



Intelligent Debt Collection Techniques

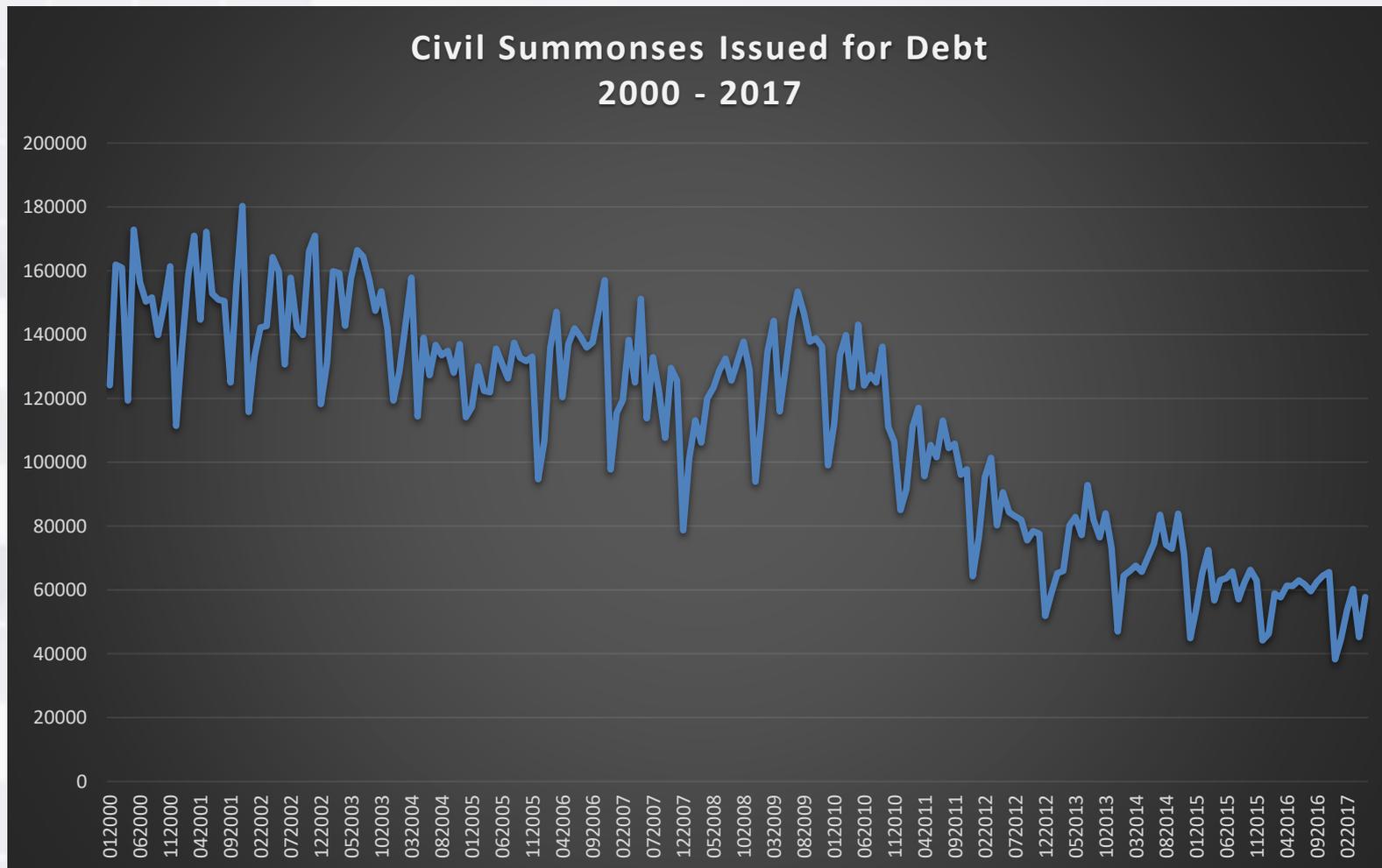


2016 South African debt statistics

- 23.8 million South Africans are credit active consumers
- Outstanding consumer credit balances increased by 2.3% since last year and now stands at R1.66 trillion
- Impaired accounts increased slightly since last year to 20.2 million currently
- 53% of consumers who take out debt are between the ages of 31-45
- 75% of consumers owe about 75% of their salaries to creditors

