



Delinquency trends and collection regulation update under the Consumer Finance Protection Bureau (CFPB)





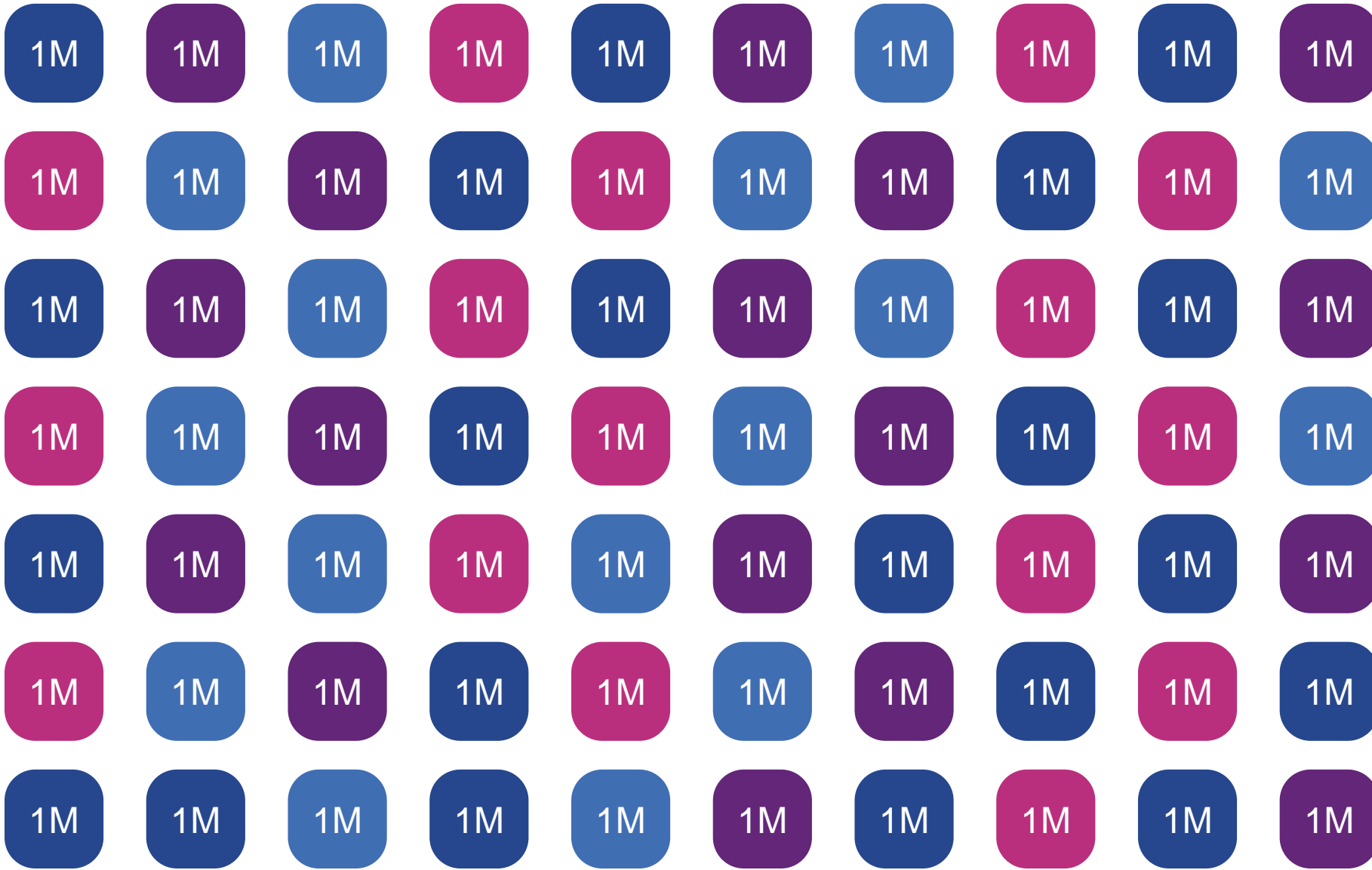
Introducing:

