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Operationalizing data to enhance your collection efforts

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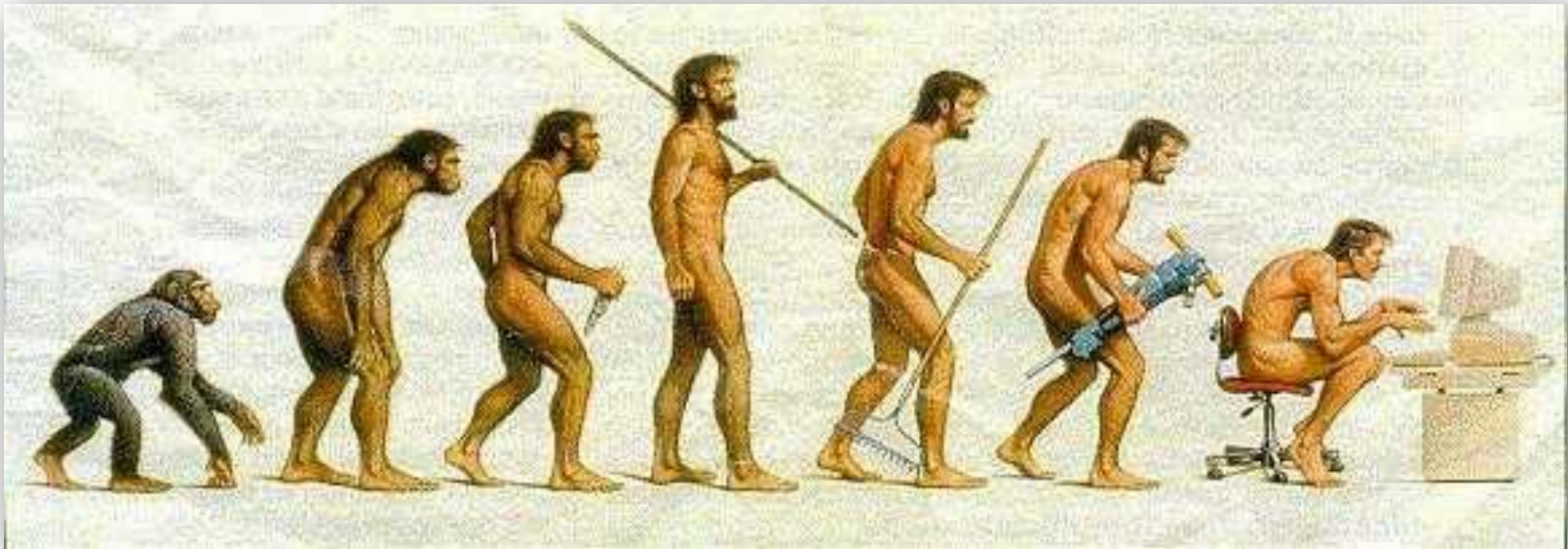
Agenda

- Welcome and introductions
- Information age
- Evaluating data sources
- Operationalizing new data



Information age

Everyone, everything is creating data



Information age

Good news, bad news



Information age

Good news, bad news



Information age

More bad news



THE FAIR DEBT COLLECTION PRACTICES ACT

As amended by Pub. L. 109-351, §§ 801-02, 120 Stat. 1966 (2006)

As a public service, the staff of the Federal Trade Commission (FTC) has prepared the following complete text of the Fair Debt Collection Practices Act (FDCPA), 15 U.S.C. §§ 1692-1692p.

Please note that the format of the text differs in minor ways from the U.S. Code and West's U.S. Code Annotated. For example, this version uses FDCPA section numbers in the headings. In addition, the relevant U.S. Code citation is included with each section heading. Although the staff has made every effort to transcribe the statutory material accurately, this compendium is intended as a convenience for the public and not a substitute for the text in the U.S. Code.



Information age

What should I know about my customers?



Contact preferences



Demographics



Income



Assets

Information Age

What do I need to know about their environment?

