

# 10



Ten Critical Questions:

## **The Buyer's Guide to Digital Debt Collection Solutions**

# Introduction

*If you're a professional responsible for collections or recovery, this ebook is for you.*

Consumer debt [reached an all-time high](#) of \$14.3 trillion in 2020, a 19% increase over 2009 levels. But despite ballooning debt, the market size of the debt collections agency industry in the US is actually [expected to decline](#) by nearly 14% in 2020.

*That's because the collections industry has been confronting structural headwinds for some time. Traditional approaches, particularly the "call and collect" model, have faced new challenges as a result of changing consumer preferences and regulatory controls.*

*At first glance these trends might seem bad for the debt collection industry. But there's hope. We wrote this ebook because we see a better solution for both lenders and borrowers: digital-first debt collection.*

*This book is intended as the definitive guidebook for organizations looking to jumpstart their digital debt collection journey. It starts with a brief explanation of why digital debt collection is the wave of the future. It then lays out the critical questions that organizations should ask before they enter into a partnership with a digital debt collection vendor.*

*This book distills what we've learned after many years in the industry. We hope that it furnishes you with the tools to build your own digital debt collection strategy.*



## Why Digital Collections? Why Now?

The concept of digital outreach isn't new. Email and SMS have been around for decades. And marketers across industries regularly use these channels to reach customers.

But a digital collections strategy involves more than just reaching customers on digital channels. It involves using digital technology to support customers throughout the entire debt collection journey. This requires a provider to be able to:



**Reach**  
customers with the right messages and on the right channels



**Tailor**  
and optimize outreach over time to drive engagement, commitment, and follow-through



**Empower**  
customers to self-serve by providing an easy-to-use digital toolkit for resolving debts



**Scale**  
operations to any volume, even in a remote-first environment, while maintaining full regulatory compliance

Consumer behavior and expectations have undergone significant changes over the past few years – trends that COVID has only accelerated. The end result is that digital collections have shifted from a “nice to have” into a necessity for any lending organization.

# The Four Trends Making Digital Debt Collections a Necessity

1

## Consumers are digital-first.

The decline of the landline has made it harder to reliably reach consumers at home. And advances in mobile technology (e.g., call blocking) have made it easier for consumers to screen calls. As a result, right-party contact rates are low and continuing to decline.

- 78% of collection agents see their calls blocked
- 74% of collection agents see their calls marked as “Spam or Fraud” (source: [ACA](#))



### What it means for lending organizations

Organizations must embrace a **multi-channel digital approach** that meets customers where they are, empowering them to respond at their own convenience.



2

## Consumers won't accept one-size-fits-all treatment.

The explosion of personalization in marketing (from product recommendations to programmatic advertising) means that consumers expect to be communicated with as individuals, in a way that is relevant and tailored to them.



### What it means for lending organizations

Organizations must seek out a digital collections approach that **tailors messages** and **outreach** to individual consumers.

3

## Consumers expect a seamless, self-serve experience.

From Amazon to Instacart, consumers have become accustomed to being able to do everything digitally – without interacting with a human being.



### What it means for lending organizations

It's not enough to communicate with customers over digital channels. A digital collections solution must offer a robust and intuitive **self-service interface** that enables customers to engage in their own time.



4

## There are now major logistical challenges in scaling the contact center model.

With COVID limiting in-person interactions, it's more challenging than ever to hire, train, house, and monitor contact center agents – creating obstacles with the traditional agency model.



### What it means for lending organizations

A digital collections solution must be built for scalability, enabling organizations to meet collections volume without adding agents to make outbound calls.







For all of these reasons, digital debt collection is quickly becoming the future of the industry. And there's been a substantial uptick in interest from organizations over the past few years in exploring how they can "future proof" themselves with a digital debt collection strategy.

