

# Redefining First-Party Collections: How Technology is Shaping the Future

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As the economic landscape continues to shift—impacted by inflation, high interest rates and the uncertainty around upcoming changes as a result of the 2024 presidential election—first-party collections face new challenges. As these challenges mount, the financial pressures on consumers are reflected in the data, with overall U.S. household debt increasing by 4.3% year over year in Q2, according to [MarketWatch Guides](#).

Technology will play a critical role in response to rising consumer debt, helping drive efficiency, improve recovery rates and ensure compliance in an increasingly complex regulatory environment. A study by Nuance cited by [Customer Gauge](#) found that 67% of respondents favored self-service over speaking to a representative, and 40% had first attempted using available self-service options before reaching out for help. This is particularly reflective of younger generations such as Millennials and Gen Z.

In addition to self-service, options across online, social media and private messaging continue to be preferred methods of contact for consumers. According to [Verint's 2024 Digital Customer Experience Report](#), 72% of participants interacted with online, social media or private messaging. Given these preferences, it is strategically advantageous for financial institutions (FIs) to stay at the forefront of consumer expectations by building on self-service, automation and digital investments.

As FIs consider technologies for its 2025 initiatives, here are four key components to consider:

## Key Components:

- **Automation and self-service tools** – Automating processes around payment portals, reminders and interactive voice response (IVR) systems streamlines collections, reduces costs and increases debtor satisfaction by allowing them to manage payments on their own schedule. By embracing these tools, FIs can meet consumer expectations, increase efficiency and improve recovery outcomes.
- **Omni-channel communication in collections** - Utilize multi-channel communication, including SMS, email and chatbots, to reach debtors more effectively. People are more likely to respond when messages are reinforced across different channels, making it easier for them to stay engaged and on top of their delinquency obligations. [McKinsey](#) research echoes this with a 15% to 35% rise in customer engagement rates for businesses using omni-channel strategies.
- **Compliance and regulations** – Ensure that compliance standards are being met with each implementation of new technology or process improvement. For example, if the FI is implementing text reminders to borrowers, the text workflow has compliance requirements for abiding by federal and state regulations and standards to protect you against potential complaints and lawsuits.
- **Cybersecurity** - As technology advances, enhance both cybersecurity and risk mitigation policies in parallel for protection against fraudsters who continue to evolve their methods to hack into you or your consumers'

classified information and data warehouses. Remaining innovative and staying abreast of new technologies to enhance debt recovery solutions is critical to both an FI's financial success and the health of consumers, with the ability to pivot as needed to remain aligned with consumer expectations.

Streamlining debt recovery and staying at the forefront of innovative technology and digital solution enhancements is not only in the best interest of FIs, but also for their borrowers. It is crucial to consider these thoughts when allocating resources for 2025 and beyond.

If your FI is exploring ways to streamline collections through automation and digital solutions, consider outsourcing to a trusted partner like [TriVerity](#) to help. By allowing a specialized vendor to manage your collections, your FI can stay at the forefront of the latest technology, assured that critical elements like security, compliance and management of your FI's reputation are in expert hands.

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*TriVerity, a Velera company, is a full-service first—and third-party collection agency that manages early-stage delinquency, non-performing loans and charged-off loans with a comprehensive menu of collection services. Since 1990, TriVerity has worked with over 2,800 financial institutions nationwide and is a leading industry expert for financial institution collections of all loan types. TriVerity's broad spectrum of collection resources and training programs help financial institutions manage and mitigate loan delinquency rates. For more information, go to [www.TriVerity.com](http://www.TriVerity.com).*