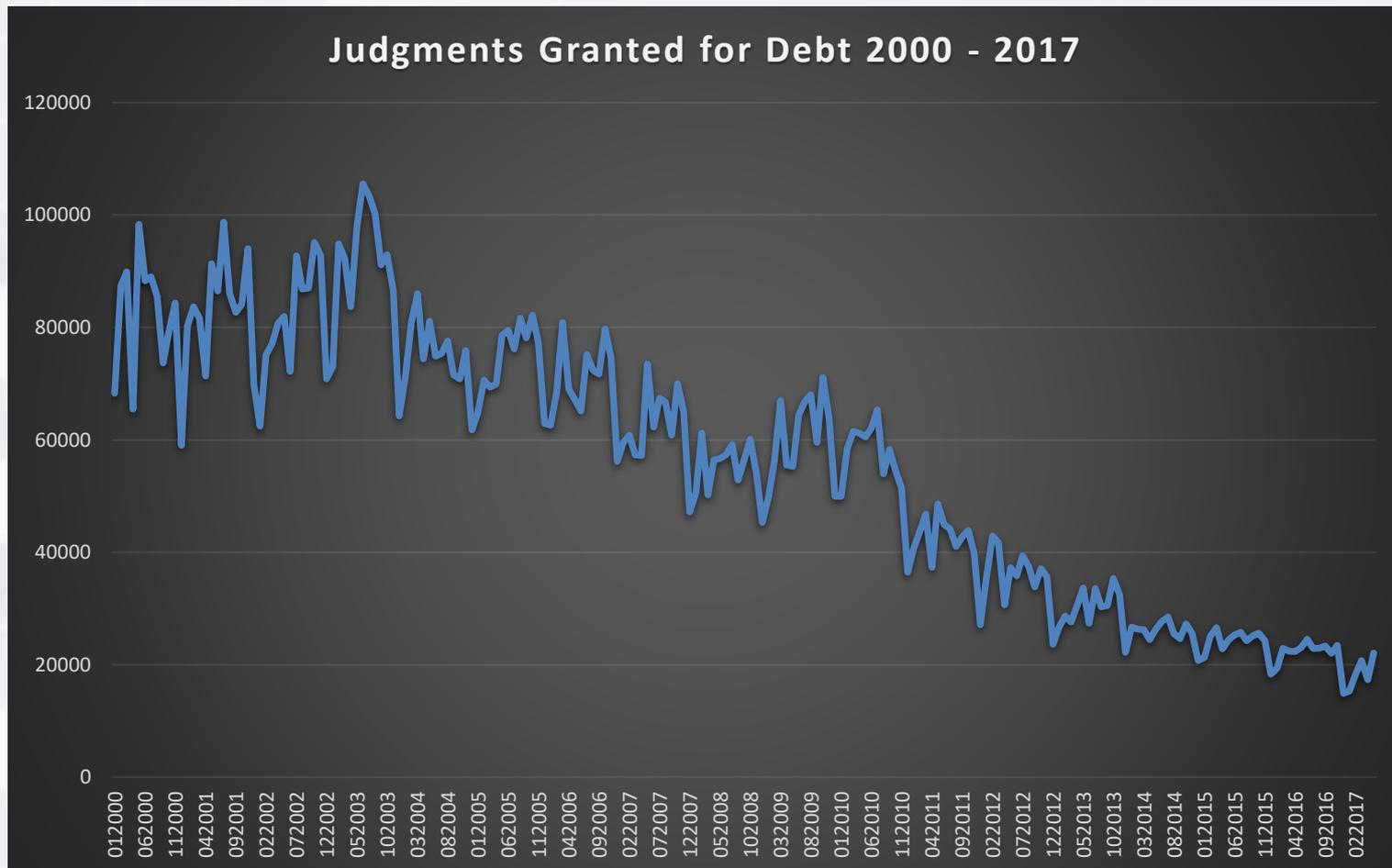


South African debt statistics



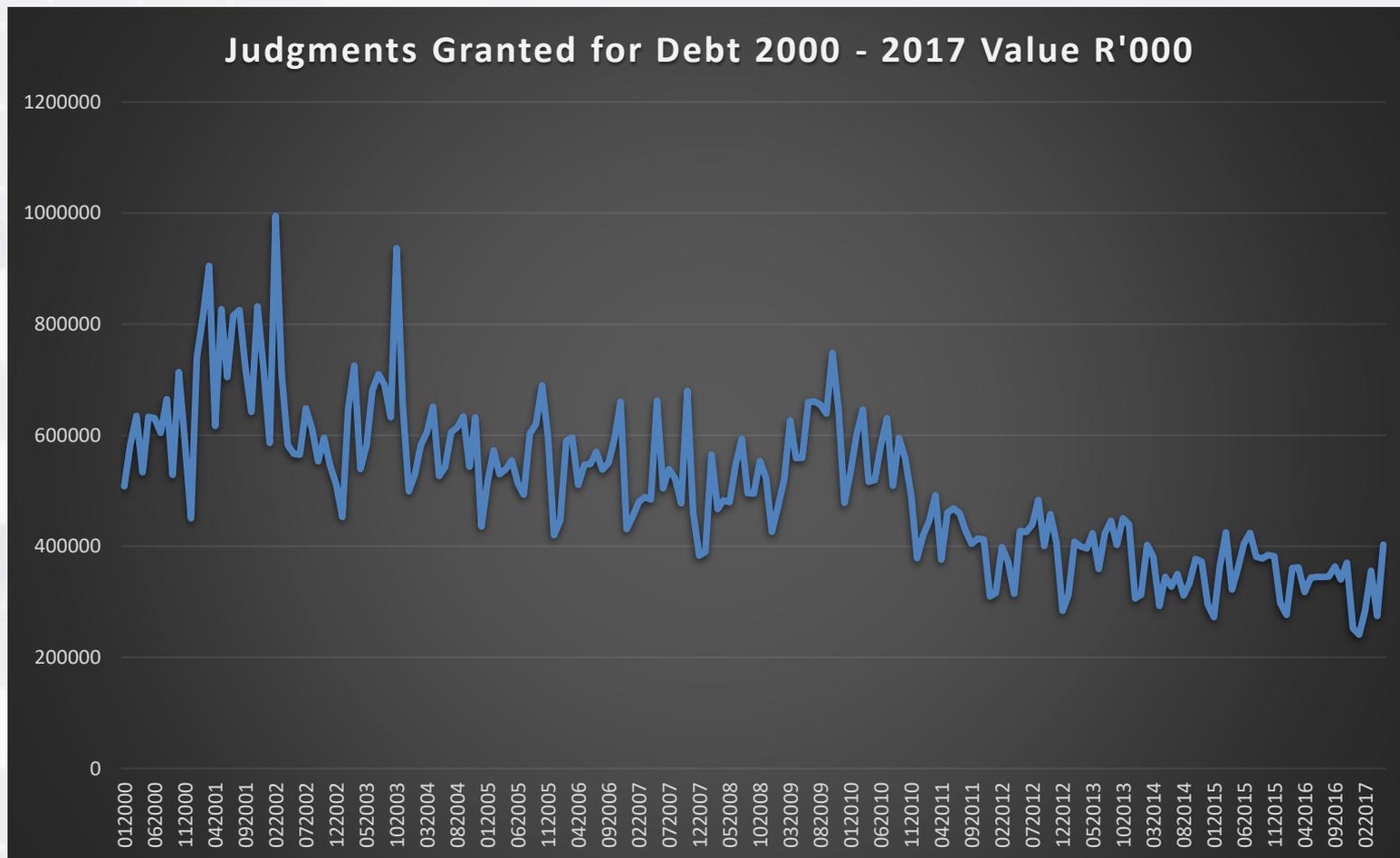


South African debt statistics





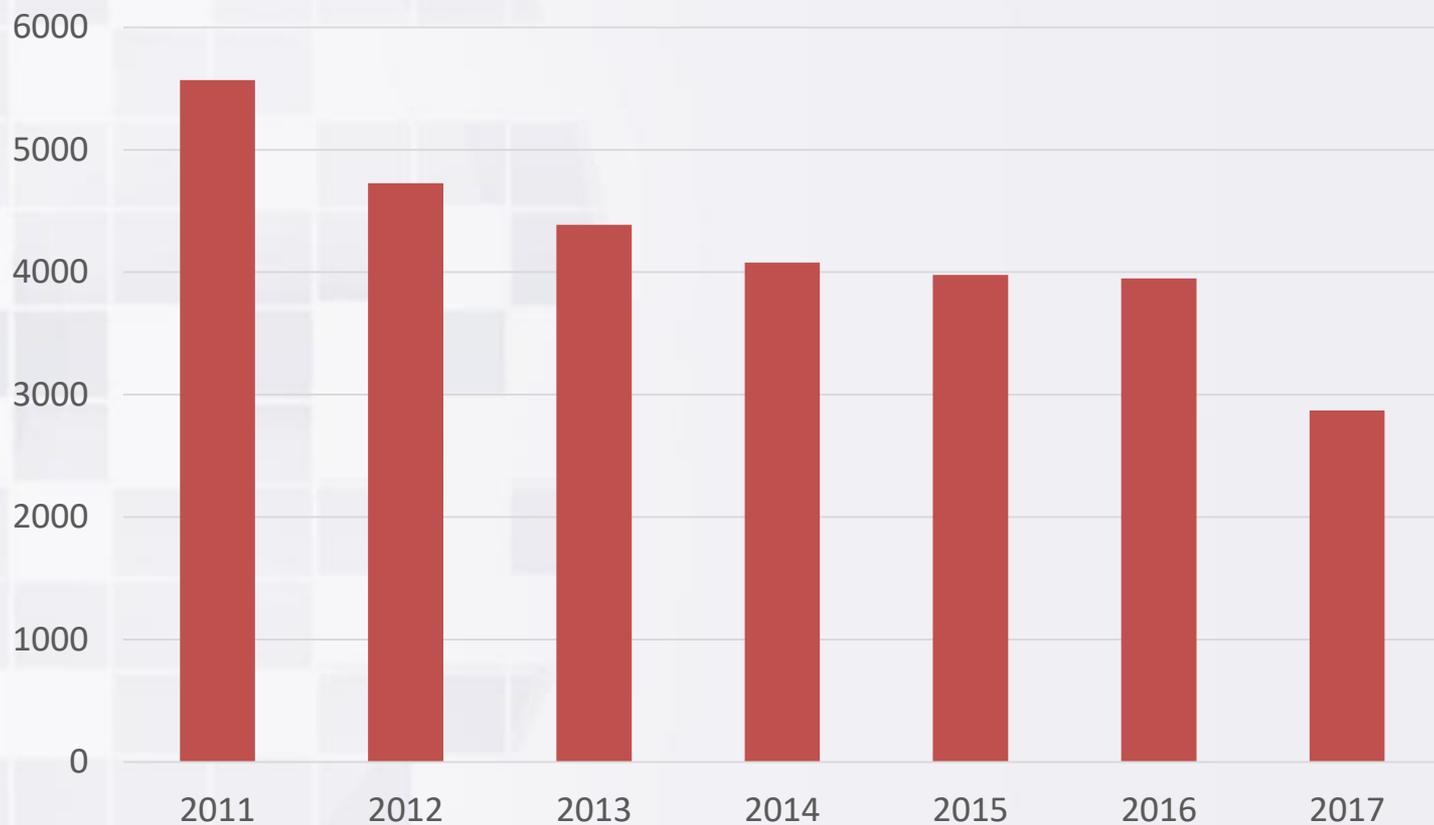
South African debt statistics

