KATABAT
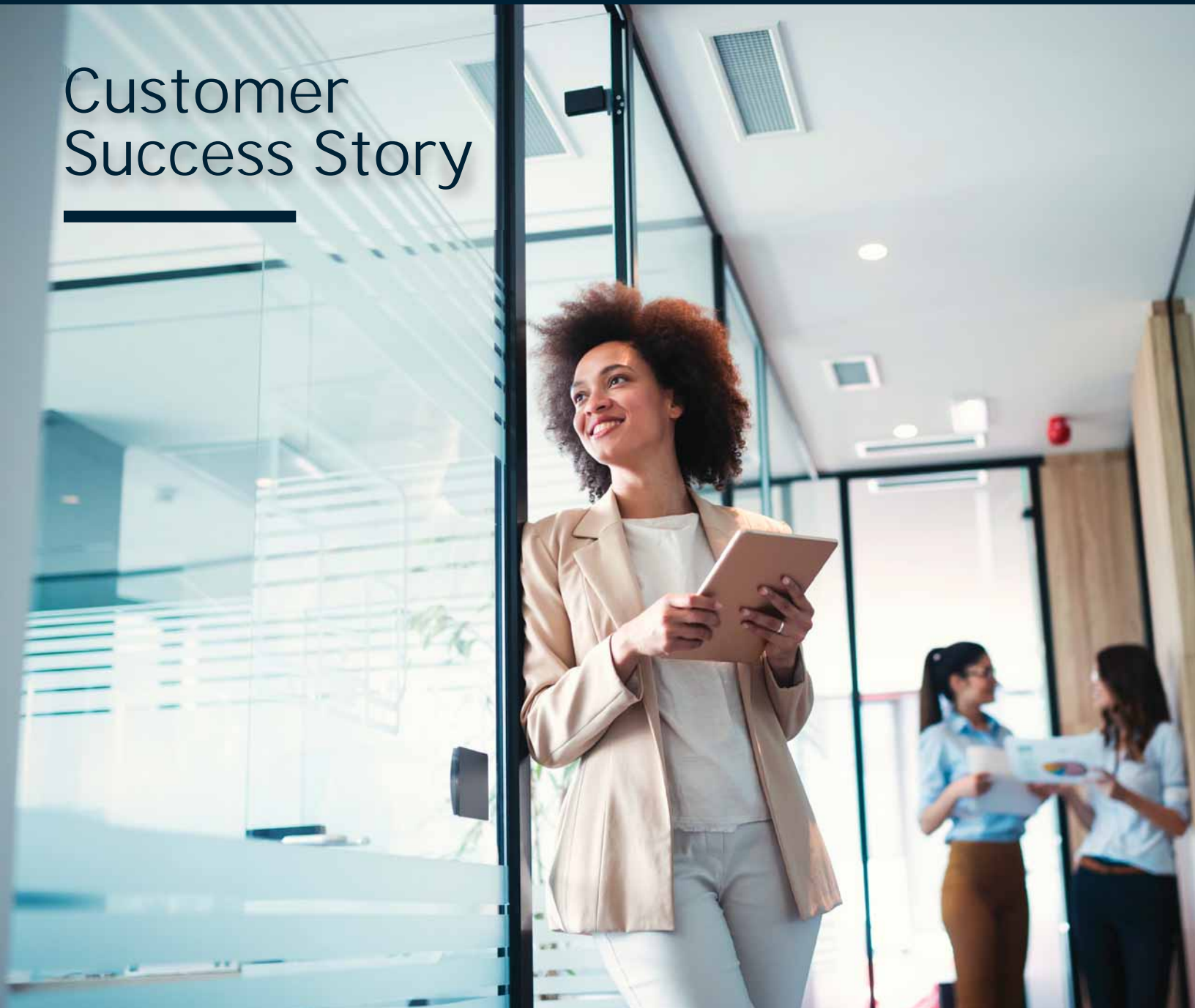
Katabat Client Sees Delinquencies Drop After Deploying Omnichannel Communication & Automations

Customer Success Story

Situation

> "Katabat gives us the ability to bring a marketing mindset to collections. … We've seen a consistent drop in delinquencies since deploying Katabat."

Vice President for
Collections and Recovery

This client provides online credit to customers and banks in the United States who are poorly served by traditional banks and who seek alternative options to very high costs of credit.

Our client has originated nearly $10 billion in sub-prime credit to more than one million subprime consumers. Its online credit solutions provide relief to sub-prime customers. The company also provides free financial training and free credit monitoring.

