

# UNDERSTAND PERFORMANCE

With uncertainty about debt levels set to continue, the importance of data and insight in defining a collections strategy has never been more important

By Nick Georgiades

GETTING under the skin of why collections activity is under (or, indeed, over) performing will put you in control – but the first step is to understand what enables data to be transformed into meaningful analytics and actionable strategies.

### The analytical foundation

In order to capture and store the significant volumes of data associated with activity tracking, it is critical to have a robust platform architecture, centred on data capture, storage and manipulation, rather than one that has been designed from a purely IT or operations perspective.

Our activity database grows by two million rows a week, yet we would not be able to use this data effectively if the infrastructure had not been set up with analytical needs in mind.

It is also possible to improve the quality of data captured by enhancing it with external sources. However, a strict and consistent validation process is required to ensure information derived from multiple data sources and systems is clearly defined and translated into an easily interpreted, accurate and consistent format. While capturing ever increasing amounts of data can be seen as a goal, developing the infrastructure and processes to link performance data, activity data, account characteristics and

external data sources in an intelligent way should be seen as a greater priority, for that is what will enable the development of real insights.

### Working effectively

Tools such as structured, automated management information and key performance indicator (KPI) reports are essential in transforming a broad, raw dataset into meaningful information from which performance can be investigated. Whether the tools are off-the-shelf products or developed internally, the key to investing wisely is having clarity of business needs and focusing, where possible, on those which can be applied across a whole portfolio.

Taking a hard look at what analytical time is currently spent on can, in itself, release some immediate benefits. A recent study we conducted found that fixing some basic underlying system issues at source can free up as much as 25% of an analyst's time.

### Strategy enhancements

With a strong analytical foundation in place, clarity can be obtained around what is really driving performance and articulating this as recommendations for strategy enhancements.

For example, even the most basic, yet consistently captured, KPIs – for example,

a weekly count of activities – can start to explain performance, allowing resolutions to be put in place, or for activity to be repeated.

Figure 1 shows how an initial KPI-triggered detailed analysis of activity on accounts revealed that a simple ad-hoc data append had resulted in increased dialler activity which, in turn, had created a 40% spike in collections.

Figure 2 illustrates how account-level activity data enabled analysis to be completed on an underperforming tranche, which had previously been assumed to be a 'bad batch'. In this case, the KPIs highlighted that the tranche had suffered as a result of a process breakdown where a segment had not received the usual level of dialler activity.

Without a doubt, the additional knowledge that activity data can offer can transform the level of strategic control available to improve performance. However, as with any analytical platform it can only provide these benefits if it is built on the right data infrastructure foundations.

With all this in place, the final challenge is ensuring your platform allows you to rapidly deploy your new level of insight. In short – you can only be as smart as your system allows.

### CCR-PS

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Figure 1. Collections against weekly activities

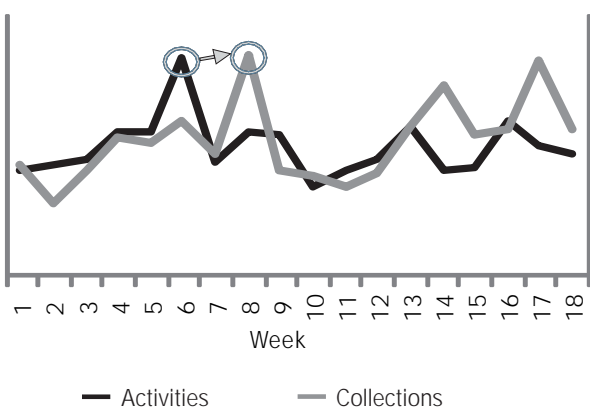


Figure 2. Liquidation against activity coverage

