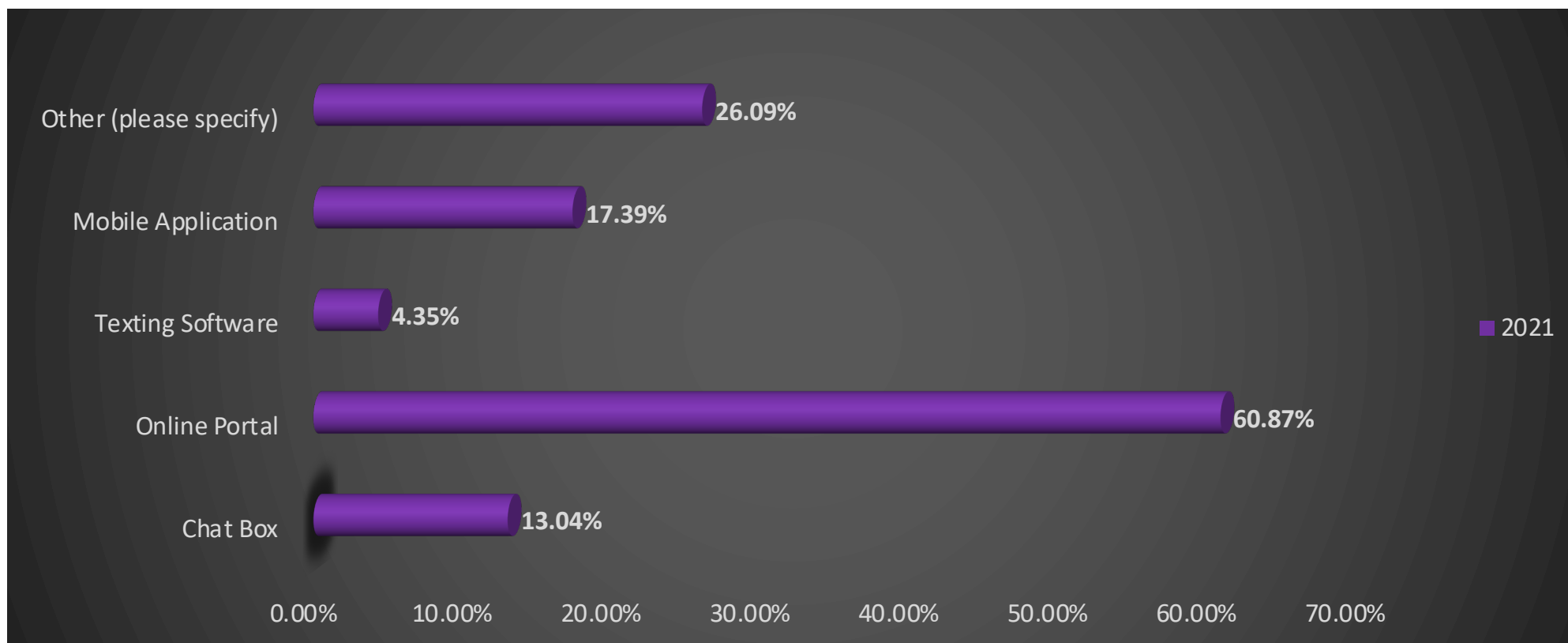
# Benefits From New Technology

- Reduce Staff Workloads
- Supported Remote Working
- Track Communications
- Improved Call Routing, Overflow Capabilities
- Better Call Monitoring and Reporting
- Improved Sharing Information Across Departments
- Focus on Contacting the Correct Customers vs. Self Cures
- Customer Portal Supports Customers Working Remotely

# Did You Implement Customer Facing Tools in 2020?



# Did You Plan to Implement Customer Facing Tools in 2021?



# Is There New Technology You Have Recently Implemented or Wish to Implement In The Future?

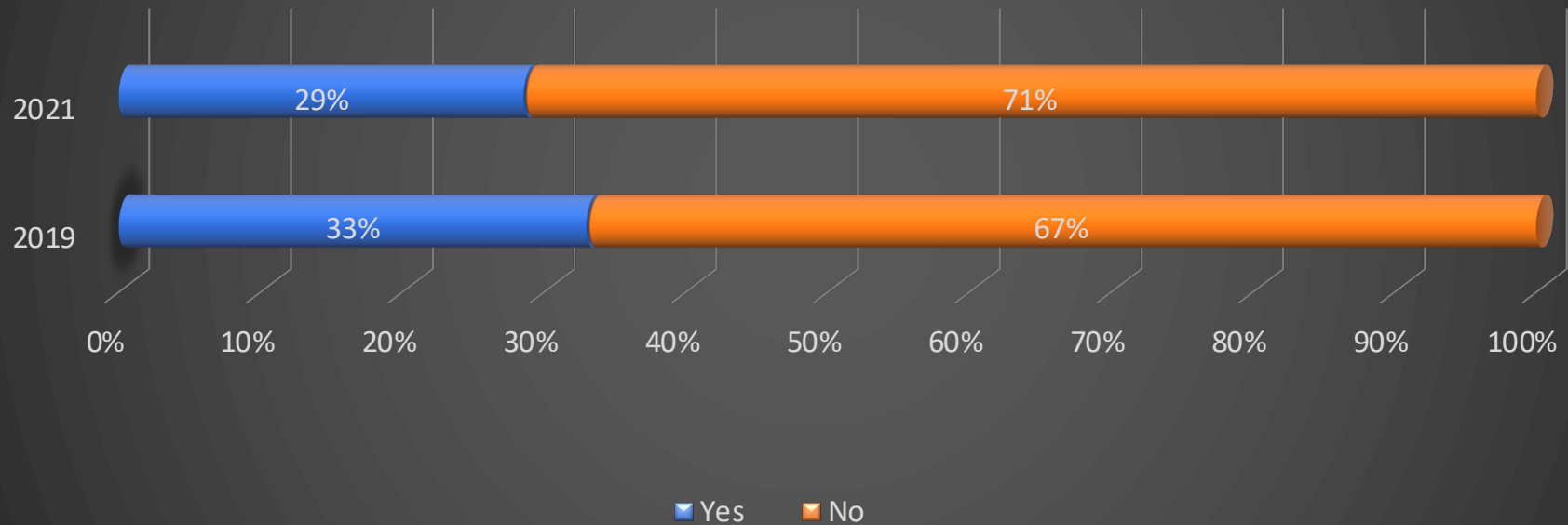
- **Artificial Intelligence – Predictive Delinquency.**
- **E-mail campaigns across all buckets.**
- **New Collection Software.**
- **Consolidate Multiple Systems to One Operating Platform.**
- **Implement Salesforce**
- **US Bankruptcy Court - Bankruptcy Noticing Center.**
- **More ways to communicate with customers through email, text, push notifications, and chat sessions.**
- **Ability to Accept Credit Card Payment.**
- **Improved online servicing capabilities and speech analytics.**
- **ACH/Direct Debit and E-Invoicing.**
- **More data intelligence using our data to understand customer behavior.**
- **Same day ACH, which allows for same day posting.**



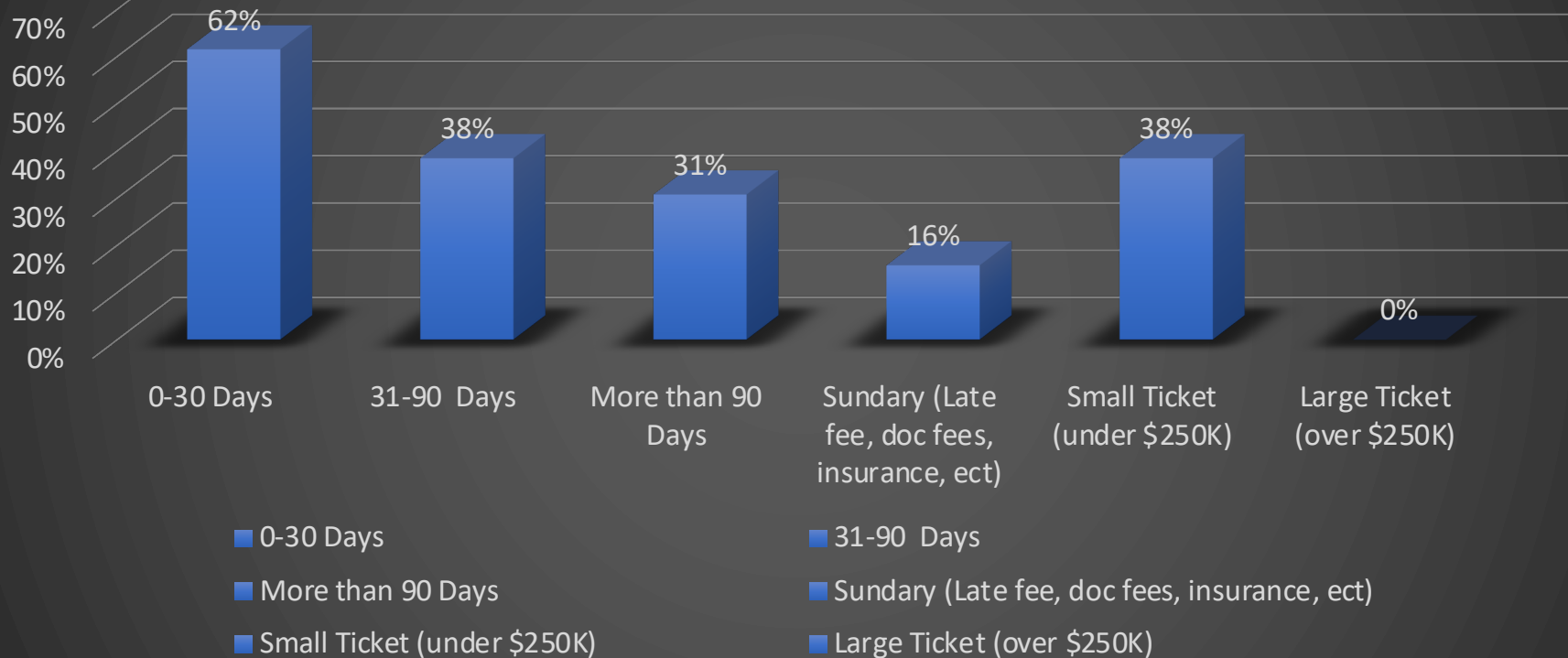
## What Future Technological Trends Do You See in The Collections World?

