



PROBE TREND REPORT

# CREDIT PROVIDER TRENDS 2021

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Ongoing economic fallout from COVID-19 continues to affect credit providers and their customers. It is a fluid situation, and this trend report provides a snapshot of where things stand with credit providers as of October 2021, as well as offering recommendations on how to manage impairment.

## CURRENT TRENDS IN CREDIT PROVISION



### No material deterioration yet.

Stimulus funding is providing current respite. However credit providers have increased expected credit loss by 30-50% from last year.



### Uncertainty continues.

We still don't know what the future will bring, in terms of economic slump, housing and GDP.



### Current collections operations are not geared towards events such as COVID-19.

Different design, strategy and interactions are still required to address this.



### Hardship

Already 10% of customers have taken repayment pause, and we don't know how many will be able to bring themselves current again.



### Early intervention.

Helping customers manage their own financial impacts from COVID-19 will help credit providers reduce negative impacts such as delinquencies



### Customers first.

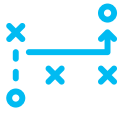
Credit providers must focus on what is ultimately best for customers, even if that isn't the customer's first choice. Helping customers achieve early recovery will reduce stress, costs and debt, in turn boosting write-backs and recoveries for the provider.



### No enforcement action.

Banks and credit providers have paused most enforcement proceedings.

# WAYS TO HELP MANAGE IMPAIRMENT



## Strategic roll rate management.

Prioritising accounts based on balance and next due date will help prevent them from rolling and it could allow earlier use of tier 2 agents. In some cases, this might slightly impact cost.



## Leverage tier 2 agents.

Bringing in these more experienced agents earlier can provide better, more effective intervention, especially if tier 2 agents are assigned to hardship and case management accounts.



## Leverage analytics to make customer-specific decisions.

Information gathered from data lake and conversation analytics can help determine which customers are best-suited for rehabilitation vs recovery. Data insights can help mitigate risk, in part by improving credit scoring at origination so that fewer accounts fall into arrears.



## Work with clients to improve balanced scorecard value.

Consider adding collection measures such as delinquency or impairment as well as metrics for customer experience, back office, quality and compliance/assurance.



## Allow tier 2 case managers to manage their own portfolios.

This promotes relationship-building with customers. It also enables agents to make more appropriate recommendations to designated authorities, based on a full review of the customer's history.



## Offer the next best action.

The goal is finding the best solution for the customer, within client policy. But sometimes that means giving up the asset rather than prolonging recovery and debt. Offering this next best option can benefit both client and customer.



## Deploy digital solutions.

Technology supports better overall net collections and it improves customer experience.



## Adopt Livepro Knowledge Management.

This system makes it easy for agents to access information so they can work more efficiently, comply with process standards and make better decisions.



## One thing is certain: your future and your customers' futures are entwined.

When you partner with PROBE, we will design customised solutions to address your unique business needs while giving customers the support they need to minimise the negative financial impacts of COVID-19.

PROBE is an Australian-based provider offering scalability and flexibility quickly.

# CONNECT WITH US

To find out how PROBE Group can support your credit department, contact us today:

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