35TH ANNIVERSARY

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Best practices for improving consumer data quality

Experian

Introducing:

- **Bill Butler**
  Experian

- **Matt McGarry**
  Experian

Agenda

- Common data quality challenges
- Data quality methodology
- Market forces pushing for data quality
- Real-world challenges with data quality
  - ► TCPA case study
  - ► Data furnisher case study
- Summary and close

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Did you know...

90% of the world's data has been created in the last **2 years?**

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Common data quality challenges

Most common data errors within businesses:

Data error	2016	2015
Incomplete or missing data	60%	51%
Outdated information	54%	48%
Duplicate data	51%	32%
Inconsistent data	37%	
Typos	30%	22%
Spelling mistakes	28%	19%
Data entered in the incorrect field	26%	27%
Other	1%	2%
None of the above / we don't have any inaccuracy	3%	2%
Don't know	1%	1%

Legend: 2016, 2015

Source: 2016 global data management benchmark report

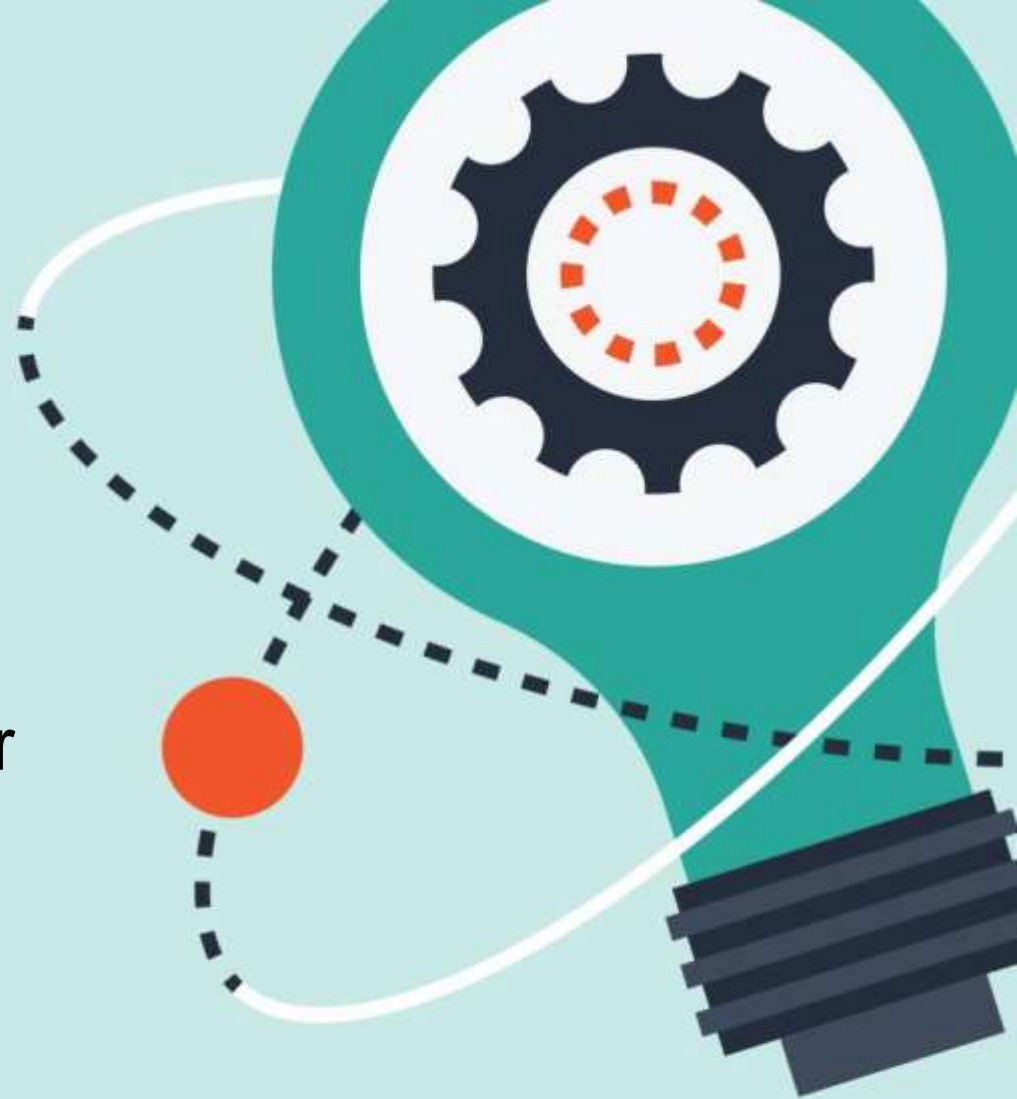— VISION 2016 —
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Biggest causes of inaccurate data

Cause	2016	2015
Human error	56%	61%
Lack of internal manual resources	31%	26%
Inadequate data strategy	28%	28%
Inadequacies in current relevant technology	27%	22%
A lack of relevant technology	26%	22%
Lack of skill needed to correctly use existing technology	21%	