Edwin de Buck
ING

Gordon Cameron
PNC

Kelley Motley
Experian





70
MILLION

Timeline



Fair Debt Collection Practices Act
1978



Fair Debt Collection Practices Act Reform

Timeline not to scale

Great Depression
1929-1939

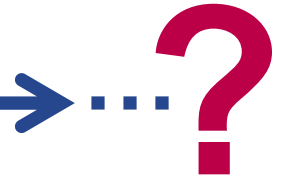
Glass-Steagall Act
1933

Gramm-Leach-Bliley Act
1999

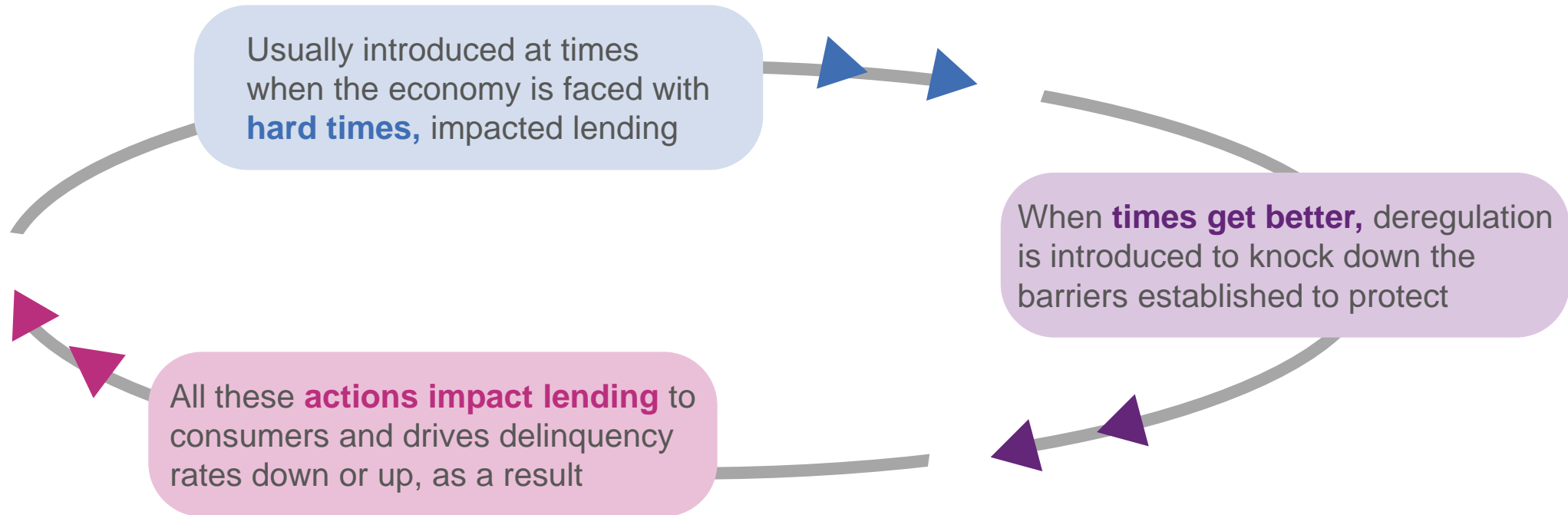
Great Recession
2007-2009

Dodd-Frank Act
