

Building a Digital Strategy for Post-COVID Debt Recovery

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As the COVID-19 pandemic continues, financial institution relief and government support programs are due to expire, and many Americans are still struggling financially. While these short-term programs have helped, the drastic disruptions in employment and consumer behaviors over the last several months are creating major, lasting changes for financial institutions. Two of the biggest shifts – as consumers look for financial solutions and alternatives while staying safe – are increasing call volume and website traffic, prompting financial institutions to evaluate and improve their digital capabilities to meet future collections and recovery needs.

Financial institutions are no strangers to helping consumers through difficult times. However, the widespread impacts of this pandemic era are hitting hard. The sheer volume of consumers faced with short- and long-term unemployment is daunting, and collection leaders are being asked to realistically re-forecast delinquencies and potential losses in a world with many unknowns. How many jobs will come back after temporary layoffs? How many will be affected indefinitely due to employers' inability to survive? As these questions go unanswered, financial institutions will need to focus on building their agility to respond to economic uncertainties.

TransUnion predicts increases in collections and delinquency volumes through September. Liz Pagel, senior vice president and consumer lending business leader at TransUnion, stated, "this is significant because you will have pandemic-related delinquency in every single bucket, on top of the pre-COVID-19 delinquency that already existed and has likely only gotten riskier." As current financial relief programs sunset, "lenders are going to have to see who can resume payments, who needs refinancing or modifications, and who can't pay," Pagel added.

Improving Digital Capabilities for Better Collection Efficiencies

To effectively address and plan for collection and recovery challenges, financial institutions will need to strike a balance between using human interaction and artificial technologies to carry out consumer services – understanding and adapting to what consumers are wanting and willing to do remotely.

As you rethink your financial institution's long-term collections strategy, here are some suggestions for incorporating new technologies in your collection operations to assist in the overall consumer experience.

- Connect and engage with consumers on their preferred digital platforms throughout the collections process.
- Reallocate any underutilized financial institution staff and consider implementing automated solutions, such as callback assist, to prepare for increases in inbound calls in the collections department.

- Offer a seamless and secure digital platform for a consumer-focused collections process.
- Seriously consider outsourcing as part of your ongoing collections strategy.
- Revisit your financial institution's financial hardship policies.
- Once your financial institution's relief programs expire, consumer calls will become more complex. Working out a new course of action may require conducting an Income and Expense assessment.
- Review your financial institution's digital-led payment plans.
- Consider deploying digital self-service options for consumers:
 - Mobile apps
 - Automated voice trees
 - Self-service web portal
 - Virtual agents

In these unprecedented times, financial institutions have an opportunity to become more valuable to their consumers through personalized experiences that are digitally driven yet enabled by the human care that our industry is known for.

TriVerity, has worked with over 2700 financial institutions nationwide as a full-service collection agency, providing delinquency management services and collections training exclusively for financial institutions. The Loan Service Center provides first-party collection services to minimize loan loss by managing early-stage delinquency. The Collection Academy offers a curriculum of collection processes with tools that will be effective in your collection department. For more information: www.triverity.com