Source: 2016 global data management benchmark report
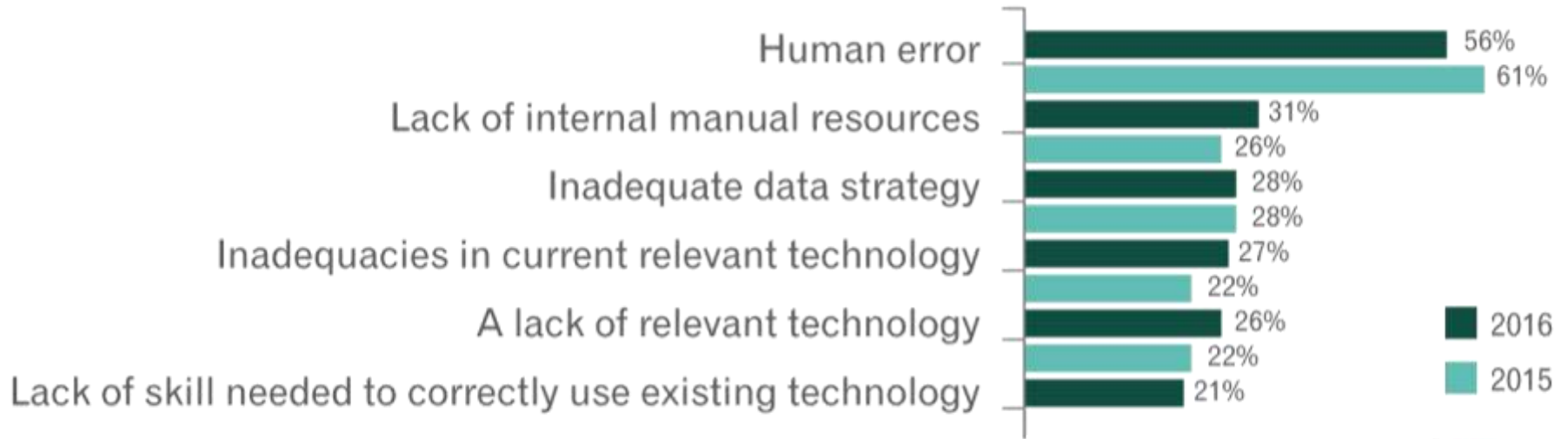
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Did you know...

on average, **2%** of your contact data goes bad **every month?**

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Contact data—why it is going bad

4M BIRTHS	2.5M DEATHS	4M MARRIAGES	1M DIVORCES	45M MOVES	12 MOVES OVER A LIFE SPAN	39.4% WIRELESS HOMES	5M+ NO SERVICE AT ALL
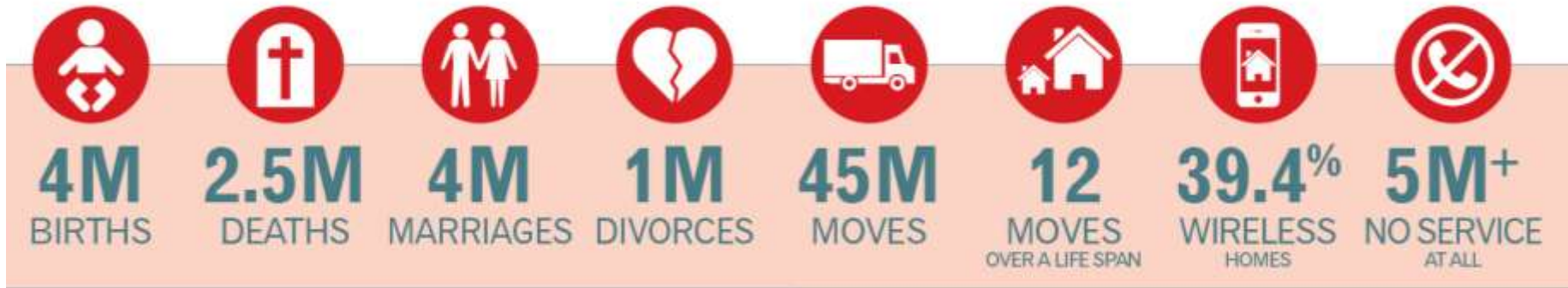
The dynamic nature of data

Consumer data is both always changing and growing, and people are becoming even more difficult to track. Collectors need certain safeguards in place to ensure regulatory compliance with the accuracy, security and delivery of their data.

Consumer information noted on an annual basis.