Rural



Children, schools,
and retail proximity

Urban



Mortgage amounts
and mass transit

Suburbia



Commuting
and gas prices

Evaluating data sources

Kelley Motley



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Evaluating data sources

Non-traditional

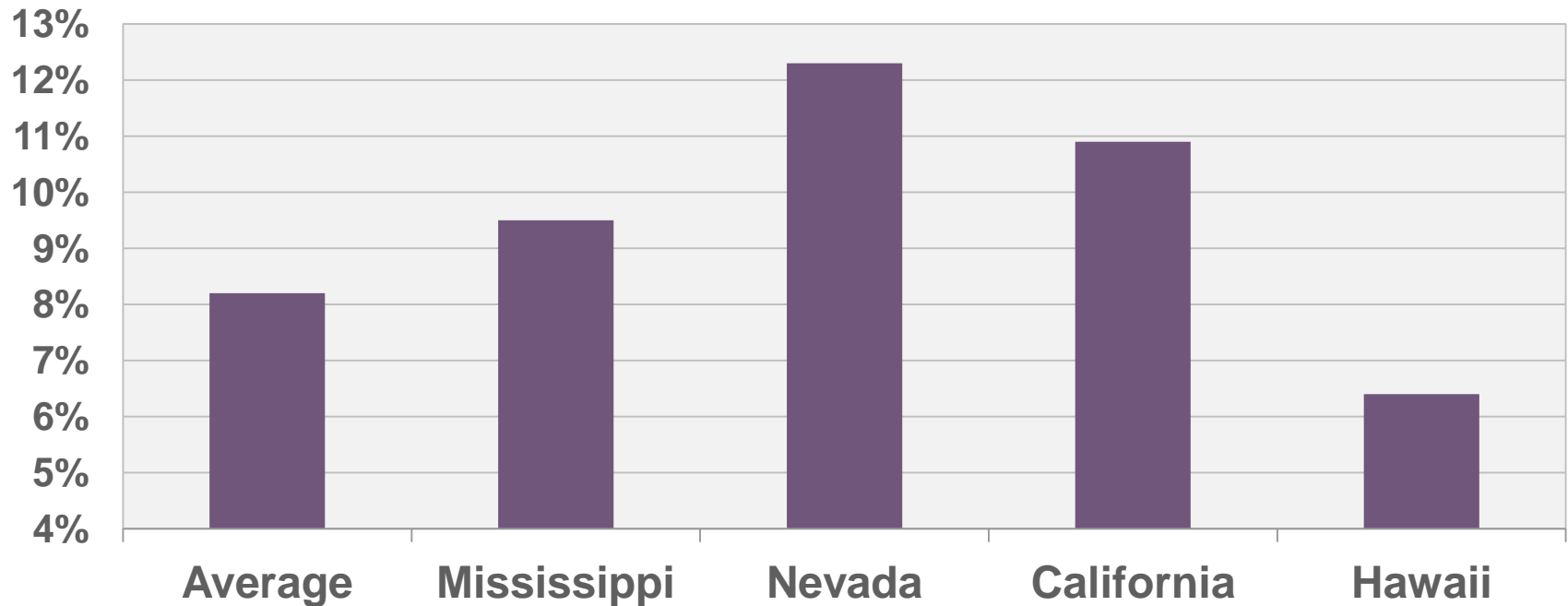
- Unemployment by geography
- Generational
- Gas prices / commute distance
- Food costs



