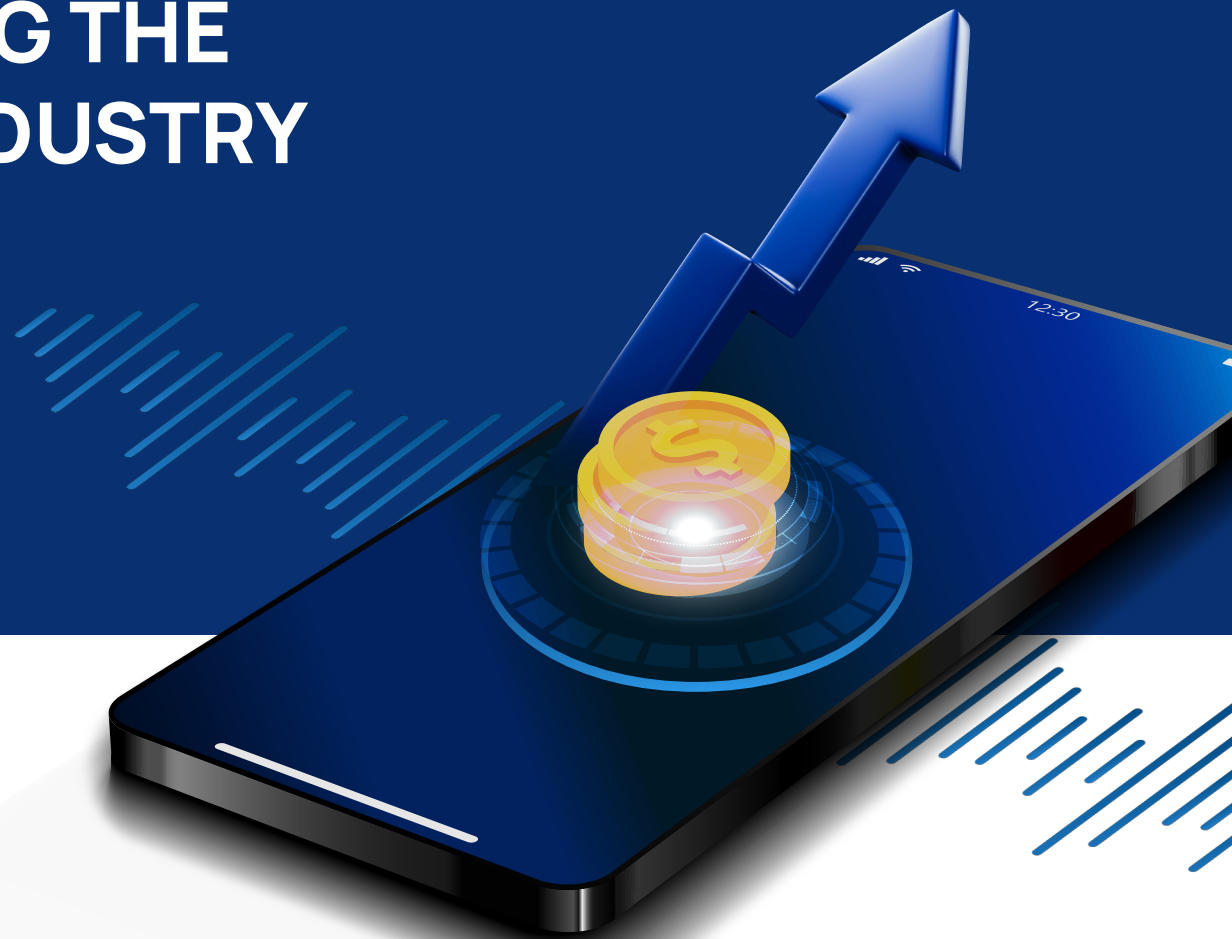# HOW AI-POWERED MULTICHANNEL OUTREACH IS TRANSFORMING THE COLLECTIONS INDUSTRY

ADDRESS RISING DELINQUENCIES AND CHARGE-OFFS, COLLECT FASTER VIA VOICE, TEXT, EMAIL, AND CHAT
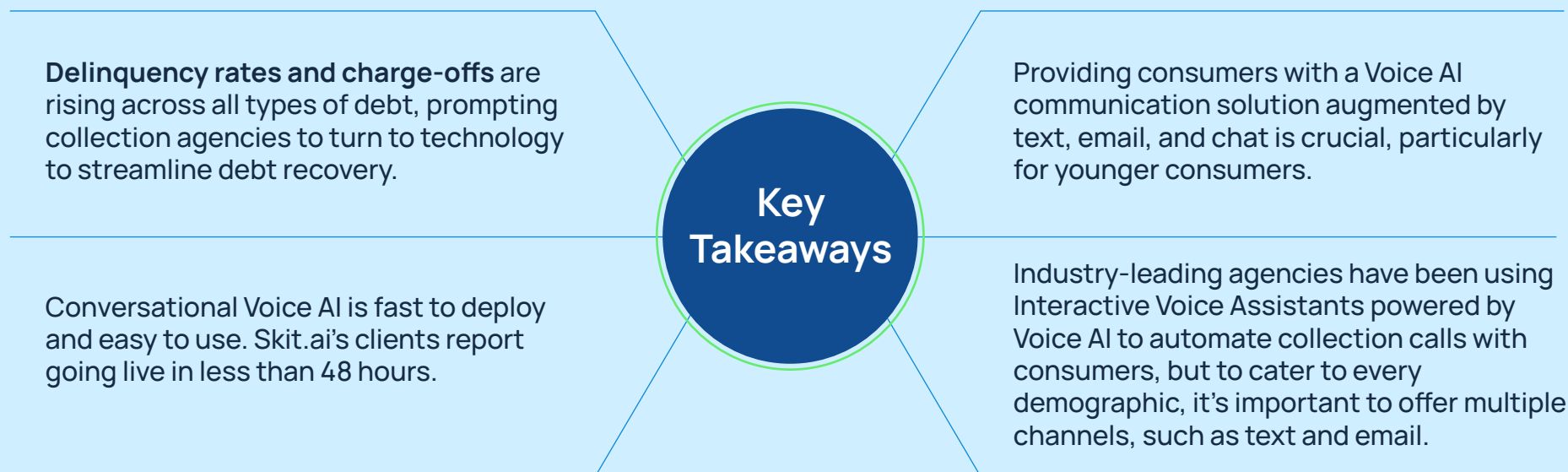
CONTENT

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Introduction:
Addressing High Delinquency Rates and Charge-offs

Key Takeaways

Delinquency rates and charge-offs are rising across all types of debt, prompting collection agencies to turn to technology to streamline debt recovery.

Providing consumers with a Voice AI communication solution augmented by text, email, and chat is crucial, particularly for younger consumers.

Conversational Voice AI is fast to deploy and easy to use. Skit.ai's clients report going live in less than 48 hours.

Industry-leading agencies have been using Interactive Voice Assistants powered by Voice AI to automate collection calls with consumers, but to cater to every demographic, it's important to offer multiple channels, such as text and email.

Let's start from the data: during the last quarter of 2023, the total household debt in the U.S. increased by **$212 billion (+1.2%)**. This is linked to multiple types of debt, including:

Mortgage balances increased by **$112 billion** from the previous quarter.

Credit card balances increased by **$50 billion**.

Auto loan balances increased by **$12 billion**, standing at **$1.61 trillion**.

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As a consequence, delinquency rates have been rising in Q4, with 3.1% of outstanding debt in delinquency at the end of the year.

Delinquencies have been consistently increasing among most types of debt; notably, credit card delinquencies have been rising among younger borrowers. U.S. banks' net charge-offs have increased dramatically throughout 2023, as well.

Because consumers have multiple bills from different entities to pay, they have to choose which bills to pay first. Therefore, collection agencies now need to compete with multiple entities to recover payments from consumers, and the agencies' communication strategy is key. That's where AI can help.