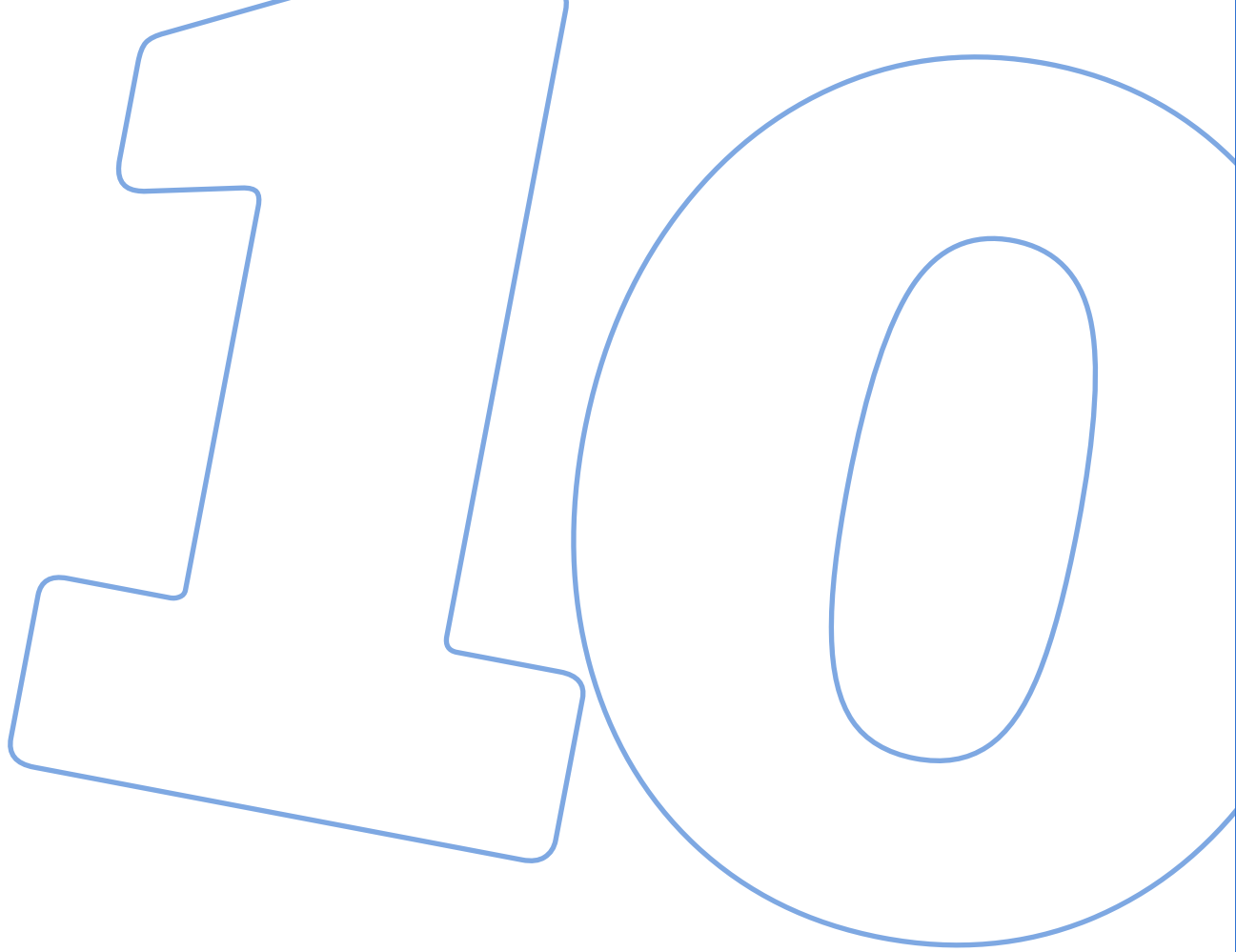
Some of these organizations, particularly the largest enterprises, will try to build parts of a digital debt collection strategy in-house. They're likely to encounter numerous hurdles along the way:

- The critical volume of **proprietary data** needed for machine learning optimization
- The **domain expertise** required to optimize digital channel deliverability
- The **engineering challenges** of building a self-serve digital experience
- **Regulatory and compliance** hurdles

Given the immense complexity involved – and the benefits of working with a provider that has performance data and expertise across many companies – the majority of organizations seek out a partner to help them accelerate their digital debt collection capabilities.

Unfortunately, it can often be difficult for collections and recovery professionals to evaluate the differences between one digital debt collection solution and the next. Many providers use similar terms or make claims that are hard to assess critically. And the reality is....not all of these solutions are created equal.

That's why we've created the following decision guide. It consists of the ten most important questions to ask any digital debt collections provider before moving ahead with a partnership. Asking and answering these questions will ensure that you know exactly what to expect – and that you're choosing the right vendor for your needs.



