

Retain

TrueML Products

CASE STUDY

Neobank Reduces Cost Per Account by 40% Using Retain for Digital Customer Engagement in Debt Collection



In the rapidly evolving financial sector, where digital transformation is not just an advantage but a necessity, online-only banks (also known as neobanks) have become popular with consumers. By providing all the services of a traditional bank without the physical locations, neobanks aren't saddled by legacy banking technology and costly networks of physical branches.

For one neobank, delivering banking services online or via their mobile app not only aimed to meet today's consumers where they are increasingly doing business digitally, but also to make financial inclusion and opportunity a reality for all by empowering everyone with a goal to move their lives towards it.

Although their mission of providing an online option for second chance banking for those who might not qualify to open an account elsewhere is helpful for underserved portions of the population, delinquencies still happen as they do for any bank—and the neobank’s communication strategy with past-due customers didn’t match up with their digital-only approach for all their other types of engagement and transactions.

As the neobank continued to grow, their new delinquent customer engagement mission became clear: to find a more innovative, cost-effective, and data-driven solution that would catch their debt recovery processes up with the rest of their digital operations.

Challenge

The neobank’s existing outreach strategy for delinquency communications relied on a third-party calling-based servicer which supplemented manual email communications and presented several challenges:

Financial overhead for 10 full-time employees (FTEs) dedicated to the neobank’s account through the third-party servicer was increasingly expensive

Manual email process lacked visibility into deliverability and overall effectiveness

Bandwidth for only prioritizing larger debt amounts, leaving many accounts untouched

One-size-fits-all approach stifled consumer engagement and, in turn, repayments

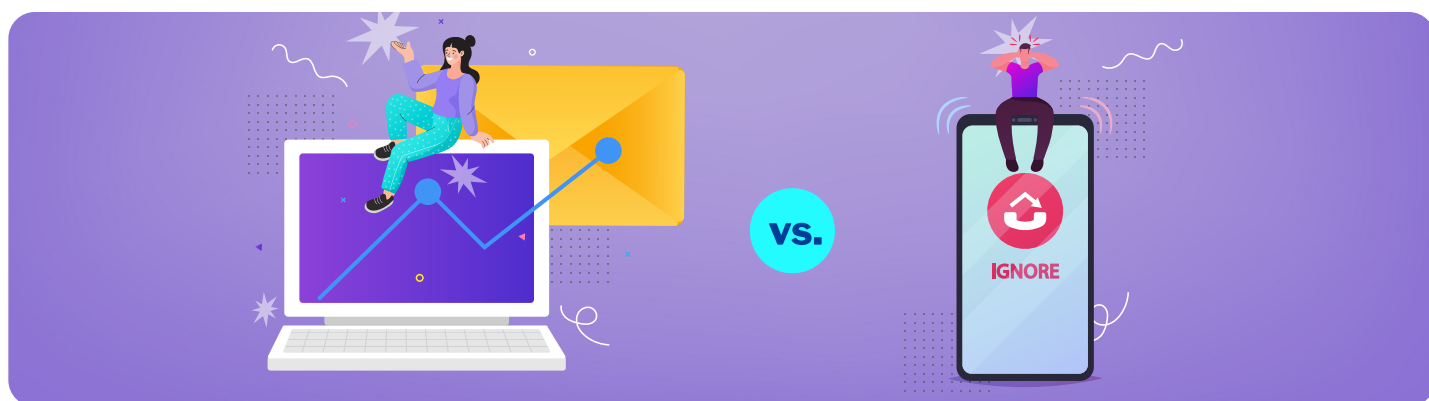
Complete absence of data-driven decision-making, relying instead on FTEs’ discretion

Overall, the third-party servicer was not only proving to be cost-inefficient but also lacked the sophistication needed to harness the full potential of the digital advancements the neobank was founded on.

It was time for the neobank to explore more innovative digital communication solutions to improve efficiency and reduce costs associated with recovering funds from past-due accounts.

Solution

And so the neobank initiated a **champion-challenger** pilot between their existing third-party calling-based servicer and the innovative Retain by TrueML Products platform. This head-to-head comparison was designed to rigorously evaluate the effectiveness and efficiency of both strategies in the realm of engaging past-due accounts.



Retain's approach differed fundamentally from traditional methods with its digital-first, omnichannel strategy to consumer communication. The ability to utilize advanced technologies like Retain's patented optimization engine to personalize contact strategies based on customer profile data showcased the stark contrast to call-and-collect methods that often depend on manual decision-making and a one-size-fits-all strategy.

Another critical aspect of Retain's offering for the neobank was its direct rebuttal to the inefficiencies and high costs associated with calling-based operations.

With Retain’s digital-first approach and scalability, the neobank saw reductions in the time spent by the third-party FTEs on manual tasks and a decrease in the financial resources previously dedicated to less effective collection efforts.

Unlike the static and human-dependent strategies employed by the third-party servicer, Retain’s digitally driven adaptability led to a marked improvement in the neobank’s customer engagement and resulting collection outcomes...

Results

The comparative study between Retain and the third-party servicer painted a clear picture of the benefits associated with adopting advanced digital-first practices in recovering delinquent accounts. Retain’s success in this head-to-head challenge highlighted its efficacy and efficiency through a trifecta of value propositions:



Improved Collection Performance	Reduced Costs	Data-Driven Digital Strategy
ROI of approximately 2:1 on small balance accounts	Using Retain, the neobank cut the cost per account by 40%	Right channel, right time for optimized customer engagement

Most notably from the results, the 40% reduction in the cost per account when compared to call-and-collect methods not only signaled cost-savings but **opened the doors to scale and service more customers without adding more headcount**. And the shift from manual human-led determinations to data-driven decision-making through Retain’s optimization engine marked another

significant step for the neobank to ensure that all aspects of their operations matched the online-only financial lifecycle they provide their customers.

In Conclusion

The successful implementation of Retain by TrueML Products within the neobank's customer communication framework highlights the forward-thinking approach to financial services that online-only banking consumers expect.

The neobank's experience serves as a compelling example of how adopting digital-first solutions like Retain can solve traditional consumer engagement problems when attempting to recover delinquent funds, such as the historical absence of a data-driven strategy, which results in unoptimized efforts with low recovery rates and high operational costs.

Ready to improve your customer engagement using Retain's proven digital-first communications?

Schedule a consultation today!



About Retain

Retain by TrueML Products is an intelligent delivery platform that leverages a patented optimization engine to determine the optimal time and channel to deliver the client's communications within the confines of the compliance requirements outlined by the client.

TrueML Products is a fintech software company developing machine learning-driven products that enable intelligent, digital communication and prioritize customer experience for consumers seeking financial health.

