

# Business Resilience

Debt Restructuring and Collections

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### Introduction

Across all sectors, consumer demand is low and discretionary spending is dropping.

Despite the short-term challenges, we believe that by working together, and bringing you powerful data and tools, we can help you and your customers quickly recover.

Inside, we cover a host of key steps that can be taken to help safeguard your commercial resilience through debt restructuring, considered customer management and careful collections management.

### Situation analysis

#### Current challenges

#### Impact

Economic impact and employment uncertainty will likely cause a sharp increase in non-performing loan levels and overall provisioning. The current climate is very likely to impact the predictive power of existing analytical models.



FINANCIAL



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The demand on operational resources will increase significantly, with contact level volumes increasing for both servicing and qualification as a result of the payment moratorium related demands.



OPERATIONAL



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Forward looking risk and affordability assessments now critically important to identify whether a borrower is likely to be able to repay rescheduled payments once moratorium period ends. Timely and accurate identification of those unlikely to restore credit-worthiness and in turn structuring tailored treatments, will not only ensure compliance, but will also provide a competitive advantage.



CUSTOMER



OPERATIONAL

## Implications and actions

### ENRICHED PREDICTIVE MODELLING

Urgent need for policy adjustments with ongoing assessment and re-calibration; this is particularly relevant for regulatory measures as impact felt immediately by financial organisations. Robust predictive models incorporating alternative and transactional data can help answer the regulatory challenges, while protecting against future compliance issues.

### PROACTIVE PREVENTION USING EWS

NPL and forbearance triggers must now be forward looking. Therefore Early Warning Systems (EWS) are critical to identify potential high risk segments based on behavioural data. The current crisis is emphasising EWS' increasing importance in its ability to reduce overall provisions.

### INCREASE DIGITAL TOUCHPOINTS

Implementation of a quick and effective triage system to identify and channel customers into corresponding treatment "pools" with increased digitisation of touchpoints. This digitalization of customer interactions and workflow means more customers are serviced with a tailored treatment whilst manual resource can focus on more complex cases.

### How we can support you



#### ADVANCED ANALYTICAL MODELLING

- ✓ Analytical modelling and process enhancement further strengthened with alternative and transactional data.
- ✓ Optimisation of existing strategies with quick-win solutions from segmentation to outsourcing.
- ✓ Economic forecasting and stress testing.



#### EARLY WARNING SYSTEMS

- ✓ Non-Performing Loan analysis and identification of 'highest risk' customers segments with guidance on most effective supporting strategies to treat.
- ✓ Design and implementation of Early Warning Systems to better predict potential financial difficulty with supporting tailored treatment journeys.



#### RISK/AFFORDABILITY ASSESSMENT

- ✓ Risk and affordability assessment optimisation to ensure appropriate forbearance qualification and allocation.
- ✓ Additional data insight on customer behavior to better forecast and assess propensity to pay.



#### WORKFLOW OPTIMISATION

- ✓ Assessment and digitisation of specific collections interactions to reduce pressure on resource and increase productivity of operations.
- ✓ Dynamic workflow system to channel the customers into corresponding treatment "pools" with most effective allocation (internal call center vs external DCA).

### Get in touch

If you'd like to discuss any aspect of this report or find out more about how we can support you, please get in touch with your Experian account manager today.



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