Best practices

- Identify landline and cell phones for TCPA compliance with dialer campaigns
- Focus on right and wrong party contact to improve service representative performance
- Score phones or apply cutoff scores based on the confidence of the number or match

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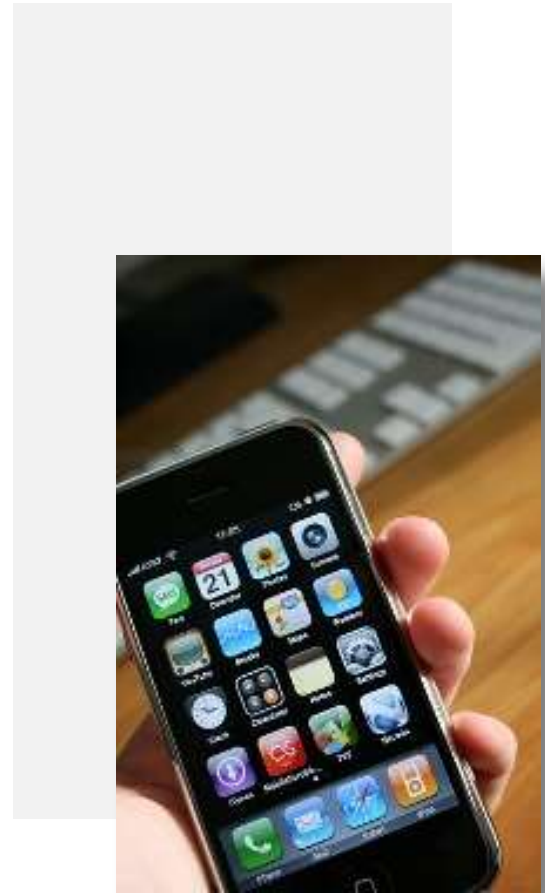# Technology has shifted when and how you are able to connect with your customer

Types of information that needs updating
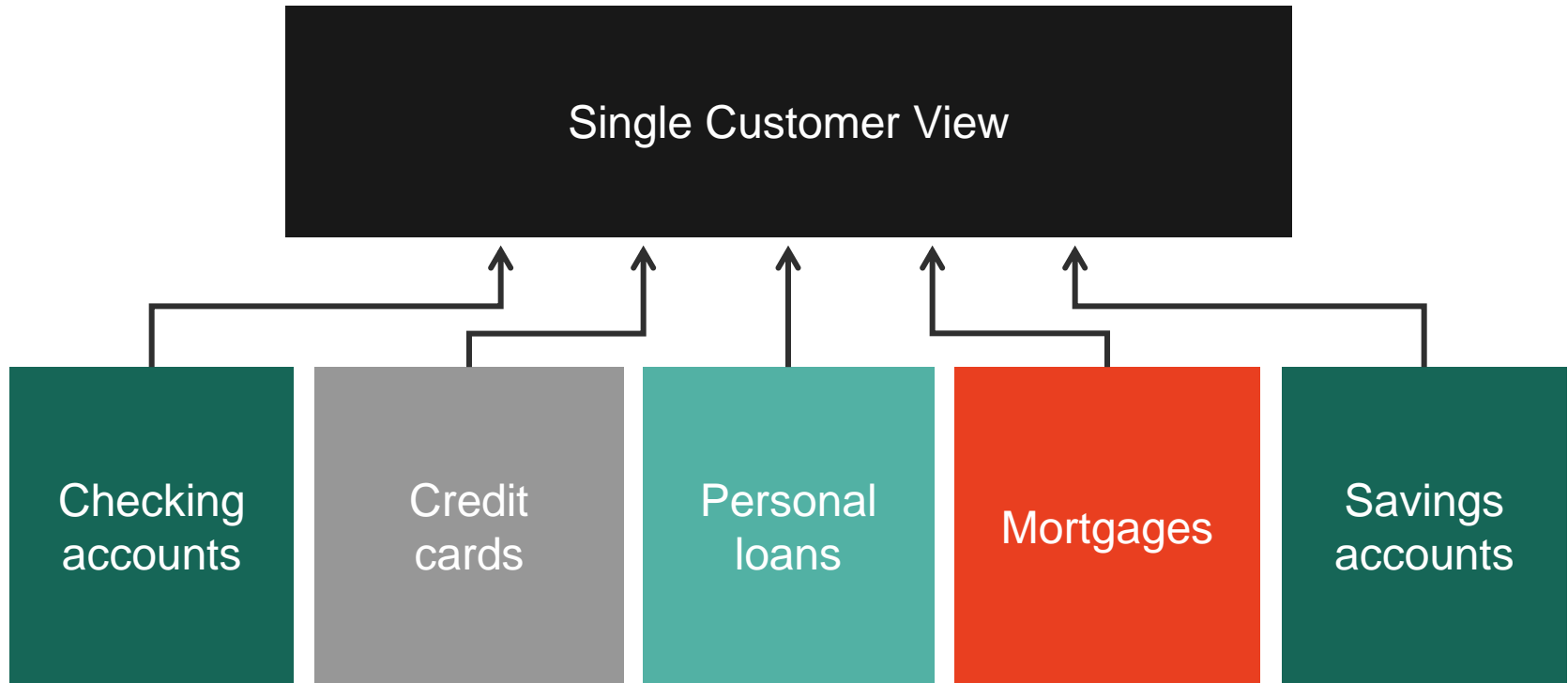
Information to consider:

- Customer contact and channel preferences

- Device ID / phone type identification

- Portability

- Telephone verification

- Telephone append

- Telephone confidence scores

- Residential vs. business phone numbers

- Address correction and standardization

- Address append

- Email verification

- Email append

Your goal: A single customer view
Example in banking

Single Customer View

| Checking accounts | Credit cards | Personal loans | Mortgages | Savings accounts |

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Who holds the responsibility for data quality?