KATABAT

Solution

After performing side-by-side comparisons with other solutions, our client chose to deploy Katabat, a complete end-to-end omnichannel debt collection platform. From strategy to delivery, Katabat enables a truly customer-centric approach, including customizable messaging, tone and settlement offers, that means delivering the right message through the customers' preferred channels. All of this made choosing Katabat an easy decision.

"I've been in this industry for 25 years and have worked with just about every debt collection platform out there," our client says.

"We looked at several options, but felt that Katabat was clearly the best platform because it is a truly integrated platform that completely meets our needs.

We like how its decision engine integrates to support self-service, and that its ease of use and flexibility means a greatly reduced time to market for new offerings.

Vitally important to us, its omni-channel design gives us the ability to communicate with our customers via voice, mail, e-mail, texting, or any other form we might want to use. It allows us to create an end-to-end strategy, and all of this makes for a much better agent experience."

The our client's Director of Product Management, says the company was also impressed by their ability to leverage Katabat to support self-serve customer payments.

Solution

Roll Out Strategy

The Director of Product Management describes a three-phase roll out for Katabat:

- "First we rolled out our channels, using Katabat to create and manage our strategy, and start using email, text messages, and letters, to augment our traditional voice, to communicate with our customers."

- "We then rolled out our self-service channel, employing our emails and letters and text messages, to help drive customers to our new self-service website where they see offers and make payments online. An important element here was Katabat giving us the ability to take debit card payments from our customers."

- "And then we rounded it out with our agent portal. Bringing these tools to our agents made it more efficient for them to service the customer, reducing our average handle time, and then reducing our agent errors because of the guard rails and automations we were able to put together for them using Katabat."

Expanding Use Beyond Delinquents

Katabat has provided the client with such a powerful toolkit that it has expanded use of the platform beyond delinquent accounts, to enhance service to all of its customers.

"This concept of tools and payment flexibility in helping customers has really taken hold in our organization,". "We actually use Katabat to drive decisions and offers for customers that are not delinquent."

This practice of using our Katabat tools to market to our customers to help them stay on track has really become a big part of our evolution as an organization."
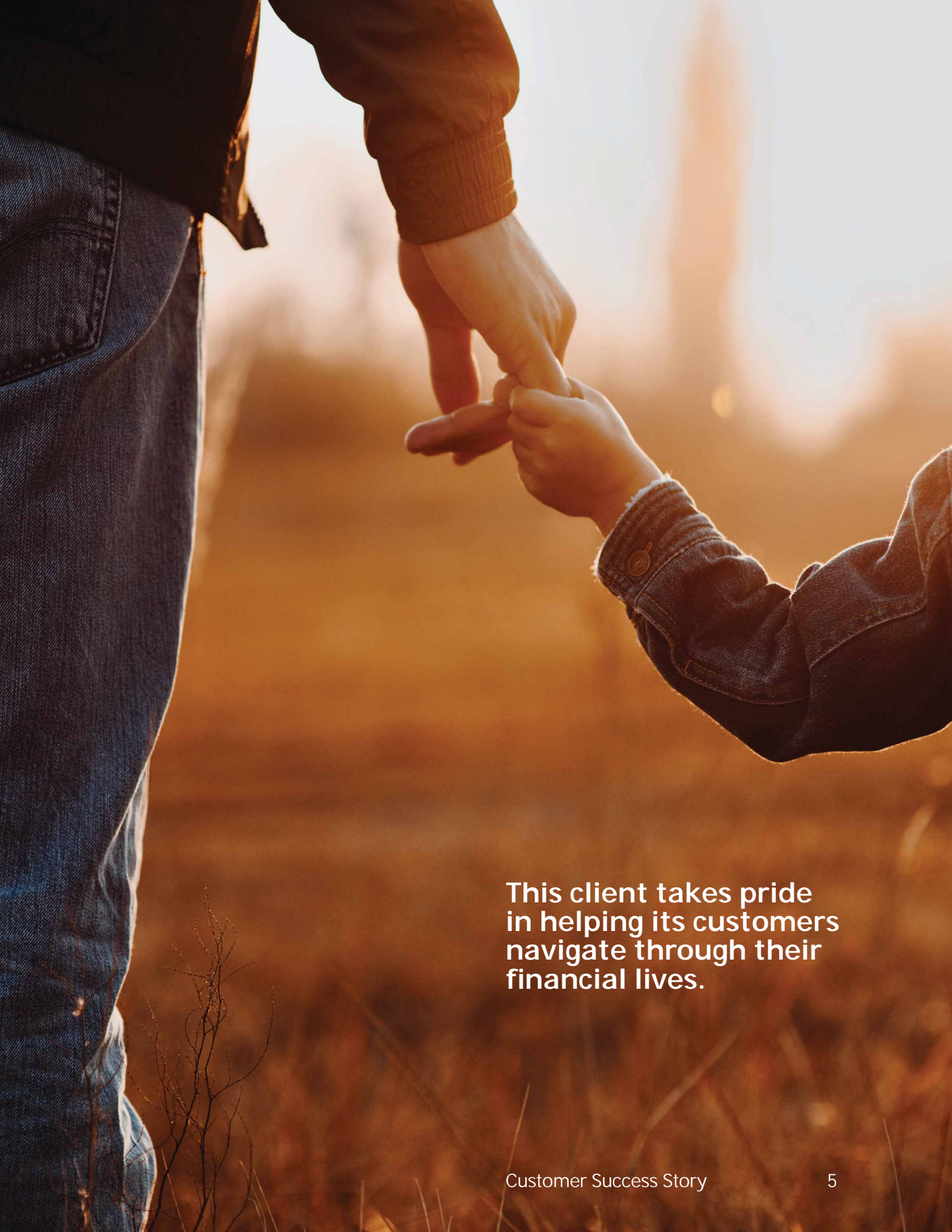
This client takes pride in helping its customers navigate through their financial lives.