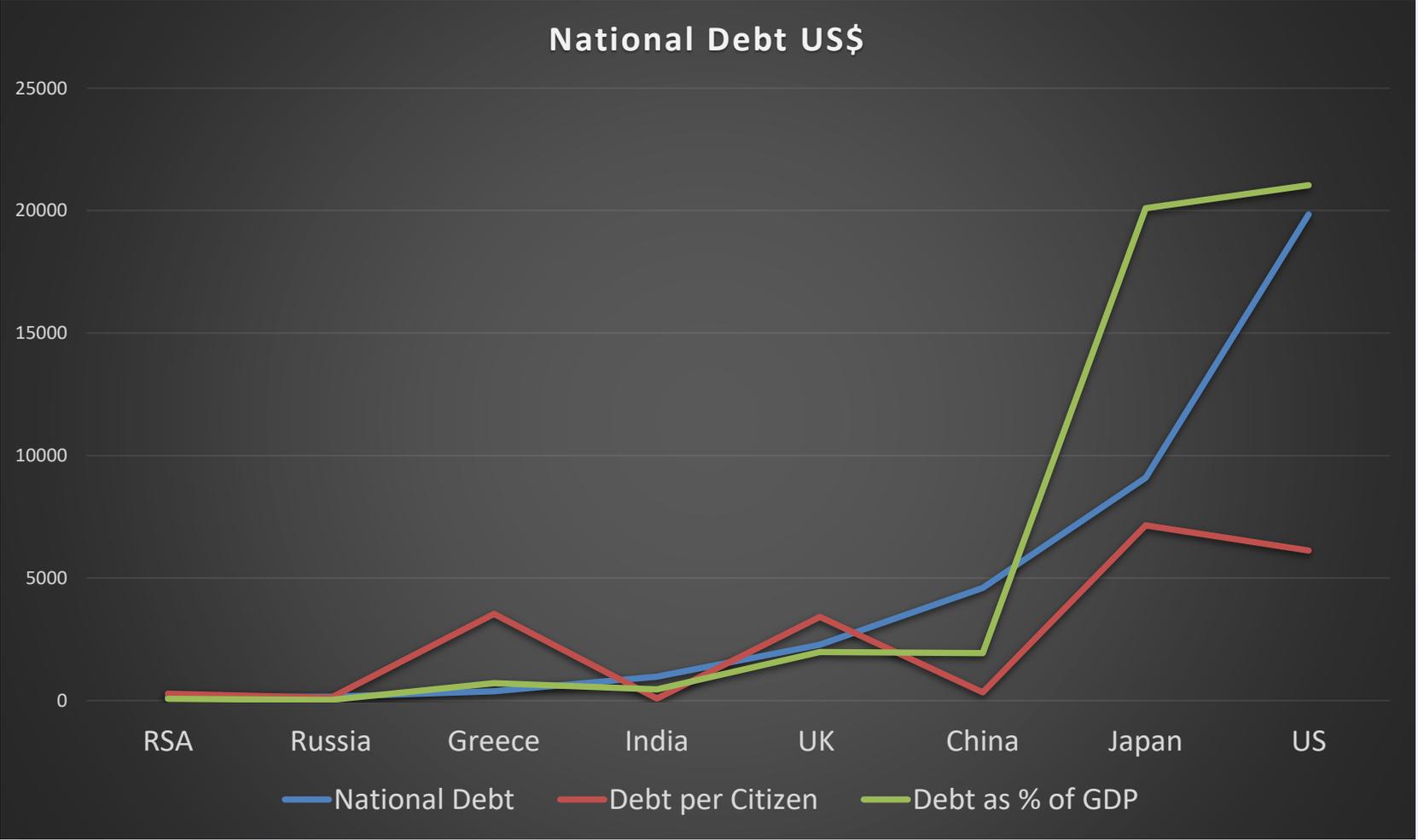




South African debt statistics

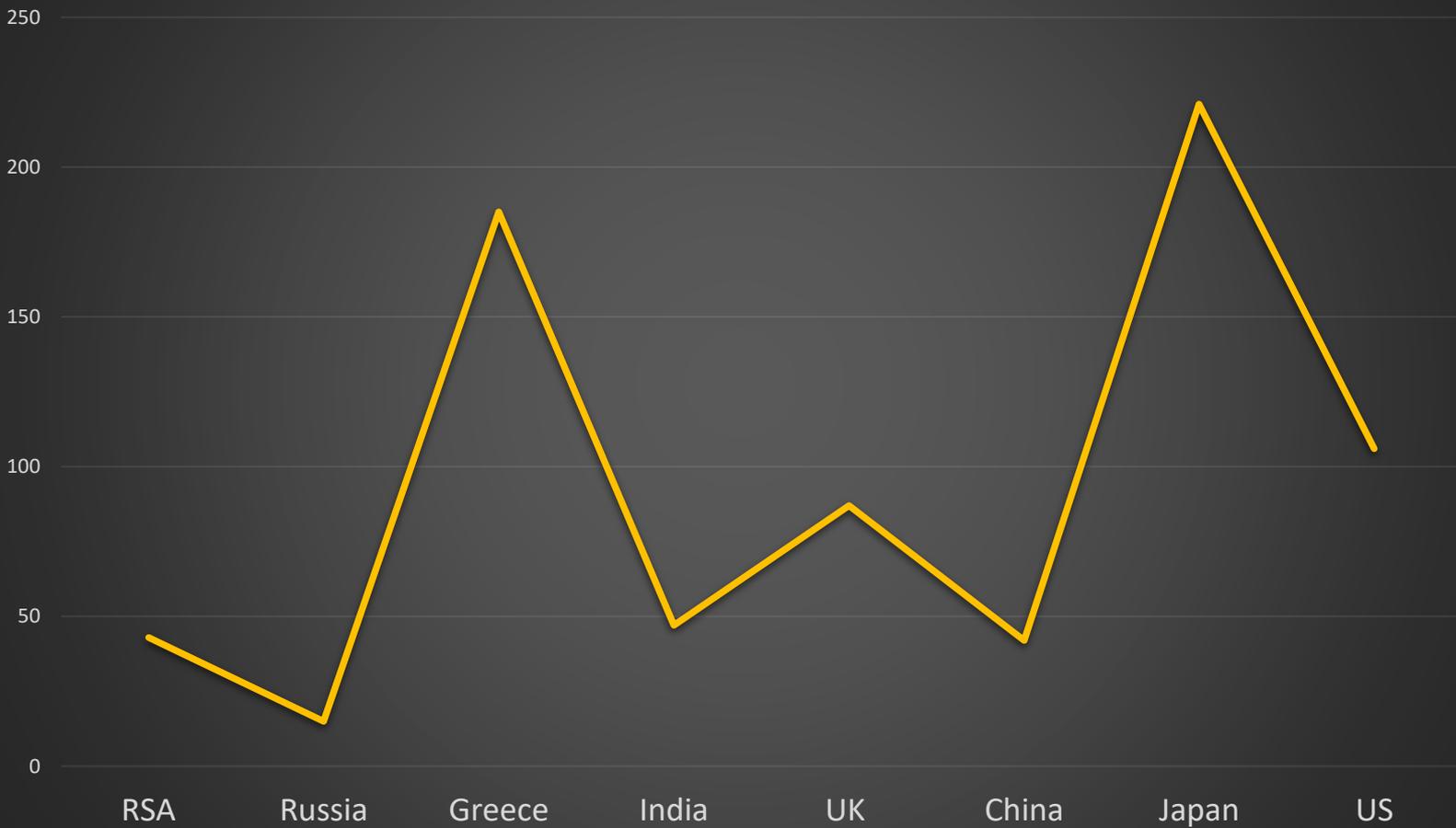
Number of Insolvencies





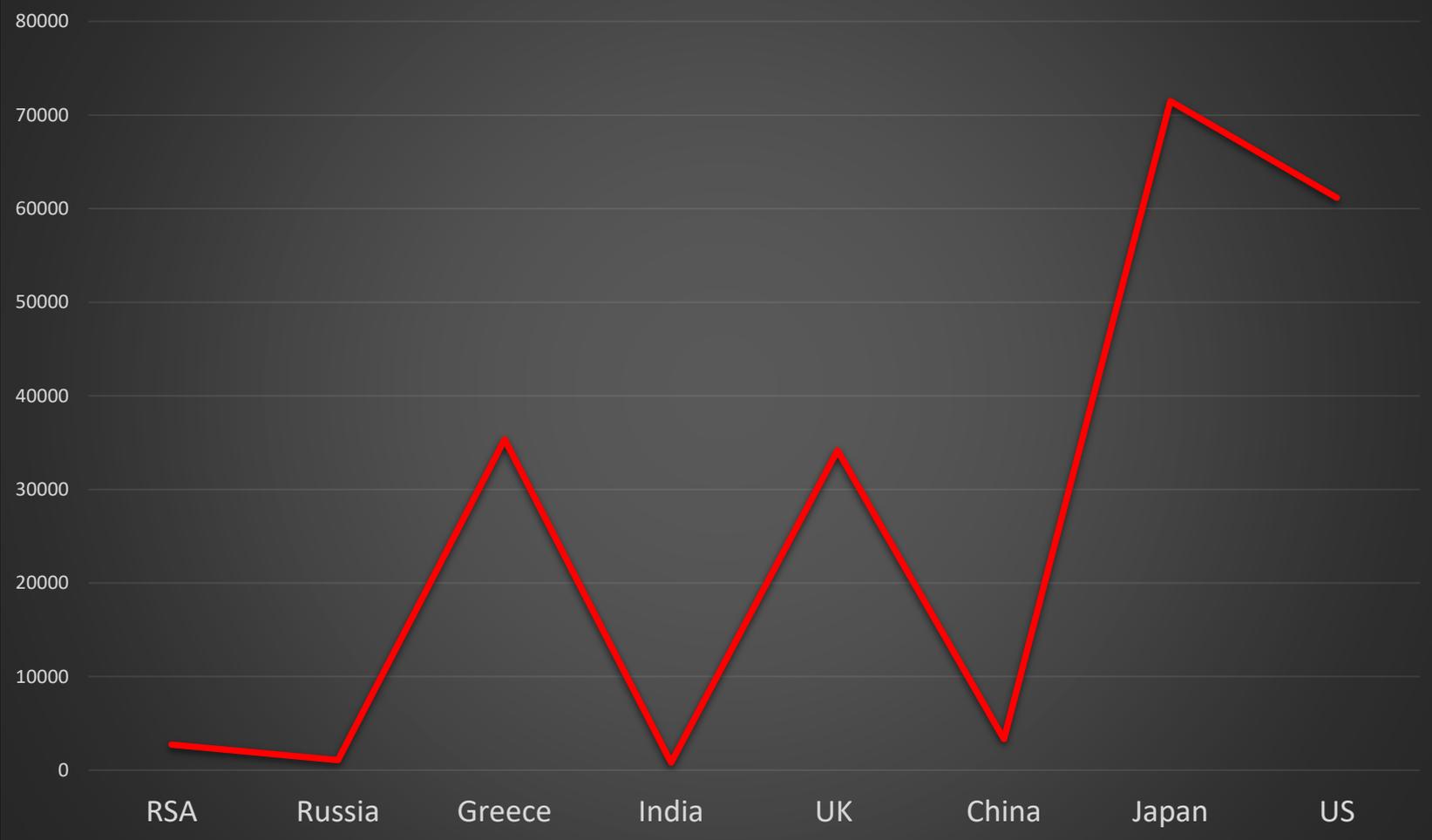


National Debt as % of GDP

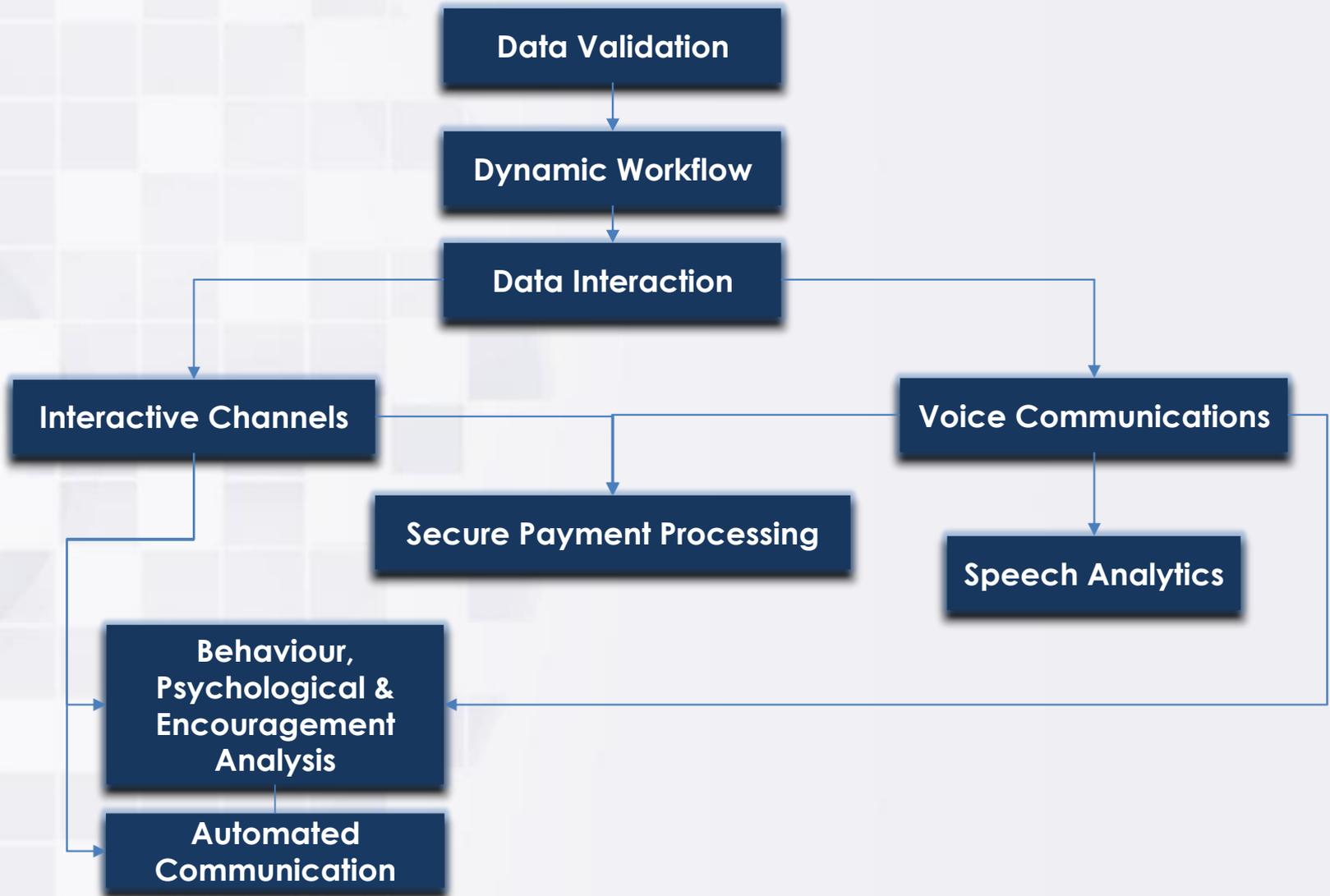




