

# Case study:

## First Financial Asset Management

Utilizing Experian's Collection Triggers,<sup>SM</sup> the company collected \$3.5 million



First Financial Asset Management, Inc. (FFAM) implemented Experian's Collection Triggers<sup>SM</sup> product as a cost-effective, flexible way to monitor more than 1.14 million collection accounts placed by a specific group of customers. By integrating Collection Triggers into its daily recovery efforts, FFAM increased collections by \$3.5 million within two years. The company simultaneously improved its operational costs associated with the collection of these and similar customer accounts.

### Client

Since 2002, FFAM has offered strategic accounts receivable outsourcing services, as well as portfolio acquisition and sale services of distressed and nonperforming credit-intensive assets. FFAM is a U.S.-based accounts receivable management company headquartered in Atlanta, Ga., with offices in Phoenix, Ariz., and West Palm Beach, Fla.

With its 180 employees, FFAM takes great pride in being one of the most trusted and well-respected accounts receivable management firms in the industry. Since 2005, FFAM has received consecutive year-over-year Vendor of the Year awards by at least three of its Fortune 500 and Fortune 1000 customers. The company recently was named Agency of the Year by one of the largest banks in the United States for its performance in 2009.

FFAM maintains a strategic focus on:

- Accounts receivable management (first and third party)
- Debt acquisition and portfolio sales
- Business process outsourcing
- Legal network and management
- Insurance subrogation

With industry experience that spans more than a century, the company's specialized divisions provide comprehensive revenue cycle management services to the banking, auto, consumer lending, insurance, retail and health care industries.

### Challenge/Objective

As the nation experiences an increase in home foreclosures and bankruptcies and growing unemployment rates, consumers are distressed. They are managing higher credit balances. According to the ABA's Consumer

Credit Delinquency Bulletin, delinquencies in both credit card payments and home-equity loans are at a record high since the organization started tracking these numbers in 1974.<sup>1</sup> In conjunction with the rising delinquencies, consumers have a tougher time acquiring credit as banks reduce limits, raise interest rates and tack on high fees.

The typical recovery from an unplanned life circumstance such as the loss of a job or a medical situation can take up to two or three years. Once the debtor gains employment or becomes healthy, he or she seeks new credit and may begin making payments on past-due accounts. These events can trigger notices to indicate a change in the debtor's financial status, and processes need to be in place to reach the debtor quickly. Being the first to contact the debtor before the money is spent

elsewhere is crucial, as many collectors are competing for wallet share, "the funds available to pay off debt".

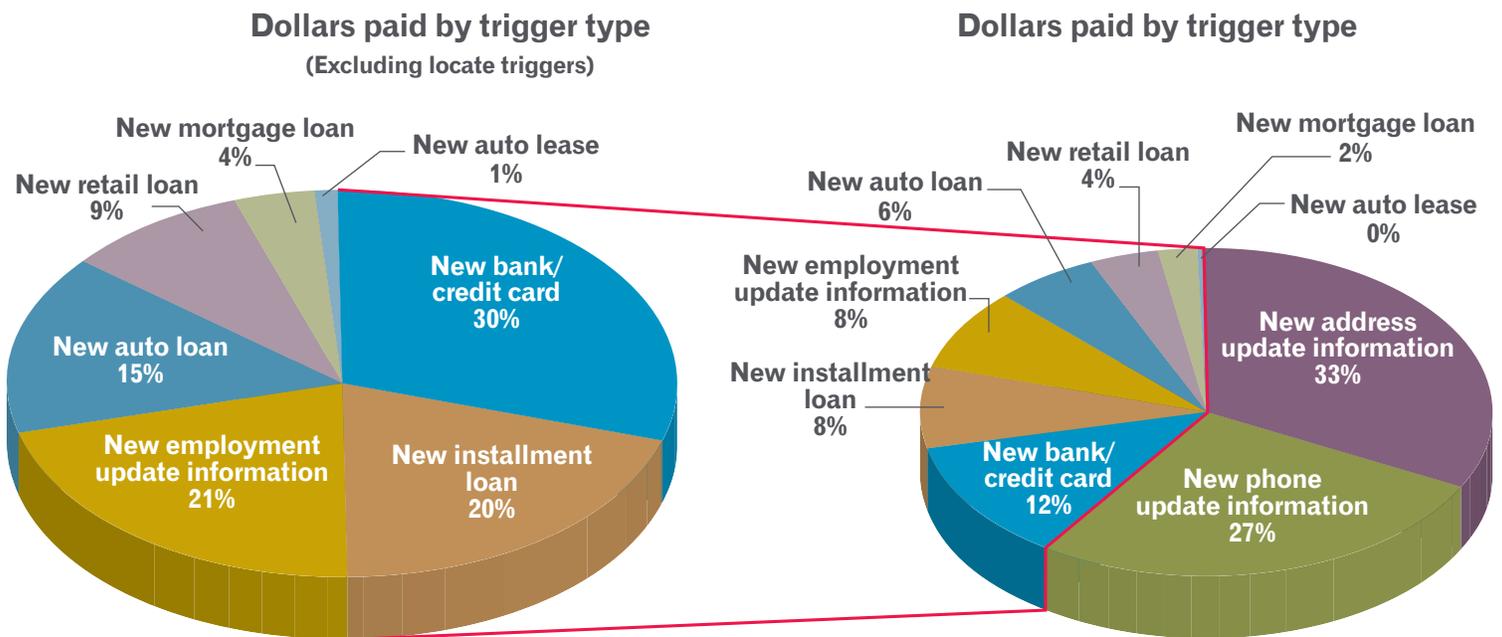
With an increasing number of accounts to monitor, FFAM needed to maximize its efficiency by automating its account-monitoring capabilities to better identify and contact those debtors with the ability to pay. In order to prioritize workflow on its collections operations side, FFAM turned to Experian for an efficient, cost-effective account-monitoring program for collections accounts. As a collection agency, FFAM assists a variety of creditors with their outsource needs to collect on past-due accounts. Understanding debtors' ability to pay based on current and factual credit data, rather than their willingness to make a payment, is key to developing a successful segmentation strategy.