Delinquency rates and charge-offs are rising. AI can help.

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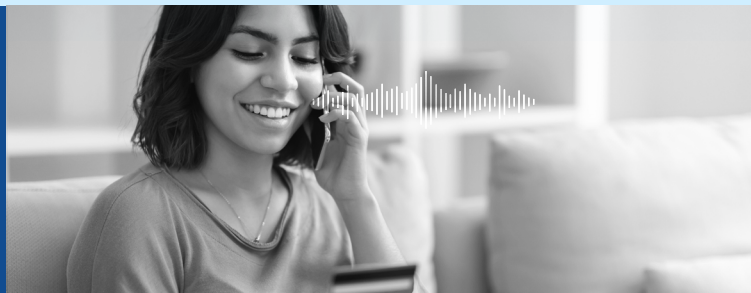
What Can You Expect
To Achieve with Conversational AI?

As delinquencies and charge-offs rise, reaching consumers through **multiple channels** has become imperative for collection agencies of all sizes. Over the last two years, the adoption of AI technologies to automate manual processes has become widespread in the industry, with the emergence of Conversational AI solutions to handle interactions with consumers at scale.

To make it as convenient as possible for consumers, you should aim to offer multiple communication channels, such as voice, chat, email, and text so that each consumer and demographic can interact with you via the channel of their choice. Conversational AI solves every major collection challenge simultaneously, from scalability to cost savings, from account penetration to right-party contact (RPC) rates. A state-of-the-art recovery strategy sees the utilization of multiple methods to engage consumers and recover payments.

Conversational AI enables collection agencies to automate entire collection campaigns from end to end, initiating outbound collection communications such as automated phone calls and offering 24/7 inbound support across a variety of channels, matching the preferences of your consumers. The AI solution handles two-way conversations intelligently and efficiently; whenever needed, it can transfer calls to a live agent; it processes payment, and offers settlements and payment plans as needed. Fully compliant with federal and state regulations, Conversational AI can be implemented easily, without specialized IT support, within 48 hours.

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As 21% of consumers try to reach collection agencies outside of business hours, it's imperative to offer self-service solutions that can cater to the needs of consumers whenever it's most convenient for them. Additionally, given that 44% of consumers do not pay on the first instance of payment intent, it's important to reach them multiple times across a variety of channels.

Automate
- Calls, Email, Text, and Chat
- 24/7 self-service customer service
- Right-party contact (RPC)
- Promise-to-Pay (PTP)
- Multichannel Payments

Achieve
- 100% account penetration
- Engagement
- Compliance
- Cost savings
- Improved CX
- Agent productivity

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Let's Talk Compliance

Skit.ai's platform is preset with all the applicable compliance filters at the federal and state levels, ensuring that outreach times and frequency are programmed to be fully compliant. The platform is compliant with the **TCPA, FDCPA, and Reg F,** along with data security standards and certifications.

Regulatory guidelines limit the frequency of outreach efforts you can make to engage consumers. Therefore, employing multiple communication channels—voice, text, email, and chat—can significantly enhance engagement by enabling consumers to interact through their preferred channels.

By adopting a multichannel approach, you can provide a positive consumer experience and keep consumers engaged.

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The Benefits of
Adopting Conversational AI Sooner Rather than Later

Adopters of multichannel Conversational AI solutions today in the accounts receivables industry are no longer considered "early adopters." This technology has been penetrating the industry for two years, and new adopters can reap the benefits of companies of all sizes that have seamlessly integrated AI into their recovery strategy. Given the complex and fast-changing nature of the accounts receivables industry, it's imperative for organizations to evaluate their digital transformation journeys and stay ahead of their competition.