2008

Volcker Rule
2014



Regulation cycle and potential targets

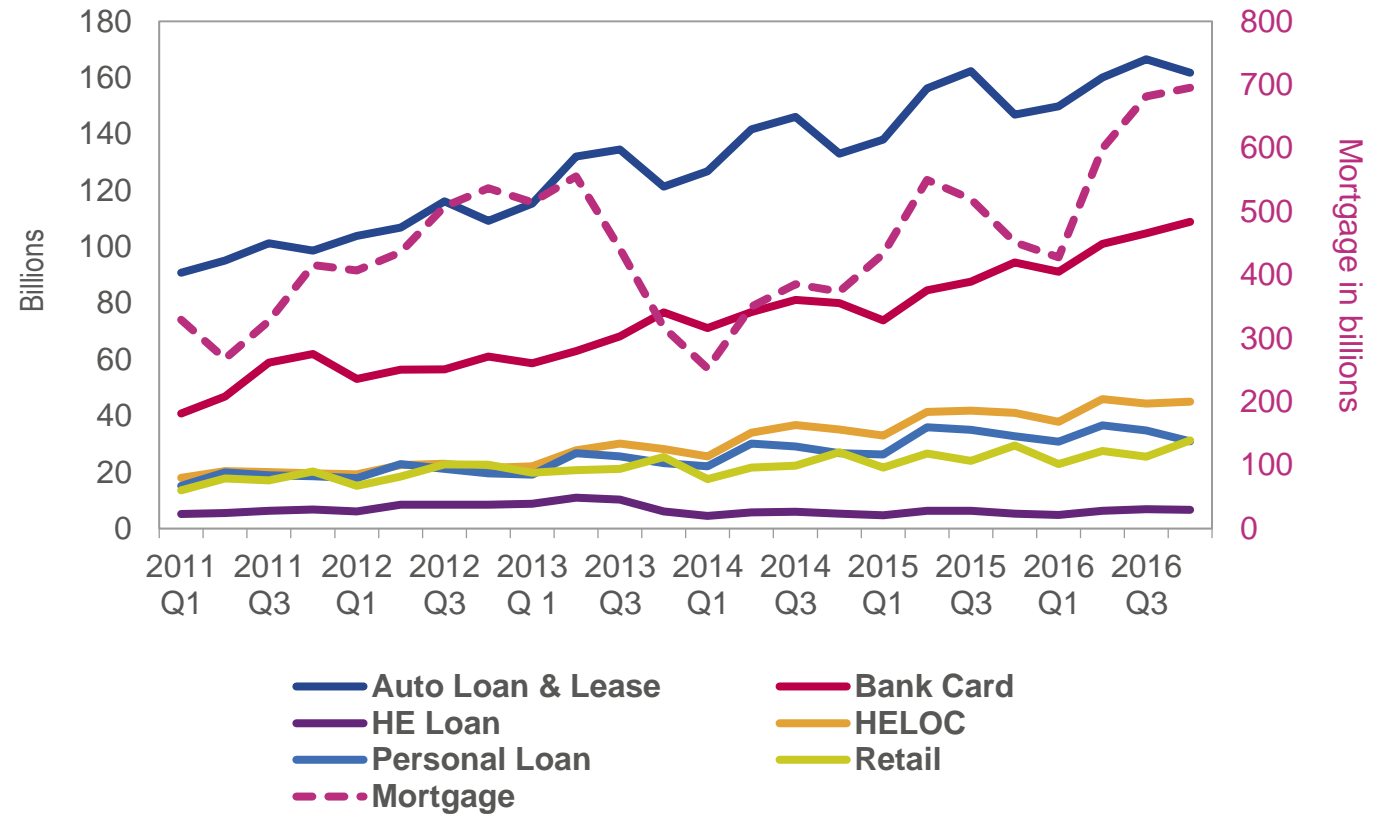


Potential regulatory targets:

- Dodd-Frank Act
- Glass-Steagall Act
- Volcker Rule

Originations by lending product

	YOY change 4Q 2015 vs. 4Q 2016	Change 4Q 2011 vs. 4Q 2016
Mortgage	+54%	111%
Bankcard	+15%	166%
Auto loan and lease	+10%	78%
HELOC	+10%	150%
Retail	+6%	131%
Personal loan	-6%	104%

