



CUSTOMER SUCCESS STORY

Debt Collections Agency

A Case Study by Nexidia

“How can we reduce our exposure to FDCPA violations and litigation, while improving collector performance?”

“With Nexidia, we can monitor virtually every call. We’re able to quickly isolate compliance issues, improve collector training, and increase collections performance.”

**Director of Operations,
Leading Debt Recovery Company**

BUSINESS IMPACT

Collection agencies invest heavily in call recording systems to track their activities and debtor commitments. Yet in 2008, the Federal Trade Commission received 78,838 FDCPA complaints, representing more than \$78 million in potential fines for improper collection activities¹. Using speech analytics, collection agencies are able to reduce risk by pinpointing and correcting inappropriate agent behavior, and simultaneously increasing collector performance.

PROBLEM

A leading collection agency, specializing in secondary and tertiary debt, experienced a significant increase in financial penalties due to FDCPA violations and litigation. Management was concerned continued violations would severely affect the company's long-term viability and profitability. In addition, the company wished to evaluate agent efficiency and identify opportunities to increase financial performance.

SOLUTION

Using Nexidia’s speech analytics, and the recorder metadata, the organization quickly identified over \$200,000 in potential FDCPA violations in the call sampling, including:

- Failure to properly verify Right Party Contact
- Failure to properly deliver mini-Miranda
- Improper disclosure of debt to third parties

Utilizing specific search terms such as “sue,” “attorney,” and “Better Business Bureau,” company risk managers were also able to immediately isolate and refer specific cases to legal counsel for review.

The analysis also revealed a high incidence of agent’s failure to follow the company’s ‘Ask for Payment’ process, resulting in reduced collection performance.

¹Federal Trade Commission Annual Report 2009: Fair Debt Collection Practices Act

They discovered that agents were:

- Failing to ask for payment in 60% of the calls, leading to increased call backs and operational inefficiencies, and
- Neglecting to first ask for full payment, instead immediately offering 50% settlement, leaving over \$800,000 uncollected.

RESULT

Risk management personnel were able to quickly identify inappropriate activities, recognize potential lawsuits, and specify the proper training for the company's agents.

In addition, the company identified its most successful agents and, based on their techniques, implemented a 'best practices' program which significantly increased collector performance.

The reduction in FDCPA violations will save the company millions of dollars in fines and legal fees, while the increase in collections is estimated at more than \$2.4 million annually.

Learn how Nexidia can help you improve risk management and collections performance at www.nexidia.com.



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