



KATABAT

Capital Services “On Track to Save Millions in Reduced Charge Offs” with Katabat Omnichannel Strategy

Customer
Success Story



“We anticipate a significant ROI on our Katabat investment. ... Based on current trending, we are on track to save millions from reduced charge offs.”

Matt Nissen,
Operations Risk Manager
Capital Services

Situation

Capital Services is an innovative payment portfolio management and servicing company that creates, evolves, and services credit card programs in partnership with its clients. Focused on generating sustainable financial strength, the company has over 1MM accounts under management. Capital Services is a family-owned business that was started in 1998.

Wanting to provide more ways to serve its cardholders, Capital Services sought a digital strategy solution to help it expand beyond traditional telephone contacts to embrace texts and emails.

“We incorporated texting and emailing into our practice, but the solution we initially tried lacked the flexibility we needed,” says Matt Nissen, Operations Risk Manager at Capital Services. “We needed a solution that would let us harness our analytics and models for cardholder segmentation and support omnichannel communications.”

Solution

After evaluating three other solutions, Capital Services deployed Katabat, a complete end-to-end omnichannel debt collection platform.

From strategy to delivery, Katabat enables a truly customer-centric approach, including configurable messaging templates for cardholder outreach and collecting payments in a cardholder's preferred channels, built with compliance in mind.

The company discovered Katabat after hiring a consultant for guidance in tightening cure rates and roll rates.

"The consultant, at a high level, basically told us: 'You guys need to figure out how to text and email,'" Nissen recalls. "When we asked about segmentation, he pointed us to Katabat."

Capital Services uses Katabat for account segmentation and for designing omnichannel communication strategy which will result in higher payment rates.

The Katabat platform gives Capital Services agents visibility into omnichannel messaging, to help them determine the most effective communication tools to use—while ensuring that total messaging doesn't exceed their internal and industry best practices.

Capital Services also uses Katabat's EasyCollect as its branded cardholder portal. EasyCollect is the industry's simplest, fastest digital payments solution, allowing Capital Services to reach borrowers via integrated email and text messaging.

The portal provides a frictionless payment experience where card holders can self-serve in making digital payments.



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Benefits

Capital Services has enjoyed a number of benefits since deploying its Katabat solution, including:

- **Flexibility for segmentation**
- **Frictionless, self-service payments yielding a 33% decline in payments made through agents**
- **122% increase in payment rates using email instead of dialing**
- **Ease of deployment**
- **Anticipated “significant ROI” and “millions in savings from reduced charge offs”**

Flexibility for Segmentation

Capital Services values the flexibility and ease of segmentation it finds with Katabat. In addition to applying their own segmentation strategies, Katabat incorporates machine learning to automatically score how card holders react to message type, content, and delivery.

“Our old system lacked the flexibility we needed to take advantage of the ways in which different segments prefer to communicate,” Nissen says. “We have data looking at contact rates by generation type, and we’ve noticed that younger cardholders prefer push and text, middle-aged cardholders like text and email, and then our oldest cardholders prefer our dialing. Because the placement file includes demographic information, we can cater to what we believe our cardholder prefers based off of historical analytics.”

The company also explores how to most effectively combine channels—sending cardholders a combination of text messages and emails—as well as phone calls for those who prefer speaking to a human.

Nissen reports that during the company’s first month of deploying Katabat it had used EasyCollect to send over 200,000 text messages and emails.

Benefits

EasyCollect Provides Frictionless, Self-Service Payments “Payments Made through Our Reps Have Declined by 33%”

Capital Services proved its vision correct when it deployed Katabat EasyCollect to provide its cardholders with an easy way to make digital payments.

“We knew EasyCollect would be especially helpful for cardholders that hadn’t set up accounts on our website,” Nissen says. “EasyCollect workflows capture ACH information, payment amount, and date of payment—without requiring the user to log onto our site. This is far easier for the cardholder than sending them an email or text with a link they need to have a password to open.”

“EasyCollect definitely provides a frictionless way for our cardholders to make payments and manage their accounts without having to call in to an agent or mail payments,” says Alana Christianson Credit Risk Analyst at Capital Services.