- **Improved communication software allowing secure texting.**
- **Social Media tracking.**
- **E-billing and online payment portals/ACH/Direct Debit and mobile apps.**
- **Invoicing Directly to Customer Portal.**
- **Ability to Electronically Upload or Interface with Enterprise SAP AP systems.**
- **Automated text and e-mail blasts.**
- **Software to support predictive delinquency to Drive Early Stage Calls**
- **Artificial intelligence and behavioral scoring improvements.**
- **Sophisticated collection software to improve collection effectiveness.**
- **More Remote Operations.**
- **Telematics Associated with Machine Repossession.**

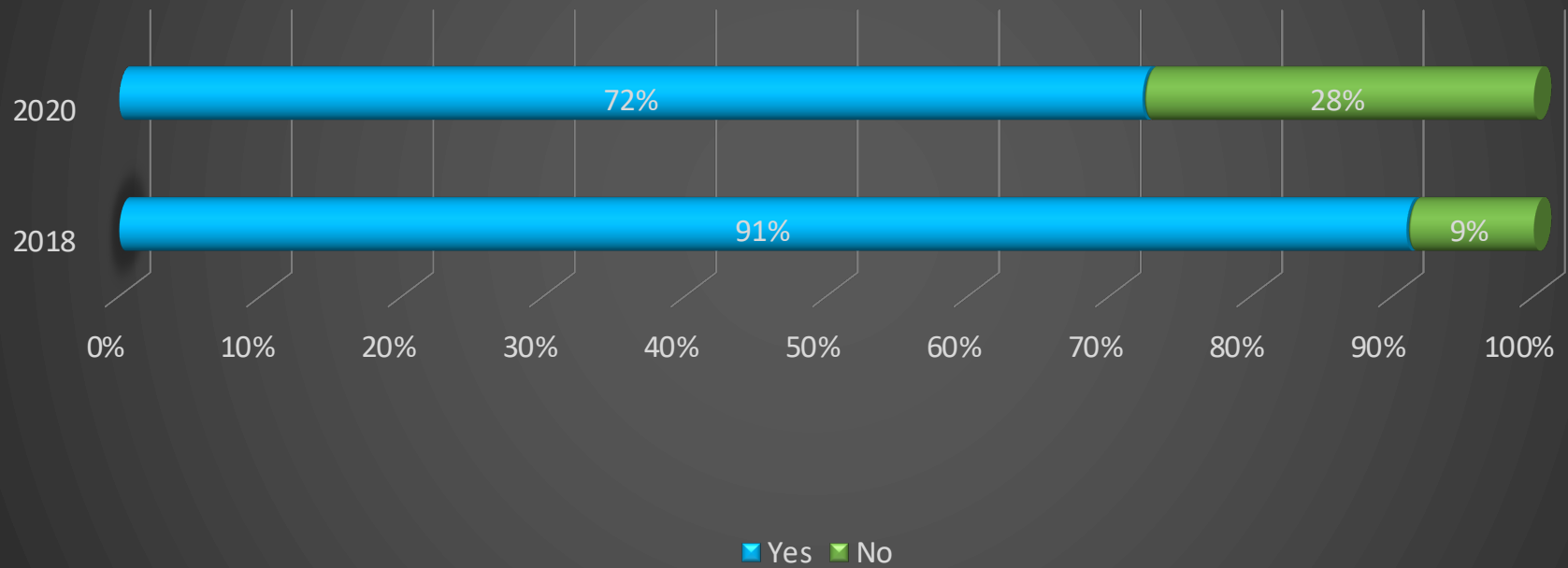
## Does Your Company Use Scoring to Prioritize Collection Activity?