Evaluating data sources

Non-traditional

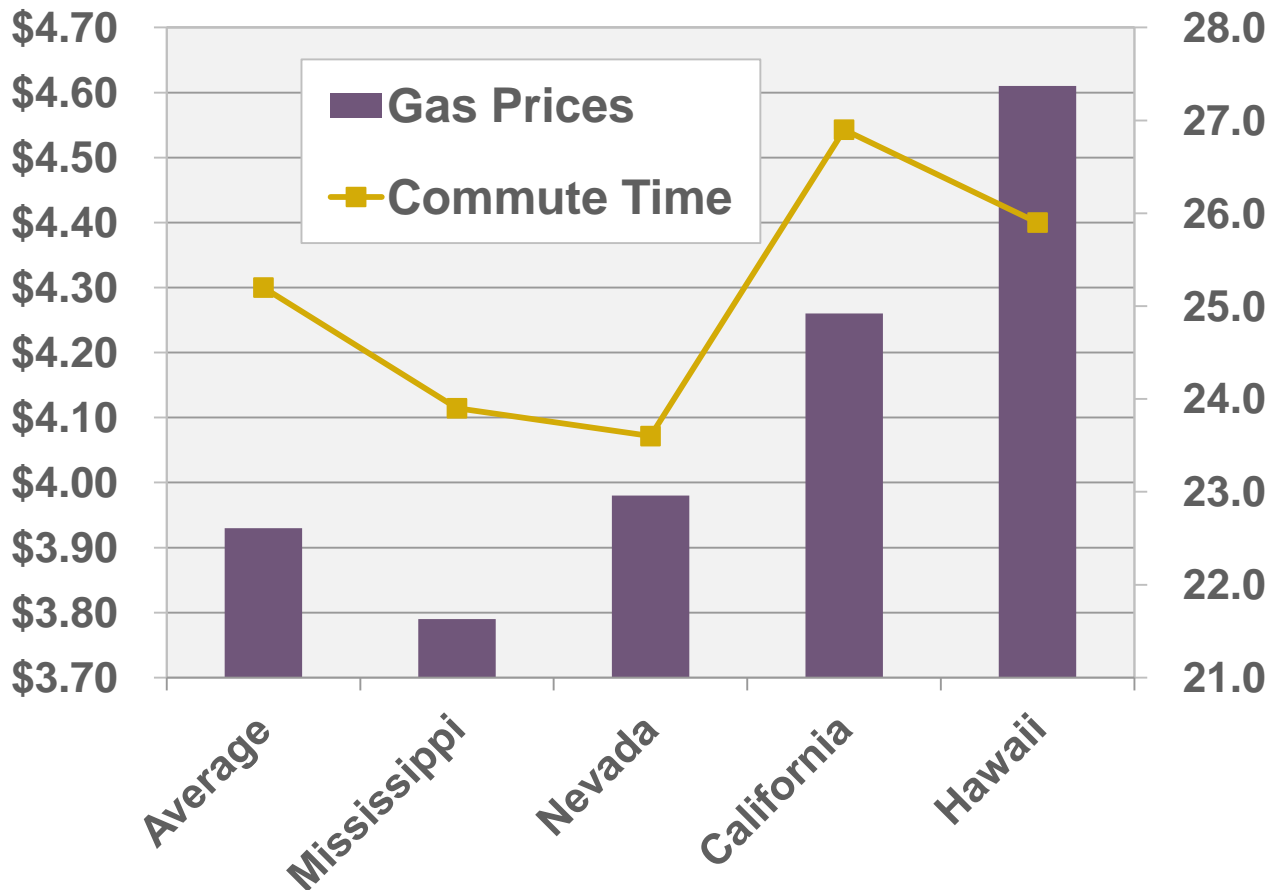
Unemployment



Bureau of Labor Statistics March 30, 2012 for February 2012

Evaluating data sources

Non-traditional

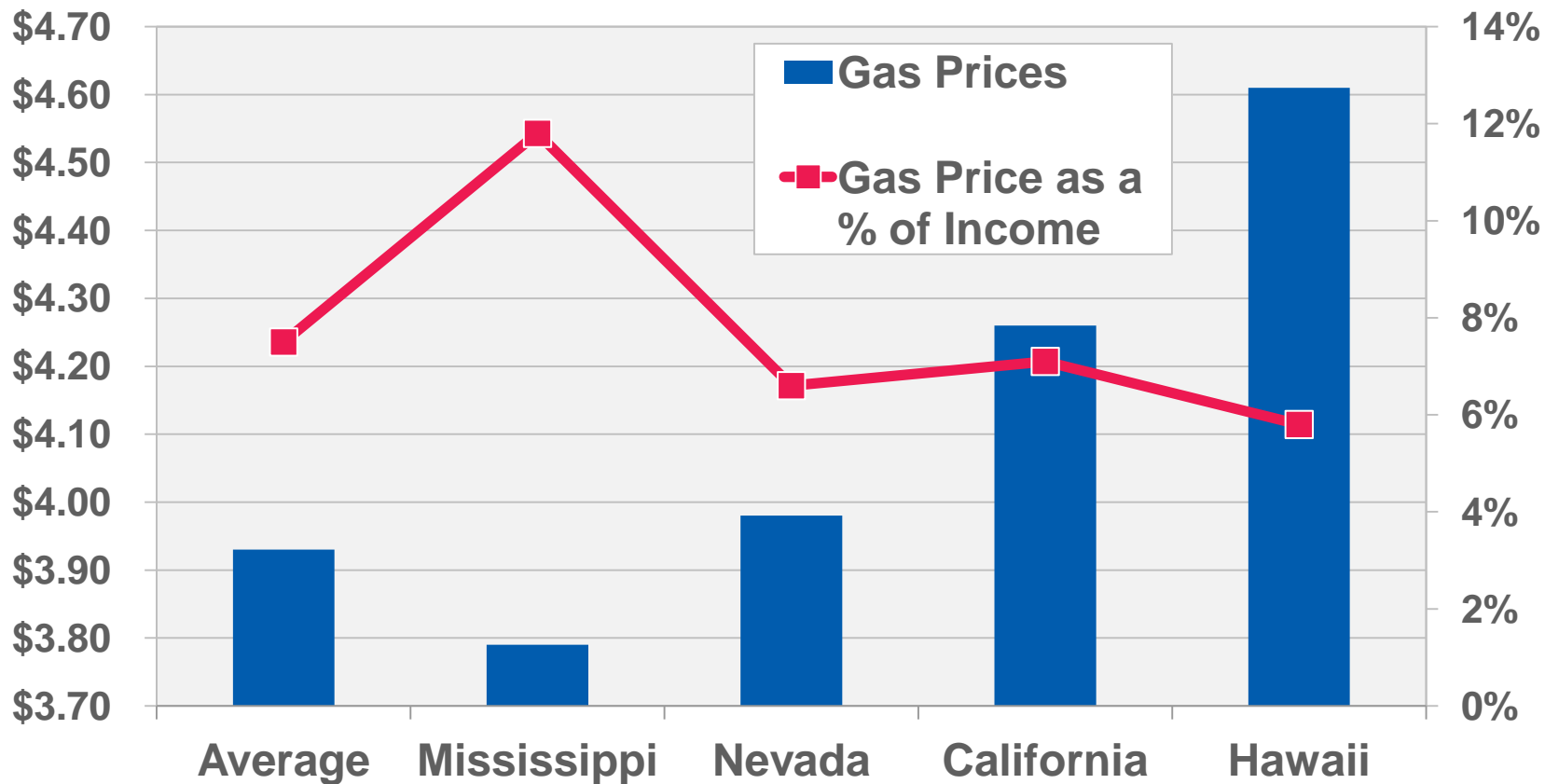


Riverside and San Bernardino most costly commute in the nation

Oil Price Information Service Jan 2012, US Census Bureau 5 Year Estimates For Commute Time, Forbes Magazine Commute study

