

5 Most Effective Collection Strategy Improvements

Presented by:



THE CENTER FOR
AUTO FINANCE EXCELLENCE

Dec. 4, 2013

Agenda

- About the Center
 - Macro Collection Trends & Performance
 - The Compliance Overhang
 - Best Practices
 - Conclusions
 - Q&A
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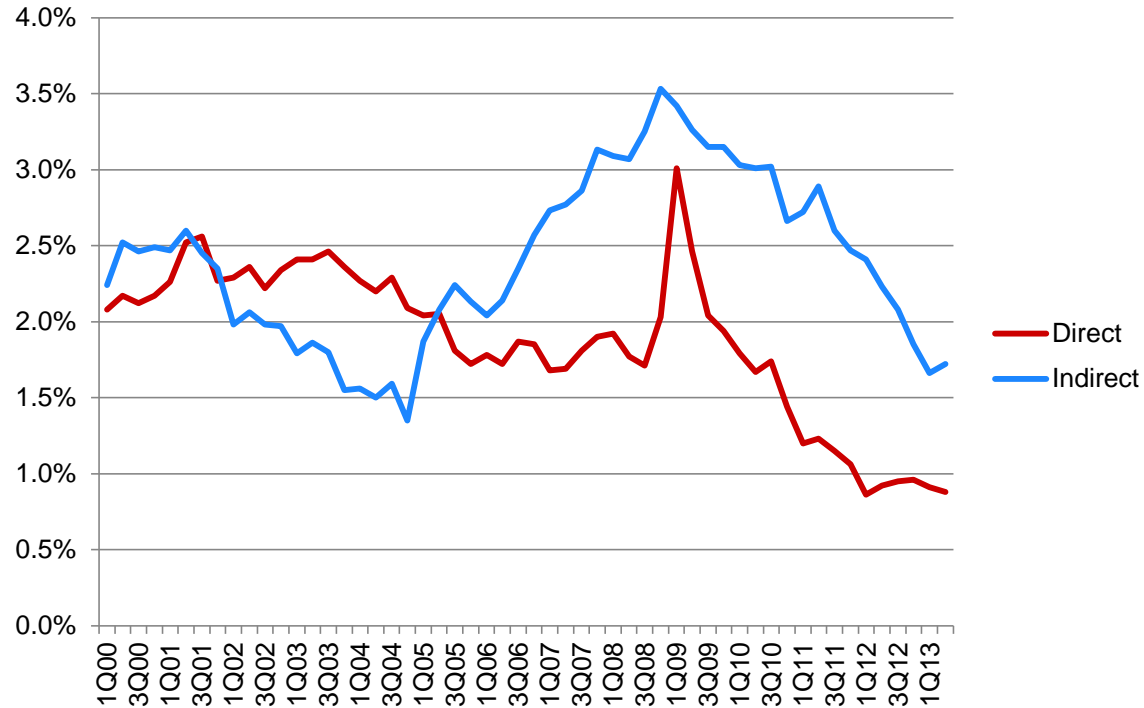
About the Center for Auto Finance Excellence

- Launched in July 2013 in partnership with Fiserv
 - Committed to providing quality content on best practices in auto finance
 - Articles cover compliance, HR, management, IT, operations
 - www.autofinanceexcellence.org is the industry's best practices library
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Macro Collection Trends