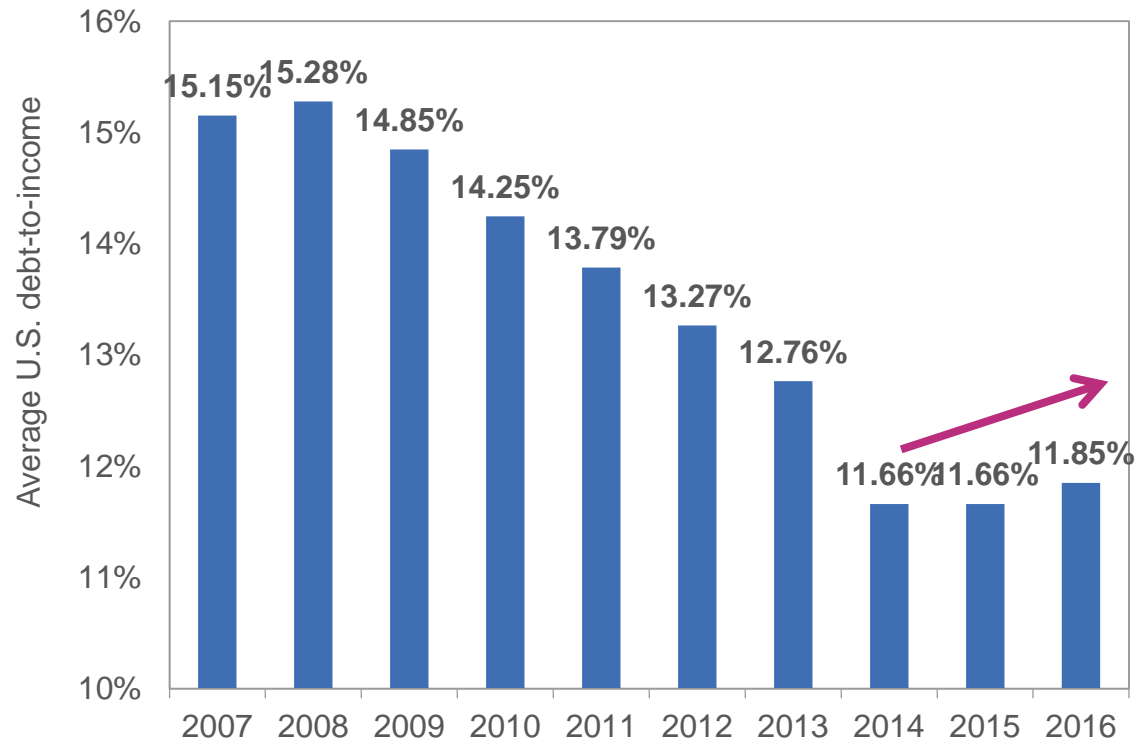


Source: Experian IntelliViewSM

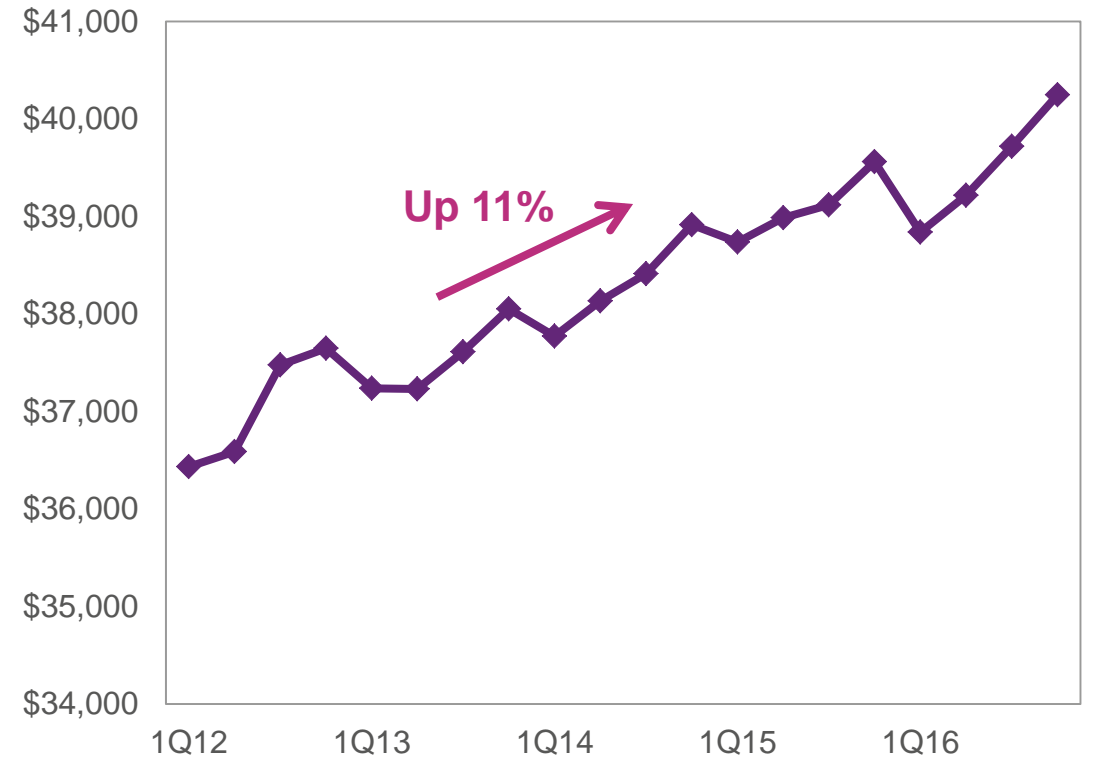


Debt-to-income and non-mortgage debt

Debt to Income InsightSM



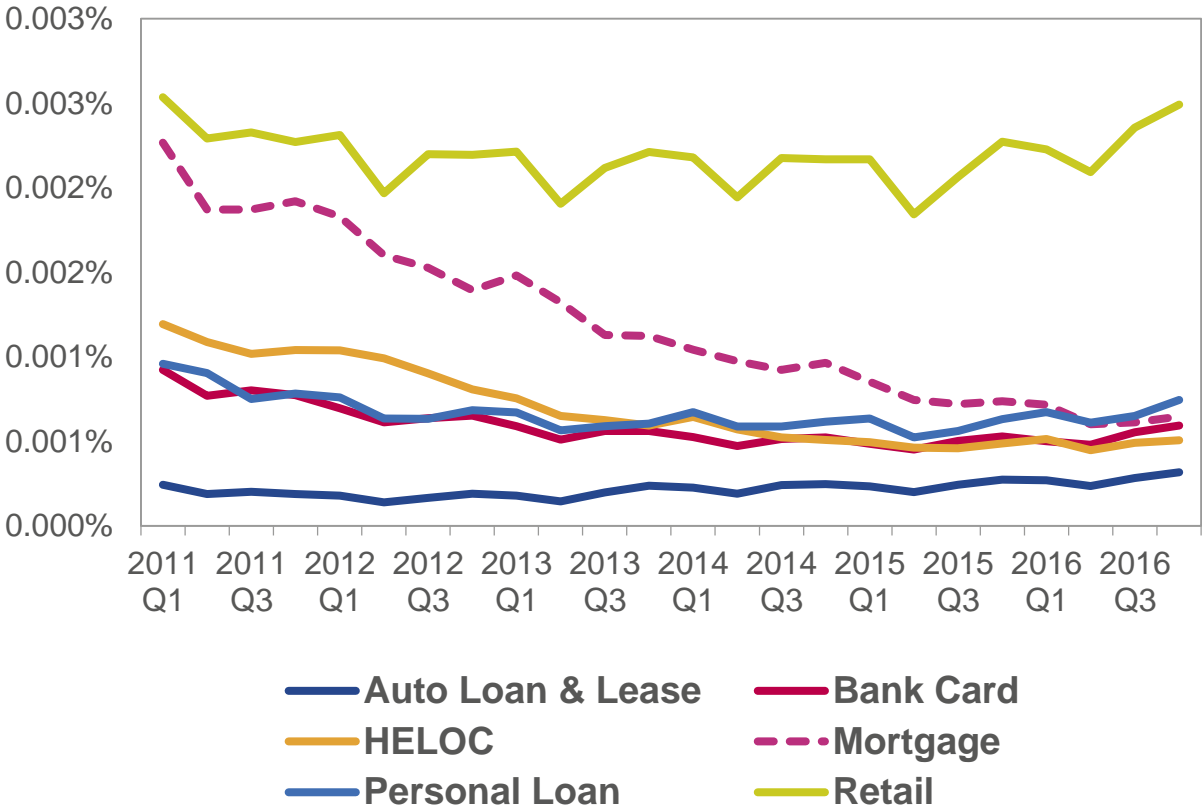
Average non-mortgage debt



Delinquency by lending product

90-180 DPD

	90-180 DPD 4Q-2016
Mortgage	0.65%
Bankcard	1.49%
Auto loan and lease	0.32%
HELOC	0.51%
Retail	2.49%
Personal loan	0.74%