## Ten Critical Questions to Ask When Evaluating a Digital Debt Collections Provider



# 1

## What channels do you support?

### Why it matters

Consumers are engaging on more digital channels than ever before. Unfortunately, many “digital” debt collections providers are essentially little more than services sending emails on an organization’s behalf. Email is, of course, a critical digital channel – but it’s only one way of reaching consumers. And there’s a good body of research to suggest that other digital channels are powerful components of a balanced, multi-channel strategy. (For example, [open rates](#) for SMS are as high as 98%, compared to 20% on average for email.)

### What to look for

Look for a digital debt collections provider that supports a wide variety of digital channels – with referenceable customers and case studies. The list of digital channels is always growing, but at a very minimum should include:

- Email
- SMS
- Push notifications
- Voicemail drop

# 2

## What is your email deliverability rate – and strategy?

### Why it matters

Email deliverability measures the rate at which a provider is able to successfully “place” emails in a user’s inbox (as opposed to getting caught in spam traps). It’s important to remember that email is just one channel in a successful digital collections strategy. But deliverability is [one of the most important metrics](#) for evaluating how successful that channel is likely to be. After all, an email that never reaches a consumer’s inbox has no chance of driving engagement and action.

### What to look for

Research suggests that the [average deliverability rate](#) across industries is 83%. There are a variety of strategies that organizations can use to improve deliverability – and best-in-class organizations often see inbox placement rates well above the overall average. Look for a partner that can clearly articulate their deliverability strategy, and has consistently seen deliverability in the 90%+ range across different clients.

## 3

## What data do you use to personalize outreach to customers?

### Why it matters

Your ability to deliver a highly relevant, personalized message to a consumer is a function of how much you know about her. It would be helpful to know, for example, that a consumer is a woman in her 40s from Arizona with \$600 in credit card debt. But if you were trying to predict how best to reach her, it would be game-changing to know that she tends to engage most with messages with a friendly tone sent over SMS.

### What to look for

Many providers will look at a limited slice of information to inform their outreach: for example, just demographic information (like age, gender, and location) and debt characteristics. Make sure that your digital debt collections provider is also analyzing behavioral data – specifically, how a consumer engages with different messages across channels. This is critical for optimizing outreach.

## 4

## Do you use advanced technology like machine learning? If so, how?

### Why it matters

Data scientists use the term “machine learning” to refer to a set of modeling techniques that “learn” and automatically improve on their own over time. Businesses across industries are quickly coming around to the value of self-optimizing systems. Digital debt collections is no exception. Unfortunately, many digital debt collections vendors have also caught onto the buzz, and have started using the language of machine learning – even when their actual approach bears very little resemblance to the field. For example, business rules (“If a consumer does X, then do Y”) or static models that don’t self-optimize are examples of non-machine learning-based approaches. Others use machine learning in a highly limited way: to prioritize which customers to call, for example, but not to continuously personalize ongoing digital touchpoints.

### What to look for

Ask digital debt collection vendors to explain their machine learning approaches. Vendors should be able to articulate clearly how their algorithms self-optimize for performance over time as more data is observed. They should be able to provide evidence from client placements of liquidation rates improving within a given portfolio over time as their models automatically self-tuned to the specifics of the client’s data. The most sophisticated providers will likely have patented intellectual property (IP) relating to their machine learning algorithms. Finally, vendors should be able to demonstrate that they use machine learning in a holistic, integrated fashion throughout the entire debt collection process, not just at one stage or for one outreach channel.



## How much manual tuning do users have to do to optimize your technology?

### Why it matters

One benefit of a robust machine learning approach is that performance continues automatically improving “under the hood” with a limited need for human intervention. In contrast, some vendors’ approaches require extensive configuration and performance tuning in order to reach maximum effectiveness.

### What to look for

Ask digital debt collection providers to describe how they typically work with organizations as far as optimizing model performance. Have they worked only with large companies that have existing data science teams and analytics resources? Or have they been successful with smaller companies that don’t have data science resources to burn? Some vendors may require extensive configuration and manual performance monitoring and tuning of models over time.

