

## Arrears Management Strategy Review

### Align your organisation to address today's market challenges and support future growth

TDX Group's Arrears Management Strategy Review is a focused engagement during which our Value Analysis experts conduct an end-to-end review of Arrears Management (AM) within the context of your organisations' overall credit lifecycle. Whether your strategic objectives are maximising portfolio performance or supporting broader goals such as managing churn or enabling higher-risk lending strategies, we evaluate your current processes and capabilities, compare to market best practice, identify short-term opportunities and work with your team to define a longer-term roadmap to achieve your objectives.

In today's credit environment of increased credit saturation, slowing unsecured borrowing growth and overleveraged consumers, AM is emerging as a critical tool for creditors providing key leverage to continue to grow market share and maintain profit levels. When investment in systems, process and capacity is needed just to maintain current performance levels, organisations need to understand where and how AM fits into the overall credit lifecycle and how it can support other functions by providing better data, information and customer management.

With loss rates increasing, creditors are reviewing their AM strategy and investing to improve capability. The AM Strategy Review is designed for organisations either looking to revisit their approach to arrears management or in the process of turning overall strategic objectives into a concrete, executable action plan.

Over the 6-8 week engagement, our experts will work with you and your team to assess current and planned AM practices. Through facilitated meetings and working sessions, we map strengths, weaknesses and opportunities in six key areas:

- **Data and Analytics**

Data is increasingly important for moving from a one-sized-fits-all to a customer centric approach. What data is captured and made available for driving decisions? Are decision models aligned to business objectives? Are there quick wins in changing / optimising current decision models?

- **Processes**

How do your processes compare to industry averages and leaders? What are the opportunities to improve process efficiency and effectiveness? How are analytics used to drive decision making? We look at your processes from an analytical perspective to understand how to optimise use of available resources and approaches be they internal collectors, outsourced call centres, collection agencies or sale.

- **Technology**

Does your technology infrastructure support your current and planned processes? Is data management enabled throughout your infrastructure? Is your platform decision model centric and flexible enough to support future changes? Are there opportunities to be more agile by leveraging external suppliers to address any system capability gaps?

- **People**

In collections, experienced collectors are worth 3x average collectors. Attracting, training and retaining the best people are critical to success. Does your people management strategy align to your business objectives? Are you outsourcing partners giving you their best people?



## Organisation

What interfaces exist with the rest of the organisation? Could information and insight be shared with front-end credit and account management teams? AM can play a critical role in supporting and enabling overall business strategy from growing market share to managing customer churn, but it is often managed purely as an operational cost centre with limited consideration for broader performance or strategic targets. We help map the interfaces required.

- **Provisioning**

Does the AM function have a clear understanding of the provisioning model? Does it enable and encourage your organisation to identify and unlock value opportunities? Too often organisations feel confused and constrained by the provisioning model, we will identify opportunities to increase alignment with the overall AM strategy.

While working with you and your team to understand the above areas we will compare to industry best practices and emerging trends and approaches. Following the review of your organisation, we take an iterative approach working closely with you to identify target opportunities and map out future roadmaps. We focus on actionable opportunities and at the conclusion of the engagement we will deliver the following:

- **Short-Term Opportunities and Action Plan**

Identifying and detailing quick wins and in-year P&L improvement opportunities, including detailed action plans to get you started.

- **Strategy Roadmap**

Detailed findings in each of the six above areas and an integrated strategic roadmap linking short-term opportunities to a longer-term improvement programme.

- **Senior Team Review Workshop**

A half day workshop with key stakeholders to review findings, key insights and final recommendations.

We have a proven track record of delivering value for leading UK creditors. Our approach of benchmarking current processes, strategy and performance against best practise combined with our holistic view of arrears management within your organisation yields meaningful and actionable results. We typically continue to work closely with our clients as they implement against the strategy roadmap, whether it be with our Recoveries Management and Asset Sale solutions or with our Capability Improvement offerings from our Value Analysis team.

For more information on how to conduct an Arrears Management Strategy Review, please contact our Value Analysis team at [info@tdxgroup.com](mailto:info@tdxgroup.com)