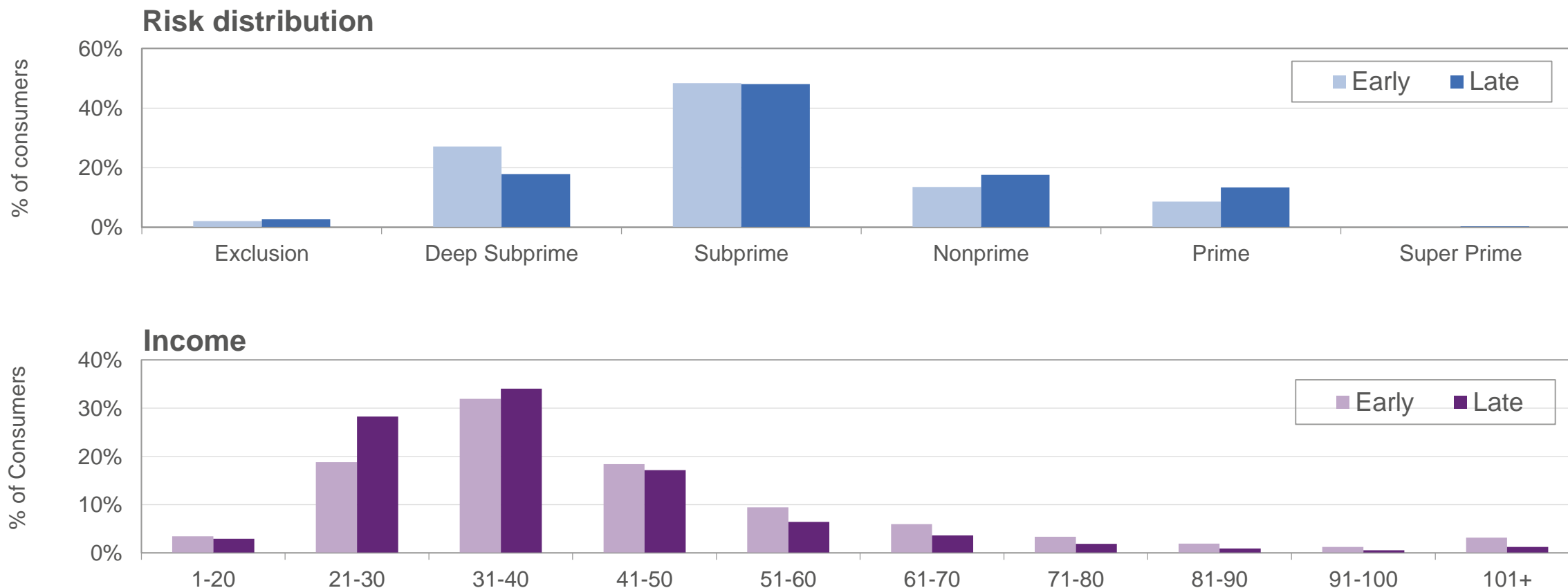


Source: Experian IntelliViewSM



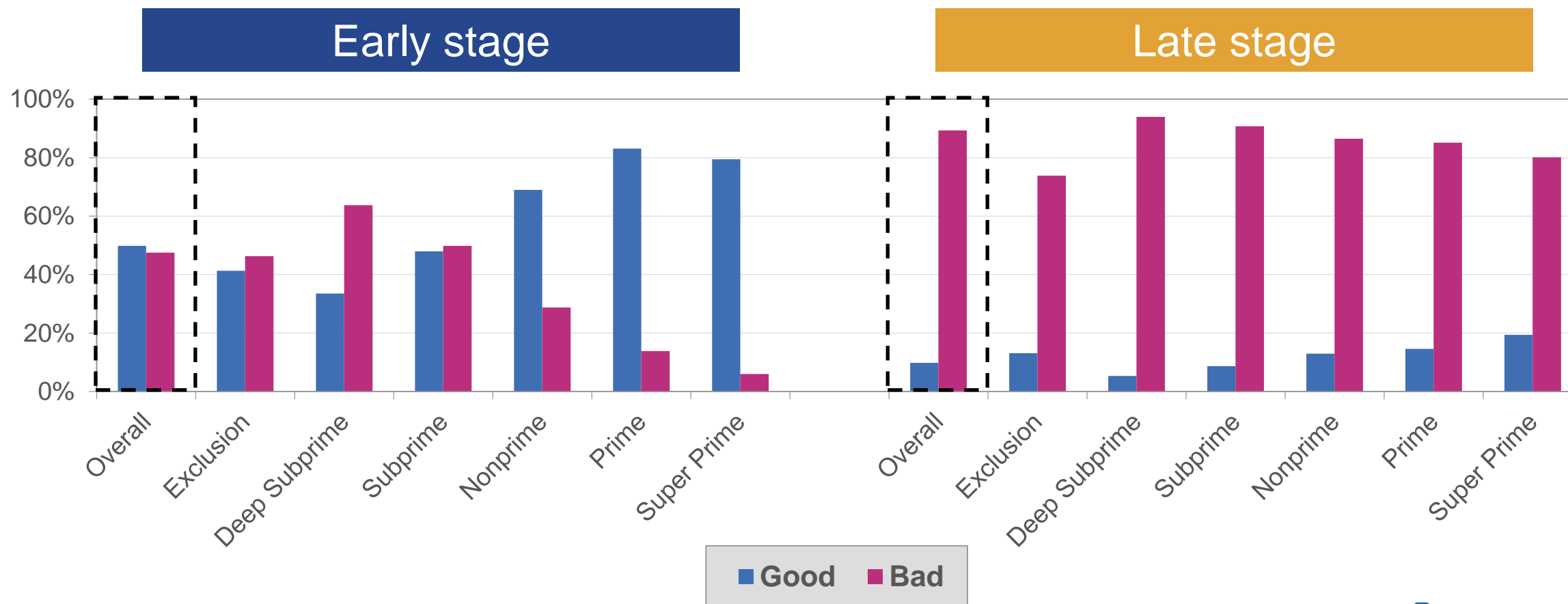
Ability vs. willingness to pay

Early and late stage delinquency by risk tier