Benefits

Our client has enjoyed a number of benefits since deploying Katabat, including:

- **Katabat Strategy Engine provides speed and flexibility to respond to market changes**
- **Marketing power of omnichannel communication**
- **The power of self service**
- **Reducing delinquencies with micro segmentation portfolio management**
- **"We've seen a consistent drop in delinquencies since deploying Katabat"**
- **Streamlining processes with Katabat automations**
- **Better agent experience**

Katabat Strategy Engine Provides Speed and Flexibility to Respond to Market Changes

Our client credits Katabat, and its Strategy Engine, with helping the company successfully navigate the many challenges that arose during the COVID-19 pandemic.

"Success in this industry is all about being able to react quickly to the different changing market conditions, shifting business priorities, changing customers' needs," the Director of Product Management says. "This has been huge with COVID. We had to react very quickly to get offers out to our customers that were different from what we'd ever implemented before."

Katabat's Strategy Engine, which combines powerful decision tree and workflow capabilities in one unified platform, making it fast and easy to design unique and interactive customer experiences to improve collections, played a big role.

Benefits

"Katabat's Strategy Engine allows us to make changes quickly, incorporating the data that we need so we can make calculations, create offers, and get them out to our customers swiftly, without having to write code to do it. With other platforms, we've had to write code to build in the eligibility, and then kick out a spreadsheet for our agents to look at. Katabat automates all of this."

"Before we had Katabat, when we wanted to change an email or change the strategy in flight, we were probably looking at a 14 to 21-day turnaround time to touch all of the different systems that, for just a simple email change," the Director of Product Management says "Now, once we have it approved, we can literally make that change in a matter of minutes, and have it active in a day or two. So the time to market has been greatly improved."

Benefits

Our client notes that more complex changes on other platforms could take months to complete.

"It does no good to plan strategically if your platform is so complicated that it takes six months to implement the change," our client added. "This is why we value the speed and flexibility that Katabat gives us to respond to market changes.

If we see a delinquency bubble or a delinquency trend moving a certain way, it is essential to be able to get in front of it as quickly as possible. Katabat allows us to be immediately reactive.

We can generate new offers, get them out across all channels, and then tweak the offers as circumstances change."

Marketing Power of Omnichannel Communication "With New CFPB Regulations, Voice is Going Away"

Our client values the channel management ability they gain from the Katabat platform.

"With the new CFPB regulations, the reality is voice is becoming more restrictive," the Vice President said. "Organizations who manage a collections portfolio are going to have to evolve to omnichannel. That's critical."

For our client, the move to omnichannel aligned well with their business philosophy.

"We are not a brick and mortar shop. Our customers come to us via the internet, or through direct mail campaigns, or partner channel campaigns. So we felt that our collection strategy needed to align to that. We needed to offer them a choice of how they wanted to communicate."