## 6

### What percentage of customers self-serve without any human interaction?

#### Why it matters

The benefits of digital debt collection go far beyond just being able to reach consumers on digital channels. They also include the convenience, privacy, and flexibility of being able to self-serve. Unfortunately, many vendors are still largely outreach services (even if they don't describe themselves as such). They use digital channels to communicate with customers – only to drive them to talk to actual human beings in a contact center. This is a missed opportunity. [Research from McKinsey](#) concludes that consumers who digitally self-serve resolve their debts at higher rates, are significantly more likely to pay in full, and report higher levels of customer satisfaction than consumers who pay via a collection call.

#### What to look for

Among customers who resolve their debts, the percentage that does so in a self-serve manner – without an human interaction – is an excellent measure of the strength of a vendor's digital experience.

## 7

### What type of customer satisfaction scores do you have?

#### Why it matters

Customer satisfaction scores are a reflection of the end-to-end experience that customers have interacting with a digital debt collector on behalf of your brand. Was the resolution experience intuitive and seamless? Did the vendor provide them with high-quality, flexible self-service options?

#### What to look for

Do your research. Make sure to check out your digital debt collection vendor's accreditation with the Better Business Bureau (BBB), along with customer reviews on platforms like Google. Your vendor should have an A+ rating from the BBB and a score well above 4.0 on Google. And be sure to ask your digital debt collection vendor about the policies they have in place for investigating and resolving consumer disputes.

## 8

### **On average, how many accounts does each collection agent handle?**

#### **Why it matters**

Traditional “call and collect” agencies service between 1,000 and 2,500 accounts per collection agent. In contrast, one of the key benefits of the digital collection model is the ability to scale far beyond that ratio by using automation, machine learning, and self-serve technology. But not all digital collection vendors are created equal. Some use digital channels to reach customers, but still rely primarily on interaction with a contact center to resolve debts. That model ultimately doesn’t scale – a limitation that’s reflected in the number of accounts per collection agent.

#### **What to look for**

A true digital collection vendor should be able to serve an order of magnitude more accounts per collection agent than the traditional model: well in excess of 25,000 accounts per agent. Of course, this relies on having built a complete, end-to-end digital experience: robust multi-channel outreach, machine learning-powered engagement, and a self-service experience for digital debt resolution.

## 9


### **Assuming it is permissible by law in the states where you operate, are you able to run your collections operations remotely, or do your agents have to be present in a call center?**

#### **Why it matters**

COVID has led to logistical complications with scaling the call center model – including hiring, training, and safely housing call center agents. This means that traditional “call and collect” vendors will face increasing headwinds in deploying their model over the coming months. This also means that the digital collection vendors that are best positioned to help your business are those that have built resilient and scalable systems around compliance for digital-first engagement and debt resolution.

#### **What to look for**

Look for a digital collection vendor that has been able to smoothly make the transition to remote work while enforcing the same regulatory compliance measures required for agents working from a company office. It can be difficult to assess regulatory rigor, but one guarantee is the presence of a strong in-house legal team with industry expertise and ongoing engagement with major regulatory bodies. Ask your vendor what industry advocacy groups and regulatory agencies their legal team engages with regularly. And don’t be afraid to request documentation. It’s reasonable to ask for information on a vendor’s internal policies for ensuring compliance and regulatory pace. At the very least, make sure you have a process diagram that enables you to see where in the digital workflow compliance checks and activities take place.



## 10 Critical Questions And Finally...

# 10

## What kinds of results have you delivered for companies similar to mine?

### Why it matters

The goal of building an end-to-end digital collections technology is to be able to deliver a superior customer experience and, ultimately, better collections results relative to traditional approaches.

### What to look for

A digital collections technology vendor should be able to demonstrate performance improvements for companies in your sector relative to incumbent approaches (either in-house or traditional agency model). And those performance improvements should not only persist over time – lasting well beyond the scope of an initial placement – they should actually improve as the vendor’s machine learning technology self-optimizes.



## Next Steps

First, a little bit about us.

TrueAccord is the leading digital-first provider of collections and recovery solutions. With more than \$10 billion in debt managed, TrueAccord has worked with millions of customers of the world's most recognizable service, lending, utilities, technology, financial, and FinTech organizations.

We wrote this guide to help collections and recovery specialists make sense of the quickly-changing landscape – and to share some of what we've learned over our many years in the industry. We're proud of the results that we've achieved on each of these 10 critical dimensions after years of partnering with leaders in the business.