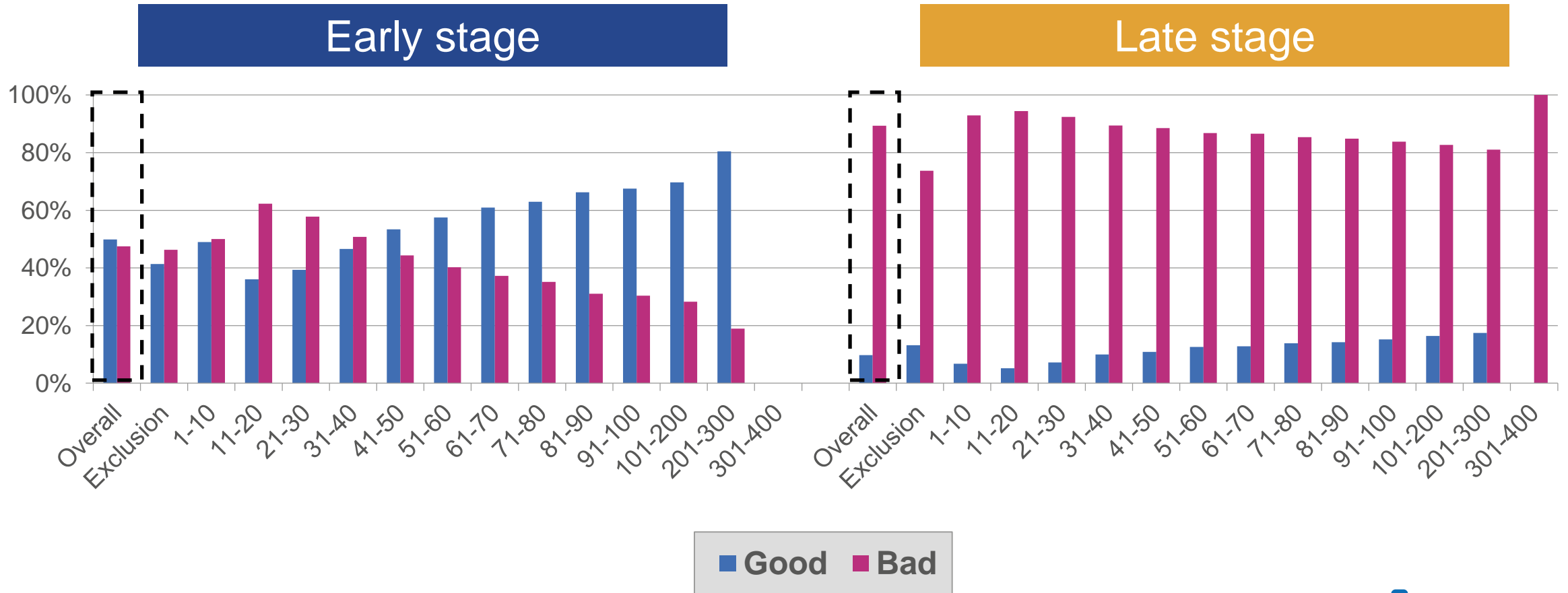
Ability vs. willingness to pay by risk tier

Early and late stage



Ability vs. willingness to pay by income

Early and late stage



