


ERICSA
CELEBRATES **50** YEARS
OF SERVING FAMILIES: THE
MAGIC
IS STILL ALIVE



Blood from a TurniP

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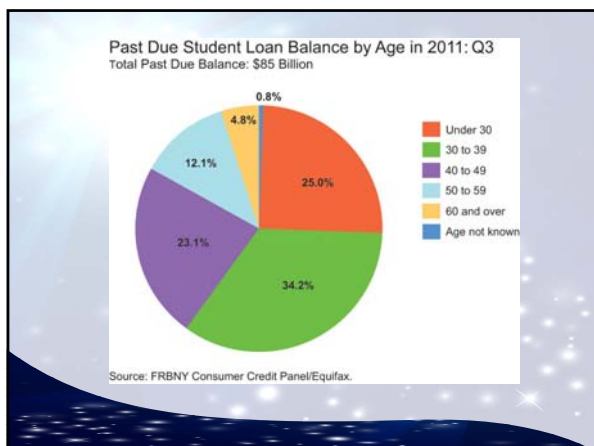
Economic Forecasts for the Collection Markets

- Dec. 2012, an astonishing 14.6 percent of all consumers had an account in collection by a third-party debt collector. Federal Reserve Bank of New York, [The Quarterly Report on Household Debt and Credit](#) Feb. 28, 2013
- RealtyTrac- One in every 706 U.S. housing units with a foreclosure filing during the month Oct 2012
- The share of strategic delinquencies among the total has risen to about 27 percent from 20 percent a year ago. Bloomberg Oct 3, 2011



- Over the last 12 months, the All Consumer Price Index increased 2.0 percent before seasonal adjustment. U.S. Bureau of Labor Statistics March 15, 2013
- Real median household income in the United States in 2011 was \$50,054, a 1.5 percent decline from the 2010 median and the second consecutive annual drop. U.S. Census Bureau; Sept. 12, 2013
- Outstanding student loan balance now stands at about \$870 billion, and has surpassed the nation's \$693 billion credit card balance, according to the report. Federal Reserve Bank of New York Report





- ### Innovation is a Blood-Squeezing Tool
1. Predictability Scoring Models
 2. Dynamic Skip Tracing Waterfalls
 3. Use of Automated Dialers and the TCPA
 4. Use of E-mail – blend of FOTI and TCPA Expressed Consent
 5. Social Media
 6. Locating Hidden Assets – Underground Economy

- ### Bleeding-Edge
1. Predictability Scoring
 - Drive your objectives
 - ❖ Activate accounts equally and then
 - ❖ Put more resources on accounts with the highest propensity to pay
 - Monitor change in score to drive strategy
 - Uses External and Internal Data Sources
 - Accounts when propensity to pay changes (up or down)
 - ❖ Warehouse data mining

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2. Skip Tracing Waterfalls

- Software that interfaces with your recovery systems to rank success of data sources
 - ❖ Most Effective Data Searches
 - ❖ Interactive with Specific Account Data
 - ❖ Dynamic – changes with the result data
 - ✓ Requires capture of result data
 - ❖ Integrates with performance (payment) Data

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3. Use of Automated Dialers and the TCPA

- Efficient tool to increase contact production
 - ❖ Preview Mode
 - ❖ Predictive Mode
 - With IVR
 - Without IVR
 - ❖ Messaging Campaign Mode
- Telephone Consumer Protection Act
 - ❖ Prohibits calls to cell phone (scrub phone data)
 - Obtaining Expressed Consent to call cell phone
 - Time Zone challenges
 - Wireless hub home phones

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4. Use of E-mail – blend of FOTI and TCPA

- Must be secure and authenticate right party
- 3rd Party must include FDCPA Disclaimer
- “This communication is from a debt collector and any information obtained will be used for that purpose”
- Automatic 3rd Party Disclosure

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5. Social Media for Skip Tracing & Asset ID

- Hottest Topic for Locating Consumers
 - ❖ Powerful Tool for obvious reasons
 - ❖ However be very careful with use of Social Media
- Public access only, NO Account Sign on
- Internal Security to prevent sign on or disclosure
- NO misrepresentations to 3rd parties
- PROCEED WITH CAUTION

PLENY OF EDUCATION OUT THERE ON THIS TOPIC!

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6. Locating Hidden Assets in the Underground Economy

Definition:

“A group of clandestine transactions that create (financial) value, but are conducted with the intention of escaping something – primarily taxes, revelation of bribes, government regulations, exchange controls, or criminal prosecution”

Ingo Walter, Professor of Finance, Stern School of Business New York University

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➤ **Locating Hidden Assets**

- ❖ **Financial Analysis - Consumer**
 - Credit Bureau Report vs. Income
 - Size of payments on personal finance obligations compared to earnings (Expenses > Income)
 - Credit granting activity
 - » Down payments
 - » Interest Rates (high or low)
 - » Open / close account activity
- ❖ **Lifestyle Analysis – Consumer**
 - Personal Property Values vs. Income
 - Auto / Home / Real Estate
 - Form of Payment – Money Orders – Western Union