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Centralized data ownership and management

Chief Risk Officer	Chief Marketing Officer	VP of Data Analytics & Research	VP of Data Governance	Chief Data Officer
Data collection optimization	Customer loyalty	Data quality analytics	Data migration	Monetization of data quality

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Most sought-after roles to support data management strategies
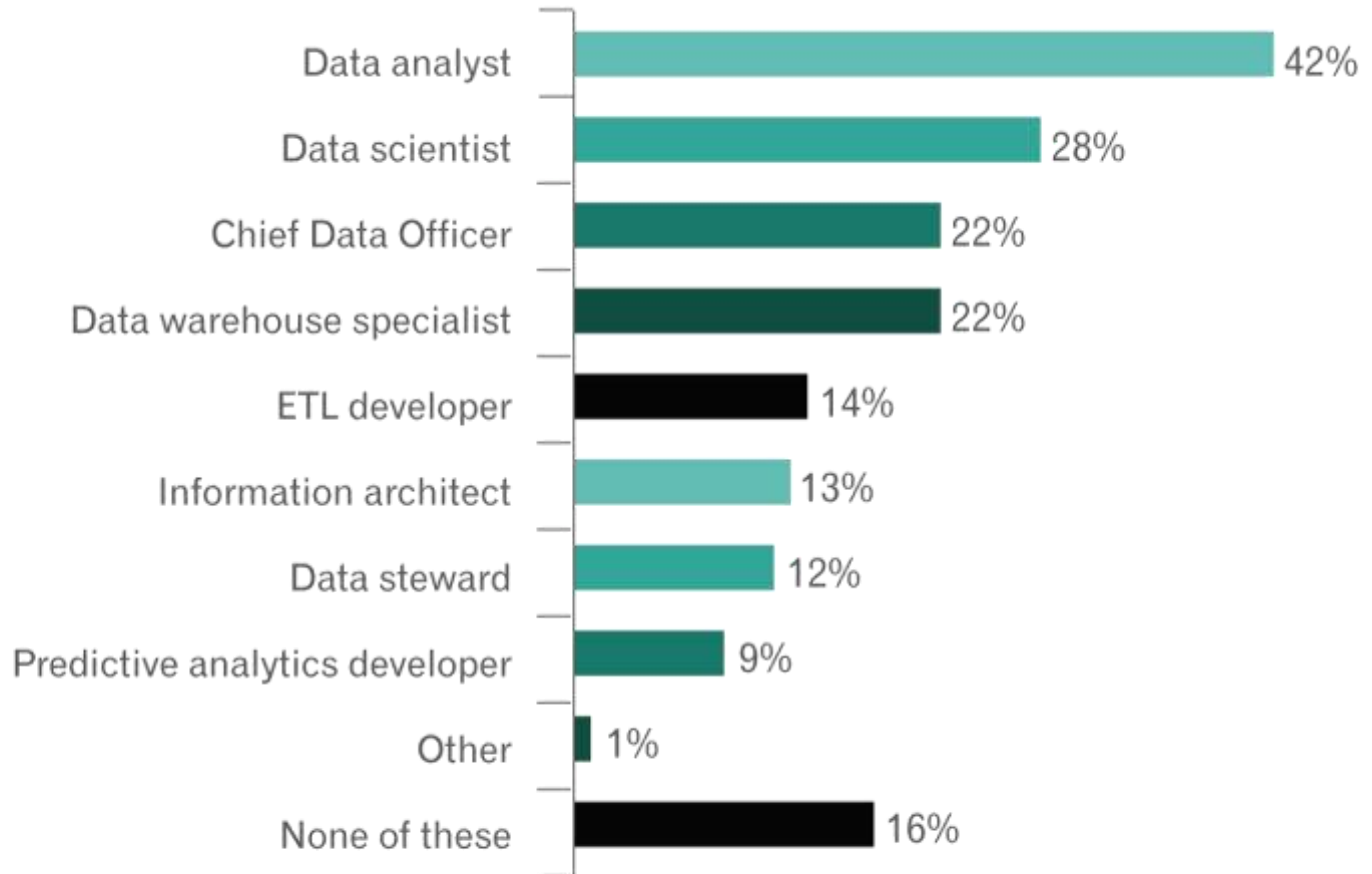
Role	Percentage
Data analyst	42%
Data scientist	28%
Chief Data Officer	22%
Data warehouse specialist	22%
ETL developer	14%
Information architect	13%
Data steward	12%
Predictive analytics developer	9%
Other	1%
None of these	16%