# Scoring For Prioritization Usage

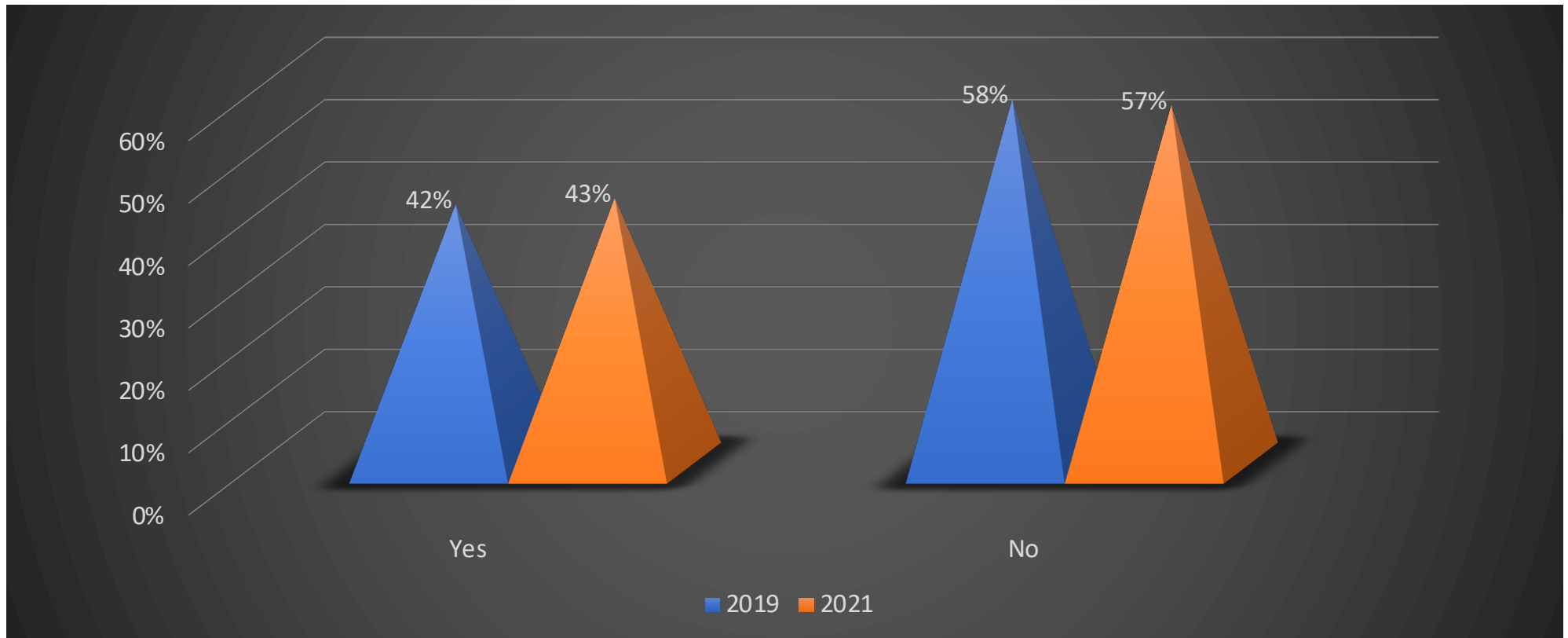


## Did Your 2020 New Hires Align With Projections For Additional Staff?

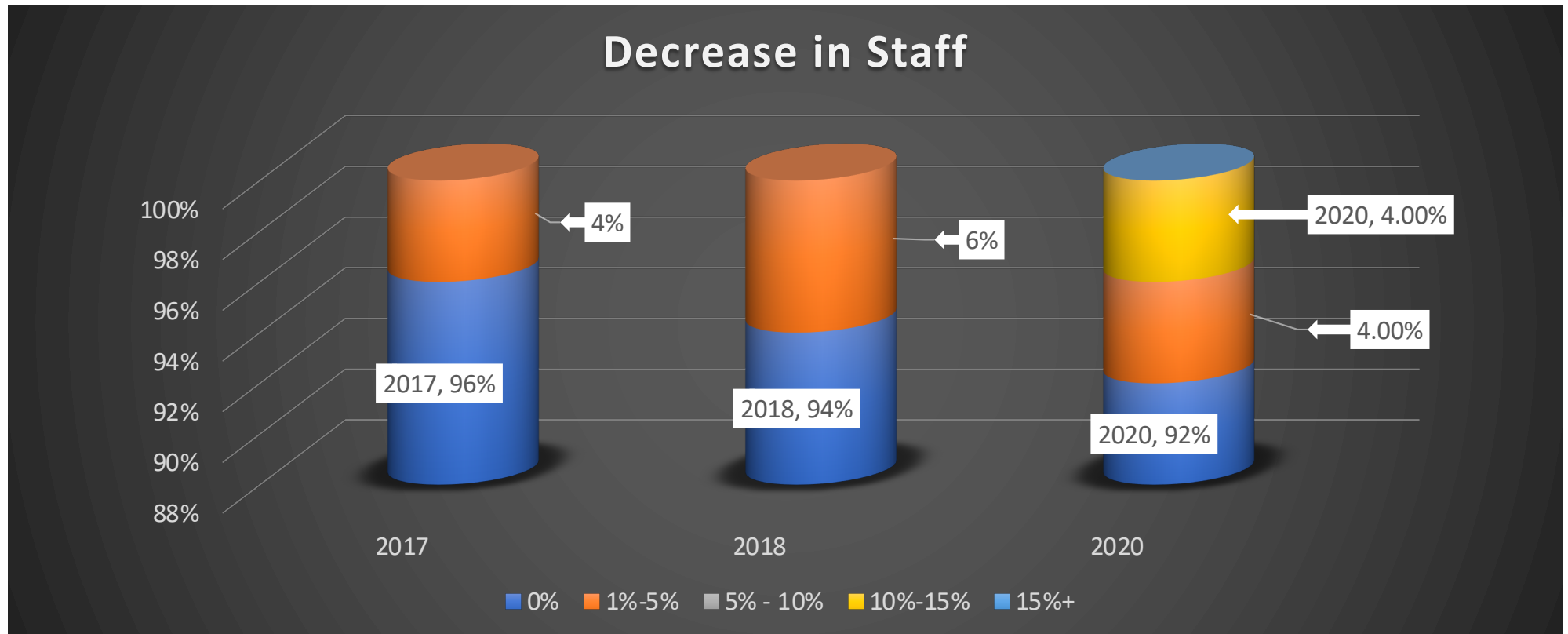




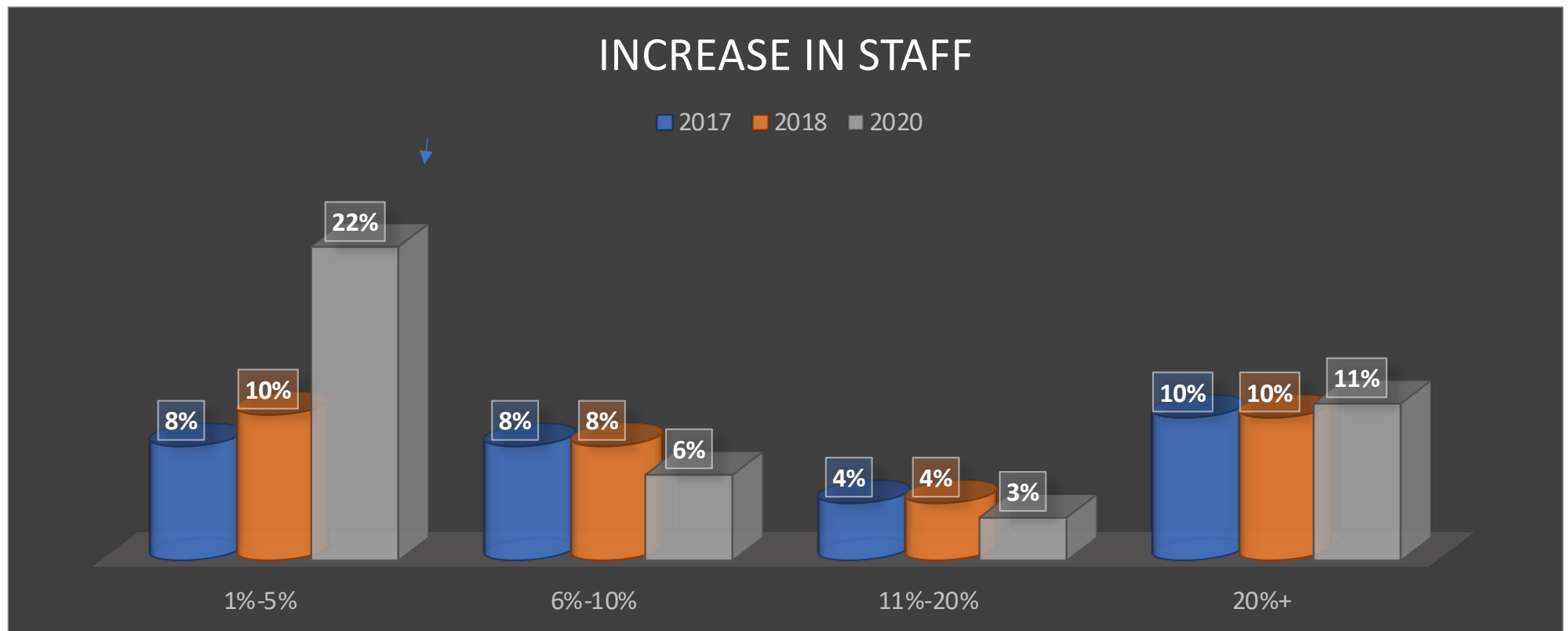
# Do You Plan To Hire Additional Staff In The Collections Department in the Next 12 Months?



# How did your 2020 staffing change in the collections department?

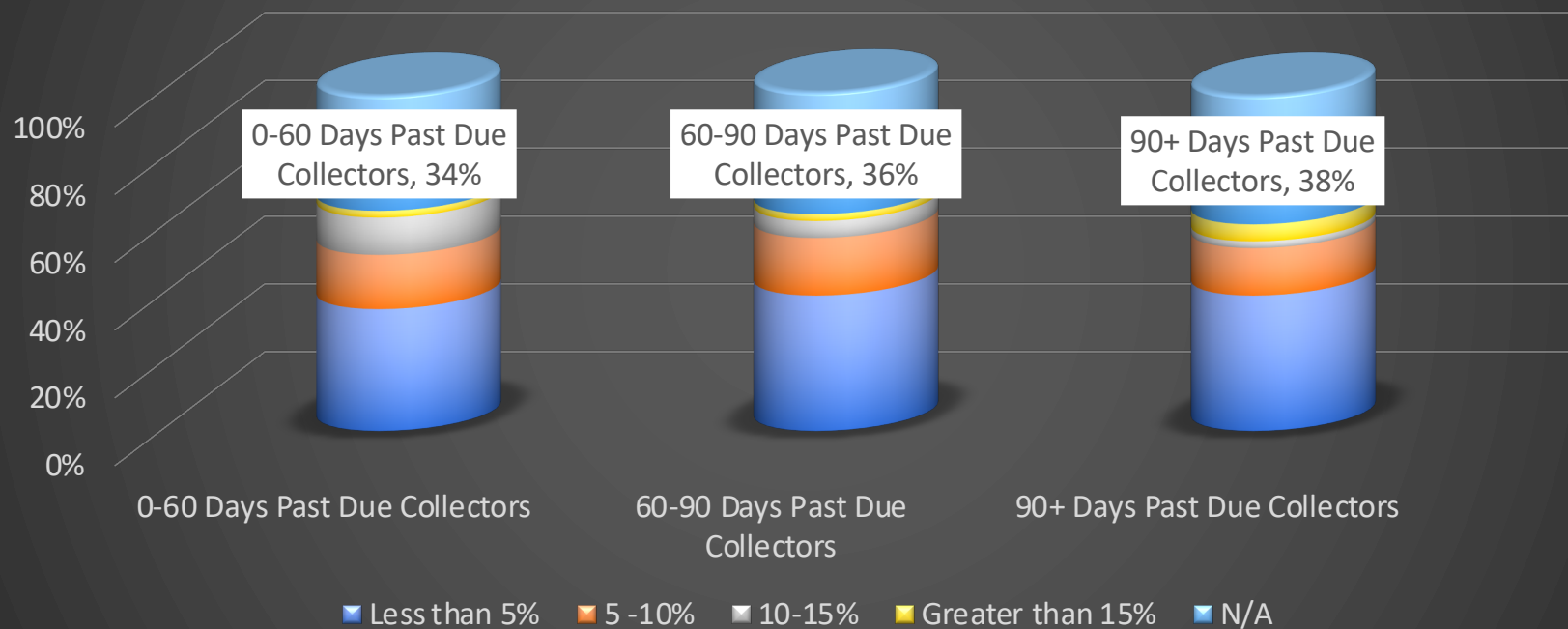


# How did your 2020 staffing change in the collections department?



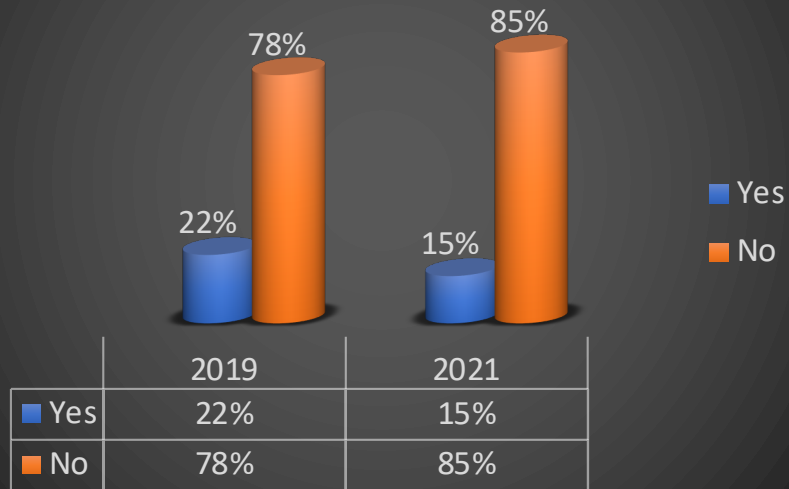
# How Did Your Staffing Change In The Collection Department?