### 1 What channels do you support?

TrueAccord has built-in support to reach the customer on her channel of choice as guided by client requirements:

- Email
- Call
- Letter
- Push notification
- SMS
- Voicemail Drop

### 2 What is your email deliverability rate – and strategy?

TrueAccord uses a proprietary blend of tactics to maximize deliverability including authentication to build a domain reputation and extensive email validation to maximize right-party contact (RPC) rates. Our email deliverability rate is currently **over 90%**.

### 3 What data do you use to personalize outreach to customers?

TrueAccord captures more user data from throughout the customer debt lifecycle than any other provider (user-level data, debt placement data, and individual-level behavioral response data) to create a **comprehensive 360-degree view** of each customer.

### 4 Do you use advanced technology like machine learning? If so, how?

TrueAccord's patented **machine learning platform HeartBeat** constantly ingests and processes customer data on the individual level. HeartBeat pattern-matches against our proprietary data set of millions of observations, and predicts the optimal communication plan for each customer to maximize resolution.



**5 How much manual tuning do users have to do to optimize your technology?**

HeartBeat comes **pre-configured with data and self-optimizing algorithms**. In contrast to platforms that require slow and manual performance tuning, HeartBeat starts immediately optimizing “under the hood.”

**6 What percentage of customers self-serve without any human interaction?**

TrueAccord has built a rich, flexible, and intuitive digital portal. **96% of customers** who resolve their debts with TrueAccord do so in a fully self-serve fashion, without any human interaction.

**7 What type of customer satisfaction scores do you have?**

TrueAccord’s **superior customer experience** is reflected in an A+ rating from the Better Business Bureau and an industry-leading 4.8 rating from Google.

**8 On average, how many accounts does each agent handle?**

At TrueAccord, each agent is able to service **more than 80,000 accounts (and counting)**

**9 Assuming it is permissible by law in the states where you operate, are you able to run your collections operations remotely, or do your agents have to be present in a call center?**

TrueAccord was able to **smoothly make the transition to remote work** — and with the same regulatory compliance measure required for agents working in a company-office. This transition was the result of pairing a technology workflow engineered for compliance and auditability with a world-class legal team on the forefront of industry regulatory developments.

**10 What kinds of results have you delivered for companies similar to mine?**

Relative to traditional approaches and other digital collections vendors, TrueAccord has delivered **significant and ongoing improvements** in recovery rate for companies across virtually every sector including service, lending, technology, financial, and FinTech.

Whether or not you think TrueAccord is a good fit for your organization at the moment, feel free to [contact us](#). We’re happy to share with you some of our own answers to these questions – or to help you think through what the next steps for your organization.

Ultimately, we’re passionate about digital debt collection not just because it’s the wave of the future, but because it’s better for both borrowers and lenders. We hope this guide has empowered you to take the next step on your digital debt collection journey.

## About TrueAccord



TrueAccord is a digital-first provider of outreach, recovery, and collection solutions helping more than 13 million consumers of service, lending, technology, financial, and FinTech organizations since 2013. We are transforming the debt collection industry and helping consumers reach financial health with convenient payment plans, customized billing schedules, and easy documentation.

→ Email [sales@trueaccord.com](mailto:sales@trueaccord.com) or [sign up for a product demo](#) to learn more.



### Automated Collections

96% of customers who resolve their accounts with us do so through self-service offered by our product and digital channels. We're conveniently online and accessible 24/7, without relying on a call center team.



### Scalable Systems

Our digital automated collections strategy improves and scales up in real-time as placement volume increases.



### Superior Performance

Our proprietary machine-learning technology isn't subject to traditional call and collect staffing concerns and provides personalized customer experiences that optimize for liquidation.

Exit this crisis with improved brand perception.

**Customers want to get out of debt. We make it easy.**

*"I love how simple you guys make it to pay off all my debts. **Well on my way to fixing my credit and I owe it all to you!**"*

*"The first collection agency I've ever dealt with that **treated me like a human** and not a complete delinquent."*

*"This was an **incredibly convenient solution** to something that nobody enjoys doing - contacting collections agencies."*

### Better Business Bureau



### Google

TrueAccord  
303 2nd St, San Francisco, CA  
4.8 ★★★★★

*"You motivated me to repay my debts and monitor my credit. You appreciated me and I felt the **extraordinary customer service** from the day I first took the loan. I am grateful and **even during this pandemic** I felt my loyalty to complete my payment of this loan over any other bills. Thank you again!"*