C&R Software
Collections & Recovery Humanized

📖 **WHITEPAPER**

The Road to
Better Collections

Humanizing Collections in the Automotive industry

Introduction

The turbulent economic state of recent years has had dramatic effects on the automotive industry. <u>Decreased production, lowered inventories</u> and declines in sales have led to significant losses around the globe.

For customers, the rising cost of living and inflation has led to financial difficulties and strict budgets. As a result, more are becoming delinquent on auto loans they agreed to before any of these economic factors were on the horizon.

Customers are becoming delinquent for the first time

Consumers are facing unprecedented financial challenges, with many facing delinquency for the first time. Because of this, they need direct support and guidance, which can be difficult to spare when you have a high volume of accounts.

To maintain operations in the face of these challenging circumstances, you need a configurable platform that can help cure these delinquencies efficiently and effectively. But at the same time, you need to provide a humanized experience to guide customers through their financial difficulties.

You need a solution that balances efficiency and humanized support

Configurable platforms seamlessly integrate analytics, automation and data-driven processes to formulate customer specific strategies that resolve debt faster. This also includes segmentation and algorithms that provide customers with a truly personalized collections experience where they receive the support they need for their specific situation.

In this whitepaper, we go into the details of the rising delinquencies in the automotive industry and the market challenges alongside it. Then we highlight how a configurable collections platform provides a dynamic solution to support delinquent customers, achieve repayment and manage increased customer volume.

A trusted partner

Organizations looking for a trusted partner with vast collections and recovery expertise have relied on C&R Software for more than three decades.

We understand the complexities the global marketplace presents, for both enterprise and local organizations, offering expertise across the entire spectrum of collections and recovery.

We use this experience to create innovative roadmaps that turn forward-thinking visions into reality, helping our clients deploy strategies that customers respond to, and credit issuers depend on.

Find out more about C&R Software's Debt Manager solution **here**.

C&R Software in numbers

Used by **4 of the top 5 UK** Banks

Used by **6 of the top 7** US financial institutions

Over **$4 trillion** managed on Debt Manager

Automakers and customers are both facing financial challenges

The average cost of living has increased dramatically in recent years, with global inflation reaching highs of 8.7% in 2022. This paired with stagnant or falling wages has resulted in a vast increase of delinquencies on subprime and auto loans. Many of these delinquencies are first time cases, leading to customers feeling embarrassed and unresponsive without proper support.

In parallel to customers' financial difficulties, the automotive industry is facing hardships of their own. Car production has dropped for the domestic market by a quarter, and output for export has dropped by 5.5%. Additionally, the demand for used cars has grown 30% above pre-pandemic levels, negatively impacting the sales of new vehicles.

You need to balance curing debt and customer-centricity

The influx of delinquent customers paired with your own challenges in terms of production and sales highlights the need for curing debt at a faster pace. But it's difficult to achieve this without sacrificing customer-centricity as a result.

Applying a quick fix like a one-size-fits-all approach to your collections process simply doesn't work. Each customer is facing a unique set of challenges, and requires an equally unique approach to reach a debt resolution.

But you also need to manage operational efficiency

On the other hand, providing customers with personalized and unique solutions without the proper systems can lead to a significant increase in work for your team. Managing/procuring data, performing analytics and contacting customers all take up valuable time and effort.

And with your team focusing on managing the increases in delinquent customers, you have no resources left to even think about integrating features like pre-delinquency detection to help reduce the number of accounts entering collections. The fact is, you need a configurable solution that integrates automation while maintaining a humanized approach to the collections process.

A configurable platform is the only way to provide a solution for everyone

Configurable platforms provide the features for you to efficiently manage high account volume, enhance resolution rates and ensure a humanized experience for your customers.

Harness a strong foundation of centralized data

Every touchpoint between you and your customers needs to be recorded so that you can fully understand their situation and provide the help they need. This includes the type of auto loan they have, how many payments they've missed, their vehicle history, and more. Not only does this data need to be high-quality and up-to-date, but it needs to be easily accessible to your team and systems that need it to formulate strategies.

