

# QUALCO

Practical Guide Series on COVID-19

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## IDENTIFYING CUSTOMER BEHAVIOUR BEFORE AND AFTER THE PANDEMIC



# INTRODUCTION

In these challenging times every financial institution, lender and credit management entity must make its data and insights work harder.

This means that organisations must act now to utilise data and to translate these scenarios into clear, identifiable steps, in order to sustain them through a period of unpredictability and potentially severe disruption.

They must focus on innovation. Now is the time when banks, credit unions and collections organisations that have invested in advanced analytics, innovation and digital transformation can benefit from the full potential of their customer experience.

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It is expected that there will be pandemic-related delinquency in every single bucket, on top of the pre-pandemic delinquency

To innovate successfully, you not only need a data strategy – you need to execute that strategy effectively to develop resilience and to ensure that you're well placed to bounce back in a post-coronavirus world.

# COMPARING PRE AND POST COVID-19 BEHAVIOR PATTERNS

The last two months have seen huge shifts in the outcomes for customers as both they and financial institutions have struggled to adapt to the Covid-19 challenge. Organisations that can leverage the very limited amounts of data now available on these shifts will have a huge opportunity to adapt while serving their customers better. But the rapidly evolving landscape offers no magical solutions and the roadmap for navigating it will require constant review and the ability to act quickly.

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## Build tomorrow by capturing your data today

While data available in the post-Covid-19 era alone is insufficient to predict customer behaviour, it is possible to identify and characterise those changes that have already taken place. The QUALCO Data-Driven Decisions Engine can quickly build explainable, authoritative models on pre-Covid-19 behaviour. It can use current data to build provisional models for the present period and highlight where these behaviours will change – both in terms of predictive factors and in granular predictions for each customer.



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# Given the dearth of suitable data at the moment, every update will be crucial

These models will identify segments and individuals who have become vulnerable because of the epidemic, as well as providing insights into the cause of such vulnerability. These segments might be based on specific professions or industry sectors, demographics or regional variation.

## **They will answer questions such as:**

- What is the difference between COVID-19 related and non-COVID-19 related debt?
- What is the probability of a customer whose circumstances are severely impacted by coronavirus returning to good and when will this happen?
- Can I rapidly recognise the preferences of my customers in terms of communication channels? Which segments prefer self-serve and which segments will opt for a more traditional approach?
- Which segments require a greater level of forbearance and which are better placed to bounce back?
- As countries unwind from social restriction measures, how will different cohorts be impacted so that I know where and when intervention is most appropriate?



As the world moves into the next stage of the pandemic, insights on critical questions like these will influence organisations' plans for the future in terms of Customer Segmentation, Communication Strategies and Treatment Paths.

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QUALCO Data-Driven Decisions Engine can ingest data, rebuild models and reproduce analyses as often as necessary, with minimal human effort.

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QUALCO DATA-DRIVEN  
DECISIONS ENGINE

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## IMPROVE SEGMENTATION AND TREATMENT TO BETTER INFORM LOSS FORECASTING & PROVISIONING

By taking a more proactive approach, financial institutions and collections organisations can apply selective campaigns across a random sample of customers. Then, through robust collection systems like **QUALCO Collections & Recoveries**, you can capture outcomes and the measures

applied in order to support your customers and determine the most appropriate resolution, switching the emphasis between collections and forbearance, as is appropriate.

In addition to this, you will be also able to determine who is affected and the degree of the impact on them, so that you can better shape alignment on treatment. Repeating this sampling process frequently after the initial assessment is strongly advised as this will allow you to establish how the situation is changing over time.

QUALCO Data-Driven Decisions Engine (D<sup>3</sup>E) is the perfect tool for completing this task. It consumes outcome data and assesses all the available characteristics of that data to determine how best to segment the portfolio and determine which strategies are most appropriate. With machine learning at its core, you can quickly adapt your strategy based on the analysis that you're receiving through real life interactions. The first segmentation model can be derived just FOUR WEEKS after commencement.

If your organisation is currently using QUALCO Collections & Recoveries, then you already have a pre-configured interface for D<sup>3</sup>E giving you exceptionally easy fast deployment – usually within ONE WEEK. For all other organisations, D<sup>3</sup>E has a powerful and flexible data management capability which will support rapid deployment in about TWO WEEKS; with a little additional effort required to ensure mappings are clearly understood.

Model evolution can be achieved in FOUR WEEKS of commencement and ongoing thereafter as outcome data is continually fed into D<sup>3</sup>E.



The models derived through D<sup>3</sup>E can also be applied to your entire debt portfolio to produce an estimate of the financial impact – including expected losses and appropriate provision – quickly and with minimum cost.



QUALCO Data-Driven Decisions Engine is based on fully automated models that are easy to explain and reproduce. The result is an iterative approach, where significant correlations are identified early and can be used to improve the targeting of cases.

## DEPLOY IN A WEEK

Our decisions engine platform has been specifically designed to inform the segmentation within QUALCO Collections & Recoveries and it allows improvements to be applied operationally and immediately, once validated. New segmentations based on data characteristics defined in D<sup>3</sup>E are used to drive changes in treatment. As learning evolves the segments are adapted and improvements are rapidly realised.

Operational users have easy access to understandable analytics in order to drive change and deliver value. Standard daily data interfaces will start to exchange over 250 characteristics. This will enable your organisation to rapidly build up a picture of necessary actions and outcomes in order to inform your future activities. We can complete implementation in ONE WEEK and you can derive and apply the first model outputs in FIVE WEEKS.

We have extensive experience of the delivery of software solutions for the collections industry and are well versed in extracting and transforming data for easy integration. For this reason, QUALCO Data-Driven Decisions

Engine (D<sup>3</sup>E) comes with its own data management capability and it allows you, as a new user, to quickly become familiar with its features and capability.

Our flexibility for consuming data from any collection platform still allows us to implement within TWO WEEKS so that the first model outputs can be derived and applied in SIX WEEKS.

## CONCLUSION

These are rapidly evolving and unpredictable times. However, one thing is clear – COVID-19 has wide ranging and serious implications for all industries, and more will follow. At QUALCO we are committed to supporting and assisting you in finding and implementing solutions that best fit your requirements and the changing business landscape.





# LOOKING TO BRING PREDICTIVE INSIGHTS TO YOUR DAILY OPERATIONS?

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Data-Driven Decisions Engine

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