Evaluating data sources

Non-traditional



Oil Price Information Service Jan 2012

Evaluating data sources

Traditional

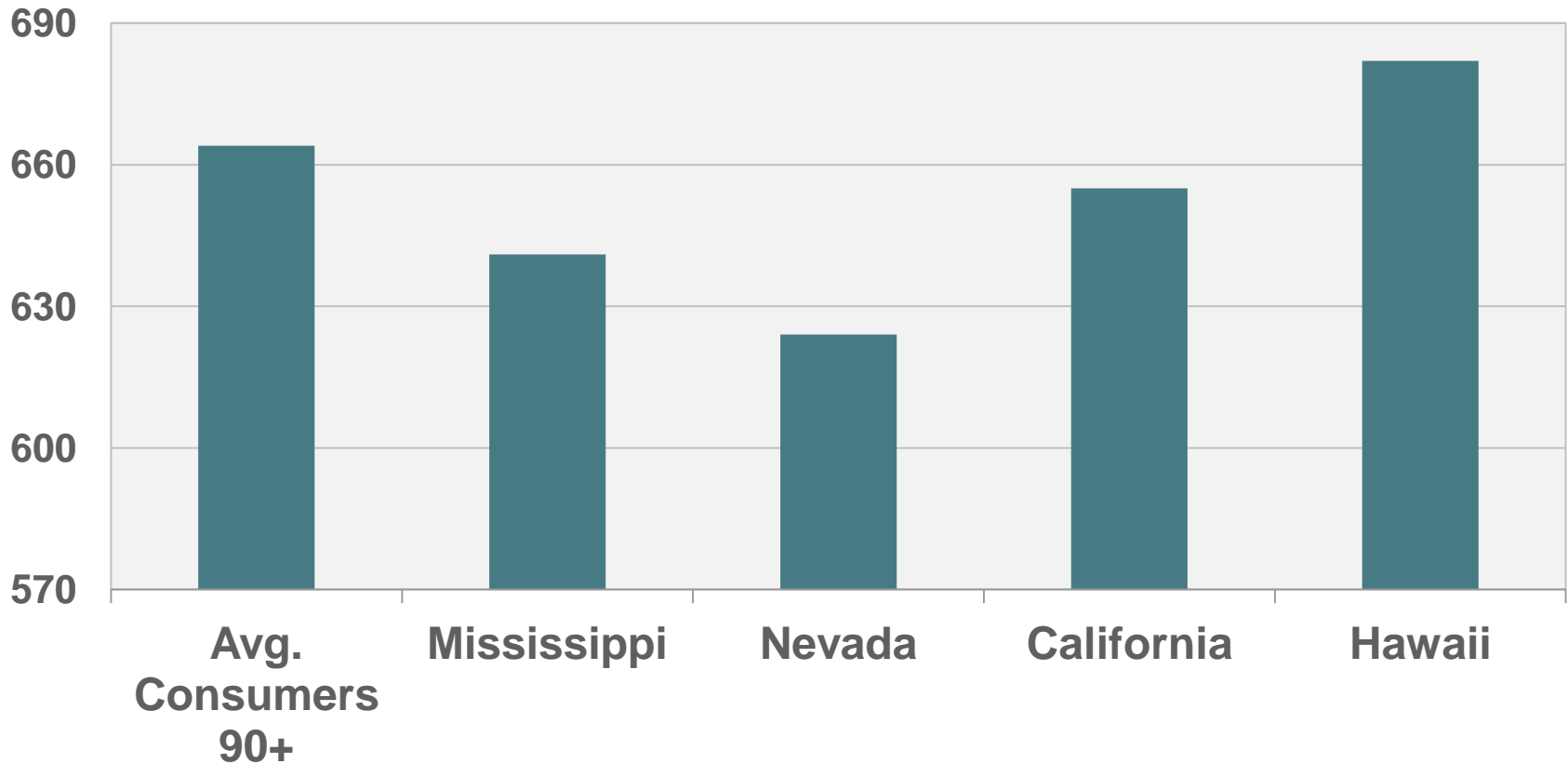
- Income
- Recovery scores
- Debt measurements
- Behavioral data
 - ▶ Balance
 - ▶ Age of account
 - ▶ Collection stage



