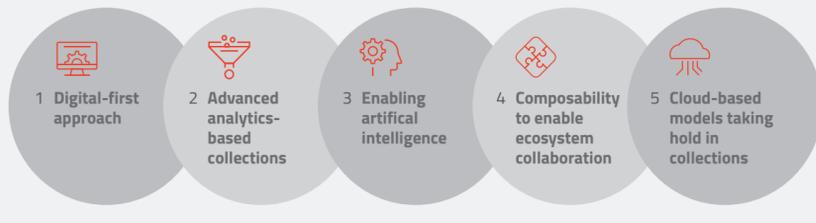


Five technology trends transforming debt collection

The financial services industry is under pressure on multiple fronts. Since the subprime crisis, the need for a capable collection system has never been more critical. Lenders who lag behind the adoption curve today will have to embark quickly on a digital transformation journey or risk losing competitiveness.

Debt collection trends



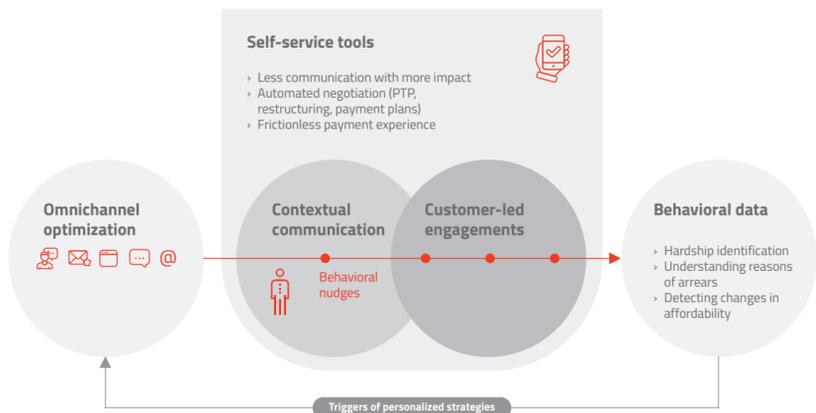
Source: Loxon and IBSI Research analysis (2022)

1. Digital-first approach



The future of debt collection will involve systems built for digitally enabled contextual engagement, which will nudge and empower customers to manage their own financial life both successfully and with simplicity.

Digitisation of existing processes will lead to immediate incremental cost savings and better CX. Digital-first collection meanwhile will lead to radical cost savings and breakthrough CX.

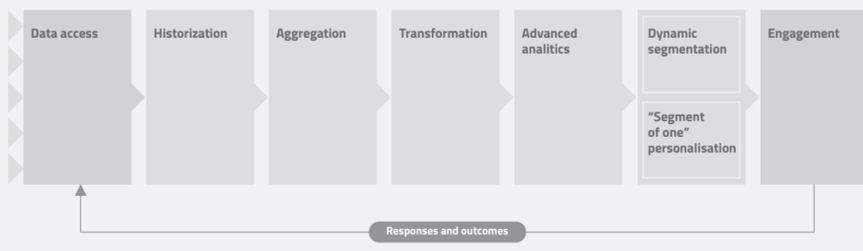


2. Advanced analytics-based collection



Without dynamic segmentation and personalization, the level of experience that consumers expect from financial brands today is unattainable.

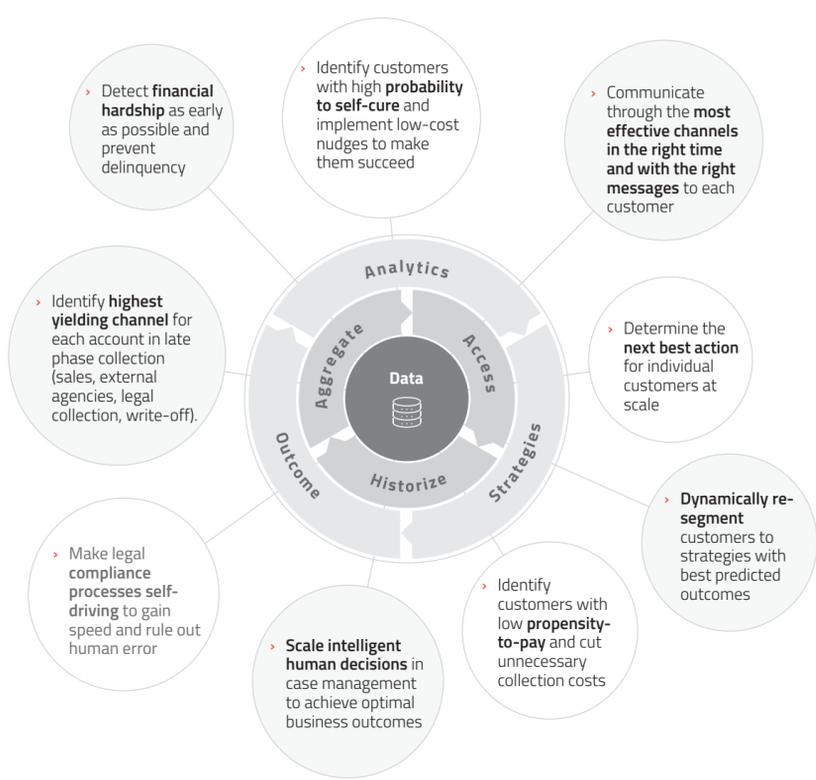
- > **Personalize engagement:** scale “segment of one” strategies for a high number of customers without increasing service costs.
- > **Activate data for dynamic segmentation:** make strategic adjustments through status and segment changes to match debtor behavior.
- > **Deploy advanced analytics:** supply ML models with the necessary data and embed analytics in workflows and strategies.
- > **Gain better access to data:** access, transform, aggregate data from behavioral and alternative data sources in real-time. Build the capabilities to turn data into valuable triggers in real-time.



3. Enabling artificial intelligence



Advancements in data availability and computing power in the cloud decreased the complexity of applying advanced analytics at any relevant decision point. An API-driven infrastructure with automated data processes allows real-time employment of data assets from high number of internal and external sources.



4. Composability to enable ecosystem collaboration



Banking is rapidly shifting towards platformification. Hence, with the emergence of embedded ecosystems – which also happens to include lending – collection solutions are also poised to become a part of that ecosystem.



Standard modular components can be selected and built together quickly to form solutions that satisfy a unique set of needs.

A low-code platform is an enabler of a composable collections engine that can significantly reduce the time to market for lenders.

Composable API-first connectivity ensures seamless interoperation with best-in-class external services and plays a crucial role in driving continuous co-innovation.

5. Cloud-based models taking hold in collections



- > Lower upfront infrastructure costs
- > Modern API-led connectivity to build a powerful ecosystem
- > Advanced data management with real-time processing
- > Faster time to market
- > Increased business agility
- > Highest standards for privacy and data security
- > Dynamically scalable and extendable
- > Continuous development and delivery

The debt collection industry faces challenges on multiple fronts due to changing customer preferences, emerging technologies, challenging economic conditions, and evolving competition. Lenders are undertaking initiatives to tackle the emerging market collection. In this infographic taken from our latest White Paper, the key driving forces shaping today's debt collection landscape are shown. If you would like to learn about this in more detail, download our White Paper from here:

<https://hub.loxon.eu/offering-certainty-in-an-uncertain-world-white-paper>