EY-Pegasystems Alliance: Compassionate Collections Solution





Managing collections is challenging in stable economic times; the COVID-19 pandemic has introduced new and complex issues

As of 2019



- ► Consumer debt has reached a record high of \$14.1 trillion
- 33% of Americans hold debt that is currently in collection totaling over \$660 billion
- The current effective collection rate is 20% compared to 35%, 20 years ago
- ▶ Most consumers are unaware of various debt payment options

Now in 2020



- ▶ 26 million unemployment insurance claims in 5 weeks
- 20.3% of households are impacted by unemployment

Compassionate Collections is a comprehensive solution that integrates analytics and operations to deliver a powerful

value proposition, presenting a view of customer, segmentation, treatment strategies, and optimized outcomes.

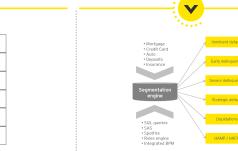
▶ Leading lenders are setting aside record amounts to cover losses



* Oxford Economics - Global Data Workstation

Current challenges

- ▶ Dialing for dollars
- Poor customer experience
- ► Significant resources requirements
- Little investment in default operations
- Complexity and velocity of regulatory mandates
- Unsustainable cost base and substantial credit loss exposure
- ► Lack of scale and efficiency



Streamlined data attributes around key drivers

View of the

customer situation

Loan

Credit

Collateral

Market

Micro-economic

- ► Single, integrated view of customer characteristics
- ► Foundation to deploy segmentation strategies
- ▶ Data quality management
- Enriched consumer and business data

Segmentation



- Strategic segmentation
- ► Tactical, workout, or campaign-specific segmentation
- ► Customer and channel synchronization
- ► Infrastructure can range from SQL queries to integrated rules engines and business process management

Resourcing and treatment strategies



- ▶ Pre-determined treatment options based on customer segmentation
- ► Integration with campaigns and workforce management
- ► Campaign quality management

Pre-qualification and optimal outcome



- Predictive models to support segmentation, risk and workout optimization
- Customized workout offer development and customer experiences based on segmentation
- Optimized prequalification, offer generation, and outreach campaign execution

Decisioning and workout structuring



- ► Organizational and operational integration
- ► Integrated workflow and processes
- ► Customer experience tied to customer and agent segmentation
- ► Reporting and monitoring for - continuous improvement

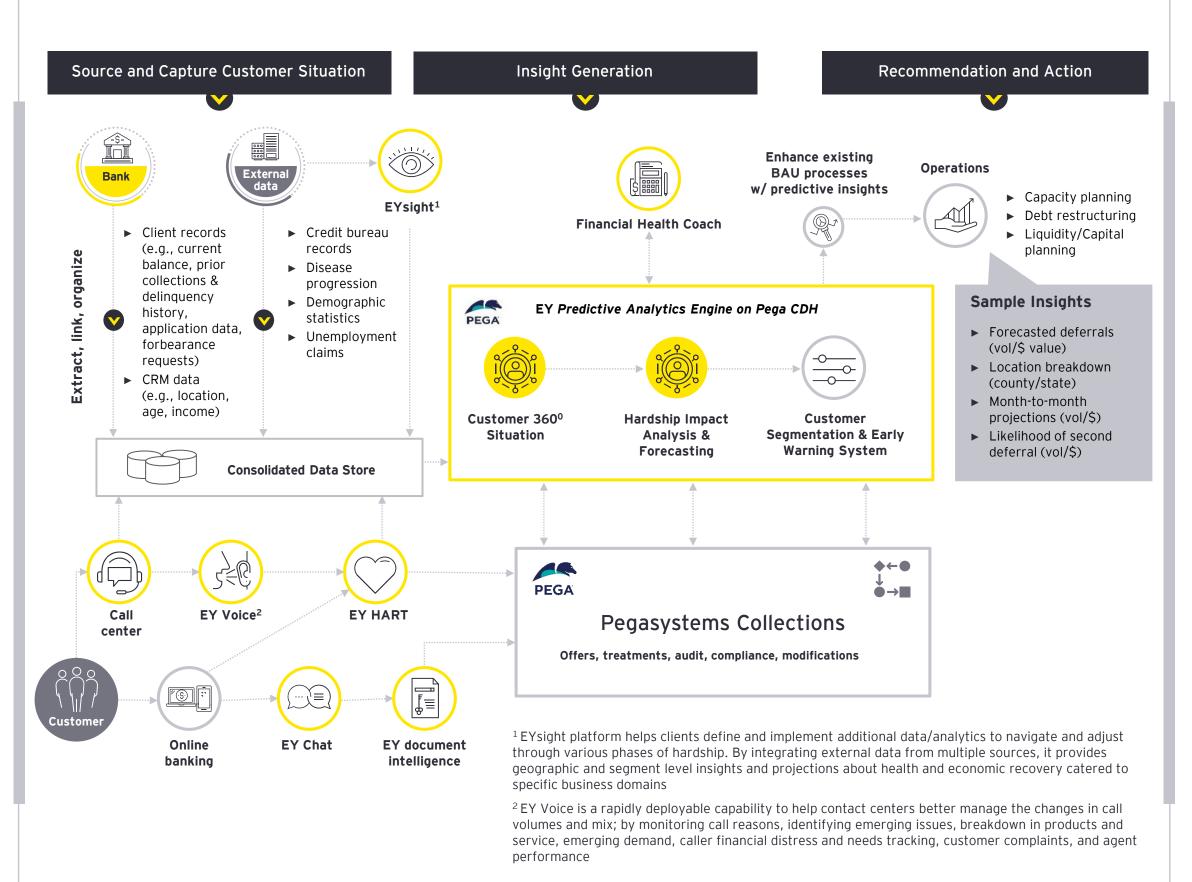
Traditional ways of managing and supporting business processes are being disrupted by new technologies like artificial intelligence which promise to bring speed, simplification and significant cost optimization. But these outcomes are rarely achieved simply by deploying digital tools.

EY and Pegasystems help companies navigate this disruption by bringing a business-led approach to intelligent process automation (IPA). Combining EY's intelligent automation and business innovation capabilities with Pegasystems' focus on streamlining business and enhancing customer engagement, we help organizations realize the expected benefits digital transformation such as rapid time to value, increased customer engagement, and improved ROI.

NextGen solutions

- Pain points alleviated through migration from 'transactions' to 'customer solutions' approach
- Enhanced interactions through digital experience
- Customer segmentation driven by predictive analytics
- Reduction in re-defaults realized through use of decision engine
- Workflow and document automation streamlines collections process
- Regulatory lookback via auditable controls

NextGen Compassionate Collections Solution from EY with Pegasystems Insights



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