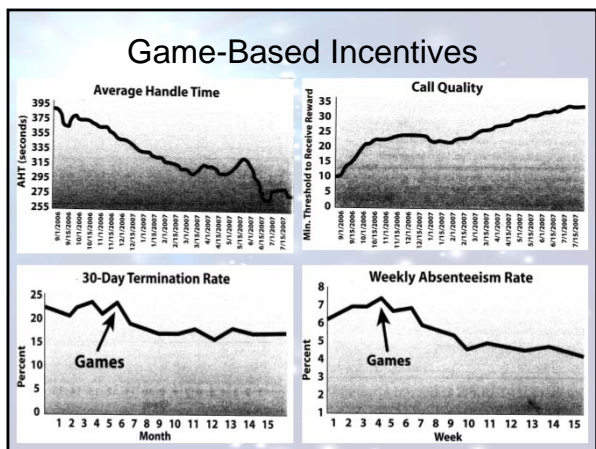


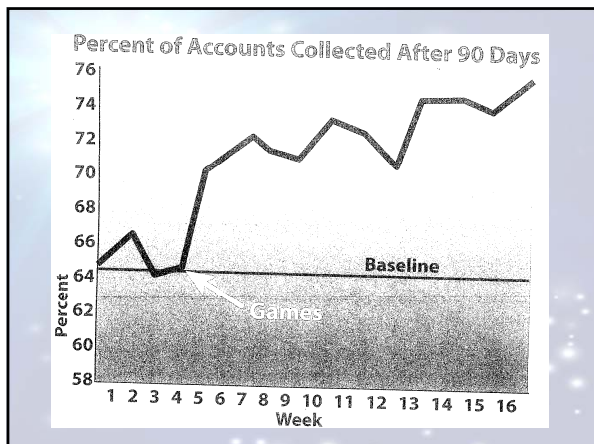
Squeezing-Edge

BEHAVIORAL PROGRAMS

- We don't really need research to understand that behavior programs can have significant impact on performance and production in debt collection operations.

But Here's Some Proof Anyway...





Behavioral Tools

Balancing Tools with HR Constraints

- Incentive Programs (don't tune me out and say... 'We can't incent our collectors because we are government')
 - Incentive Programs that cost NO money (merchant Coupons / Manager Discretion Time off / Dress Down)
 - Incentive Programs that cost very little money
 - ILLUSTRATION - SLOT MACHINE GAMES

Behavioral Tools

“Variable/Intermittent reward is far more influential on reinforcing behavior than a known reward, the theory being that the possibility of a big jackpot is more desirable”
 (Games Work and Human Motivation by Dr. Brooks Mitchell)

Survey of 6,236,867 employees: 99.7% Prefer an Opportunity to Play the Game versus Sure Deal

“I like the Games Because You Never Know What You Might Win.” Workplace Gamer

Behavioral Tools
Workplace Games
Characteristics of Effective Performance Reward Games

1. Played Quickly
2. Easy to Learn
3. Clear Rules and Scorekeeping
4. FUN!
5. Accommodate Different Skill Levels
6. Instant Feedback
7. Monitors Players' Progress

Behavioral Tools
Workplace Games
Characteristics of Effective Performance Reward Games

8. Team & Individual Play
9. Relationship Between Performance and Outcomes
10. Continuous & Intermittent Reinforcement
11. Challenging but NOT Impossible
12. Hold Long Term Interest
13. Desirable Rewards
14. Include Managers & Supervisors

Behavioral Tools
Workplace Culture

- **Build a team culture through**
 - Teams with goals – goals that play off incentives
 - Something Special About Where We Work
 - » Example – UCB PWD Program
 - » WWDWWD – Why We Do What We Do
 - Humor – is it fun to go to work?
 - Keeping it new and different over the years to avoid workplace apathy
- **Take Pride in Those Who You Serve**
 - This is an easy one for Child Support – not so easy for other creditors and collectors
 - Recognition to include the benefactor

Behavioral Tools
Change the Office Culture

Specialized Education & Training

- Empower individuals who learn, grow, and share with management and staff




- **Managers do not have to be the expert in everything!**

Managers Don't Have to Do All
Change the Office Culture

- Discover Personal Development and Knowledge Sharing

EXAMPLE


- CFE
 - » Search and Locate'
 - » Asset Investigations
 - » Interview Techniques
- Social Media In Depth
- Your Initiatives



Better Performance If You DON'T

Behavioral Tools
Change the Office Culture

- **It's exciting to share new knowledge**
 - Presentation to Management
 - Train the Trainer
 - Subject Matter Experts – One and ALL
 - » Learn and Grow Together



Transform Relationships

Employees **and** Consumers

Example: Debt Collection Services Are a Transformative Service

- By engaging with a collector, consumers are transformed in some way...



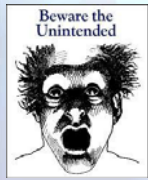
Pay on Account

- » Improve personal financial situation
- » Improve consumer credit standing / score
- » Reduce stress from burden of unpaid account


IN THIS CASE – KNOWING CHILD RECEIVES BENEFITS FROM PAYMENT

Transform Relationships

Beware the Unintended Consequences (Consumers)



- » Stress of taking the calls
- » Embarrassment with spouse, family, or on the job
- » Rob-Peter-to-Pay Paul syndrome



» IN THIS CASE – CAN'T PAY = GUILT IN KNOWING CHILD DOES NOT RECEIVE THE BENEFITS FROM PAYMENT

Beware the Unintended Consequences (Collectors)

- Collector training should address the positive and negative consequences of Transformative Services
 - Give Your Collectors Perspective
 - » Give collectors tools to achieve INTENDED consequences in building the relationship with debtor
 - » Give the collector tools to avoid the UNITENDED consequences in contacting the debtor
 - » Improve the collectors understanding of how and why consumers respond the way they do.

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Questions

Comments

Discussions

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