

Auto Loan Collections Case Study



Client

One of the world's largest retail banks and consumer lenders.

Challenges

- High costs of live agent communication and slow response to direct mail
- Rising delinquency rates among low and medium risk borrowers

Solution

Replace live agent collection calls and direct mail with Varolii proactive automated communication.

Results

- 62% cure rate improvement with low risk borrowers
- Over 9% improved cure rate with medium-risk borrowers
- Payments through Varolii nearly doubled after one year

More Payments, Less Effort

One of the world's largest retail banks and consumer lenders improves cure rates by more than 62% using Varolii communications.

Business as usual for one of the world's largest retail banks and consumer lenders meant low collections rates and high costs in the contact center. Using live agents and direct mail to contact delinquent borrowers in their auto loan division wasn't producing good results. Collection agent costs were high, direct mail was slow, and they couldn't scale to the increasing volume of delinquent borrowers before they entered late stage collections.

In order to speed up customer reach, cut costs in the contact center, and improve overall collections performance, the lender became more proactive and used Varolii automated communications.

Cure Rate for Low Risk Borrowers

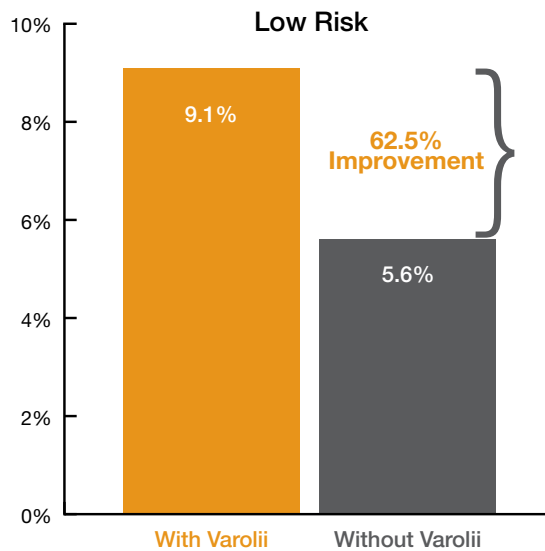


Figure 1: Varolii improves cure rate over live agent collection calls.

62% Boost in Payments

Within six days of delivering a Varolii call, over 9% of borrowers contacted made a payment. Compared to live agents alone, Varolii improved the cure rate by 62% (see Figure 1).

And because the Varolii solution enables borrowers to auto-pay directly through the automated messages, the lender's agent resources were not taxed with an increase in inbound call volume.

Best Practices and Expertise Nearly Doubles Performance Rates

After just one year of using the automated solution, Varolii's Media Services team implemented a new set of best practices to fine tune the lender's messaging, call flow, and contact strategies. By analyzing and measuring success rates and performing champion/challenger tests, they were able to yield more than a 90% cure rate improvement and an 80% improvement in right party contacts.

“Even among the medium risk segment, Varolii communications generated nearly a 10% improvement over live agents and direct mail.”

Less Drain in the Contact Center Through Proactive Self-Service

Using Varolii communications allows the lender to use its agent resources more effectively by focusing their time on high priority delinquent accounts, in which agent resources are critical. And because the Varolii solution enables borrowers to pay directly through the automated communication, payments can increase without tying up agent resources.

The lender also integrated the Varolii solution with its contact center, so they can transfer borrowers into their IVR and quickly reach an agent.

Varolii communications enable borrowers to auto-pay directly through the automated communication.

Expanding Beyond Collections — Using Automation to Improve Loan Applications

Based on the success the lender achieved in collections, the lender is now making plans to expand the use of Varolii communications into their loan application process.

Loan application specialists currently spend nearly double the amount of time calling potential borrowers who never complete the loan application process. By early 2011, Varolii calls will be placed to all pre-approved borrowers within 30 minutes of completing the online form.

The lender estimates that this will save agent time and expenses by placing far fewer calls on low priority accounts.



About Varolii

Varolii provides on-demand communication software and services that enable organizations to more effectively reach and interact with their customers and employees, getting the best result from every interaction. www.Varolii.com

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