



Increasing debt recovery conversion with Artificial Intelligence

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Introduction

Requesting payment for overdue invoices is a common practice in all businesses, but ensuring these accounts are settled on time poses a considerable challenge, especially in the current context where **the rising cost of living and inflation have caused over 57% of individuals to face financial difficulties**, a number that is likely to continue increasing.

In this adverse economy, it is essential to understand the situation of customers, identifying the vulnerable and needy to offer them greater support. However, traditional debt collection strategies, based on limited data and outdated formulas, often prove complicated, inefficient, and outdated, leaving many customers in arrears.

In the face of this scenario, **artificial intelligence and machine learning** are transforming the debt collection process by automating strategies and simplifying payment for customers. These technologies analyze data to assess the risk of non-payment and manage accounts at risk, providing personalized solutions to prevent defaults, marking the beginning of a new era in debt collection.

Moreover, with AI-powered tools such as **conversational intelligence**, contact center agents can identify real-time signals of vulnerability during their conversations with customers, enabling them to provide better support and display the necessary empathy.

In this guide, we will explore these benefits in more detail and show you how we expect artificial intelligence to continue shaping debt collection in the coming years.

Benefits of using Artificial Intelligence in debt collection processes

Next, we will analyze the different aspects in which Artificial Intelligence is transforming debt collection processes, allowing companies to optimize their debt collection strategies and improve efficiency and customer satisfaction.

Analytics modernization

By gathering data from various sources, Artificial Intelligence enables companies to significantly enhance their business intelligence by integrating AI and machine learning solutions into their debt collection processes.

Algorithms can process datasets in ways that are inaccessible to humans, whether it's extracting specific patterns, identifying bottlenecks, or even using machine learning to find the most optimal strategies.

In this way, AI allows for the consolidation and analysis of data from various sources, facilitating the detection of accounts at risk and providing crucial information about customers' credit history that would be nearly impossible to obtain manually. This improves human decision-making by enabling the implementation of a proactive strategy rather than a reactive one.

Improved A/B testing

Artificial intelligence in debt collection enhances the effectiveness of A/B testing, enabling in-depth analysis of the effectiveness of different **messages, scripts, or communication channels**.

AI accelerates the testing cycles due to its ability to learn, analyze, and act quickly. This allows companies to swiftly adjust their strategies, choosing the best channels, appropriate tone, and optimal timing to contact each customer profile.



Personalization of the customer experience through behavioral science

Artificial intelligence is transforming debt collection through behavioral science, enabling:

- The **detailed and accurate categorization of customers**, instead of assigning them to general categories.
- The creation of **detailed customer profiles** to identify if they require proactive intervention.
- **Intelligent decision-making** regarding the timing and manner of contacting customers based on data.
- The **personalization of debt collection strategies** based on demographic, social, and economic data.
- The **determination of the probability of payment** based on variables such as age, salary, profession, and historical interactions.
- Adjusting the collection approach towards optimal channels based on each customer's probability of payment.

In conclusion, AI enables a deeper understanding of customers and helps develop more effective engagement strategies, thus streamlining company operations and increasing response rates and debt recovery.

Increased productivity of debt collection teams

The increase in customer indebtedness imposes on debt collection teams **the need to efficiently scale up** to handle this increase while maintaining a level of service and empathy.

AI provides these teams with tools to optimize processes, enabling faster and more efficient management and processing of information. For example, debt collection and recovery teams, responsible for handling a variety of accounts with different debt levels and unique circumstances, rely on artificial intelligence and machine learning to personalize the customer experience.

Additionally, AI evaluates situations and historical outcomes to chart the best path toward debt collection maximization, analyzing previous communications and detecting patterns that are then used as a basis for data-driven collection strategies. This facilitates the creation of effective plans for customers and enables scaling that focuses on communications and customer support.

Optimized customer engagement

Artificial intelligence is transforming the traditional approach to debt collection, which heavily relied on phone calls. With the decreasing effectiveness of calls and the availability of a wide range of communication channels, including face-to-face meetings, emails, text messages, social media, web chat, and mobile applications, it is vital to optimize the use of these mediums.

AI can enhance customer engagement through **analysis and customization based on multiple variables**, such as activity on applications and websites, as well as demographic and financial information.

Furthermore, **AI can analyze call recordings** to determine the impact of different scripts or offers on customer responses, guiding future training and optimization efforts to prevent or resolve delinquencies. This approach continuously improves customer interaction as feedback is incorporated into the algorithm.

Increase in conversion rates

Understanding data is crucial to identify trends, anomalies, and market opportunities, surpassing outdated debt collection strategies based solely on human instinct and knowledge. Gathering data through artificial intelligence enables companies to optimize channels, messages, timing, and tone, improving recovery rates and the customer experience.

This approach, which does not make assumptions about the likelihood of different outcomes, allows companies to **anticipate issues and tailor collection strategies based on data**. For example, it can identify potential delinquents and apply predictive models to take appropriate actions, such as offering discounts for early payment.

By using AI for predictive analytics, risk assessment, and fraud prevention, companies can not only minimize losses but also potentially **increase profits by up to 38%**.