Source: 2016 global data management benchmark report

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Data quality methodology

Data quality methodology

Control

Improve

Analyze

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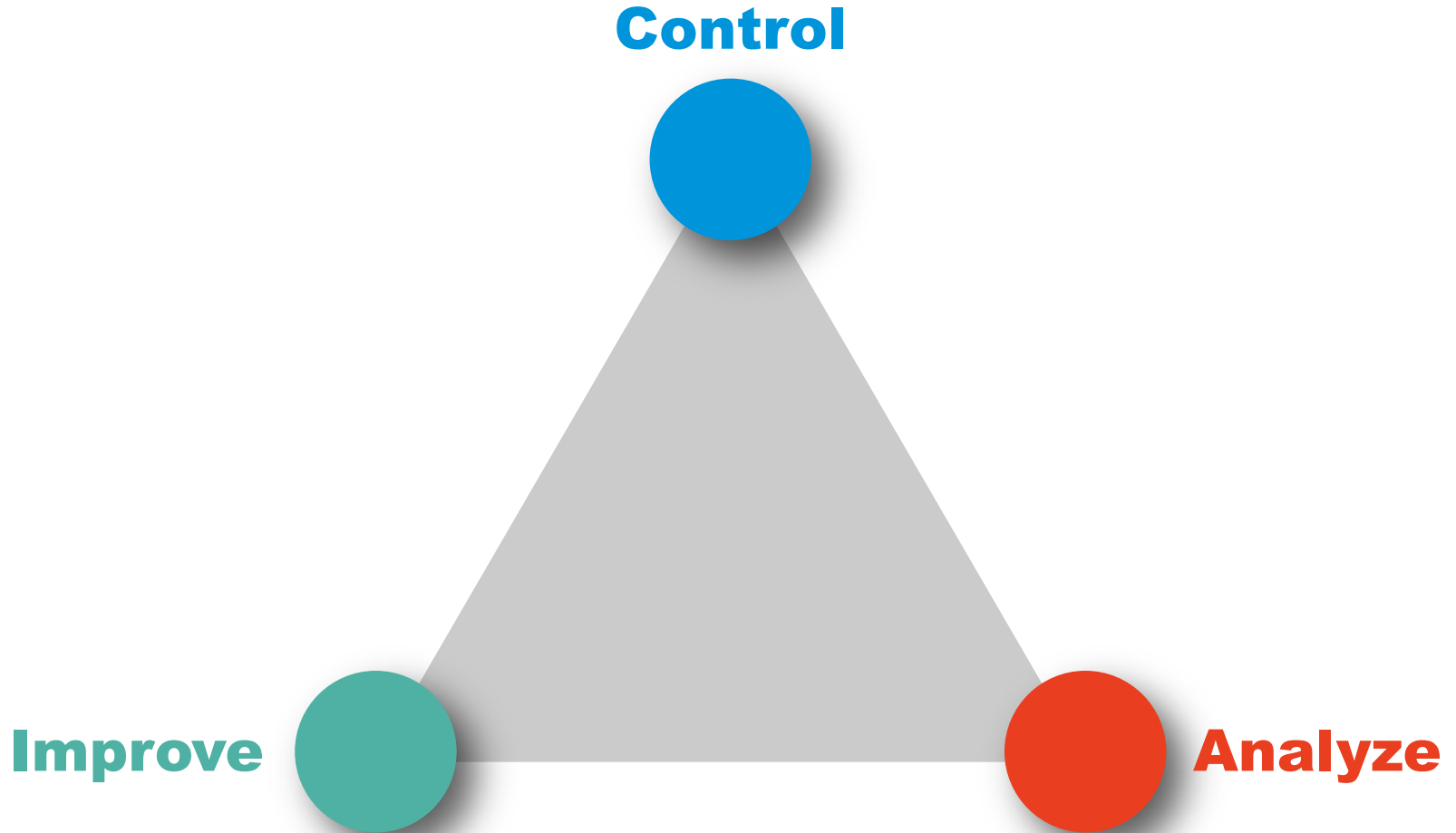
Analyze: Evaluating data

Data quality, coverage and matching

- Where does the data come from and how often is it updated?

- Do you have consistent information across all systems?

- How is the information linked or matched together?

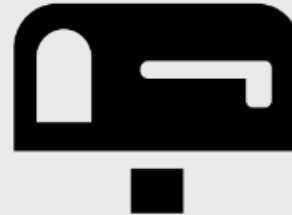 - SSN is not always available, and may not always be the best match key
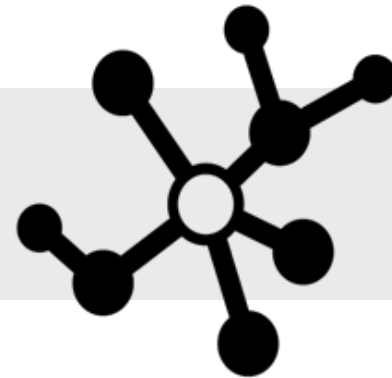
Improve: Evaluating quality

Understand "standardization" and "verification"

- Implement standardization processes

- Review source definitions of phone, address, or email "verification"

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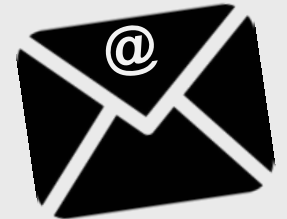
Control: Monitor performance over time

Measuring change or success

- Define right party contact at the "account level"

    ▸ One or more phones or addresses belong to the consumer

- Reduce wrong party contact—false positive matches

    ▸ Phone scoring or address ranking can be used to support custom contact strategies

- Unique contact data is identified when no other source is available

    ▸ How reliable is the unique data?