## 2020 Decrease in Staff by Age

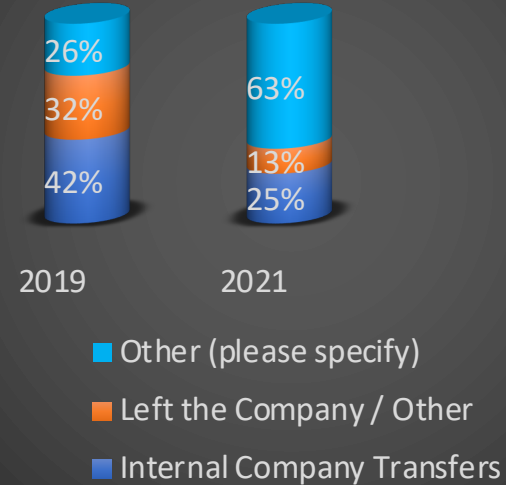


# Retention and Turnover

## Will Retention Be An Issue?

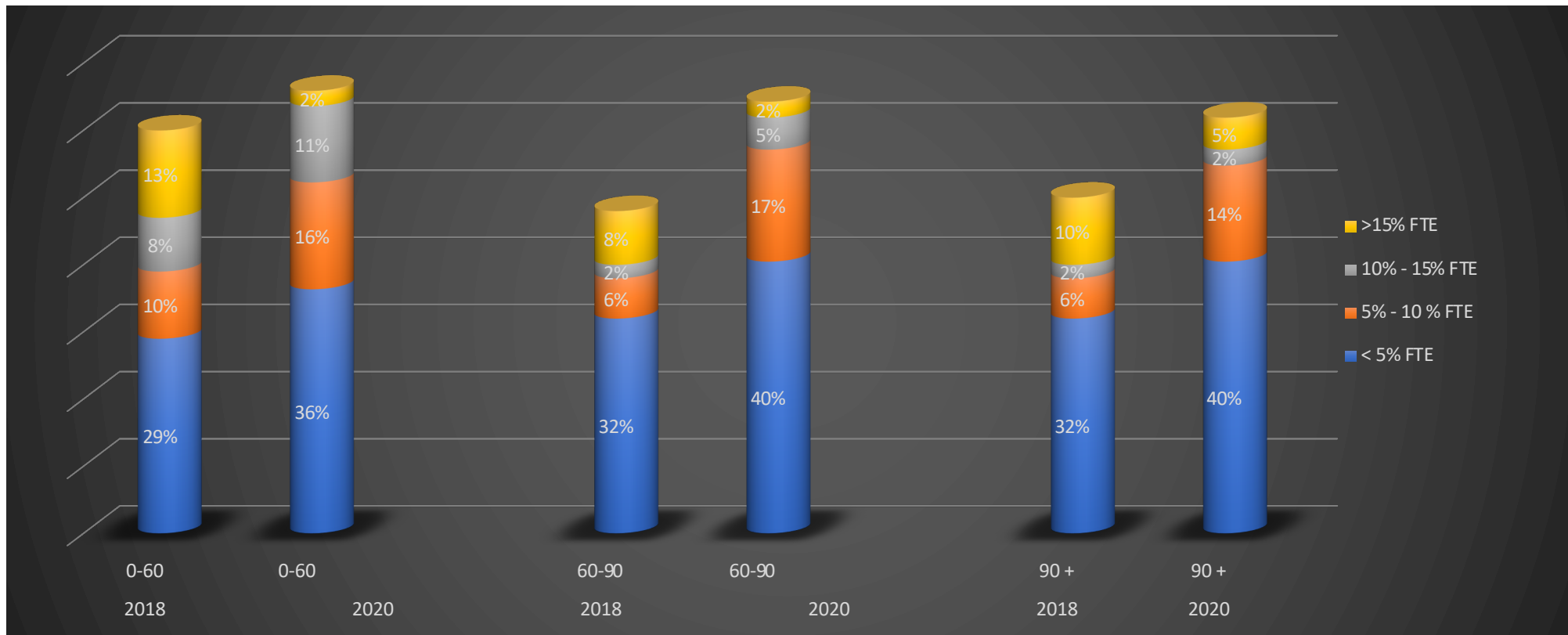


## Reason For Turnover

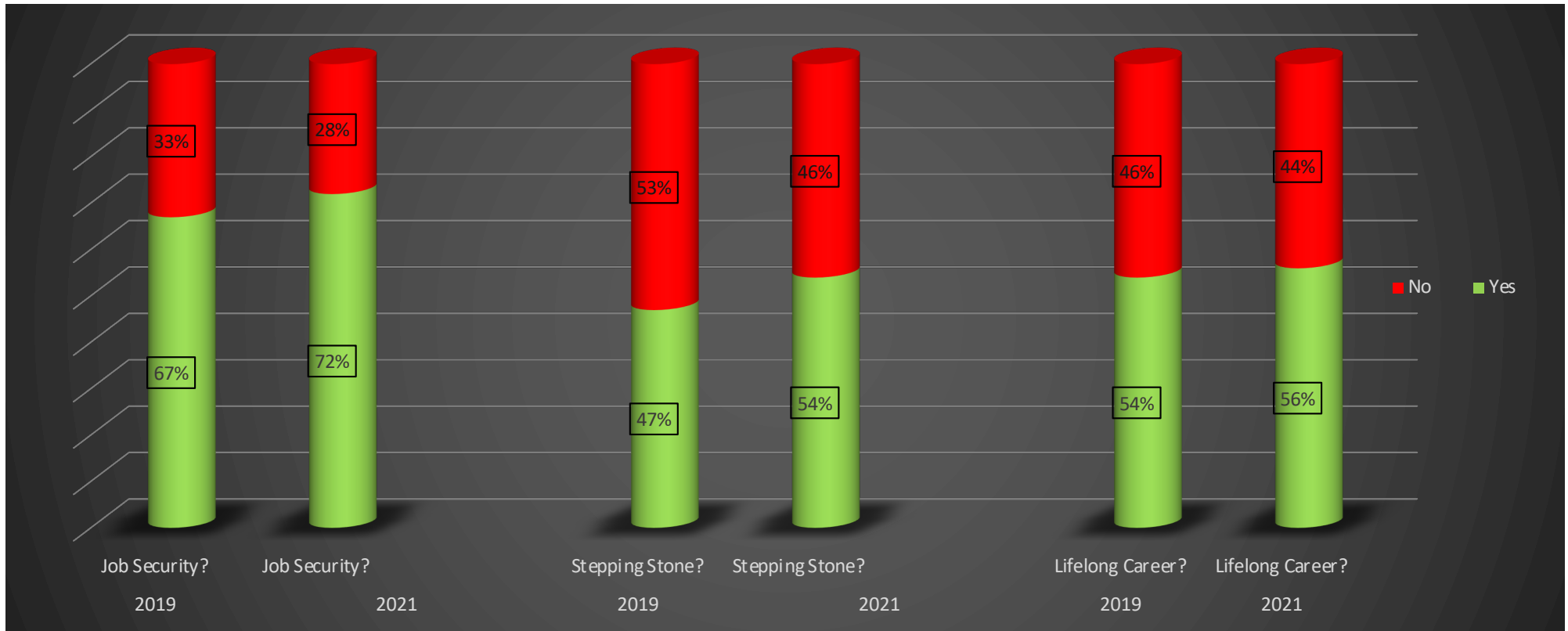


- Competitive Labor Market
- Covid-19/Government Payments
- Retirement

## What Was The Average Percent Of Your Collection Staff That Needed To Be Backfilled 2018 vs. 2020, As a Result Of Staff Leaving The Collection Group?

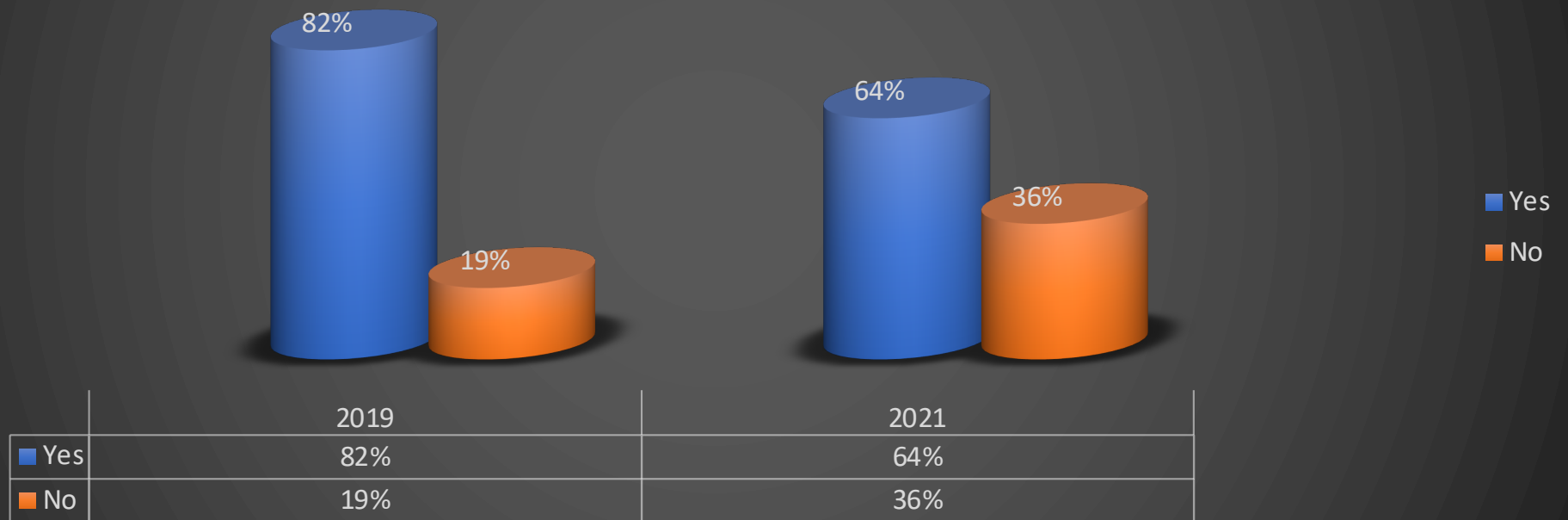


## Collector Feedback: What Do Your Core-Collectors Think?



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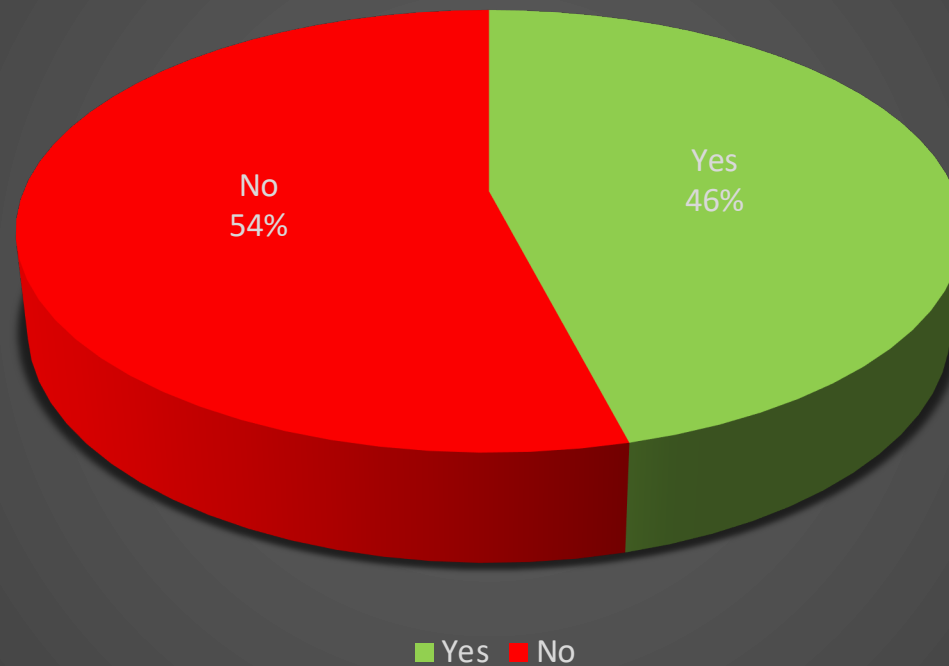
### Will Delinquency Get Worse?