Evaluating data sources

Traditional

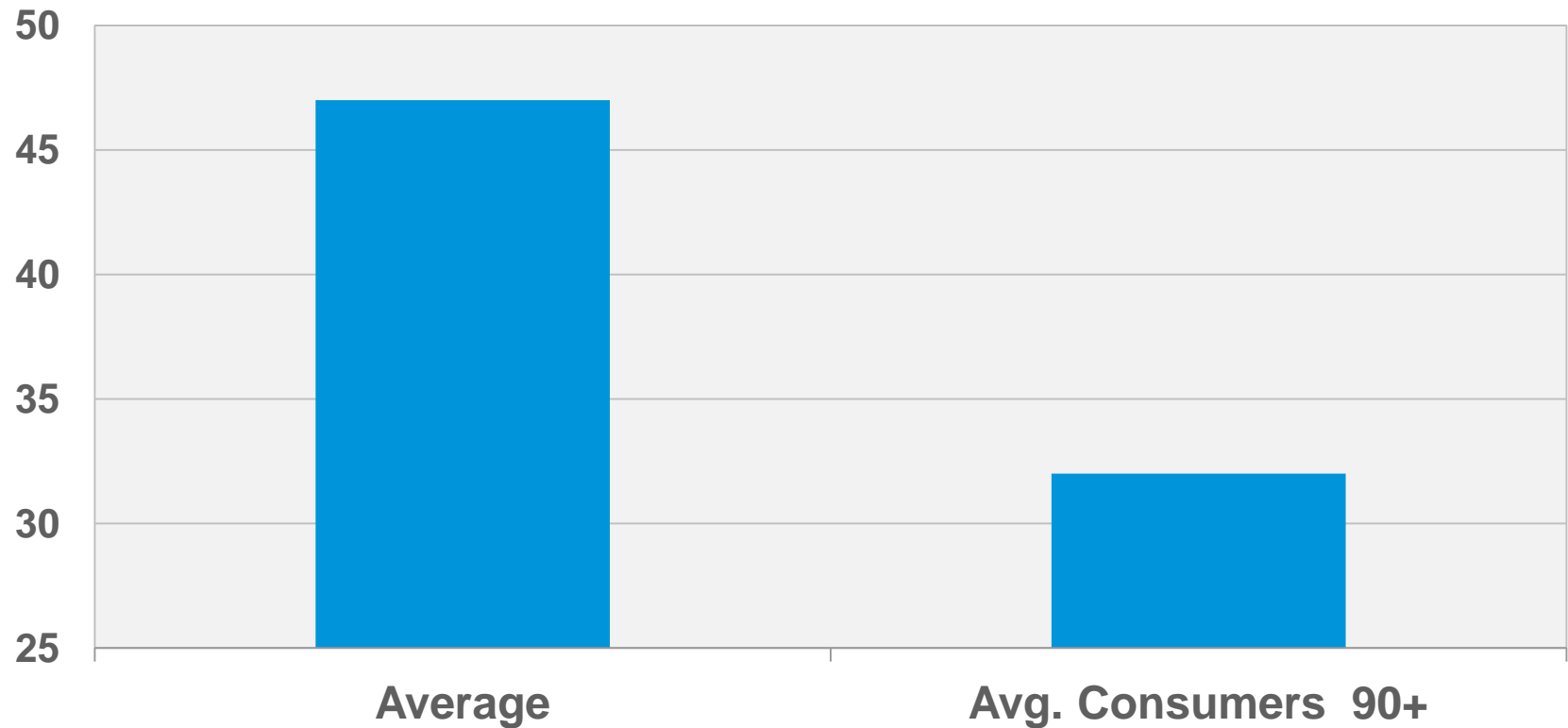
Average RecoveryScoreSM



Evaluating data sources

Traditional

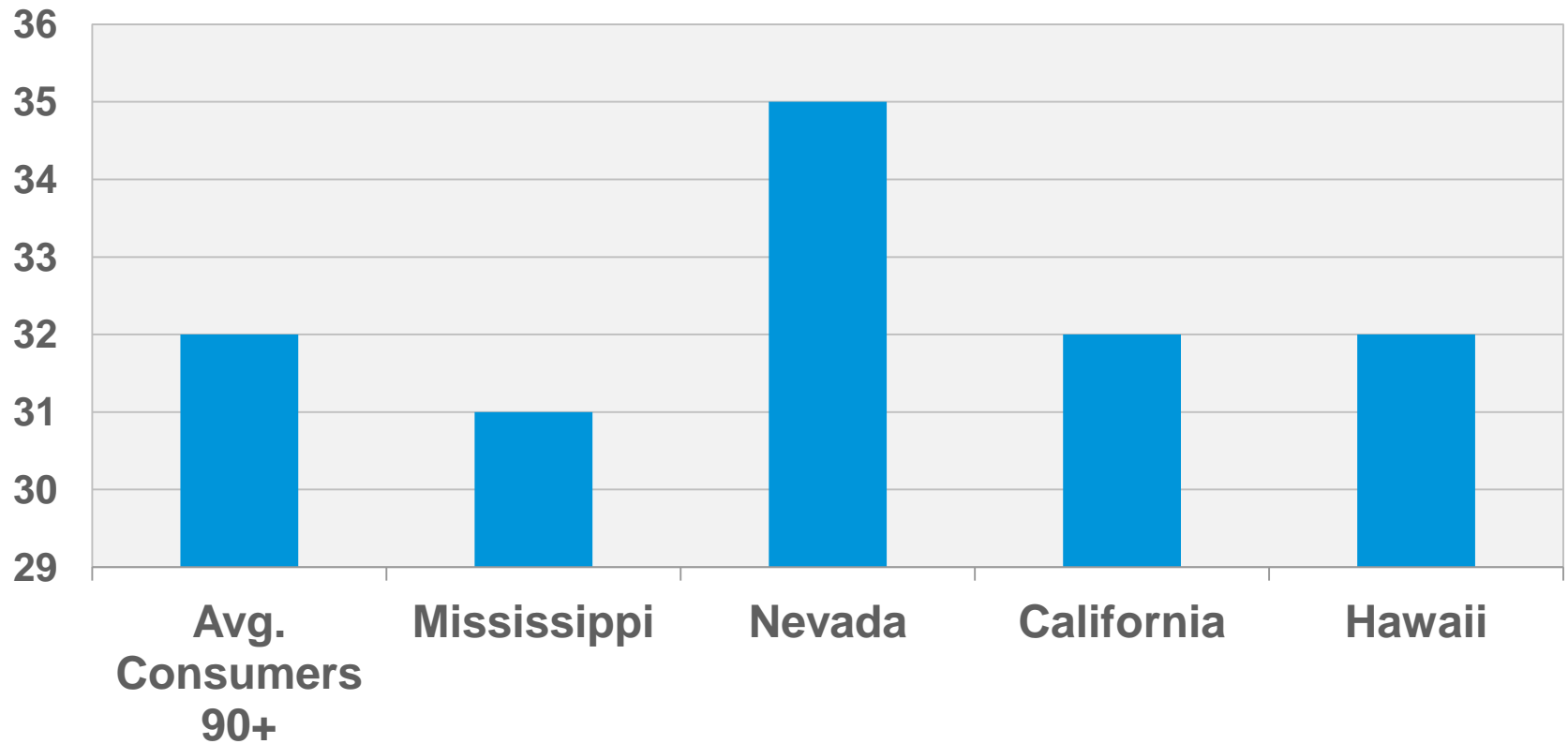
Income



Evaluating data sources

Traditional

Income



Assessing external data sources

Does this new data work?

- You've already identified the data source and you are determining if you want to incorporate the data or test it
- If a test is needed, determine the test method
 - ▶ Live test
 - Champion / challenger – evaluate with current performance
 - High degree of confidence in the data
 - ▶ Offline testing
 - Current – evaluate availability of data
 - Historical – evaluate against performance data



Analysis against performance

- Choose your sample
 - ▶ How far back do you want to go
 - ▶ How much performance will you need



- Define performance metrics
 - ▶ Are you measuring for collectability or contact ability
- How will you measure performance
- Ensure you will have valid performance to evaluate
 - ▶ How many paid / unpaid?
 - ▶ How many right party contact?