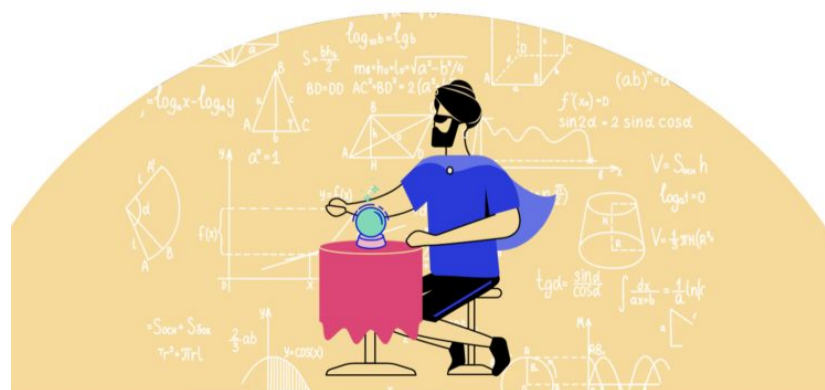
How can we apply AI to improve debt collection and recovery?

As we have just seen, in order to provide the best possible experiences to customers, organizations need to include AI-based technology in their debt collection strategy to gain deeper insights into their customers' financial situation, enhance their experience and loyalty, while also supporting long-term growth and business performance.

Recovery process with AI: before and after

The implementation of artificial intelligence in the debt recovery process of large and medium-sized companies has brought about a significant shift in their approach, resulting in the following changes:

- Limited samples vs. analysis of the entirety of calls:** Previously, the process relied on isolated call sampling, which limited the overall visibility of agent performance. Now, with AI, it is possible to analyze 100% of the calls, providing a broader and more accurate perspective of the debt recovery process.
- Subjective evaluation vs. objective evaluation:** Agent evaluations have transitioned from subjective to objective. In the past, assessments were based on personal perceptions, which could introduce biases and errors. With AI, evaluations are grounded in concrete data and metrics, enabling a fairer and more precise assessment of agent performance.
- Intuitive approach vs. data-driven validation:** Another significant change is the focus on the argumentation used. Previously, arguments were escalated based on beliefs of effectiveness, without certainty of their real impact. Now, proven best practices by the team are prioritized. AI enables the quick identification and scaling of these successful practices, thereby improving the overall performance of debt recovery.
- Reactive approach vs. proactive approach:** The lack of knowledge about the impact of poor practices has been replaced by a rapid and detailed understanding of what is happening. Thanks to AI, it is possible to identify and accurately analyze issues and failures in the debt recovery process, allowing for timely and efficient corrective actions.



The advantages of using Upbe in your debt recovery process

Upbe is software that automates real-time analysis of customer calls, improving recovery effectiveness and customer experience. It is a platform that automatically analyzes hours of calls, extracting data and presenting it in a simple way for you to quickly identify best practices and errors in call management at your Call Center.

Companies in sectors such as telecommunications or specific debt recovery companies use Upbe to improve their collection processes in the Call Center, **achieving an increase in conversion rates of up to 10%.**

How? For example, with a client in the telecommunications sector, we were able to:

- Better identify the original reasons for non-payment.
- Customize the agents' script.
- Monitor the structure of the script itself.
- Detect dropped calls and reduce the dropout rate.
- Uncover agent misconduct, such as leaving voicemails. By reducing this practice, more calls were made and the recovery rate increased significantly.

With Upbe, you can also achieve:

- ➔ Streamline and automate the analysis of call quality in debt recovery.
- ➔ Identify bad practices and promote best practices throughout the company.
- ➔ Automate quality and compliance processes in the Call Center.
- ➔ Improve control of debt collection scripts.
- ➔ Train the sales team with the best sales practices.
- ➔ Reduce losses from non-payment and increase operational efficiency.
- ➔ Eliminate guesswork and human biases, prioritizing long-term relationships to boost sales and customer loyalty.

If you haven't integrated AI into your debt recovery and collections processes yet, we invite you to contact us so we can assist you.

Bonus: Success Story - Increase in Debt Recovery Conversion in Large and Medium-Sized Companies

This success story comes from a **telecommunications company** that sought our assistance to improve various aspects of their customer service process.

The challenges presented to us were multiple, including:

- Improving customer service in incoming calls according to their quality standards.
- Increasing the efficiency of debt recovery processes in incoming and outgoing calls.
- Reducing the number of complaints received in the customer service department.
- Increasing resolution in outgoing calls responding to customer tickets.
- Refining incident processes in both incoming and outgoing calls (according to their quality standards).

To address these challenges, we processed a total of 155,760 minutes per month across all campaigns, representing 20% of all calls handled.

The results of our work speak for themselves:

- In just six months, we **reduced the number of detractors by 3%**.
- We achieved an impressive **10% increase in retention** of potential churn.
- We saw **an 8% increase in debt recovery** conversion.
- In just two months, we significantly **decreased official complaints by 31%** and **reduced improperly transferred calls by 9%** in just one month.

The success of this project is a testament to our commitment to providing personalized solutions that work for each of our clients. In this case, we not only improved our client's internal procedures but also increased customer satisfaction, improved retention, and enhanced financial performance. This success story is further evidence that with the right approach and guidance, significant results can be achieved.



Thank you!

More information at upbe.ai