## Collector Feedback: What Do Your Core-Collectors Think?

### Will Collections Become Easier?



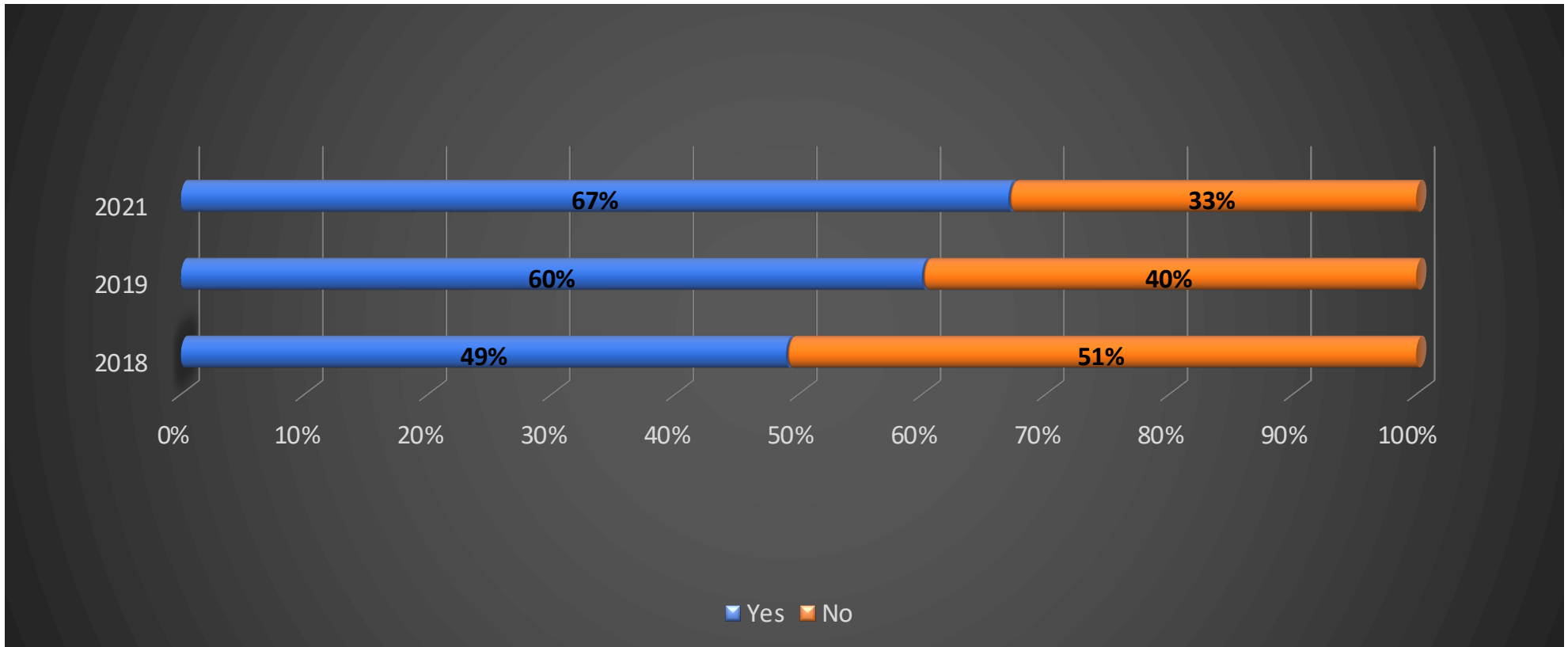
# How Has Core-Collector Benchmarking Changed in 2020?

- No change
- Plan for Covid Fallout
- Reduce Account Workload to Support Covid Impacts
- Refine Reports to Support Goals and Objectives
- Focus on Creating Efficiencies
- More Emphasis on Early-Stage Collections

## How Do You Anticipate Changes to Core-Collection Benchmarking in 2021?

- Monitoring Covid Modifications
- Increase/Enhance Benchmarking to Drive Gains Utilizing Analytics
- Reverting to Pre-Pandemic Operations
- No significant changes expected, continue to maintain account coverage.
- Continue to Improve Key Performing Indicator Reporting

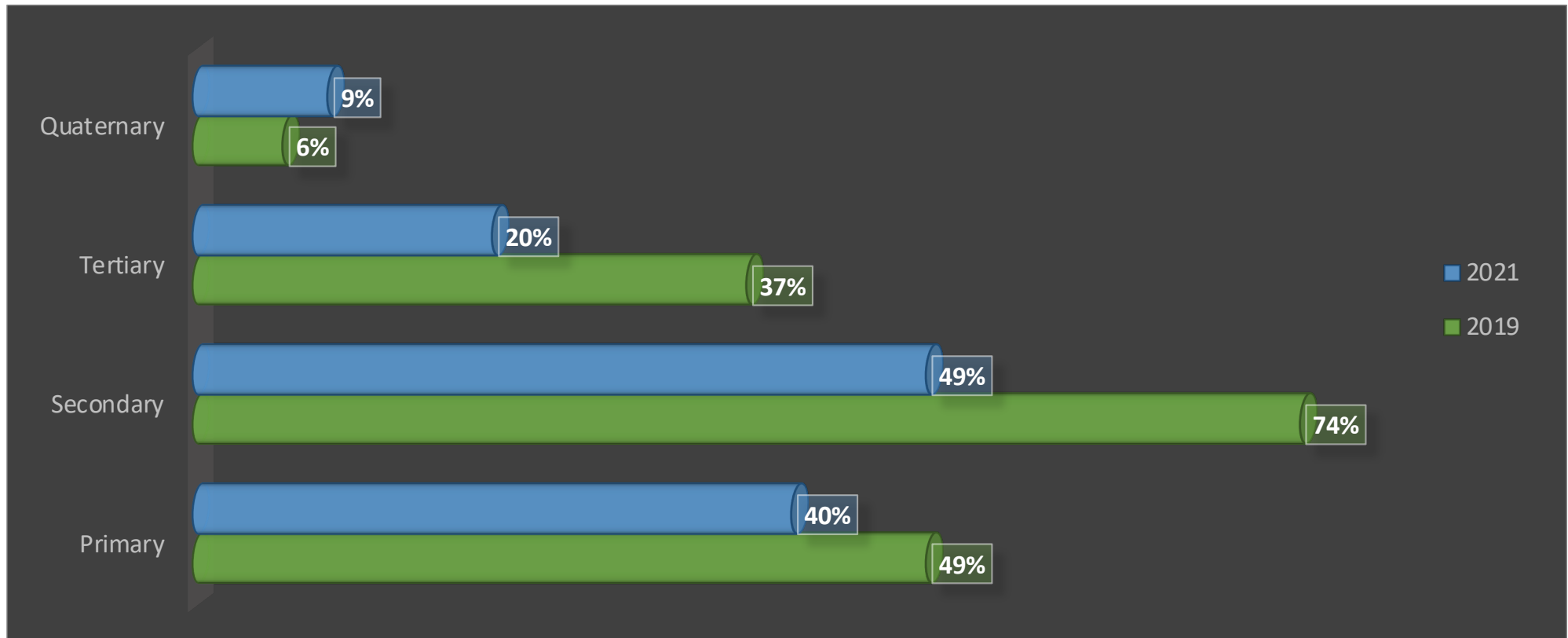
## Do You Feel 3<sup>rd</sup> Party Agencies Are Effective?



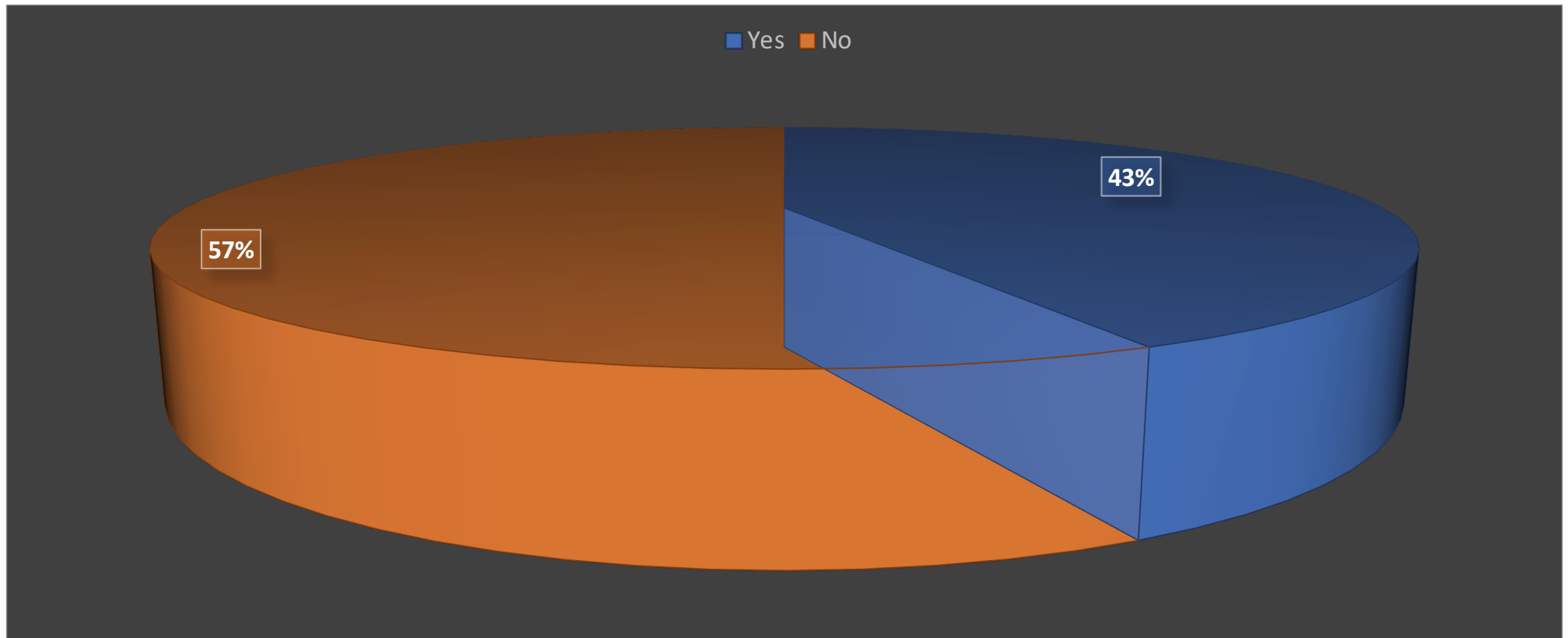
## Alternative Methods When Agency Placement Is Not Used

- All collection activity is done in-house.
- Non-performing accounts are sold.
- Limited Use Over Reputation Concerns.
- Utilize contingency based attorney firms.
- Portfolio is made up of large corporations and are handled in-house.