Analysis and assessing performance



ROI
Metrics
Performance
Success criteria

Result metrics evaluated

Liquidation rate

What are the percentages of dollars being collected compared to the balances

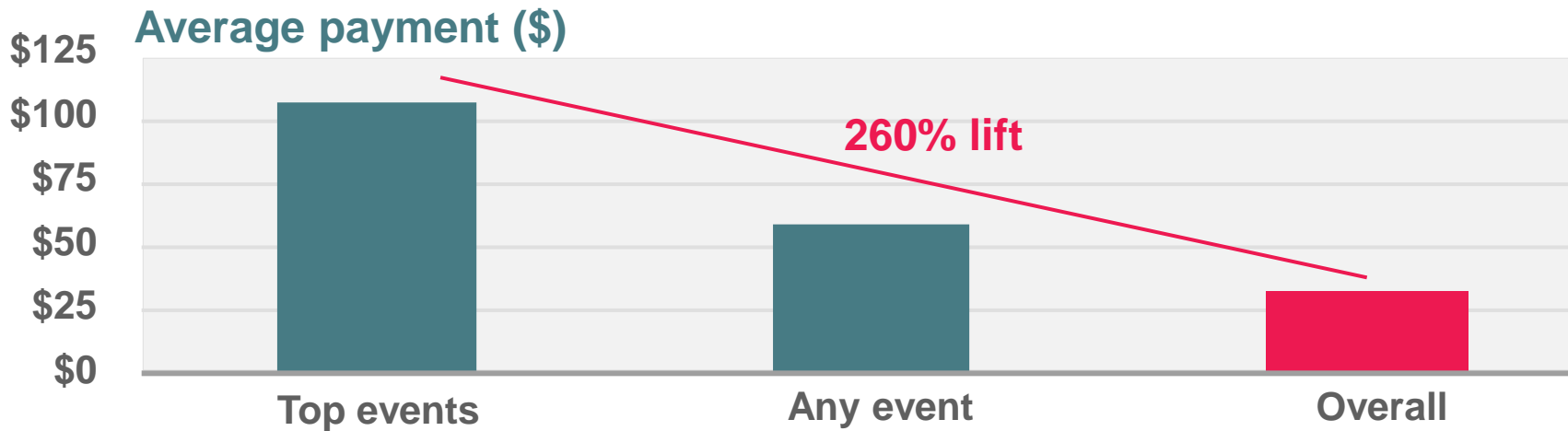
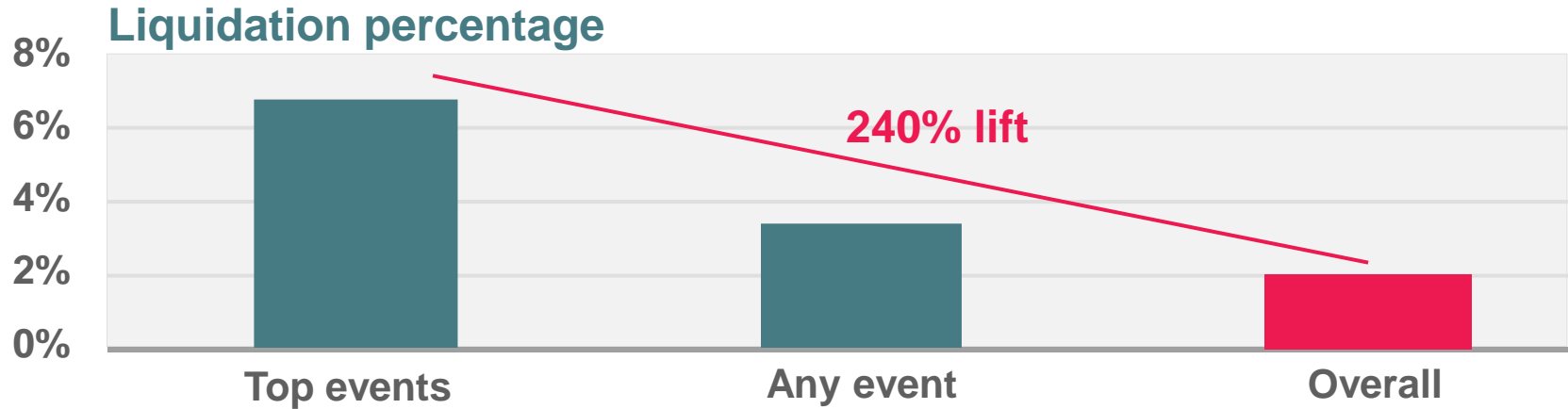


Average payment made

Stronger triggers will have a higher average payment made

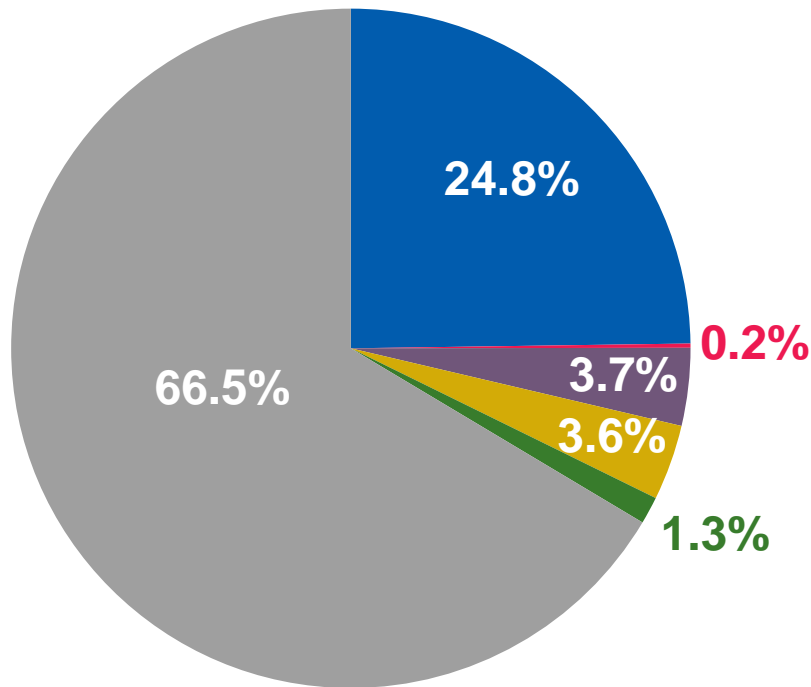
Validation metrics

Liquidation percentage and average payment (\$)

