

Four key signs that your **debt collections strategy** needs updating

CURRENT OUTSTANDING DEBT AMOUNTS IN THE U.S!



Auto loans

\$1.7T



Student loans

\$1.63T



Credit card

\$1.2T



Home equity line of credit

\$397B



Personal loans

\$21B

Recent changes in consumer behavior, stricter regulations and advancements in data and technology mean that traditional debt collection methods may no longer produce the best results.

Agencies and collectors must evolve their strategies to remain competitive, compliant and effective. Updating your collections approach can help you improve recovery rates, streamline operations and deliver a better customer experience.

Here are **four key signs that your debt collections strategy needs updating** and how modern solutions can assist.

Lack of proper account prioritization

Treating every delinquent account the same wastes time and resources and can significantly limit recovery results. Not all accounts have the same likelihood of repayment or need the same level of follow-up. However, many agencies still rely on “one-size-fits-all” strategies, where each consumer receives identical letters or call sequences regardless of their financial situation or risk profile. **This approach leads to two main problems: wasted effort on low-value accounts and missed opportunities on high-potential accounts.**

THE SOLUTION

- ✓ **Incorporate predictive analytics** that use credit data, behavioral indicators and payment history to identify accounts most likely to respond. With the right data-driven insights, you can forecast repayment potential and allocate resources accordingly.
- ✓ **Adjust collection tactics** to fit each account profile. For instance, some consumers might respond well to self-service portals, while others may require agent-assisted conversations and more structured repayment plans.

Over
80% of customers prefer a personalized approach in their interactions with organizations.²

58% of consumers feel businesses do not fully meet their expectations for an online digital experience.²

THE BENEFITS

Enhanced account prioritization helps your collectors work smarter, not harder. **By targeting the accounts with the highest chance of recovery, you can boost collection rates, cut operational costs and foster more positive interactions with consumers.** Smart prioritization also reduces regulatory risks because efforts are more aligned with fair and consistent treatment of consumers.

Low engagement and high call avoidance

If consumers avoid calls, ignore letters or don't respond to outreach, your strategy could be outdated. Traditional methods like phone calls and mailed letters often fail to grab attention in today's digital-first world. Many consumers screen unknown numbers, let voicemails go unchecked or simply throw away physical letters without reading them. **This avoidance doesn't necessarily mean they're unwilling to pay; it often shows a mismatch between your communication approach and the consumer's preferred channels.**

THE SOLUTION

- ✓ **Assess the effectiveness of digital touchpoints** such as emails, text messages or secure portals. Consumers are more likely to engage when messages are concise, personalized and available through channels they already use daily.
- ✓ **Explore self-service collection tools** that enable consumers to manage debts independently. Offering an online platform or mobile app allows debtors to view their accounts, make payments or set up repayment plans without needing to contact an agent.



THE BENEFITS

Implementing digital-first and self-service options enhances recovery rates and decreases operational strain. **By reducing the number of manual calls and follow-ups, your team can concentrate on complex cases that need a human touch.** At the same time, consumers enjoy greater control and flexibility, which can lead to higher satisfaction and fewer disputes.

86%

of consumers prefer leveraging online portals to self-service in debt collection.³

Outdated scoring or models

If you're still relying on static credit scores or outdated models, you're missing out on valuable insights that could significantly enhance recovery results. Static models — developed years ago with limited data — often fail to capture the complexities of today's borrowers, leaving agencies unaware of key repayment signals. **Outdated models impair performance, restrict visibility, cause inaccurate prioritization and result in lower recovery rates.**

THE SOLUTION

- ✓ **Evaluate whether your scoring includes alternative and trended data.** Beyond traditional credit history, modern models can factor in rental payments, utility bills, income estimates and real-time indicators of financial stress.
- ✓ **Regularly update or rebuild models.** Collaborate with data providers who can deliver timely, comprehensive datasets and advanced analytics to keep your models aligned with economic realities.



THE BENEFITS

Modern, dynamic models do more than just provide a static score. They offer a more comprehensive view of a consumer's ability and willingness to repay. **With machine learning and AI-driven insights, you can forecast recovery more accurately,** improve your outreach strategies and stay flexible as consumer behavior and market conditions evolve.

25% improvement in recovery rates with predictive analytics and behavioral scoring models⁴

Inefficient manual processes

Manual case management, reporting and compliance tracking might have been standard in the past, but in today's fast-paced and highly regulated world, they're a liability. Relying too much on manual processes not only slows your team down but also increases costs, causes unnecessary errors and raises compliance risks that can damage your agency's reputation. **As account volume grows, manual methods simply can't scale effectively. What works for hundreds of accounts becomes unmanageable with tens of thousands.**

THE SOLUTION

- ✓ **Adopt automation tools:** Use platforms that automate repetitive tasks like sending reminders, updating account statuses, generating reports or flagging compliance risks. Combine data sources into a single platform to access complete consumer profiles and case histories in one location.
- ✓ **Digitize compliance tracking:** To facilitate regulatory reporting, use systems that automatically record account activities and maintain digital audit trails instead of manually logging every action.



THE BENEFITS

Ultimately, automating manual tasks enables you to do more with less, increasing recovery rates while reducing operational strain. It shifts collections teams from administrative task handlers to strategic problem-solvers, allowing them to spend more time on consumer engagement and relationship-building.

Updating your collections strategy isn't optional; it's vital for remaining competitive, compliant and effective. Self-service collections, better account prioritization and strong model development are no longer "nice to have;" they're must-haves.

At Experian, we offer data-driven debt collection solutions that help you:

Enhance recovery rates

by prioritizing accounts with the highest potential.

Empower consumers

with secure and convenient self-service tools.

Stay compliant and adaptive

through advanced analytics and up-to-date modeling.

Partnering with us gives you access to unmatched data, insights and technology designed to **turn your collections strategy into a competitive edge.**

[Learn more](#)

[Speak with a representative](#)

¹Experian, [Q2 2025 Lending Conditions Chartbook](#) (2025).

²Experian Decisioning Survey from over 6,0000 consumers and 1,800 businesses worldwide (2022).

³[Why 86% of customers prefer to self-serve in debt collection](#) (2025).

⁴Kaplan, [The AI-Driven Transformation of Global Debt Collection](#) (2025, February).