**Resolution**

Based on its successful relationship with Experian, FFAM further incorporated Experian's Collection Triggers into its daily collections strategy. Over a two-year period, FFAM selected accounts from its bankcard, auto and subrogation placements with a balance of \$500 or more for monitoring with Collection Triggers.

During this time, FFAM implemented various segmentation strategies to select the accounts to monitor depending on debt type, account age, and last contact or payment date. In addition, the company used a dynamic process monthly that allowed new accounts to cycle into the process while others rolled off the program.

<sup>1</sup>Alice Truong, "Credit card delinquencies reach record high". Retrieved on Oct. 5, 2009, from <http://news.medill.northwestern.edu/chicago/news.aspx?id=140687>.



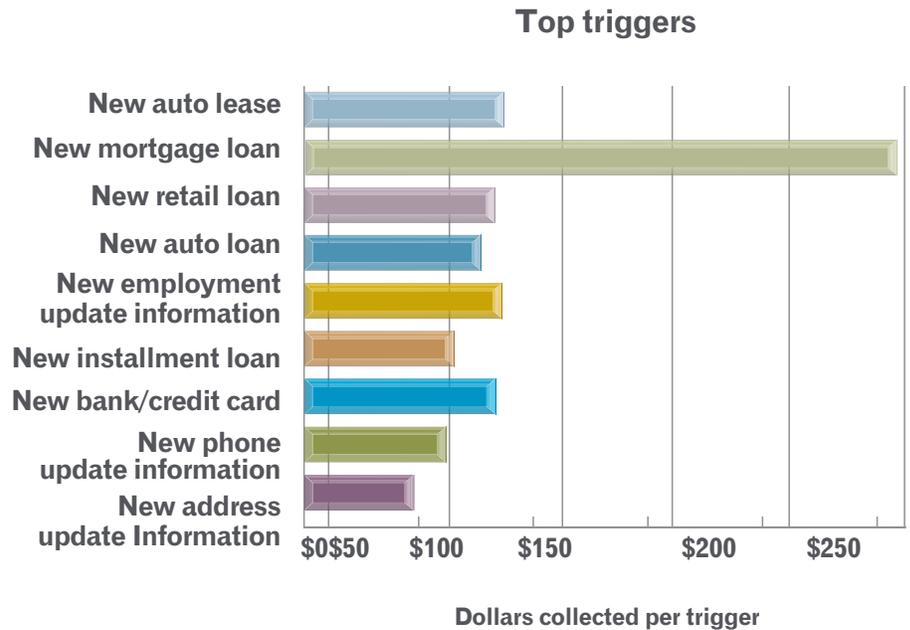
**Figure 1 — Dollars paid by trigger type**  
 FFAM collected \$3.5 million by using various trigger types.

Using a “push” versus “pull” strategy so that data is delivered directly to collectors rather than repeatedly checking for changes in a debtor’s ability to pay or new contact information, Collection Triggers provided FFAM with a successful method to effortlessly identify when a key change occurred for a debtor. This allowed the company to focus resources on the unpaid account, enabling FFAM to be the first to reach the nonpayer. For FFAM, working smarter, not harder, was a priority, since relying on manual skip tracing to locate elusive debtors was both time-consuming and labor-intensive.

Powered by Experian’s File One<sup>SM</sup> database of more than 220 million credit-active consumers, Collection Triggers delivers daily notifications to FFAM. As a credit reporting agency, Experian® processes 1.3 billion updates per month from more than 11,000 sources, such as credit application inquiries and creditor tradelines.

Collection Triggers recognizes when new key events occur on an account, such as a new employer, new contact information or a new line of credit. Data is pushed to the debt collection firm within 24 hours of the update to File One, alerting FFAM to resume work on the account with this fresh, new information. Refer to Figure 1 on the previous page for details on the trigger notifications delivered to FFAM.

