

# Bank Reduces Debt Collection Costs Through Analytics



## CHALLENGE

A leading private bank in India wanted to reduce their debt collection costs while maintaining their collection rates at 96%.

Previously, the bank was having a single communication strategy for all borrowers which involved sending a series of reminders over email, sms & outbound calls that had resulted in high costs and hence, they were looking for ways to optimize campaign ROI by having a different communication strategy for each borrower segment.

## SOLUTION

- The Netcore team of consultants & data scientists worked on building a ML-based analytics model to predict customers who are most likely to turn delinquent basis 1) Borrower profile, loan attributes & 2) Communication channel responses.
- Historical data was crunched to derive variables related to borrower profile, loan repayment behavior, marketing channel response data was fed as input to the model to uncover patterns that impacted delinquency.
- This model was able to provide micro insights to predict delinquency by combining a borrower profile with their response behavior on marketing channels for, eg. Self-employed category borrowers with EMI due amount of >Rs. 50K and who listened to IVR for less than a particular duration & who did not open email reminders were more likely to turn delinquent.

- As an action the bank had intensified their outbound calling efforts on such profiles whereas on low delinquent propensity profiles they would send a series of reminders over their preferred digital communication channel.

## RESULTS



Reduction in pre-delinquency campaign costs by 35% while also maintaining the collection rate at 96%.