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Being an Early Bird Matters

Learning Curve Advantages

As the industry evolves and the available technologies become increasingly more complex, early adoption not only confers a competitive edge but also sharpens problem-solving skills within teams as they navigate and integrate new solutions. This proactive approach to technology facilitates continuous improvement and fosters a culture of agility and resilience

Industry-wide Consolidation Is a Threat

The consolidation trend seen over the past decade in the ARM industry shows how important it is for medium and small-sized collection agencies to adapt to ongoing changes and strategically invest in technology that will enable them to stay relevant in the face of industry giants. By leveraging specialized software and automation, organizations can streamline operations, mitigate compliance risks, and offer personalized services that can set them apart in the market.

Technology Works Hand-in-Hand with Compliance

Compliance with laws and regulations at the federal and state levels is a challenge given the litigious nature of the collections industry. Artificial intelligence provides valuable compliance filters that enable you to never miss a single regulation, never go off script, and stay on top of new regulatory developments. When it comes to compliance, Conversational AI is your friend.

Tackle Seasonality with AI

The collection industry certainly has an element of seasonality, with tax season being a particularly busy time for agencies between inbound calling, settlement campaigns, and fierce competition to secure consumers' payments. Voice AI enables you to tackle seasonality and scalability at ease thanks to the power of automation.

Consumer Segmentation

As you adopt multiple channels to communicate with your consumers, you can better understand behavior and preferred channels across types of debt and demographics. Consumer segmentation can give you invaluable knowledge of your portfolio, informing key business decisions.

The Industry Leaders'
Take on Conversational AI for Collections

❝❝ The results we've achieved so far with Skit.ai's solution have been exceptional. So far, we've automated over **400,000** outbound collection calls and achieved a **10X ROI** on the inbound calls. We are collecting faster and more cost-effectively. We look forward to scaling our consumer interactions further with Skit.ai.

Steven Dietz
CEO, Southwest Recovery Services

❝❝ We recently experienced a significant expansion of our account base since acquiring a new collection agency. The adoption of Skit.ai's solution has already resulted in a **10X** increase in our outbound collection efforts. With one client's portfolio in particular, we witnessed a **160%** spike in collections. The results have been remarkable.

John Berquist
Owner of Forest Recovery Services

❝❝ When it comes to collections, most consumers don't want to have to interact with another person. We wanted to make the process easier. Skit.ai's solution allows consumers to choose; they can interact with the voicebot, ask to speak to one of our agents or visit our website to make a payment. Our agency has been initiating thousands of calls per day using Skit.ai's solution, handling an impressive volume of calls in a cost-effective manner.

Julie Repa
CEO of MCA Management Company

❝❝ Skit.ai's technology has proved very effective. The platform smoothly integrated with our payment gateways, effortlessly handled high call volumes, and strictly adhered to compliance standards. Consumers have begun to prefer interacting with the AI solution, marking an improvement in the overall consumer experience.

Anthony Verdicanno
President & C.O.O., Transfinancial Companies

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Skit.ai's
Multichannel Offerings

Channels

Outbound Voice AI
Automate outbound campaigns and maximize account penetration over your portfolio.

Inbound Voice AI
Offer 24/7 service to your consumers by answering calls anytime.

Email
Automate emails to consumers and let AI handle your replies.

Text
Text with consumers at scale utilizing our text bot, powered by Generative AI.

Chatbot
Offer support to your consumers through our intelligent web chatbot.

Capabilities

Right-party Contact (RPC)
The solution establishes right-party contact and validates the identity of each consumer.

Promise-to-Pay (PTP)
Conversational AI automates PTP from consumers to accelerate the recovery process.

Payment Automation
- Card-on-file payment
- On-call card payment
- Payment link via SMS
- Live agent transfer

Fast and easy adoption
No need for specialized IT staff | Go live in 48 hours

Want to learn more?

Schedule a free demo with one of our experts

Visit www.skit.ai

Skit.ai is the accounts receivables management industry's leading Conversational AI solution provider, enabling collection agencies and lenders to streamline and accelerate revenue recovery via a suite of multichannel solutions, including voice, text, email, and chat.

Request a Demo