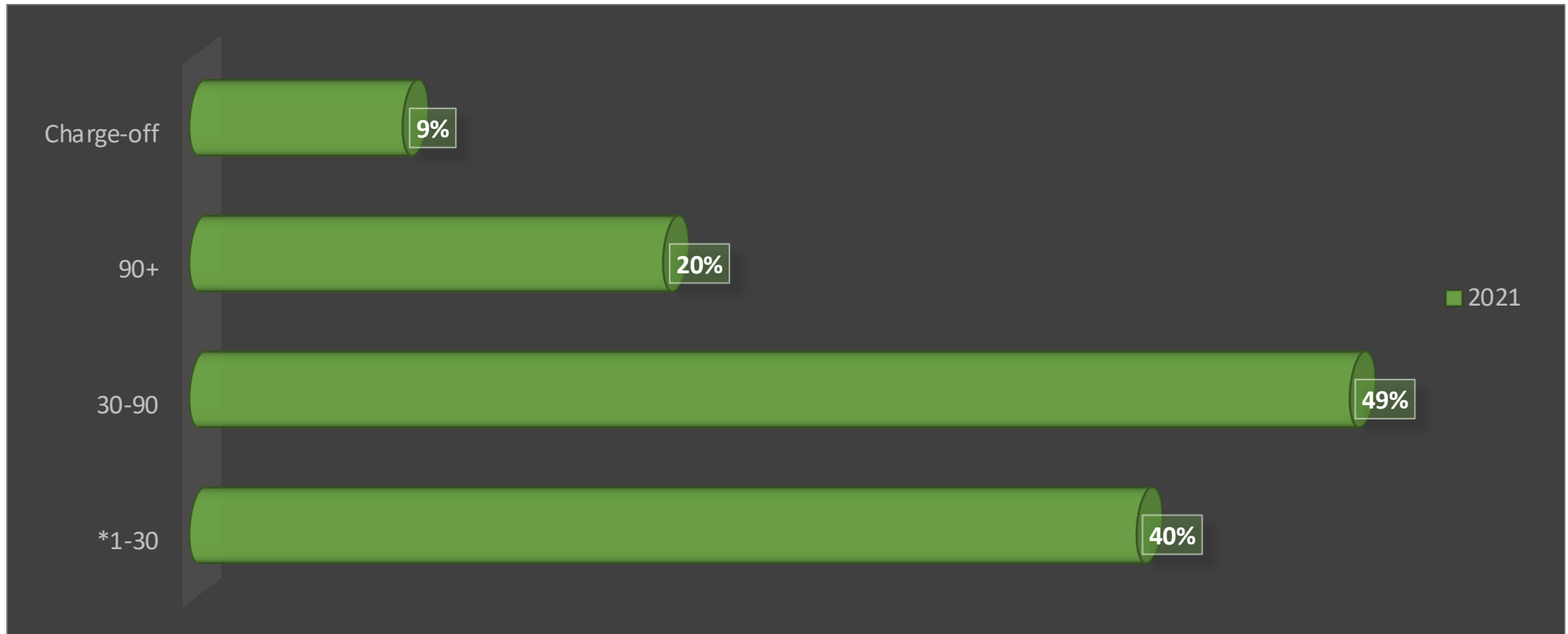
## How Many Times Do You Feel Agency Placement Is Effective?



## Do You Utilize Collection Agencies for 1<sup>st</sup> Party Effort?

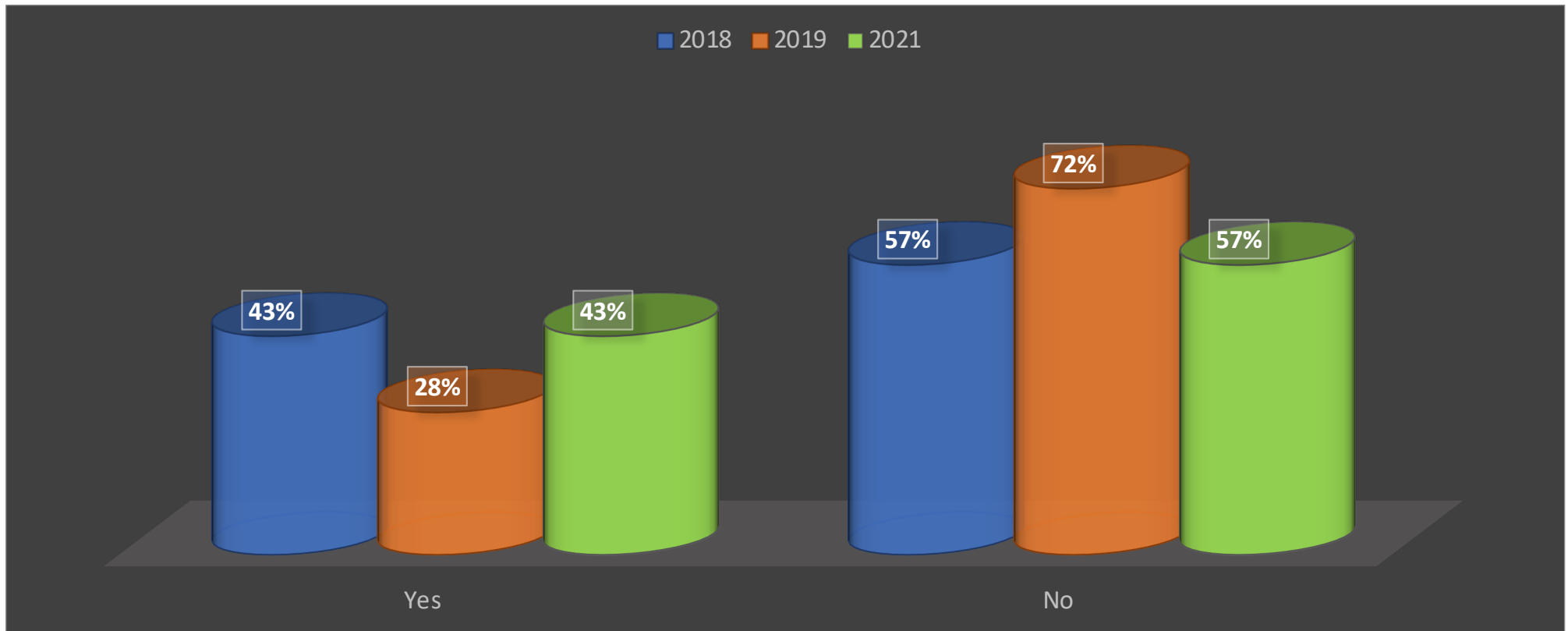


# 1<sup>st</sup> Party Segment Assignment?

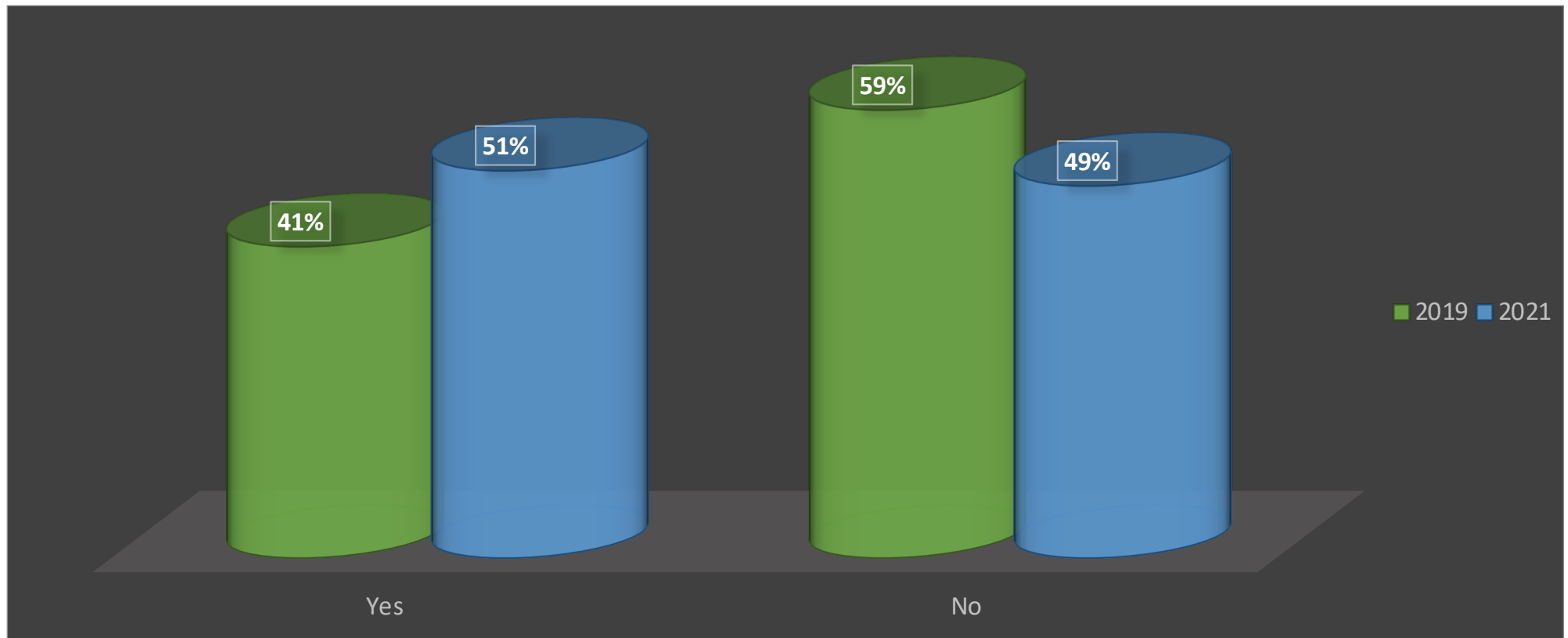




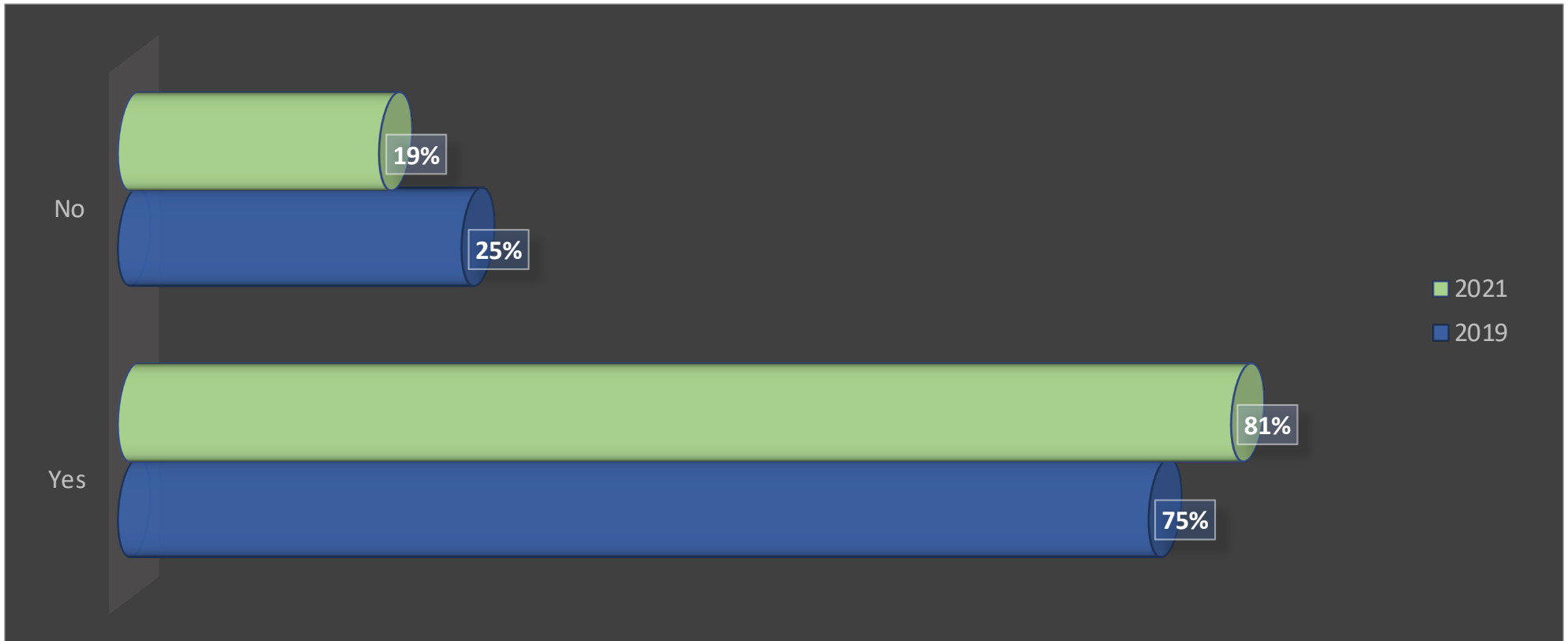
## Are You Or Your Risk Management Team Concerned About Liability From Using 3<sup>rd</sup> Party Collection Agencies?