Configurable platforms showcase centralized data storage as a Single Source of Truth. At every touch point, data is automatically recorded in one place, which can then be accessed by surrounding systems in real-time. This provides your customers with a consistent end-to-end collections experience that aligns with their subprime and auto loan situation. Moreover, this saves significant time for your team that may need to procure data at different stages of the collections process.

Be familiar with what your customers are going through

With a solid foundation of data, you can have clear visibility of your customers' unique situations. For customers facing delinquency in auto loans, you need to be able to identify key characteristics that led to their delinquency so that you can provide the right support. This is particularly vital when each customer has a different situation, such as the number of accounts they're paying off, their employment situation, and whether it is their first case of delinquency.

Customers are feeling the pinch, and the numbers tell the story.

8.7%	5.5%	30%
Global inflation high in 2022	Drop in output for export	Increase in demand for used cars

Harness algorithms to effortlessly create personalized solutions

Configurable platforms seamlessly integrate with algorithms that use historical data to gain better visibility of your customers. They operate on analytical models where they can distinguish the likelihood of customers making a repayment based on their characteristics and comparing them to similar situations in the past.

These algorithms can then be operationalized by segmenting customers based on their likelihood to make a repayment. With these groups established, you have greater visibility of your accounts, the situations they're in, and the solutions they each need to reach a debt resolution. This equips you with the knowledge and context to provide these customers with support without adding any extra work for your team.

Deliver collections strategies that result in repayment

With a centralized foundation and algorithms that are adapted to your customer base, you have all the ingredients to create successful collections strategies. The next step is delivering them in a customer-centric manner.

Configurable platforms provide you with the capabilities to integrate automation and configure workflows to suit your customers. The workflows operate via data-driven processes that automatically assign your accounts to treatment paths based on their segmented group. This includes factors like the most effective communication channel, their preferred self-service option, or whether they need a phone call from a member of your team.

The result is a personalized experience and high percentage of repayments, all without any added manual work from your team. You can maintain an efficient and humanized customer experience so that you can help more accounts, more efficiently, and with less work.
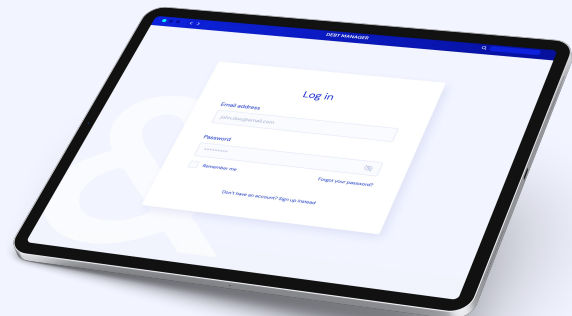
Find out more about how C&R Software's Debt Manager solution can help you **here**.

Help put customers on the road to stability with C&R Software

Auto customers that signed for car loans years ago are facing unprecedented challenges in the modern economic climate. As an automaker, it is your responsibility to guide these customers through their financial instability and reach repayment solutions that benefit everyone involved.

Configurable platforms provide the flexibility, adaptability and efficiency you need to scale with increasing customer volume and detect delinquency before it happens. And let's not forget how it makes your employee's work life better with streamlined processes and automation for the arduous tasks they would otherwise face.

At C&R Software, we've been a trusted partner for over 40 years, empowering credit issuers and agencies with dynamic technology solutions. We're global leaders with clients in 20 industries and 61 countries, collecting more than 750 debt types and managing $5 trillion as a system of record.

Our industry-leading Debt Manager represents a configurable solution that offers complete scalability and adaptability. You can seamlessly integrate operational algorithms, real-time workflows and data-driven solutions without the need of a technical specialist. It's all automated and just works, enhancing your collections performance and giving you the tools to help more customers reach financial health.

To find out more about how Debt Manager can help you achieve your performance and recovery goals, visit C&R Software, send an email to inquiries@crsoftware.com, or call:

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