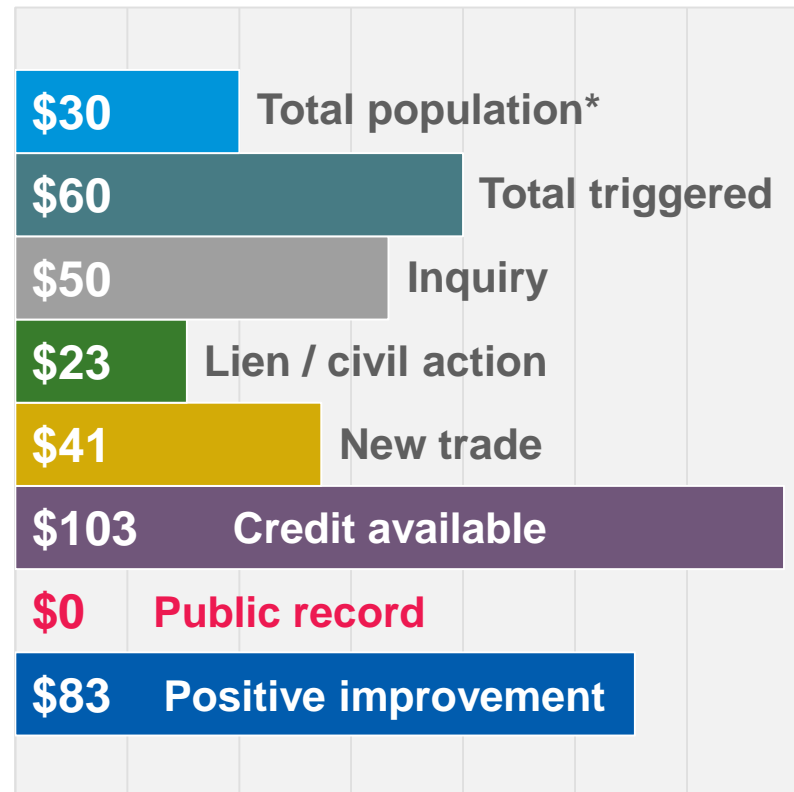


Validation metrics – Percentage of accounts and average payment (\$) by event type

Event types (%)



Average payment (\$)



*Total validation population

Top individual events by payment lift

| Variable Ranking | Performance | |
|--------------------------------------|----------------------------------|--------------------------------------|
| | Liquidation (\$) Percentage lift | Average payment (\$) Percentage lift |
| 1. Recreational merchandise inquiry | 4672% | 1099% |
| 2. Paid was 150 | 1402% | 745% |
| 3. Closed zero balance was 120 | 2610% | 730% |
| 4. Paid was 120 | 602% | 722% |
| 5. Closed zero balance was 150 | 1029% | 639% |
| 6. Settled | 490% | 400% |
| 7. Paid collection | 450% | 333% |
| 8. Auto lease inquiry | 860% | 327% |
| 9. Credit available home equity loan | 123% | 304% |
| 10. Closed zero balance was 90 | 214% | 272% |

Summary



Push events had a significant payment improvement detection over the total account portfolio:

- Approximately 15% of the accounts had an event
- Approximately 3% of the accounts had an event with meaningful lift in liquidation
- 240% lift in liquidation rates when narrowing to just the top events
- 260% lift in average payments using top events

Operationalizing data

Elke Patton



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Operationalizing data

Best practices check list

- There is a clear ROI for the data
- The data is being provided by an approved vendor
- There is a clear and unique use for the data



- IT resources are available
- Complex processing is required
- Information will be shared with end user