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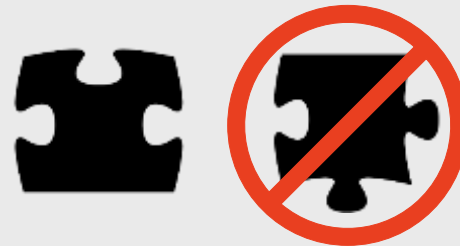
Contact data hygiene methods and automation

- Bulk data hygiene (once or periodic)
  - ► Improve single customer view
  - ► Verify contact information
  - ► Identify new contact information
- Ongoing updates
  - ► Search for real-time information as needed
  - ► Monitor information for changes
- Automation and standardization
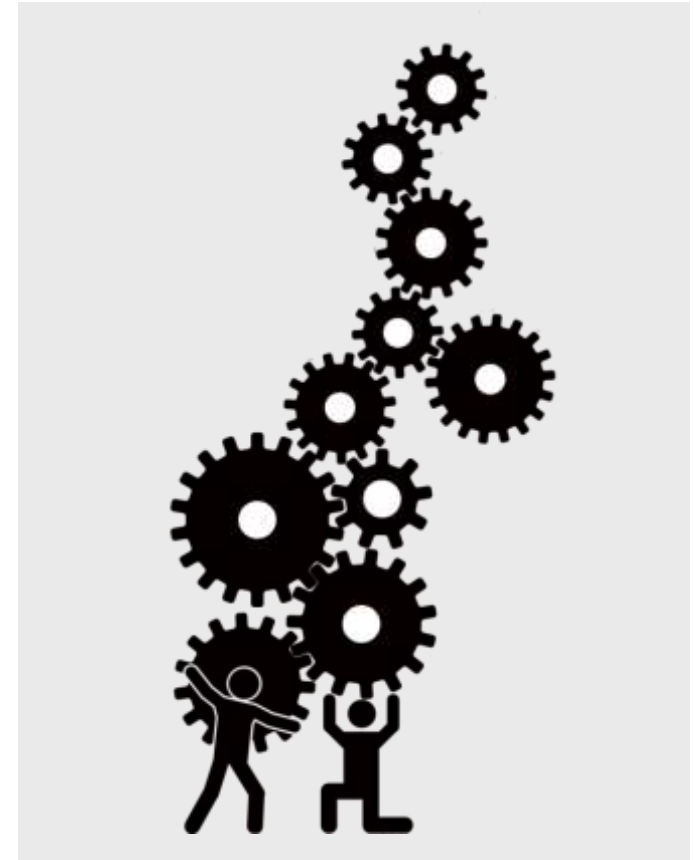
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Market forces pushing for higher data quality

Layering TCPA compliance with your contact management

Review your contact management system and collection processes for compliance:

- Do you have a seamless process to manage your contact strategy throughout the customer life cycle?

- Do you scrub often for updated or verified information?

- Are there gaps in identifying or tracking cell phones?

- Do you have a process to identify ported phones?

- When and how often do you dial cell phones?

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TCPA non-compliance
Penalties, fines, class action litigation

The Telephone Consumer Protection Act (TCPA) has been enforced by the Federal Communications Commission (FCC) since 1991

- Protections and restrictions on the use of cell phones

- Penalties and fines for non-compliance

The Federal Communications Commission announced new ruling on July 10, 2015:

- Clarification on the definition of an "auto-dialer"

- Consent to call

- Reassignment of cell phone numbers

- New requirement for "one call" without liability

PENALTY FOR NON-COMPLIANCE:
- Penalties or fines in thousands or millions of dollars
- Class action litigation
- Individual cases for $500 to $1,500 per dial

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Bipartisan Budget Act of 2015
Recent TCPA Exemptions

The Bipartisan Budget Act of 2015 (effective November 2, 2015)

- Amends the Telephone Consumer Protection Act (TCPA)

- Creates exemptions for calls made to cellular and residential telephone numbers for collection debts owed to or guaranteed by the US Government

KEY CHANGES:

- Prior express consent was required for calls made by an auto dialer or prerecorded voice system; and now these calls may be made solely pursuant to the collection of a debt owed to or guaranteed by the US Government
  - Includes residential (landline) and cellular phones
  - Servicers and collectors of government debt are included in the exemption

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insideARM.com
accounts receivable management

March 17, 2015

Regulatory Pressure Leaves Data Furnishers on the Hook to Make Data Accuracy and Quality a Top Priority

by Carmen Hearn

Carmen Hearn

Data furnishers and creditors are quickly coming to understand that increased regulatory focus on data accuracy and quality can be hazardous to their wallets.