“In today’s age where everything is digital, EasyCollect provides a space where cardholders can easily make a payment without having to remember a password or need to go online to access their account information.”

In addition to supporting frictionless payments, EasyCollect provides another element popular with cardholders: The ability to perform transactions without having to speak to another person. “When it comes to debt, some people are uncomfortable talking with someone on the phone,” Nissen says. “We are seeing an increase in payments by offering this option.”

The results are impressive. “Payments made through our reps have declined by 33% since launching our Katabat portal,” Nissen says. **“We are seeing more payments, with less FTE involvement. We will still need those full-time employees, because we expect our Katabat deployment to help us grow the business—without requiring additional headcount.”**

Benefits

The Power of Omnichannel: “122% Increase in Payment Rates Using Email Instead of Dialing”

Capital Services is experiencing the power of omnichannel communications. “A lot of times people mistake omnichannel for digital,” Nissen says. “Digital to me means you’re sending a text or email. With true omnichannel, each of your systems communicate with each other. Katabat provides that through the integration of their channels, such as text and email, and the cardholder portal.”

Nissen reports that using Katabat email templates has improved efficiency of this channel, noting: “Our status quo emails looked too much like letters.”

The power of omnichannel communication is apparent: “We’ve seen a 122% increase in payment rates from emails compared to dialing, since launching Katabat,” Nissen says. “Using push notifications for text messages, we’ve seen an increase in payment rates of 48% compared to dialing. And again, these increases are coming without our cardholders needing to talk to agents.”

Ease of Deployment

Katabat proved to be easy to deploy, integrating with Capital Services’ backend infrastructure. And the portal proved to be an immediate success with cardholders.

“I actually sat there on the first day, updating my real-time reports, constantly watching the growing number of payments we were receiving from the portal,” Nissen recalls.

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Matt Nissen
Operations Risk Manager
Capital Services

Benefits

Anticipating a Significant ROI and “Millions in Savings from Reduced Charge Offs”

After just the first month of deploying Katabat, the return on investment is looking good.

“It will be some months before we can verify, but from the way the numbers are trending right now, we are anticipating a significant ROI on our Katabat investment,” Nissen says.

“A lot of companies look at payment dollars and net dollars collected, but we are very interested in charge-off dollars because they are an expense in the net income statement.

While we won’t know the direct impact for another four months, based on current trending, we are on track to save millions from reduced charge offs.”

Another benefit Capital Services anticipates is a tighter affinity with the card issuers it serves, as cardholders find it easier to make payments, and the company’s omnichannel communications creates a sense of partnership with cardholders seeking to stay current with payments.

“We are providing cardholders with the channels of communication that they prefer, so they will stay on the books longer, and they’ll be using the banking products longer,” Nissen says. “This should strengthen the relationship with the cardholders and with our bank partners.”



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Benefits

Looking Ahead: Always Making Life Easier for the Cardholder

Looking ahead, Capital Services has identified more ways to use its Katabat platform to make life easier for its cardholders, while also increasing profitability.

“Today, if an account’s eligible for a credit line increase, we send them a letter,” Nissen says. “We want to replace that letter with a text and email, which will accomplish two things.

The most important piece is that it will boost response to the marketing for credit line increases leading to incremental growth in profitability, thereby contributing to our bottom line. Additionally, the net difference between a letter and a text message is about 60 cents. So, every account we can get to sign up through a text and email will save us 60 cents each time.”

The company also plans to use Katabat workflows to create forms that cardholders can digitally fill out, greatly reducing the hassle of mailing out a form and asking the cardholder to fill it out and then fax or mail it back in.

About Katabat

With more than a decade of experience delivering debt collection solutions to global banks and debt collection agencies, Katabat combines collections and machine learning expertise to help clients engage with customers and increase collections. Katabat partners with lenders and collectors across multiple industries to stay at the cutting edge of debt management, machine learning, automation, regulatory compliance, and data security. To learn more about our full range of debt management products, contact Katabat at info@katabat.com.

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