Average Debt Per Citizen in US\$



Advanced Debt Collection Techniques



Advanced Debt Collection Techniques

Data Validation

Automated data validation, reconciliation and appending at point of loading ensures data accuracy and uplifts the levels of customer engagement.

ID Number validation: Date of birth, Sex, Citizenship, Deceased status

Company registration no: API via CIPC, together with correct registered name

Telephone Number Validation:

- Cell Phone > 059

- Landline < 060

- 086, 087, 080 Separation

- Removal of non Numeric characters

- Removal of 27

- Insertion of 0

- Confirmation of length = 10 if Local

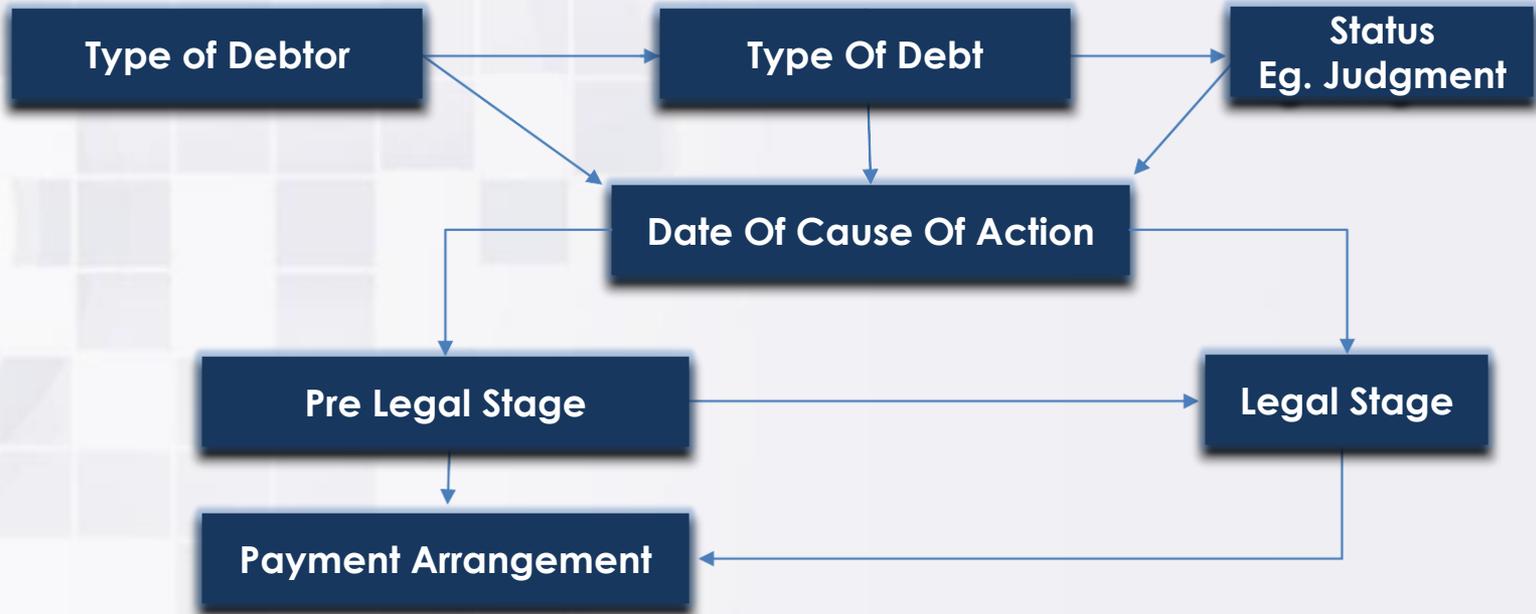
Email Address verification:

