

5 Reasons for Consumer Delinquency

Intel from Inside the Call Center

BY WADE BURNS



Wade Burns is the director of contact centers at Equiant, one of the United States' leading timeshare servicers with a portfolio that exceeds \$1 billion and includes more than 155,000 individual consumer loans. To learn more about Equiant's industry-leading security and receivables servicing visit www.equiant.com.

At Scottsdale, Arizona-based Equiant Financial Services, the number one goal for our receivables-managed clients is to ensure they receive every dollar they are due on the day that dollar is due. To that end, we have invested in industry-leading technology, implemented proven best practices, and hired highly-trained professional representatives.

Even with the best technology, systems, and personnel, however, there are challenges that can affect nearly every portfolio. Maintaining strong portfolio performance year-over-year requires tools and strategies designed with an understanding of challenges that are likely to occur. To help you take your company's receivables performance to the next level, we're counting down five common reasons (in no particular order) that customers fall past due, along with tips on how to handle these situations.

No. 5 — Buyer Under Qualified

To provide your product to the most consumers while remaining profitable, you

must evaluate potential buyers in terms of risk. Delinquency and receivables management would be a thing of the past if only the most over-qualified borrowers were approved and everyone else had to pay cash up front. Unfortunately, that leaves out a huge portion of any business' potential customer base. Each developer must decide their own standards for qualification and thresholds for portfolio delinquency. Using integrated reporting tools, developers can determine the ideal buyer profile for their product and the size of purchase they should be offering to that buyer. It's better to have a smaller sale that performs well than a larger loan that ends up in default. These beginner buyers can then become ideal prospects for upgrades as their incomes rise, as well as excellent life-long customers.

No. 4 — True Hardship

Sometimes bad things happen to good people. Job loss, illness, emergency expense, or natural disaster are all perfectly legitimate reasons consumers fall behind on their payments. Our agents at Equiant

are trained to engage with these customers to seek long-term permanent solutions to the hardships they are facing. We use tools supplied by the clients to create repayment plans and modify loans as necessary to retain every customer. Another tip? Call borrowers as soon as a payment is missed. Sometimes when a customer feels like staying current is hopeless, one simple conversation can turn the relationship around before they fall too far past due to recover.

No. 3 — Incorrect Contact Information

Timely contact with your customers through both physical and electronic channels is critical to a high-performing portfolio. When borrowers are not getting their statements and notices, they are much less likely to remain current so maintaining detailed contact information on all parties including home phone numbers, mobile

phone numbers, work phone numbers, and current physical and email addresses is essential for keeping customers current and resolving delinquencies when they occur. It's essential to avoid gaps in contact information and costly skip tracing fees by updating contact information and consent on every interaction with the customer.

No. 2 — Dissatisfaction with Product

When borrowers are unhappy with their ownership, they will often stop making payments on both their mortgage and their annual assessments. This is where trained agents, working in concert with their clients, can help by investigating the issues around the dissatisfaction and offering assistance to resolve. The key is to reach out to the borrower proactively to determine what's going on, preferably as soon as the first payment is even a day late. Communicating closely with clients

regarding these issues and facilitating a resolution usually earns a satisfied, high-performing customer.

No. 1 — You're Not Their Top Priority

Even without financial hardship, most consumers find themselves at one point or another facing the idea of not being able to pay all their debt each month. Consumers often consider things like timeshares as luxury items and may decide to pay other debts first as a means of prioritization. Having agents who are trained to counsel and educate borrowers on their financial obligations and compete for wallet space with other debts and bills is critical. Often, we need to "re-sell" the product to invigorate the customer and tap into their original reasons for purchasing the product. The key is to work with each customer to ensure best-case debt prioritization. ■

Special Thanks to Our West Regional Sponsors

CHAMPION SPONSORS



FRIENDS OF THE WEST REGIONAL

Ballard & Spahr LLP Backwell Recovery Grand Pacific Resorts
Granite State Contract Furnishings MasterCorp

For ARDA sponsorship information, contact membership@arda.org or call us at 202-371-6700.

