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TECHNOLOGY

Solution Helps DCCU To Cut Delinquencies In Half

By Kevin Jepson, *Technology Correspondent*

ATLANTA—Delta Community Credit Union here has cut in half its consumer loan delinquencies since October, 2010, when collectors began using a debt-recovery solution that places the most collectible accounts at the top of their queue.



Lynn Hayhurst
Delta Community CU

“The very month we deployed Collection Advantage, we went from a 1.25% delinquency rate to 1.06% and have continued the downward trend to .63% now,” said Lynn

Hayhurst, VP-recovery services at the \$4-billion CU.

The industry average is 1.29%, and Delta Community hovered at 1.25% for the first three quarters last year, she said.

Collection Advantage, offered by Experian, uses credit-based scoring, consumer contact data and analytics to help Delta Community identify which accounts have the greatest and least recovery potential.

“I think if you start a collector’s day with the highly collectible accounts up-front, it gives them positive collection ability. That helps the collector build enough momentum to collect those harder accounts during the remainder

of the day,” said Hayhurst.

To identify accounts as low or high propensity to pay, Experian developed RecoveryScore. The scoring model takes credit bureau variables and applies regression analysis to “maximize the difference between low and highly collectible accounts,” explained David Ingram, director of collections with Experian.

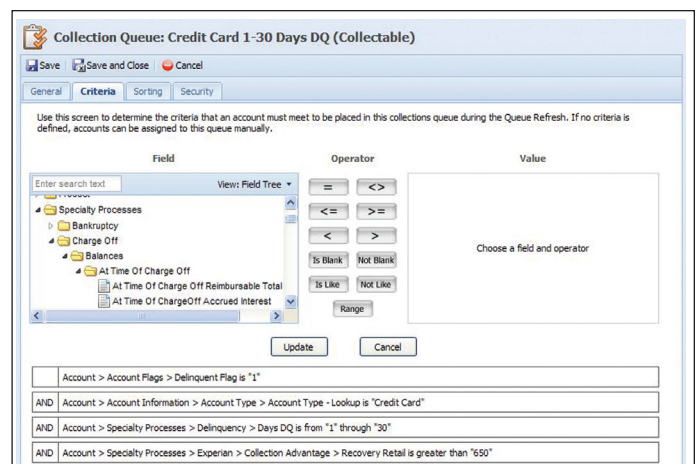
Collectors now access higher quality information when they call a member, Hayhurst said. “They see credit scores, bankruptcy tendency scores and trade lines. It’s almost a mini-credit report at their fingertips.”

The Collection Advantage “mini-credit report” is more efficient than directly pulling a credit bureau report, she added. “With our volume of delinquencies, doing a credit bureau on a member

would not be feasible.”

Better information has helped the seven DCCU collectors nearly double their call capacity to about 100 calls per day.

Collection Advantage is smoothly interfaced with Delta Community’s exist-



Solution helps Delta Community CU to identify and better address delinquencies.

ing collection technology, Akcelerant Framework SOLUTION.COLLECTION, Hayhurst said. “The collector doesn’t even know that Collection Advantage is working to set up the queue in Akcelerant.”

Customization Available

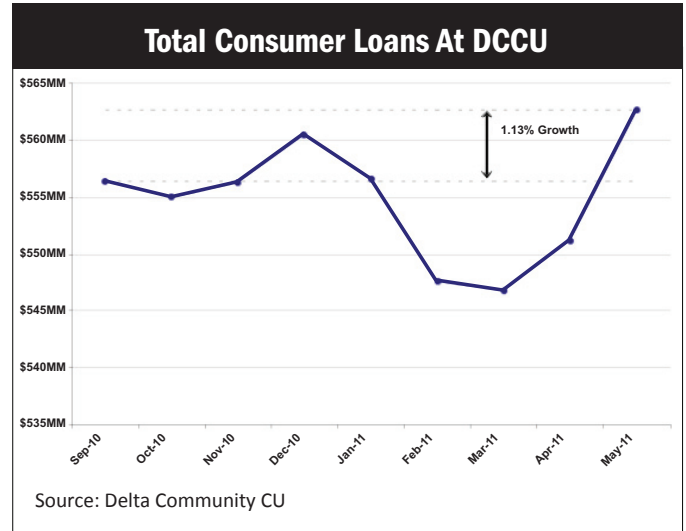
Delta Community can customize the interaction between Collection Advantage and Akcelerant, she continued. For example, DCCU sends a monthly file to Experian requesting that Collection Advantage flag all delinquent loans with a recovery score of less than 600. “Those are the accounts with a low propensity to pay. We can try to assist them.” Experian returns the data to Delta Community to load into Akcelerant, and queues are automatically set to use the data.

CUs can access Collection Advantage via various accounts receivables platforms in

fixed-field batch file, XML and web browser-based formats.

Delta Community holds a \$2.5-billion consumer loan portfolio, including home equities, with about \$3.6-million in the 60-day delinquency bucket and \$6.7-million out 30 days. Consumer loans are up 1.13% since September.

When Experian suggested that DCCU place highly collectible accounts atop the queue, Hayhurst was skeptical. “I thought we should put those with less propensity to pay first. So I did that, but collectors who had the greatest propensity to pay at the top always collected more. I’ve done collections for a long time, and this surprised me.”



Hayhurst has promised “dinner and drinks” for the collections team when delinquencies drop to .5%. “With current consumer confidence and desire to pay off debt and Collection Advantage working for us, I think it’s very possible for us to get under .5%.”