

# 3 Roadblocks

## to Implementing a Digital Collections Strategy...and How to Solve Them

Leading debt collectors and creditors are making today's integrated channels work for them—and their customers. What challenges are holding you back from digital?

# Where are the Borrowers?

Collecting debt by mail and telephone used to be enough. But today's customers are increasingly unlikely to respond to mail and phone calls only. Right party contact rates continue to decline making even the best dialer technology and strategies ineffective. Debt collection agencies need to develop integrated digital strategies to connect with consumers where they are.

Email has been widely available for more than two decades, and texting/SMS (short message service) has been a viable option for business for ten years or so.

So why haven't collectors meaningfully adopted these complementary channels within their overall contact strategy? For many agencies and lenders, there are three big roadblocks. Are these challenges preventing your organization from evolving?

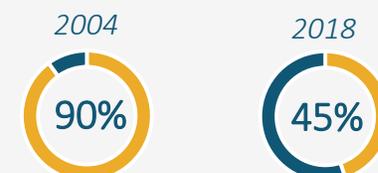


## Screening Time

In 2004 over 90% of Americans had a functioning landline. Now fewer than 45% do. And fewer consumers pick up calls from numbers they don't recognize: only 3% of Americans had Caller ID in 1992, while today ID apps and call blockers abound. You need a digital-first strategy to reach today's customers!

Source: [CDC National Center for Health Statistics](#)

% of Americans with a Landline



# 1 Roadblock #1: Integration

Your carefully crafted customer contact strategies may reflect limitations associated with your existing technology stack. Digital collections works around these limitations, complementing and amplifying your traditional channels. Digital collection software needs to integrate seamlessly with your existing systems and strategies, so you can hit the ground running without over-burdening internal IT staff.

Digital debt collections will not completely replace agent-based approaches nor cannibalize their revenue streams. Ensure your digital solution integrates digital and traditional touchpoints, delivering consistent, personalized messaging and more options for customers to connect through their channel of choice, thereby increasing contact rates.

## *The solution to integration challenges?*

Look for your digital collections solution that is:



Easy to adopt



Quick to deploy



Designed by debt collections experts



Compatible and interoperable with current systems



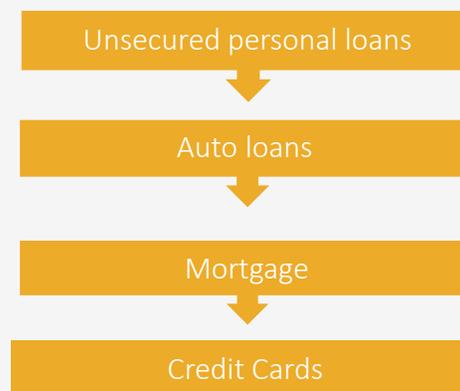
## Payment Priorities

When resources are limited, customers tend to have predictable payment patterns. They want to preserve their mobility and liquidity, but they also like the accomplishment of paying off their debt.

Convenience and trust can also influence the repayment hierarchy. Let's face it, debtors won't prioritize payments to creditors who are difficult to reach. Use personalized, omnichannel messaging to make it easy and build customer loyalty by reinforcing that repayment aligns with their fiscal priorities and is worth celebrating.

### *Borrower's Hierarchy of Needs*

Left alone customers will pay in this order



Source: [Transunion](#)

## 2 Roadblock #2: Compliance

Decision-making today includes multiple stakeholders. Risk and Compliance leaders play an important role, and you need to address the risks they identify, especially as you adopt new channels.

Customer consent requirements can vary based on how customers interact via digital debt collections and who initiates contact – the borrower or the lender. Many borrowers today can self-serve via web or mobile, which means they initiate contact. But you still have responsibilities, such as your mini-Miranda disclosure on first contact and the full validation notices within five days.

*Aligning digital strategies with compliance priorities gives you more layers of protection:*

- 

Digital enables flexible customer-initiated contact, reducing your operational risk under the FDCPA.
- 

Omnichannel platforms synchronize conversations across traditional and digital channels, providing a full audit trail of compliant communications.
- 

Credible solution providers maintain certifications, including PCI-DSS and SOC2, ensuring their platform protects personally identifiable information (PII).