To implement Collection Triggers, FFAM’s Information Technology and Operations departments worked closely with the company’s debt collectors to understand what information from the trigger notification was most valuable. They then used that feedback to appropriately translate and position the needed data in the system so the collectors could work as efficiently as possible.



**Figure 2 — FFAM’s Top triggers**  
 FFAM’s top triggers, based on performance from November 2007 to November 2009

By integrating Collection Triggers into its software platform, FFAM automatically populated the resulting notification details into its software’s notes section, enabling collector access to the triggers with an easy-to-understand description of the event for subsequent action. “Make your system work for you. You aren’t working for your system,” says Eric Cartwright, FFAM’s Director of Information Technology, noting the importance of mapping out the data for use by the collectors.

Additionally, as part of its new collections system, FFAM created a daily trigger penetration report. Each day, the manager prioritizes the accounts with trigger updates for follow-up. FFAM’s goal is to reach 100 percent penetration for all triggers generated daily. When collectors begin work in the morning, they are greeted with a Daily Trigger Work Report that outlines which accounts need to be worked on that day. Once the account is worked,

it is removed from trigger status in the system. FFAM designed its strategy to incorporate rapid response by the collectors to review the notifications delivered by Experian. The priority FFAM places on the collector response is a critical contribution to the overall success of Collection Triggers within the company.

FFAM’s collectors receive the specific information they need — in the format they understand — so they can make collections and recovery more efficient and effective. At the end of each day, the collectors are motivated to review the actual return on investment they generated for the company.

Through continuous monitoring of activity on delinquent accounts, FFAM leveraged Collection Triggers push technology to access current contact information and key credit activities identifying the debtor’s ability to pay.

## Results

Experian's Collection Triggers is a powerful tool for all stages of the collection and recovery process, including early-stage delinquencies; charged-off accounts; and uncollectible, warehoused and postjudgment accounts. With a range of triggering categories available, companies can customize criteria and suppression options.

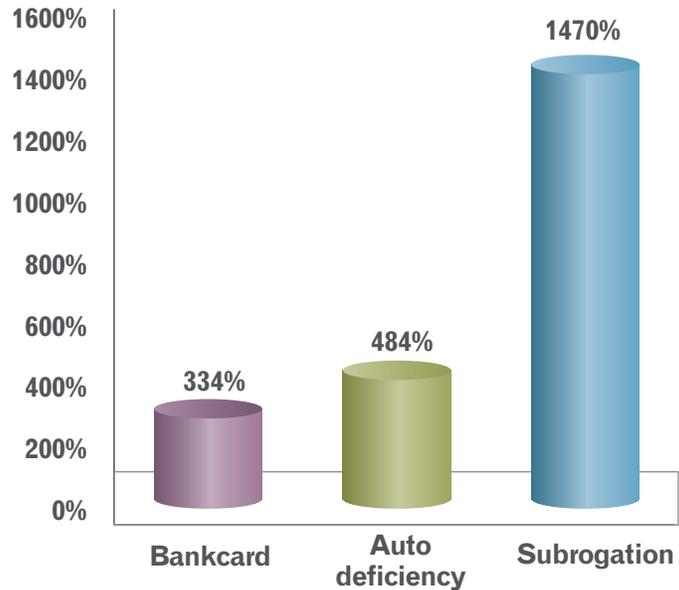
By utilizing Experian's Collection Triggers service, FFAM collected additional payments totaling \$3.5 million — a return of \$72 for every \$1 spent on the trigger data. Refer to Figure 2 on the previous page for the top performing triggers used by FFAM.

Based on its business model as a contingency agency, FFAM receives a percentage of this return. FFAM received more than \$21 in commissions for every \$1 spent on trigger data. Refer to Figure 3.

With the notifications generated by Experian's Collection Triggers, the company was able to:

- Collect \$3.5 million based on information delivered by Experian's Collection Triggers
- Eliminate manual skip-tracing activities, which saved valuable time and money
- Utilize fresh phone and address information to contact debtors
- Improve segmentation to identify debtors with the ability to pay and to capture key wallet share
- Focus rapid response efforts on accounts receiving a trigger notification
- Tailor the talk track and settlement offers for optimal liquidation

## FFAM's return on investment



**Figure 3 — FFAM's return on investment\***

*FFAM's return on investment by portfolio type*

*\*ROI based on combined cost of Collection Triggers data and FFAM collection operation costs*

- Take advantage of consumer behavior seasonal patterns, when more triggers could generate due to an increase in credit activity
- Provide collectors with easy-to-use tools and daily delivery of customized trigger information to process as many accounts as effectively as possible

Comparing year-over-year performance, FFAM has seen a 25 percent increase in its top-line revenue and a 70 percent increase in its bottom-line revenue. While there are multiple factors and operational initiatives contributing to this success, one of the driving forces is the valuable data delivered by Experian.

“There are very few no-brainers in this industry, and Experian's Collection Triggers is one of them,” notes Bob Burnside, FFAM's Director of Operational Strategy.