Since its formation, the Consumer Financial Protection Bureau (CFPB) has diligently pursued its mandate to protect consumers from financial harm. One important point of emphasis for the CFPB has been to enforce long-standing rules that protect the rights of consumers and to hold accountable any organizations that violate those rights, whether wittingly or unwittingly.

just don't have the means to pay out hefty penalties and fines. I hear very often from C-level executives that if they could press the reset button, that they would have paid much closer attention to their data and made it a bigger priority. The reality is that a planned investment in data quality, while perceived as an expense, is actually a cost-effective approach that will yield long-term benefits.

"The reality is that a planned investment in data quality, while perceived as an expense, is actually a cost-effective approach that will yield long-term benefits."

Data furnisher information

Those that report consumer credit data to the credit bureaus should comply with data furnisher rules stated in the current Fair Credit Reporting Act (FCRA)

Obligations under the Fair Credit Reporting Act (FCRA)

1 **Duty of furnishers**

Section 623:

Responsibility of furnishers to provide accurate and complete information to credit reporting agencies

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Data furnisher information

Sound policies and procedures can help to validate data quality and to ensure compliance

Obligations under the Fair Credit Reporting Act (FCRA)

2

Accuracy guidelines

Regulation V (part 1022):

Responsibility to create policies and procedures concerning the accuracy and integrity of furnished information

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Data furnisher information

Reporting *accurate* consumer credit data to the credit bureaus is critical to ensuring regulatory compliance, operational efficiencies and a positive experience for consumers

Consumer information	**Tradeline data**	**Fatal errors**

Real-world challenges with data quality

TCPA case study

Address and telephone hygiene testing summary

OVERVIEW: ~500K randomly selected records of active accounts

- File processed thru TrueTrace™ and the TCPA phone type append process
  - ▶ Validate or identify the consumer's best phones
  - ▶ Identified phone types for TCPA (landline, cell phone, VOIP)
  - ▶ Verify or identify the consumer's best address
- Output data summarized for analysis

Input test file included:

- Unique identifier
- Consumer full name
- Consumer address, city, state, ZIP™
- Social Security Number
- Phone number on file

Output files analyzed included:

- Original input data
- Best address and up to six new phone appends
- Best address result code – verified, new append, or no match
- Phone types and phone scores
- Address and phone update dates

TrueTrace™ process and best address results verify or identify the consumer's best address

Best address result code	Percentage
Verified	76%
New address	23%
No match	1%
Total	**100%**

99% of the addresses can be either verified or updated

Opportunity: 23% potential new addresses!

TrueTrace™ best address and premier phone processing:

- Uses Experian's unique matching process to first identify the consumer
  - Pinning process compares the input SSN, name and address information against all on-file variations and AKA's to locate the right consumer

- Once the consumer is identified, the best address is compared to the input address to either verify or append a new address
  - Contact data is constantly updated through data feeds to identify the best contact information possible—the USPS National Change of Address (NCOA) process only identifies a fraction of the new addresses found by Experian
  - Self-reported data on the credit system is updated daily through inquiries and tradeline updates driving to more unique and accurate addresses and phones

TCPA phone type processing identifies the phone type (landline, cell phone, or VOIP)

TCPA phone type processing:

- Evaluates the input phone number to determine the phone type for compliance
  - ▶ Automatically changed to the appropriate phone type when a number is ported

Opportunities:

- How often do you check landlines for portability?
- Do you check for owner information directly with the phone carriers to make sure your phones still belong to the same consumer?

TCPA Phone Type Append

0.3%

30.7%

69.0%

- Landline
- Cell phone
- VOIP

31% of the phones are flagged as cell phone or VOIP

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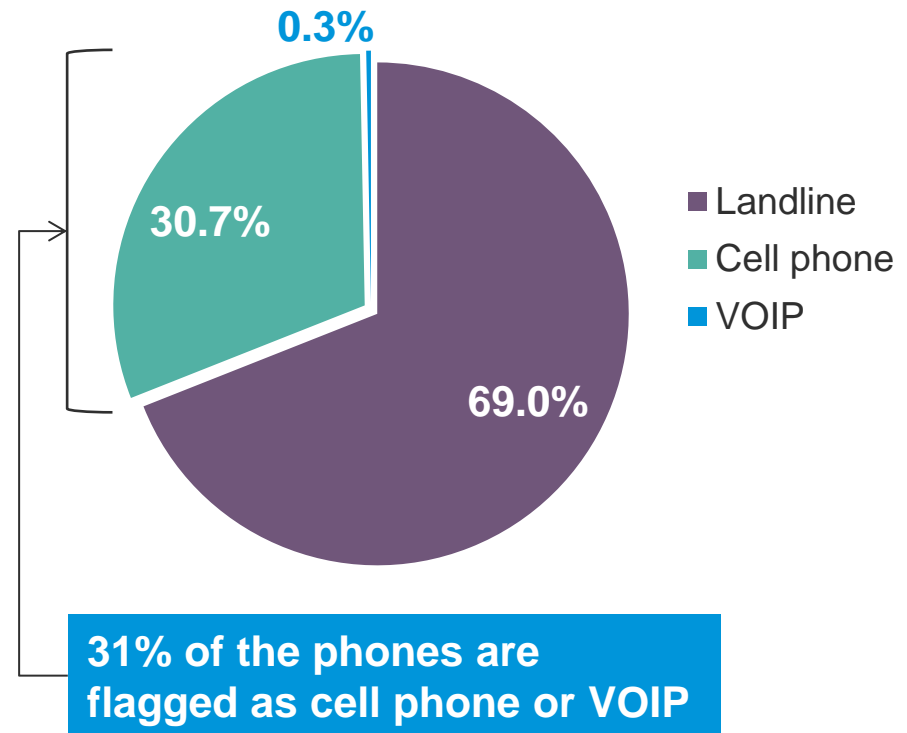
TrueTrace™ premier phone results
Validate or identify the consumer's best phones