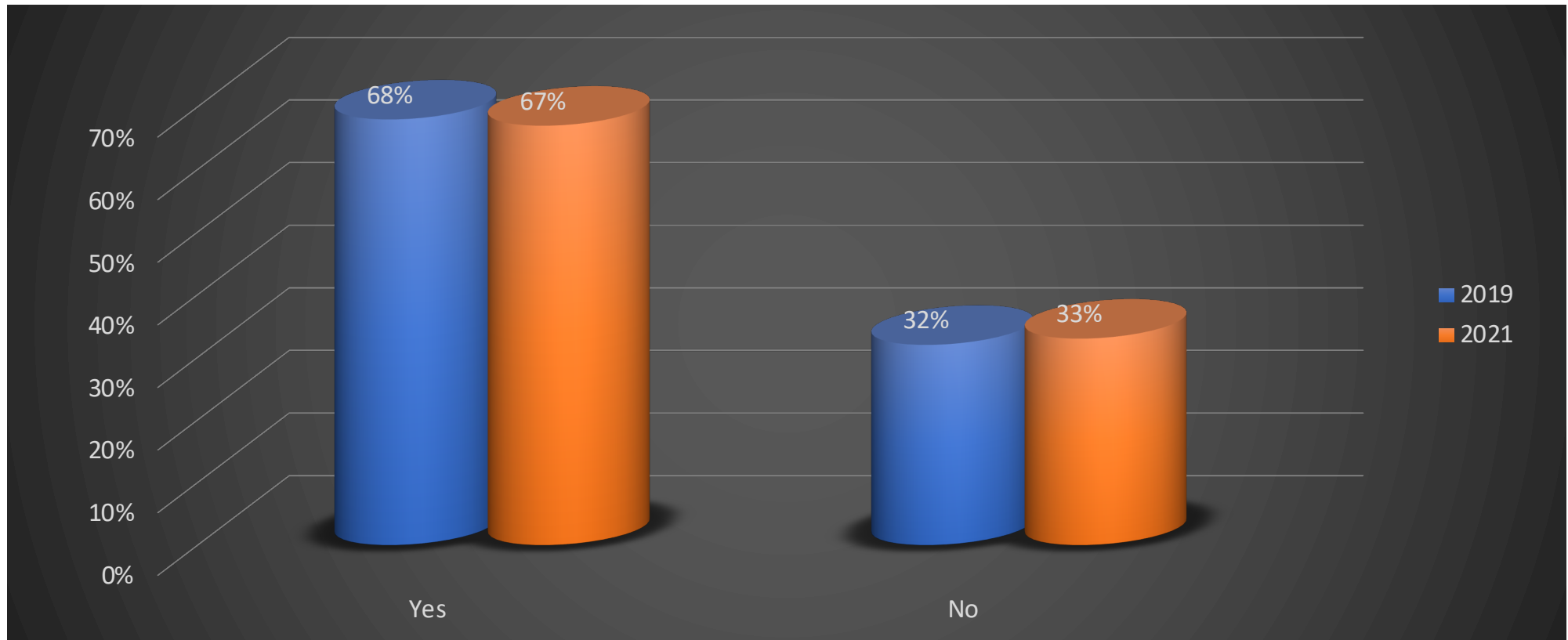
# Do You Utilize Door Knockers?



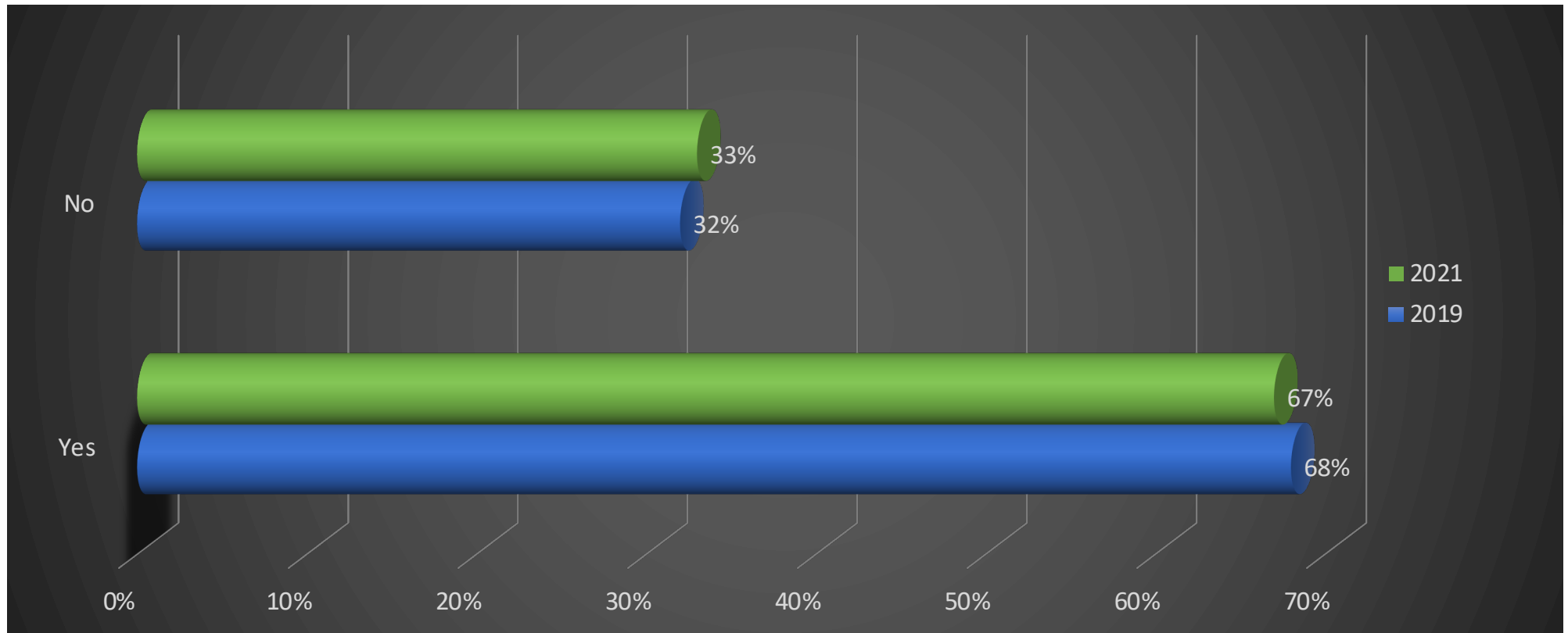
# Do You Have A Dedicated Internal Asset Group?



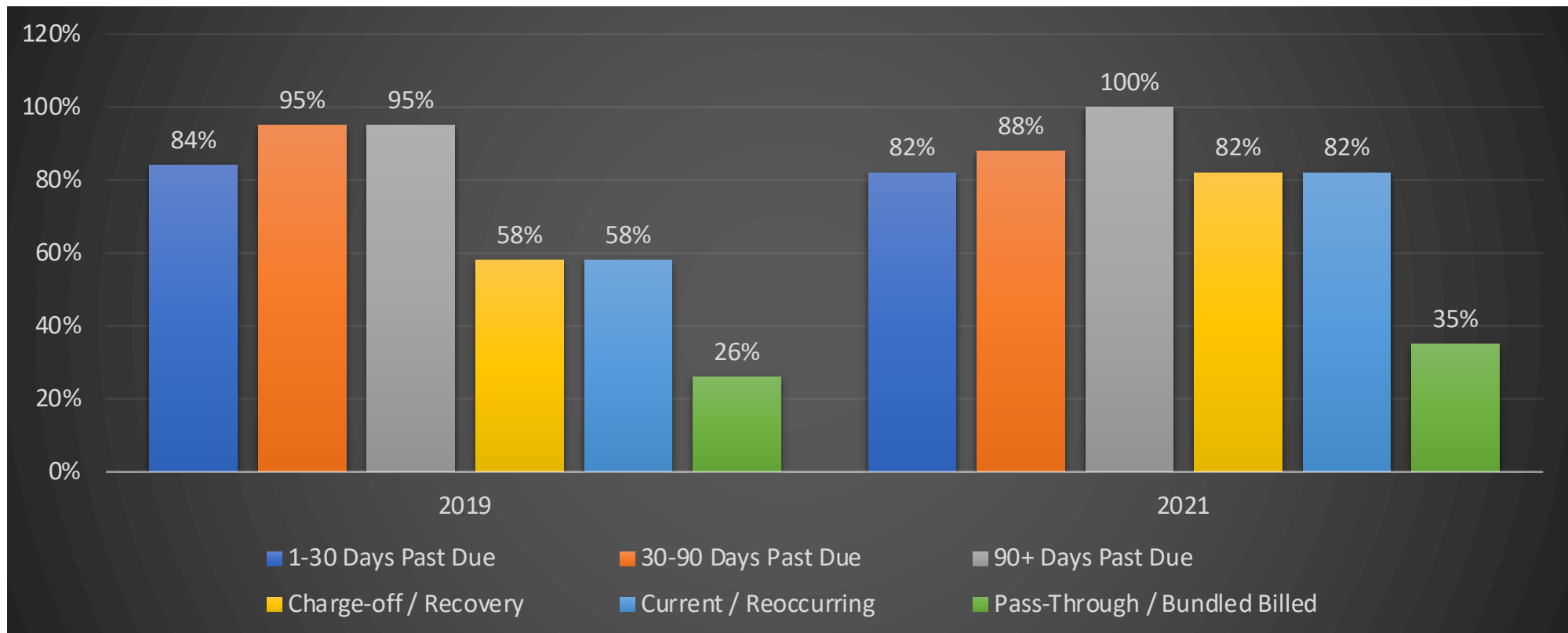
# Do You Utilize 3<sup>rd</sup> Party Remarketers?