- API email validators give no guarantee as to the correctness

Advanced Collections Techniques

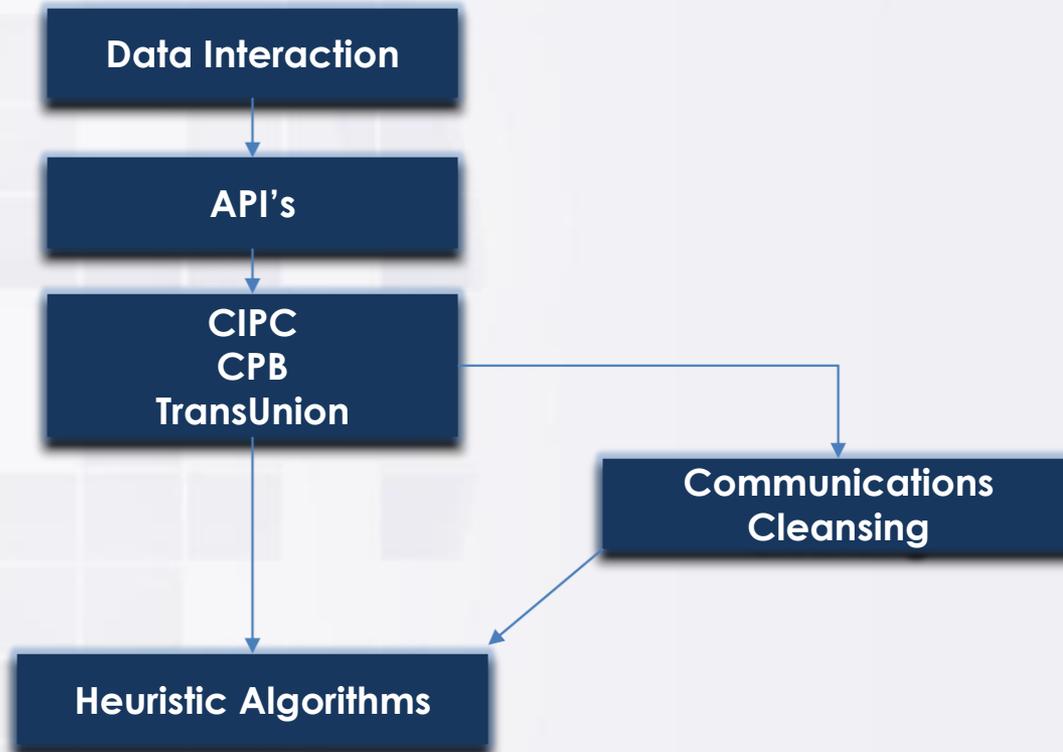
Dynamic Workflow

Achieve the right outcomes fast by using customised dynamic workflows.



Advanced Debt Collection Techniques

Continuous data interaction ensures optimal results.



Advanced Debt Collection Techniques

Interactive Channels

Channels enable debtors to communicate with us and self-serve without the need to speak with our team.

SMS, IVR (Interactive Voice Response) & IVM (Interactive Voice Messaging), web access and email. Debtors have the ability to load their own debit order online.

Voice Communications

Maximised contact centre effectiveness is achieved in our blended, automated and predictive dialling environment.

Speech Analytics

- Software that studies the tone of voice used by a call centre agent.
- Red-flags excessive tone of voice and makes supervisor aware for further analysis.
- Software also red-flags certain keywords used to rule out unnecessary future confrontation.
- Monitors customer's reaction and behaviour towards certain keywords used, to improve future collection success.
- Deliver insight into voice communications with debtors to provide assurance of compliance, identify trends and direct training activities to help serve customers better.

Secure Payment Processing

Advanced software is used to match payments automatically from trust accounts, debit order processing an client declaration, thereby eliminating possible errors.

Automated Communication

Debtors find it easy to understand our written communications and know exactly what to do as a result of our clear calls to action. All language and visual cues have been designed by applying behavioural sciences, as well as ease of access.

Implementing effective debt collection strategies

Debt collection systems and techniques start with good planning and end with constant review.

Strategy differs, dependent on:

- Type of credit
- Sector of commerce/industry
- Terms of sale
- Liberal or restrictive credit policy
- Type of customer
- Location of target market
- Product Value

Using behaviour analysis to improve debt collection performance

Behaviour, Psychological & Encouragement Analysis

Years of research have given us the advantage of studying the reasons for debtors making payment. This ongoing research is applied in our collection procedure based on **behavioural**, **psychological** and **encouragement** criteria and changing statistical models. The benefit is that it not only leads to the fastest possible route to payment, but also the highest eventual success. Research on behaviour in relation to type of action is on-going.

Robotic Process Automation (RPA)

RPA can automate numerous tasks usually performed by full-time employees.

Companies want alternative opportunities that reduce cost and improve efficiency and production by removing repetitive and manually demanding tasks such as balance enquiry or telephone calls to remind the customer to pay as previously arranged.

Collection departments need to cleverly maintain quality of customer experience, by investing in the right communications to achieve the best level of understanding, and balance it alongside robotisation.

With the extensive levels of data available, and the different systems used to access it, organisations now require a great deal of intelligence. This intelligence will give a full picture of each customer's journey from the opening of their account through to their current situation. This can be achieved using several different sources including white credit data, account history, trace information or feedback they provide to a collections agent.

Having these capabilities is important to create a single customer view allowing accurate understanding of customer situations to provide the right outcomes.

Building sustainable bad-debt reserve models

How much are you writing off in bad debt?