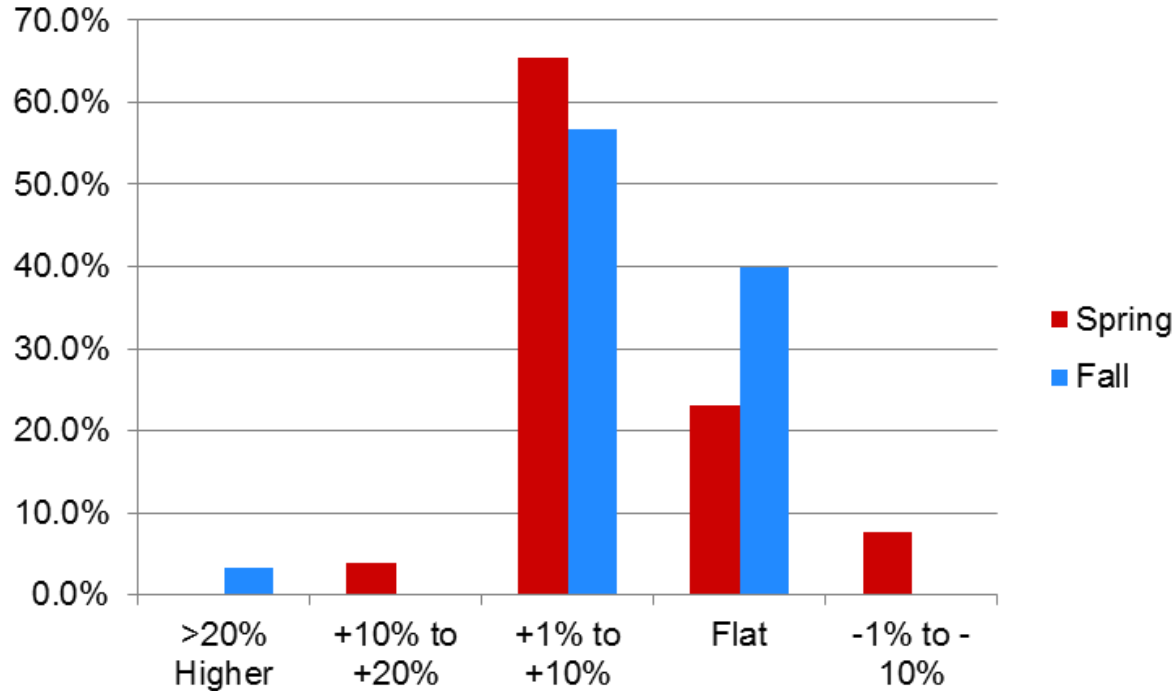
- Delinquencies have been on the rise
 - Lenders are seeking to staff up collection units
 - Regulators have their sights on the auto finance sector
 - Consumers tend to complain when they're late on payments
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Delinquency Trends



