

Reducing Roll Rates, Securing Delinquent Loans Faster

Collecting on delinquent loans can be an arduous task. With outstanding consumer debt at nearly \$1.4 trillion* and climbing toward historical highs, lenders that focus on loans are faced with collecting substantial amounts of debt. In order to collect outstanding debt faster and reduce roll rates, lending institutions need a solution to reach debtors earlier in the collection process.

SOUNDBITE BENEFITS

- Enabled the company to reduce more than 75% of outstanding customer debt in less than a year (from \$14 million to \$3.4 million)
- Helped reduce anticipated charge-offs by over 30%
- Facilitated a 14 % reduction of roll rates of accounts moving from 31-60 days past due to less than 30 days past due
- Increased number of promises to pay by an average of 65%
- Increased penetration rates from 60% to 90% while cutting time to reach debtors to a matter of hours
- Changed the payment patterns of habitually slow payers to pay sooner
- Reduced the volume of delinquency letters needed to be disseminated, translating directly into increased response rates and cost-savings

“SoundBite’s platform has enabled us to reach debtors much earlier than with manual dialing, which has translated directly into a greater than 50% reduction in our overall roll rates.”

*Don Gross
VP Collections, First Financial Credit Union*

The Business Challenge

Credit unions are always looking for better ways to collect outstanding debt while reducing costs and roll rates. First Financial Credit Union, a not-for-profit, cooperative financial institution, was looking for a way to increase contact rates with delinquent accounts by getting to them earlier in the recovery cycle, as well as a way to increase response rates from messages left on answering machines. With hundreds of accounts more than 60 days delinquent, totaling more than \$14 million in debt, the ability to reach substantial numbers of debtors earlier in the cycle was paramount. The company had been using a staff of 13 agents, each with a manual dialing capacity of only 80 accounts per day. The company not only needed to increase its number of right-party connects, but was also looking to reduce roll rates. In addition to calling customers for payment, First Financial Credit Union would mail reminder letters multiple times throughout the delinquency cycle. With an average of 200-300 letters going out per month, the costs and time for First Financial Credit Union were significant.

The SoundBite Solution

First Financial Credit Union was interested in identifying a technology that would allow them to collect outstanding debt quickly and efficiently. Leveraging SoundBite’s OnDemand Customer Communications™ Platform, First Financial Credit Union was able to deliver personalized messages to delinquent debtors more quickly, with the ability to connect debtors to live

agents for payment and leave personalized answering machine messages. SoundBite allowed First Financial Credit Union to start calling delinquent accounts after just three days. As a result, First Financial Credit Union was able to contact delinquent accounts sooner to arrange for payment or promises to pay as well as continue to call debtors on a scheduled basis until a payment was made. This significantly increased First Financial Credit Union's contact rate with delinquent accounts by more than 65%. Another key benefit of SoundBite's OnDemand Customer Communications Platform is the adjustment of payment patterns of habitually slow payers to pay sooner because of the contact rate and the timing of the calls. Given that First Financial Credit Union can now send out calls much earlier, the debtors now know that a call will be made to them and they that the calls will continue unless they pay.

The Results

With SoundBite, First Financial Credit Union has collected more than 75% of the more than \$14 million of debt older than 60 days in less than a year and substantially increased the number of debtors they have been able to reach. The Credit Union is now looking to expand its SoundBite use into other areas of collection needs, such as insurance product offerings, rate change notifications, and member retention campaigns.

About SoundBite Communications

SoundBite Communications is a leading provider of OnDemand Customer Communications solutions. SoundBite enhances the way organizations communicate with their customers through professionally recorded interactive voice messages. Hundreds of

Global 2000 companies are rapidly increasing collections, improving customer retention, and cross-selling new services leveraging SoundBite's ASP platform. SoundBite is headquartered in Burlington, Massachusetts. For more information, visit www.SoundBite.com.

About First Financial Credit Union

First Financial Credit Union, headquartered in West Covina, California, has served the financial needs of California's educators for over 70 years. With over \$600 million in assets, the credit union has more than 80,000 members, making First Financial one of the largest credit unions in the state. First Financial is committed to meeting the financial challenges and opportunities facing the educational community. The credit union uses technology and innovative programs to deliver the best tangible benefits and highest levels of service to members.

"My main goal was coming up with a way to clean up the more than \$14 million in delinquent debt, most of which was auto loans," said Don Gross, vice president of collections, First Financial Credit Union. "When you have the substantial amount of loans that we do combined with manually-dialing agents, it is very easy for the debts to snowball. With SoundBite, we have been able to collect a substantial amount of debt in a much shorter period of time. This allows us to have more money to lend out to our members, without having to borrow additional funds."

*Don Gross
VP Collections, First Financial Credit Union*

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