### Alphabet Soup

Collections is highly regulated and compliance is not optional, it's required.

Digital collections software vendors must provide evidence confirming compliance with all appropriate governing entities.



Source: [National Service Bureau](#)

# 3 Roadblock #3: Deployment Complexities

Implementing fully-functional software that is interoperable with legacy systems and engineered for iron-clad security can be daunting. Deployments consume financial and human capital, tying up resources you may need elsewhere. Tasking your best strategist to rebuild all of your agent workflows from scratch for a digital debt collection solution may not be an option.

Fortunately, you can overcome this hurdle and start collecting more money, faster.

*As you evaluate solution providers, look for:*



**Quick deployment:** Legacy system integration and strategy execution doesn't need to be complicated or lengthy. A process driven approach will expedite your ROI.



**Industry expertise:** Software engineers won't deliver highly functional and easy-to-use features without collections experts on their team. Actual ARM veterans in their C-suite? Even better.



**Advisory support:** Your return on investment can be significantly expedited through extensive on-the-ground support, backed by an agile methodology and frequent, transparent client communication.



## Example Timeline for an Agile Process-driven Deployment



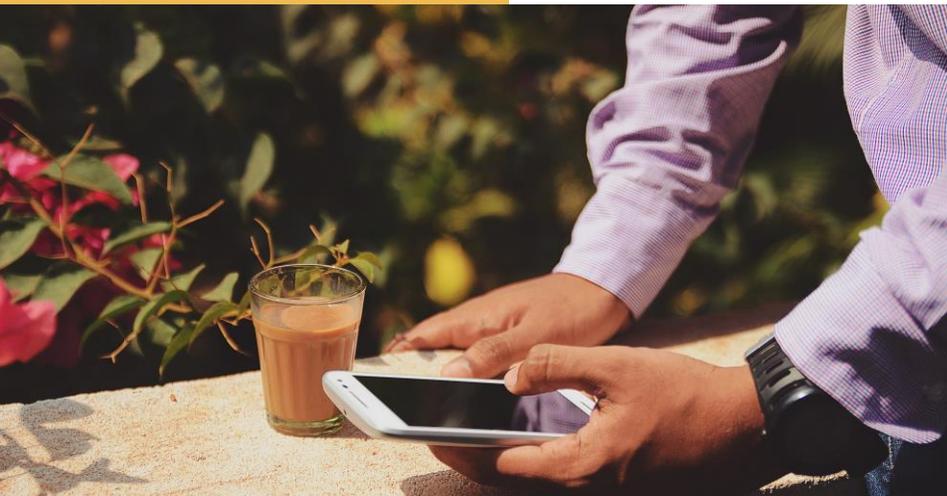
*Katabat's deployment time is significantly shorter than competitors, a critical underpinning of the company's competitive SaaS pricing model.*

- Low-friction deployment software and infrastructure, with minimal burdens placed on client during initial deployment
- Published documentation and checklists provided to clients
- Optional advisory services available to expedite launch

# The Digital Collections Big Picture

The evidence is clear that customer preferences have dramatically shifted to digital, and more specifically mobile. For consumer lending and collections, [omnichannel integration and personalized messaging are essential](#) to meeting the expectations of today's customers. Your customers deserve a full range of access points and options to make paying easier.

Seize the opportunities of the Digital Age and take the first steps to assess which digital debt collection software meets your needs by scheduling demos with a few providers today.



## Positive Indicators

Katabat customers deploying digital collection have achieved the following results.

7% 

Reduction in cost driven by digital self-service and reduction in traditional channels

33% 

Increase in Customer Satisfaction measured by NPS

25% 

Increase in payments by reducing friction and contact frequency

5.2% 

Increase in collection rates, reducing roll rates across all cycles

*Source: Data from customers deploying Katabat Digital Collections platform worldwide*