Source: ABA

Delinquency Forecast

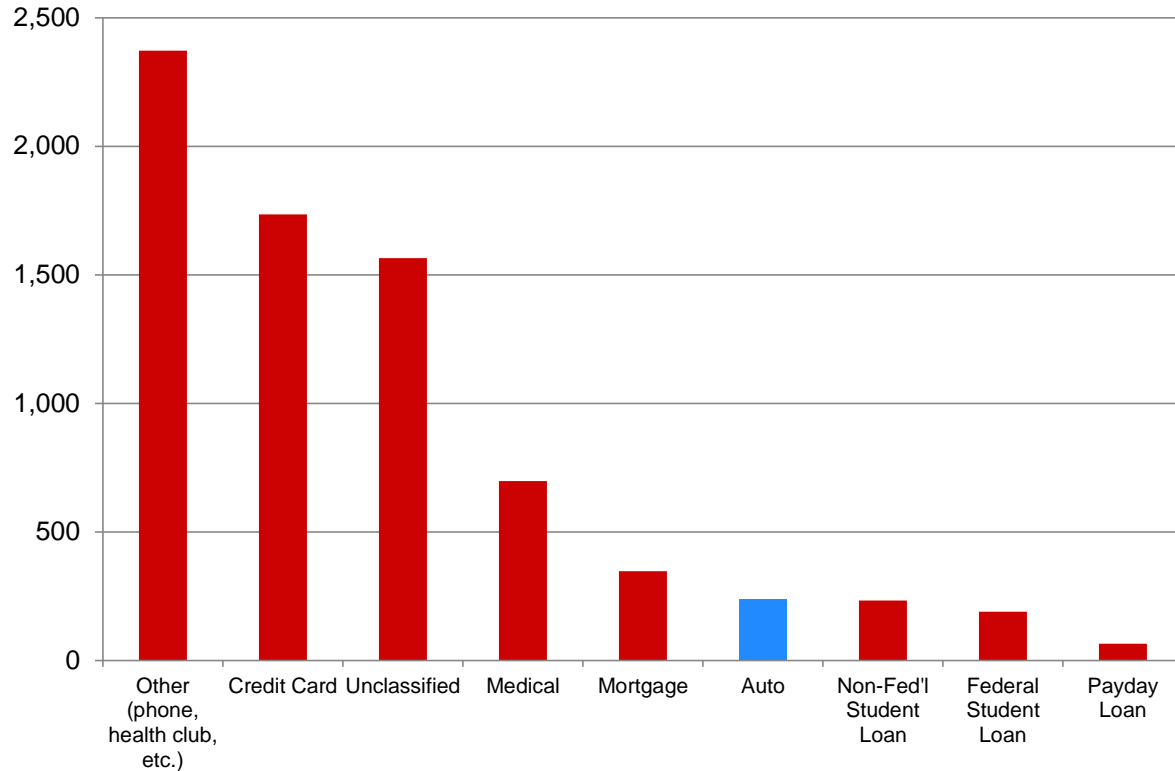


Source: Auto Finance Forecast 2013

CFPB Starts Process for New Collection Rules

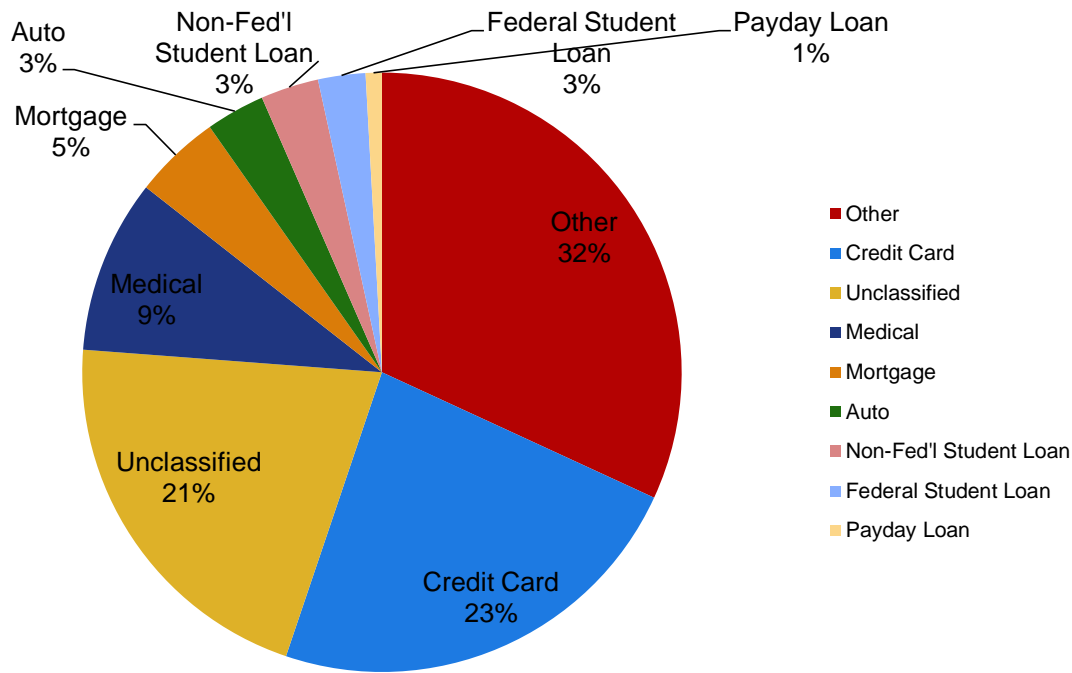
- Issued ANPR in early November
 - Main concerns: the transfer of information, collector communication methods, clear disclosures
 - Available at http://files.consumerfinance.gov/f/201311_cfpb_anpr_debtcollection.pdf
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CFPB Debt-Collection Complaints (#)



Source: CFPB

CFPB Debt-Collection Complaints (%)



Source: CFPB

Idea #1: Optimize Communication

- Determine maximum number of daily contacts for delinquent borrowers
 - Evaluate the communication methods you use for maximum recovery
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Idea #2: Review Incentive Programs

- Look at the underpinnings of your staffing strategy
 - Does your collector incentive plan include a compliance score?
 - Should the compliance component be re-weighted?
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Idea #3: Revisit TCPA Guidelines

- TCPA prohibits auto-dialed calls to cell phones without “prior express consent”
 - Differing philosophies on whether consent needs to be received separately from the initial sign-up disclosure
 - TCPA violations start at \$500 per call
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Idea #4: Refine Vendor Oversight

- Manage vendors to the same degree you manage your own operations
 - Know your vendors
 - Review all documents
 - Monitor customer interactions
 - Use clear language
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Idea #5: Monitor Fair Lending

- Be on the lookout for disparate impact in collection activities
 - Have policies in place to outline specific procedures
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Top 5 Strategies Recap

- Optimize communication
 - Review incentive programs
 - Revisit TCPA guidelines
 - Refine vendor oversight
 - Monitor fair lending
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Takeaways

- Credit is deteriorating, but opportunities exist for staying ahead of the curve
 - Compliance adherence is critical – but doable
 - Develop written plans with a strong customer focus
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Thank You

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