



Credit union trends across all loan types:

Delinquency rate is up
22
basis points
YOY.

Average dollars delinquent increased from
\$12,624
to
\$14,061
YOY.
+11.4%

The number of delinquent accounts has increased
29%
YOY.

Total delinquent balance has more than doubled in the last two years, from
\$6.2B
to
\$13.4B

Source: NCUA 5300 Call Reports through Q4 2023

Delinquency management done right – Action plan for credit unions

With the noticeable uptick in delinquencies, credit unions are facing more significant hurdles in effectively managing overdue accounts. In this challenging financial landscape, it's imperative that you refine your account management processes to remain competitive, preserve the well-being of your members, assure operational efficiency and increase profitability.

Implementing efficient collection approaches not only improves loss rates but also helps with member retention, which is the backbone of your success. **To navigate these challenges and enhance your collection strategies, consider the following four actions.**

ACTION #1

Successfully prioritize and implement a data-driven strategy

A debtor's lifecycle is a dynamic path that often mirrors significant changes in their personal and financial circumstances. By tapping into a variety of data sources, you can obtain real-time insights to quickly identify members who are financially stressed or show signs of instability. With awareness of changes in life events, such as new employment, shopping for credit, opening new credit lines and successfully settling outstanding debts, you can refine your member retention, risk mitigation and portfolio management strategies.

[Advanced predictive scoring models](#) enable you to accurately segment and identify accounts with the highest propensity to pay, establishing a targeted approach in your collection efforts. By strategically allocating your resources toward the right accounts, **you can optimize your processes and improve return on investment.**

It's important to regularly reassess and adjust your collection priorities to align with changes in the economic landscape, member behavior and regulatory requirements. This ensures that your strategies remain agile, responsive and ultimately more profitable in today's dynamic financial scene.



ACTION #2

Ensure accurate contact data

Locating members and maintaining current contact data is critical to the success of your collection and account management efforts. Outdated or incorrect contact information can lead to wasted efforts, causing frustration for you and your members. With access to comprehensive data and skip-tracing tools, you can ensure you have right-party contact information and that your collection efforts are targeted towards the right individuals.

There are numerous digital tools and solutions available that can help verify and update contact information accurately. These include address validation solutions, email verification tools and [phone ownership validation](#). Additionally, skip-tracing tools can provide real-time alerts of changes to a member's phone number or address.

Prioritize keeping your records up-to-date and periodically ask members to update their contact information through email, phone calls or even during face-to-face member meetings. By doing so, you **ensure that all communication remains seamless, and that important information is never missed.** This proactive approach helps maintain an engaged and informed community, fostering a stronger connection among members.



ACTION #3

Leverage technology for efficient operations

Leveraging industry-leading analytics and machine learning models can significantly enhance the efficiency of your collection strategies and introduce a level of automation to your operations that was previously unattainable. These cutting-edge technologies have the power to accurately predict the probability of a payment and help you strategize an effective communication plan and personalized member experiences. This level of customization in outreach, which considers member behavior and preferences, **dramatically increases the likelihood of achieving successful collections.**

Moreover, by automating routine communications, your organization can free up valuable resources and reduce the margin for human error. This shift not only allows your staff to allocate more time and attention to complex cases but also plays a pivotal role in elevating the overall experience for your members.

ACTION #4

Keep member experience top of mind

Consider the payment options you're offering to your credit union members. Tailoring treatment plans to their needs can significantly impact recovery rates. Using chatbots and virtual negotiators can enhance profitability without overburdening your staff. For members likely to self-cure, automated communications like texts or emails linking to self-service portals could be the perfect approach. Additionally, embracing modern payment methods, such as accepting digital wallet payments via text, might be beneficial.

However, it's crucial to avoid expending resources on members currently unable to fulfill their payment obligations. Instead, set these accounts aside and monitor them for signs of improved financial health, such as bringing other accounts current or new employment. When their situation improves, offer a personalized solution that aligns with their updated financial circumstances.



How can Collection AdvantageSM help?

[Collection Advantage](#) helps you access the exact information you need when you need it. It's a new way to streamline collection processes, improve recovery and gain greater insight into your debt portfolio for improved portfolio management.

- Effectively segment, prioritize and make contact on accounts with access to industry-specific, credit-based scoring models and attributes.
- Track debtors and locate skips more efficiently by obtaining up-to-date background information on members.
- Analyze accounts, including credit availability, recent credit inquiries and newly opened trades with essential member insights across all risk types.
- Direct integration into popular software platforms.

Effective debt collection transcends mere strategy; it embodies empathy and understanding toward members' circumstances. By taking these four actions, you can not only increase profitability but also improve your commitment to member service and community well-being.

Choosing Experian for your debt collection needs signifies an investment in premier analytics, advanced tools and unmatched support. In today's fiercely competitive landscape, where efficiency and partnership stand paramount, partnering with the right ally equipped with innovative solutions can dramatically transform your outcomes.

NAVIGATE TO:

Action #1

Action #2

Action #3

Action #4

SPEAK WITH AN EXPERT