Operationalizing data

Case study overview



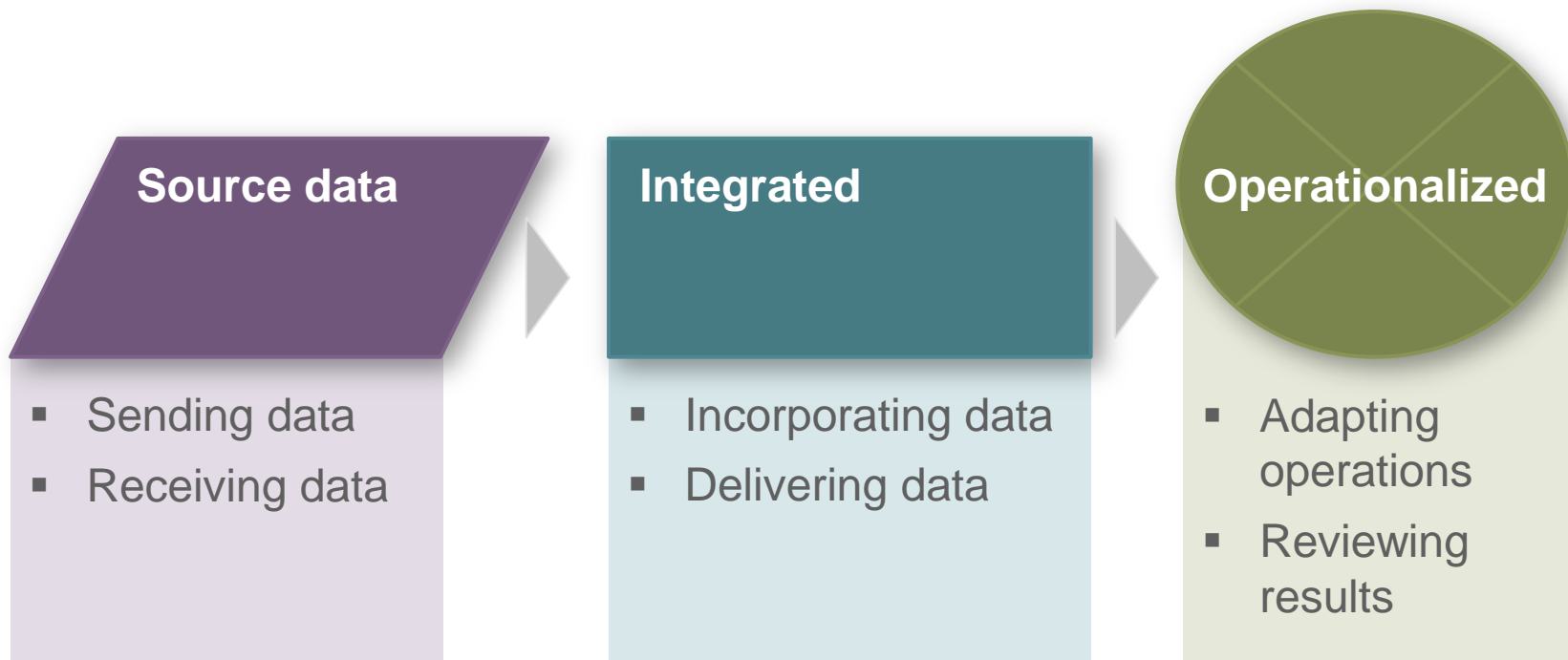
Operationalizing data

New look at the customer



Operationalizing data

Implementing



Operationalizing data

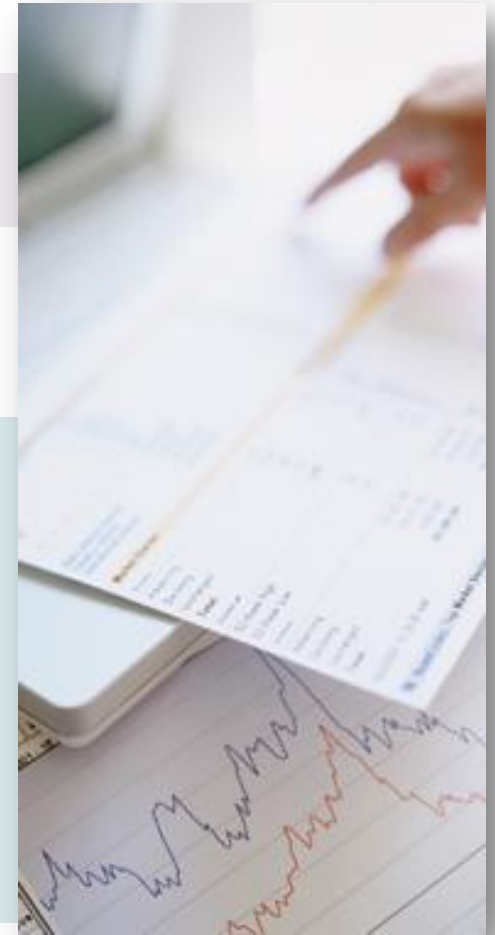
The results

One month into the project:

- 3% reduction in roll rates
- Improved cure rates on the whole portfolio

A retro analysis shows that there is definite lift when employing a more robust customer profile, so what can our client do?

- Staffing, reduce pressures to hire more collectors
- Better utilization of time and resources
 - ▶ Reposses the collateral more aggressively
 - ▶ Let customers self cure
- Engage customers in more meaningful conversations
 - ▶ Lease end renewals
 - ▶ Up-sell to secure customer loyalty



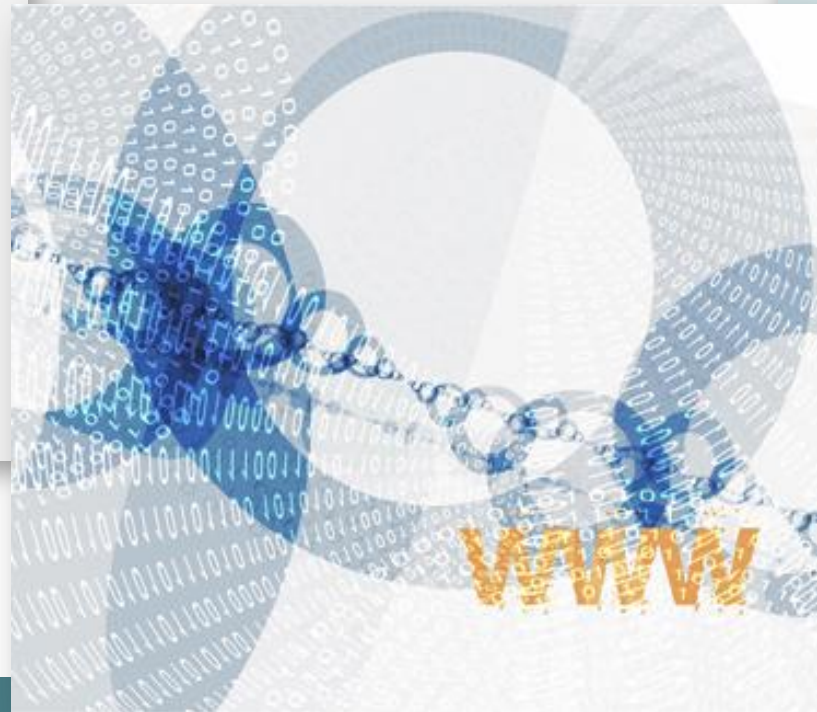
Operationalizing data Partnership



Operationalizing data

Enhancing your collection efforts

- No end to the data deluge
- Continual loop of analysis and evaluation for new and traditional data
- Enhancing systems to ensure agility, either through partnerships or adopting new technology





For additional information, please contact:

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Vision Expert Annex

Open every morning, afternoon and during session breaks

- Meet session speakers
- Gather information on Experian products and services
- Request research and complimentary materials
- Schedule one-on-one meetings with Experian experts



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