- ~93% of the files included a phone number
  - 52% of the phones **matched** Experian's best phone
  - 48% of the sample, Experian identified one or more new phones
- ~7% of the file contained **no phone**
  - Experian identified new phones for 93% of these results
- Identified invalid or incomplete numbers were identified
  - Common examples include: "1111111111", "9999999999", sequential numbers, area code only, or missing area code

Client / Experian overlap

0.5%

25.0%

74.5%
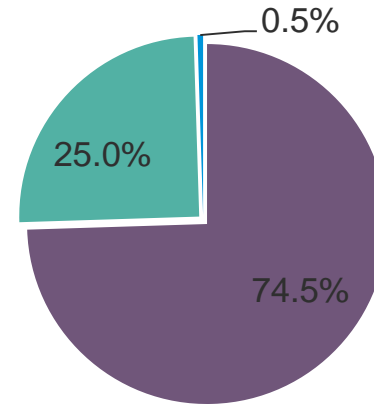
Experian new append results with TCPA phone type (Phone 1)
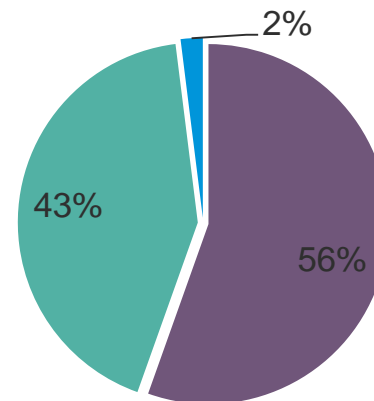
2%

43%

56%

- ■ Landline
- ■ Cell phone
- ■ VOIP

Data furnisher case study

Background

- DriveTime® has been subject to more than **$8 million** in regulatory fines by the Consumer Financial Protection Bureau

- Critical need to meet compliance against Metro 2® reporting

- Currently in a 60-day beta

  ▸ QA Metro 2® rules in the DriveTime® environment with their own data

  ▸ Measure the ability to meet compliance for Metro 2®

  ▸ Proactively check these measurements prior to month-end reporting

cfpb Consumer Financial Protection Bureau

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Key findings related to data quality

- Initial load of data against Metro 2® rules was deeper in content and higher accuracy against SQL attempts

- Red flags for data quality issues and fields that violated Metro 2®

  - Charge-off amount is reported but account is not reporting charge-off status

  - Illogical instances where their data violated Metro 2® standards and were able to tie these results back to business rules and standards

    - Never able to validate this previously

- DriveTime® analyst was able to complete a database query faster and more efficiently than SQL developers

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Solution overview

Introducing Experian's new data quality solution

An end-to-end data management software with coded Metro 2® reporting rules, helps data providers to analyze and correct reported credit data prior to submitting to the bureaus

Powered by Experian Pandora

Data governance	Data monitoring	Data accuracy
▪ Business process and controls ▪ Single governance solution that may be leveraged company wide ▪ Relationship discovery	▪ Analyze reported Metro 2® data ▪ Dashboard allows to easily track and measure results ▪ Validate and assess improvements or identify new areas of opportunity	▪ Data quality tool to help with FCRA compliance ▪ Identify and remediate data issues prior to submitting to the bureaus ▪ Identify root cause of errors

Changes implemented

- Ability to proactively notify account holders if they are "at risk" for hitting reinstatement or becoming charged-off through rules in Experian Pandora

- Identifying relationships across Metro 2® disputes and reinstated accounts

- Monthly data loads for month-to-month trends

- Year-to-year reporting dating back to October 2014

  ▶ Ability to identify the busiest times of the year

  ▶ Can see effects of a January dispute over the next 6 months

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Summary

- Common data quality challenges

- Data quality methodology

- Market forces pushing
  for data quality

- TCPA client and DriveTime®
  real-world challenges
  with data quality

For additional information, please contact:

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