From the outset, the client wanted to bring a strong sense of marketing to its new omnichannel capabilities.
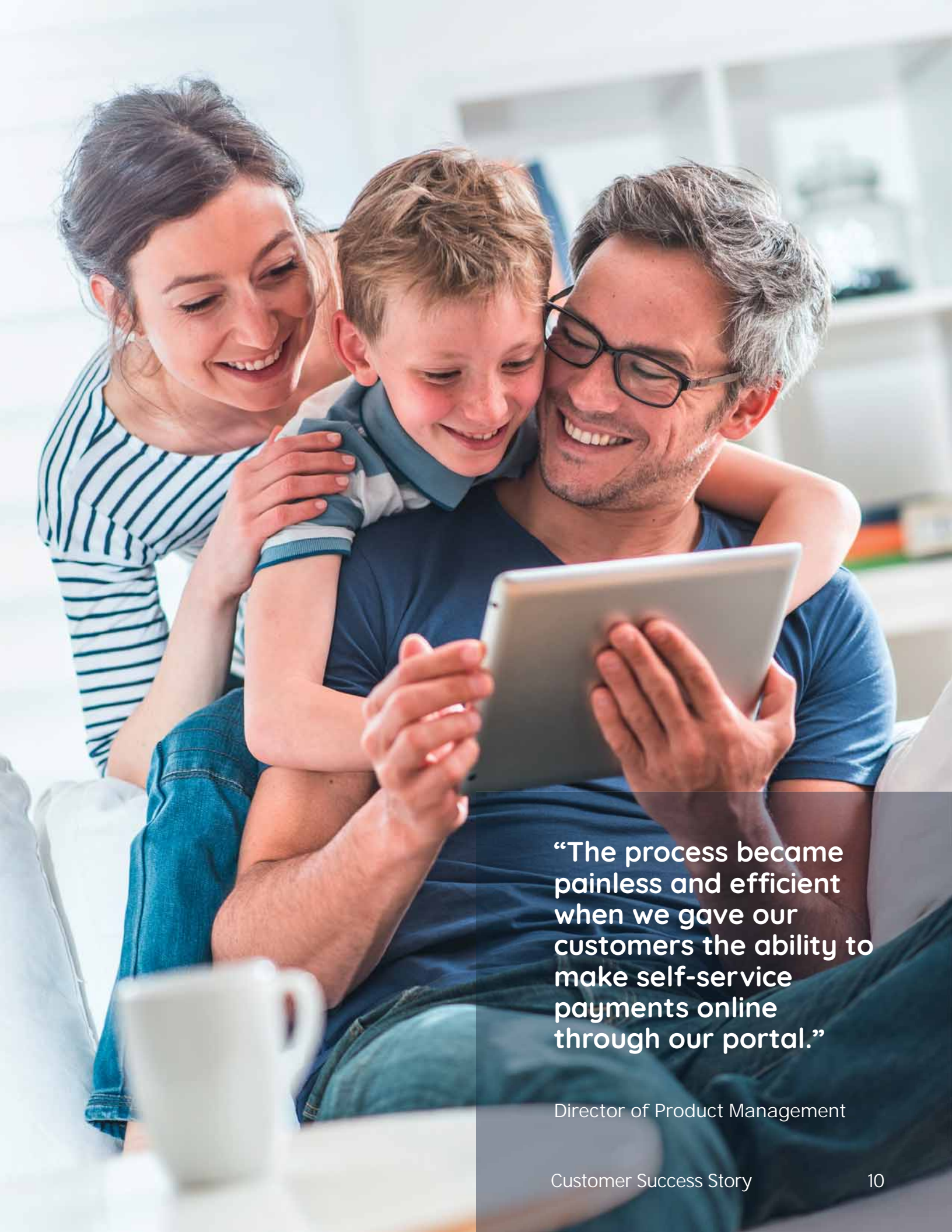
Benefits

"We didn't want to do dunning notices," says their Vice President for Collections and Recovery. "We wanted to take more of a marketing approach. It's interesting that the marketing aspect to collections is often overlooked. We began looking at different segments of our portfolio and creating strategies for approaching each of them."

The company uses Katabat to create and market special offers to different segments of its portfolio.

"We can implement all sorts of messaging," the Vice President says. "In the early stages, the message can be: 'Hey, we just want to remind you that, you're late. If something happened, reach out to us. We have some special programs that can help you.'

"As that account ages, those offers get more, lucrative," our client says. "If we're five days away from charging off, our toolkit provides agents with options to help a customer become current." And all of this can be automated with our self-service mode using Katabat."

"The process became painless and efficient when we gave our customers the ability to make self-service payments online through our portal."

Director of Product Management

Benefits

The Power of Self-Service

One of the many strengths of the omnichannel approach that Katabat enables is that by giving customers the option of communicating in their preferred channel, it also makes it easier for them to make payments—without having to call and talk to another human.

