

OVERVIEW

Improving Debt Collection Performance with Speech Analytics



In today's difficult economic times the debt collection industry is experiencing strong growth. As with any market, however, there is intense competition for debt collection agencies to provide 'best value' services for businesses while still optimizing collections performance. Nexidia has applied its award winning speech analytics solution to the debt collection challenges, and has been able to help organizations achieve substantially increased revenue performance by improving live agent best practices in their interaction with debtors.

PROVEN TECHNIQUES

Like any established market, the debt collection industry has developed proven techniques to ensure that debt can be collected in an efficient and effective manner. Generally this involves two important inputs: conversations with debtors, and detailed database profiling of these individuals by the collections organization. The profile database contains important information such as the status of the debt, when the last collection attempt was made and the outcome of the last contact. This information is then used by the collections agency to populate their outbound call management applications—known as dialers.

The dialer pre-loads the known telephone numbers of debtors and makes automated outbound calls on behalf of the collections agents. These calls are scheduled by the dialer based on complex decision rules that are initiated by data within the company databases. Calling cycles depend on the status of

the debt. If the call is connected, the agent is presented with a screen of relevant data on the debtor, and then the agent begins their routine to persuade the debtor to settle all or some of their debt.

MAXIMIZING PAYMENT

Many debt collection agencies use a series of sequential questions to achieve payment. These questions have different levels of payment requests and intelligence gathering, and forms the heart of debt collection best practice. Typically a payment ladder would look like:

- Full payment—complete payment of all outstanding debt
- Settlement—a substantial partial payment that, once agreed, completes the outstanding debt and ensures no further action will be taken
- Financial profile—an agreed profile of the customer's financial status to allow the agency to assess the customer's ability to repay the debt
- Installments—an agreed installment profile to settle the debt
- Holding payment—a one off payment to prevent the debt collection agency from taking further legal redress

PROMISE TO PAY

Often the key to building collections success is to focus on the agent's ability to ask for a 'promise to pay.' Most debt collection agencies have business models that profile the number of 'promises to pay' against actual results.

These known results enable agencies to model how their business performs. Promise to pay (PTP) ratios are built from the number of PTPs achieved against the number of calls placed. These actual PTP results are often then assessed against manually audited agent conversations with debtors. However, time constraints enable less than 1% of agents calls to be listened to, so it is impossible to accurately identify how successful each agent is in asking for a 'promise to pay.'

One leading US Debt Collection agency, after deploying speech analytics, discovered that its agents were:

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

THE COLLECTIONS PROCESS

The daily process of collecting debt entails pumping potential calls into the dialer, a percentage of which connect to customers. This should be followed by a discussion to determine the most suitable amount the debtor can afford to pay, and then the agent should ask for a promise to pay. At the end of this process, each business can use historical data to reliably predict how many payments they will indeed collect as a ratio of 'promise to pay' statements and received cash.



NEXIDIA SOLUTION

Nexidia speech analytics can turn this process into a more efficient and successful revenue-generating collections engine. Nexidia develops and markets a world-leading speech analytics solution that allows debt collection agencies to gain unparalleled insight into how their agents collect debt from their customers. By being able to index, search and analyze content from all of the recorded conversations between agents and debtors, and integrate this audio data with database-driven data from the company’s collections systems, Nexidia can deliver accurate, detailed performance statistics on every debt collection agent. With speech analytics, debt collection companies can monitor calls to enforce compliance processes, identify agents that can benefit from additional training and share best practices from collectors who are highly successful.

OUTSTANDING INSIGHT

With the Nexidia Enterprise Speech Intelligence product suite, it is possible to analyze and extract information from 100% of recorded agent calls. Using sophisticated speech analytics routines to find relevant key words and phrases in conversations, Nexidia ESI can ascertain exactly what is going on in the calls. Furthermore, it is possible to profile the most and least successful agents, and then derive how their conversations differ and offer this up as a front-line training aid.

This type of detailed 100% analysis yields incredible insight into the actual operation of collection agents on a day to day basis. Typically, debt collection agencies discover that the agents are not asking for payment as regularly as they should. Also, often at the end of a call an agent enters a ‘call closure code’ to qualify the outcome of a call. However, Nexidia speech analytics frequently uncovers a difference between the actual conversation and the call closure code. So are agents misleading their employers? Often not—it’s just that they use their own interpretation of a call outcome and this frequently differs from how the business would like it to be assessed.

IMPROVING COLLECTIONS PERFORMANCE

Speech analytics can enable the agency to streamline its collection process by recognizing the behavior of its debt collectors and substantially improving their performance by:

- Increasing the percentage of calls during which a promise to pay is asked for

- Focusing on the techniques used to request payment and development of training to ensure this is discussed in an efficient and successful manner (for example, by getting the debt collectors to ask for higher repayment which generates an uplift in the amount received from customers)
- Focusing on overly long calls, looking to reduce call length and therefore increase the dialer throughput per day (this ultimately has a positive impact on revenue per head)
- Targeting training and development based on the behaviors of the most successful debt collectors, and eliminating the behaviors of the least successful

While this might sound obvious, it is the ability to have insight against each advisor and every call that allows debt collection agencies to refine their processes and dramatically lift their collection performance.

PROVEN REVENUE BENEFITS

In practice, Nexidia’s proven approach to refining the debt collection business using sophisticated speech analytics technology has generated as much as \$22,000 additional revenue per agent annually. The financial benefits of implementing speech analytics far outweigh the cost of investing in the technology and can lead to a significant recurring revenue performance improvement. Nexidia is so confident in the value of this approach, that the company offers a free Proof of Concept (POC) to validate the benefits for interested customers, prior to any investment.