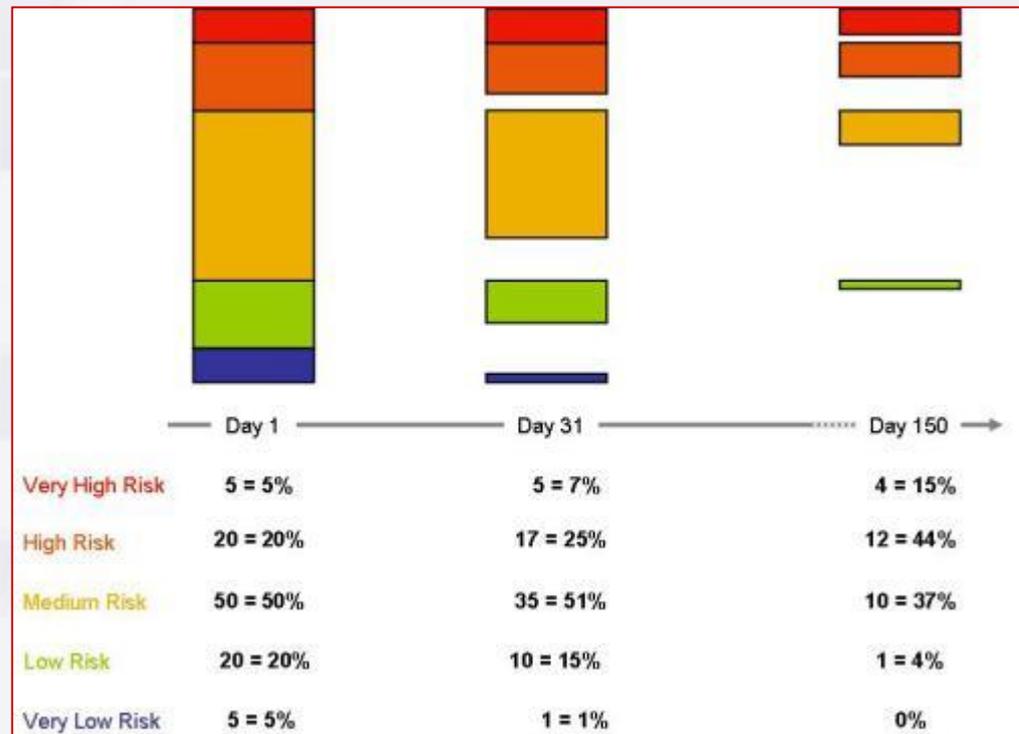
Scoring models are essential to building bad debt reserve model.

Calculate DSO per customer sector

Calculate the cost of internal collections

Calculate the cost of not outsourcing

Include true cost of finance per sector



Building flexible and sustainable bad-debt reserve models...

Actual model building steps



Building a Self-Cure Strategy

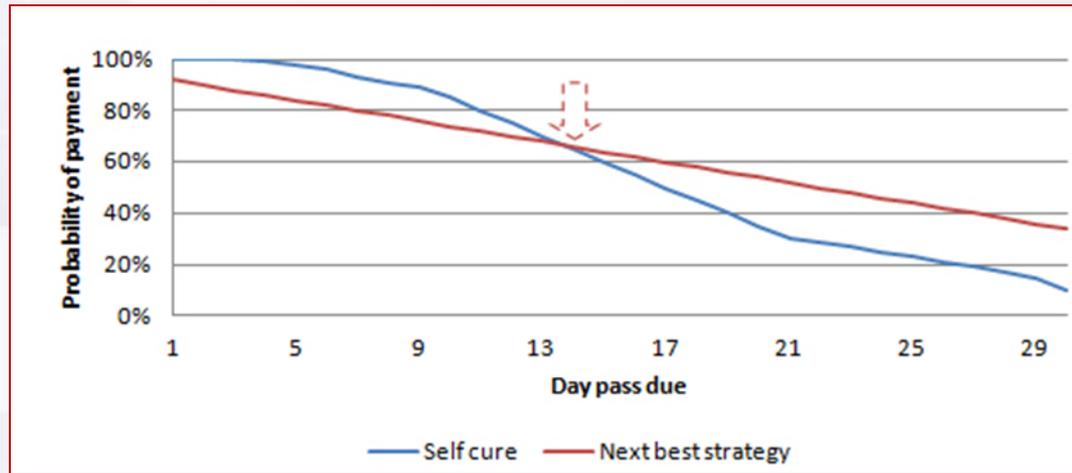
If a customer is as likely to make a payment when they are called on day one as they are when called on day five, then there is no cost in a self-cure strategy for those first five days.

Therefore, no call should be made until day six regardless of how small the probability of receiving a payment from the self-cure strategy actually is. This is because, with no costs, any recovery made is value generating and any recovery not made is value neutral.

However, if after the first five days a customer who has not been contacted begins to become less likely to make a payment when eventually called, costs start to accrue.

The customer should remain in the self-cure strategy up to the point where the probability of payment from the self-cure strategy is expected to drop to a level lower than the associated drop in the probability of payment from the next best strategy.

Building a Self-Cure Strategy...



Worldwide Trends

US consumers are the most indebted in the world
Both countries consumers owe more than one year GDP

US Delinquency

Loans	4.9%
Bank Cards	7.1%
Real Estate	4.2%

US Debt Collection

Collections saves more than \$400 per household per year

500 000 debt collectors in the US

Average account size: \$1380

\$513 Billion written off in last quarter 2016

Management spending most of their time with compliance

Largest problem - predatory law firms

CFPB complaints rises from 271,600 (2015) to 291,400 (2016) (higher than any other industry)

Debt collectors change communication to "vanilla"

Worldwide

Commercial market is lamenting, putting pressure on consumer collections



“Schuldturm” in NUREMBERG, Germany

Credit management is a value chain – if any element of the credit extension process is defective, the entire process could (and usually does) collapse.