"Prior to creating our self-service channel with Katabat, customers had to call us to make a payment, which ran counter to our digital-first philosophy," the Director of Product Management says. "This could be a very painful experience. We would call them, if we didn't get on the phone, they'd have to call us back to make a payment. The process became painless and effcient when we gave our customers the ability to make self-service payments online through our portal."

The organization uses the same self-service approach, and the analytical power of the Katabat Strategy Engine to present customers a range of offers, depending upon their account status.

"The power of omnichannel is wherever the customer goes, they're getting a clear and consistent message," the Vice President says. "If they go to the self-service channel, they can see exactly what our agent would have offered them had we made a right party contact on voice. And that's been hugely impactful for us."

Benefits

Reducing Delinquencies with Micro Segmentation Portfolio Management

Our client credits Katabat, and its ability to tightly segment campaigns, with a reduction in delinquent accounts.

"We use the Katabat Strategy Engine to formulate different strategies based on different characteristics of our loan portfolio," the Director of Product Management says. "We can slice and dice our population in different ways. It could be by days past due, or by recent offers, recent payments, whatever the segmentation we want, and then we deliver customized offers for that population."

"We have been able to deploy a micro segmentation account management strategy," the Vice President says. "This micro segmentation, coupled with our omnichannel marketing has driven engagement with the customer and and helped reduce delinquencies. How we manage a first payment default is different than how we manage a customer who has broken a payment plan.

We can differ in how we treat a new customer versus a former customer versus a customer who's had a deferment versus a customer who's exhausted their toolkit."

"We have been able to deploy a micro segmentation account management strategy. This micro segmentation, coupled with our omnichannel marketing has driven engagement with the customer and turned the delinquency portfolios around."

Vice President,
Collections and Recovery

KATABAT

Benefits

The company makes good use of their visibility into accounts and their ability to swiftly respond to changes.

"When we see an impact in the delinquency buckets, I can immediately contact Lisa and say we need to generate a new offer within the next couple of days to not miss the window of opportunity," the Vice President says. "That's one of the big benefits that Katabat brings. Before Katabat, that opportunity would've been missed. Our ability to move swiftly might help us prevent an extra $500,000 in losses."

"We've Seen a Consistent Drop in Delinquencies since Deploying Katabat"

The client credits its Katabat deployment with helping it to steadily reduce delinquencies.

"Cumulatively, our delinquency portfolios, even going through the pandemic, are at all-time lows," the Vice President says. "We deployed Katabat in 2017 and in 2018 saw an improvement of 150 basis points over the year before. Total delinquencies as a percentage of gross outstandings in 2019 improved by almost 200 basis points over 2018. We've seen a consistent drop in delinquencies since deploying Katabat."

Benefits

Streamlining Processes with Katabat Automations

The organization uses Katabat to create simple drag-and-drop orchestrations to automate processes that used to require agents to perform time-consuming tasks on backend systems.

"We've been able to automate tasks such as applying credits, setting up a deferred payment, applying the correct transaction code, or otherwise updating our system of record," the Director of Product Management says. "Tasks that an agent might have spent 15 minutes to do are now done automatically. This reduces the chance of error, while making life easier for the agent."

Our client uses Katabat to automate what used to be a time-intensive and mistake-prone process of filing 1099-C forms with the IRS.

"Every step of processing a 1099-C involved somebody pushing a button," the Vice President says. "If any piece of data at any step of the process got out of sync, we were communicating the wrong information.

The process had caused us some severe pain points in the past, until our team used Katabat to automate the process. It was a home run."

The client also uses automation to guide its customers through participating in the different programs it offers, while provide "guardrails" on what customers can do when setting up self-service payment schedules.

"Our automations have enabled us to achieve significant cost savings," the Director of Product Management says. "We are able to create strategies to collect more dollars, while we are also saving money by reducing time spent on back office manual tasks that we've been able to automate. This same process also reduces agent errors that were costing money."

Benefits

Better Agent Experience

Katabat provides the better agent experience that our client had long been after. The combination of automations, self-service, and consistent messaging across all channels have made life easier—and more productive—for their agents.

"Before Katabat, our agents had to perform too many manual processes," the Director of Product Management says. "They had to calculate in their head which customers were eligible for which programs. With Katabat they can see exactly which programs any given customer will qualify for. And because we have guardrails within the automations, customers won't be offered something they aren't eligible for. All of this helps meet our compliance and regulatory needs."

"Previously our agents had to do far too much clicking around to get the information they needed," the Vice President says. "We've used Katabat workflows to streamline processes, including creating screen pops, which save agents the time and trouble of doing a copy and paste from one screen to another. This all adds up to create a much better experience for our agents."

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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