

Outsourcing Collections to the Right Partner Will Lead to More Effective Debt Recovery

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Before the Covid-19 pandemic struck, collections were top of mind at most financial institutions, with a focus on providing adequate staffing and ensuring there was enough money in the budget for their collection departments. But as government assistance programs during the pandemic allowed consumers to start paying off their debts and improve their financial health, financial institutions were able to scale back their collection department budgets and staffing.

Following the pandemic, most government assistance programs have ended. The end of those programs, combined with inflation and a shaky economy, has led to consumers struggling to pay off their debts. Rising delinquencies have put the focus back on collection departments but there is still a lingering lack of bandwidth and funds. Many financial institutions are now pulling staff from other departments into collections, resulting in low-performing organizations with unsatisfied employees and consumers.

One way to combat the lack of resources is to outsource collections. When looking to outsource, it is important to keep in mind the budget and what solutions or partnerships will best fit your financial institution's needs. Outsourcing collections provides various possibilities, but shopping for a variety of solutions with different partners can lead to overspending and less time to focus on what really matters – providing exceptional customer service. Looking for a one-stop-shop solution can make a big difference for your financial institution – wouldn't you rather manage all your solutions in one place versus several?

Here are key benefits of outsourcing your collections to a single partner:

- **Less partner management.** By selecting a partner that provides all the services you require, your financial institution will save time and resources by not having to track down individual providers for different services. Less time spent on partner management and communication is more time spent on your customer-facing issues.
- **Ensure compliance standards are met.** Requiring non-collection departments to take on responsibilities due to a lack of planning, funds or bandwidth may temporarily solve the collections problem, but will simultaneously create a bigger problem for your financial institution – compliance standards enforcement. Maintaining compliance is critical and it could be more time and cost-prohibitive to train an alternate department to take over, rather than outsourcing to a partner specializing in collections.
- **Covered end-to-end.** An end-to-end solution sees the whole picture, with each aspect of the solution working like a gear in a well-oiled machine. Collaborating with a partner who can provide this will ensure coverage of your collections in all areas.

Delinquency rates are likely to soar until the economy stabilizes. Explore one-stop shop delinquency management, first-part and third-party collection solutions from fintech credit union service organizations (CUSOs) partners like PSCU's TriVerity and The Loan Service Center to see what would be the best fit for your financial institution.

Outsourcing collections, especially to an all-inclusive partner, can help navigate potential pain points and avoid a decrease in staffing due to low employee performance and morale. While your financial institution might be able to survive by managing collections on its own, wouldn't you rather it thrive?

Wendy Elieff has over 23 years of experience in the financial services industry. Wendy oversees the success of the client service and marketing teams at TriVerity, where she is responsible for developing, implementing and monitoring cohesive marketing strategies to increase brand awareness. She is also responsible for building and maintaining client relationships by staying abreast of and responding to changes in the marketplace.

TriVerity is a full-service collection agency managing non-performing and charged-off loans with a comprehensive menu of third-party collection services. Since 1990, TriVerity has worked with over 2,700 financial institutions nationwide and is a leading industry expert for financial institution collections of all loan types. The Loan Service Center (TLSC) provides first-party delinquency management to minimize loan loss by managing early-stage delinquency. TriVerity and TLSC's broad spectrum of collection resources and extensive training programs help financial institutions manage and mitigate loan delinquency rates. Our agents work under the direction and procedures of financial institution collection departments.