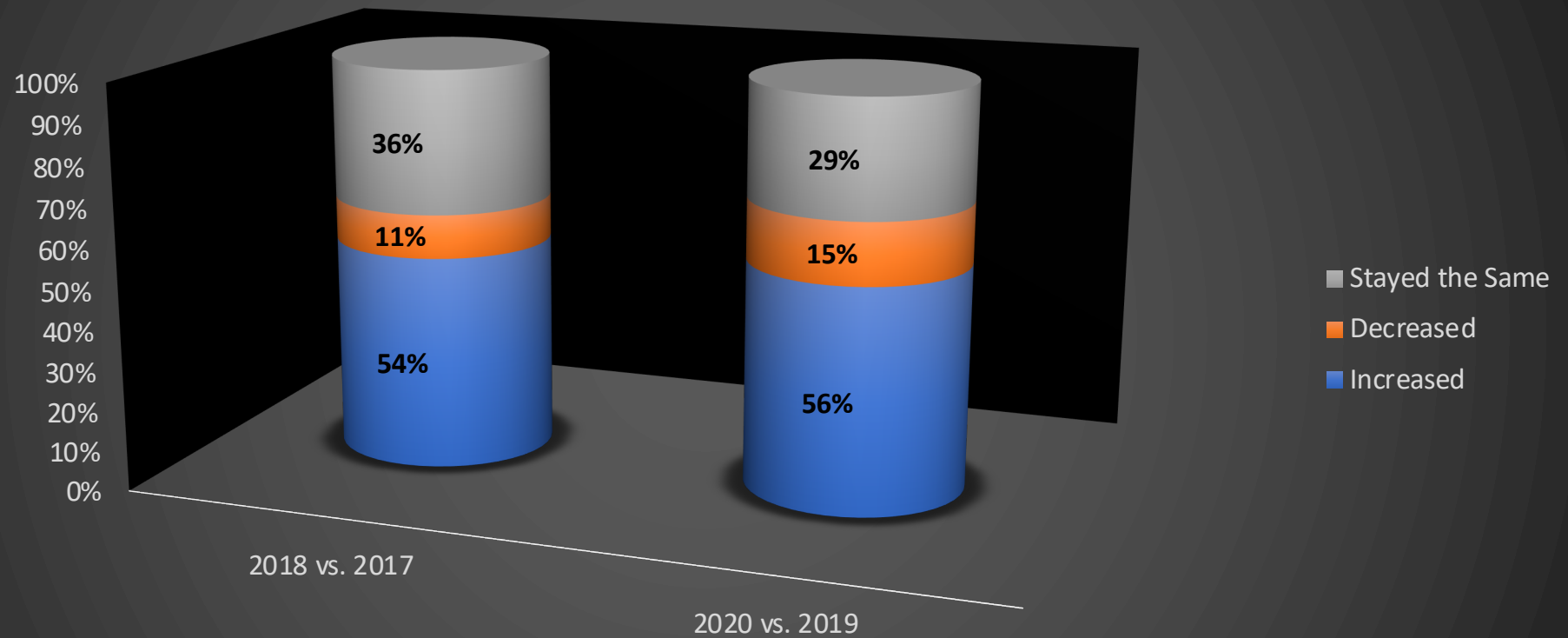
# Do You Accept Credit Cards?



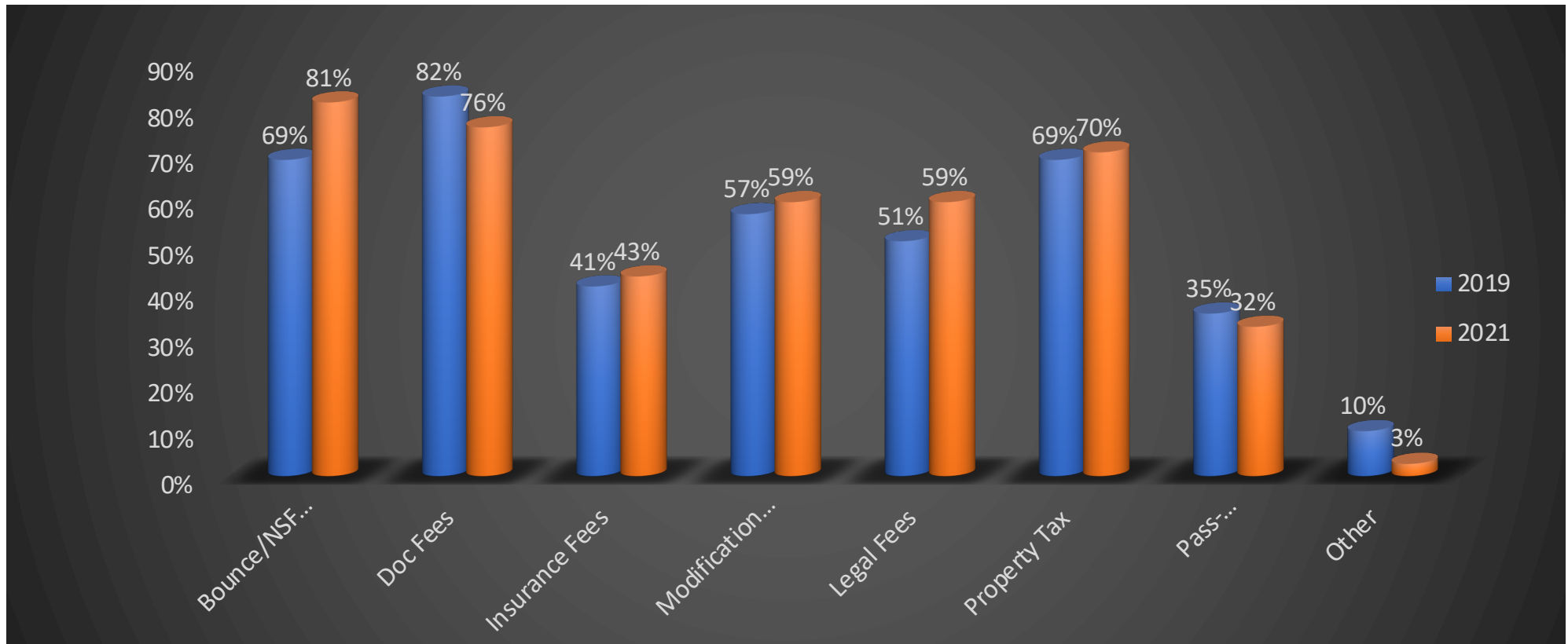
# Credit Cards Utilization



# Late Fee Collection vs. Previous Year

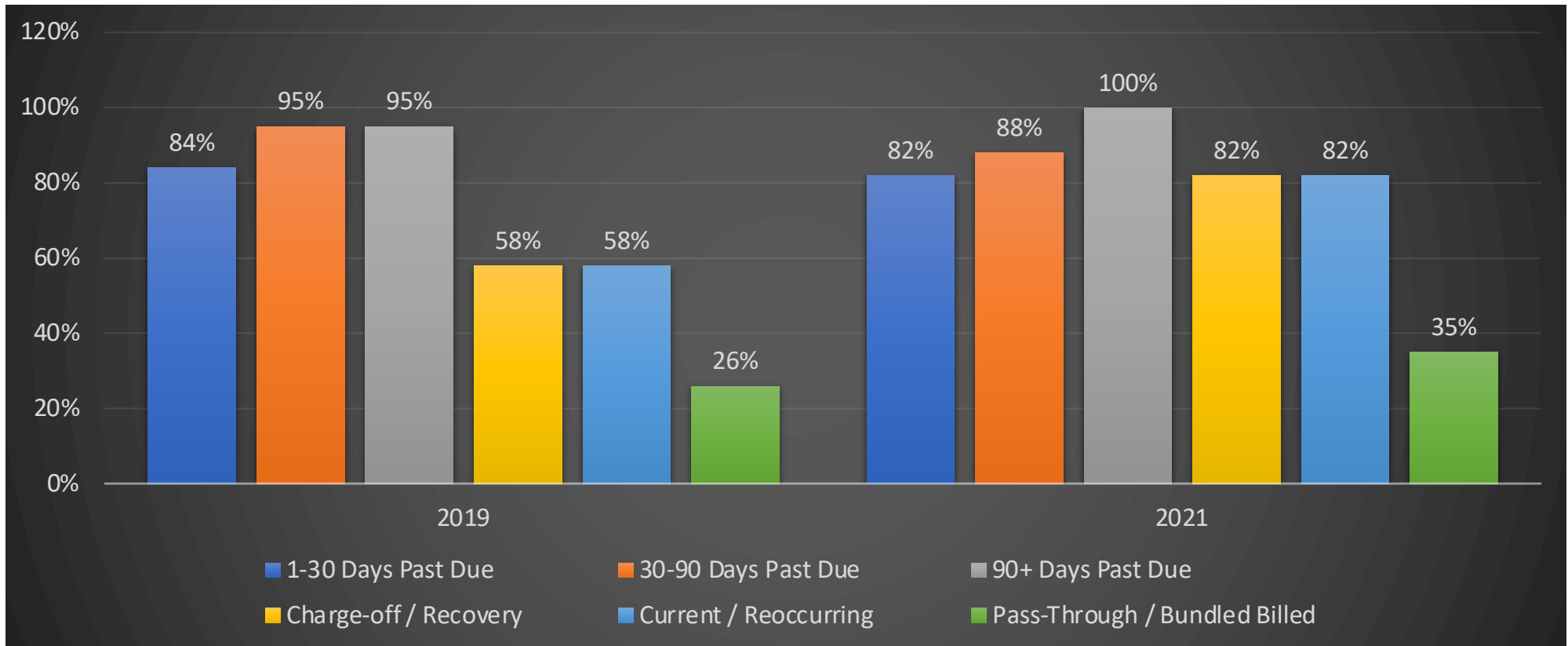


# Misc. Fee Income Pursued Beyond Late Fees





# Credit Cards Utilization



## Other Misc. Fee Income:

- Lease End Charges
- Finance Charges
- Bank fees: Payment Delay, Payoff Request
- Collection Call Fees
- Toll Violations
- Prepayment Fees



# What Are Your Goals For 2021?

- Onboard a new collection platform.
- Return to pre-pandemic business operations.
- Continue to reduce administrative delinquency.
- Effectiveness and productivity gains.
- Increase staff.
- Refreshing customer facing self service tools (including chat).
- Complete successful system conversion.
- Return to pre-Covid delinquency rates.
- Increase fee revenue and reduce charge offs.





# Thank You!



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