CHAID analysis design

Total delinquent records
as of Jun 2016

Early stage delinquents (30, 60)
10%

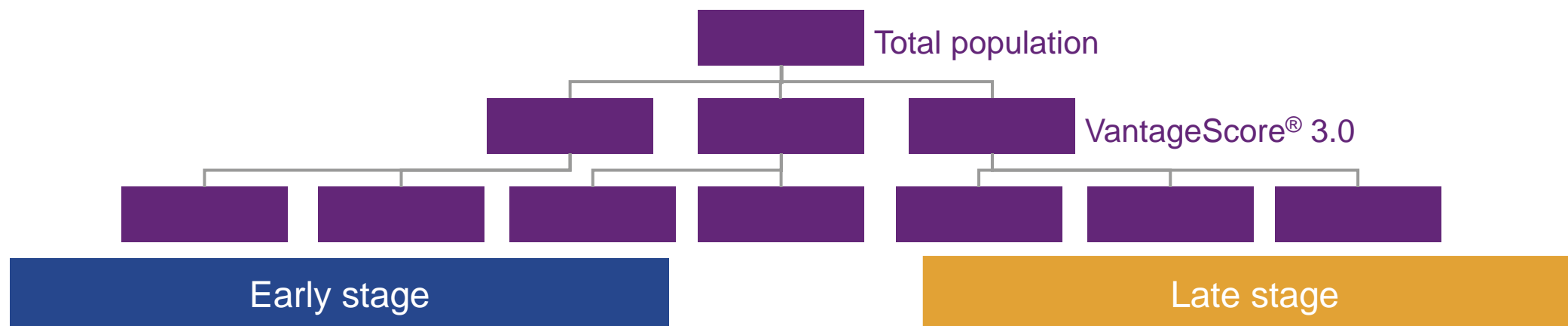
90-day delinquent
2%

Late stage delinquents (120+)
88%

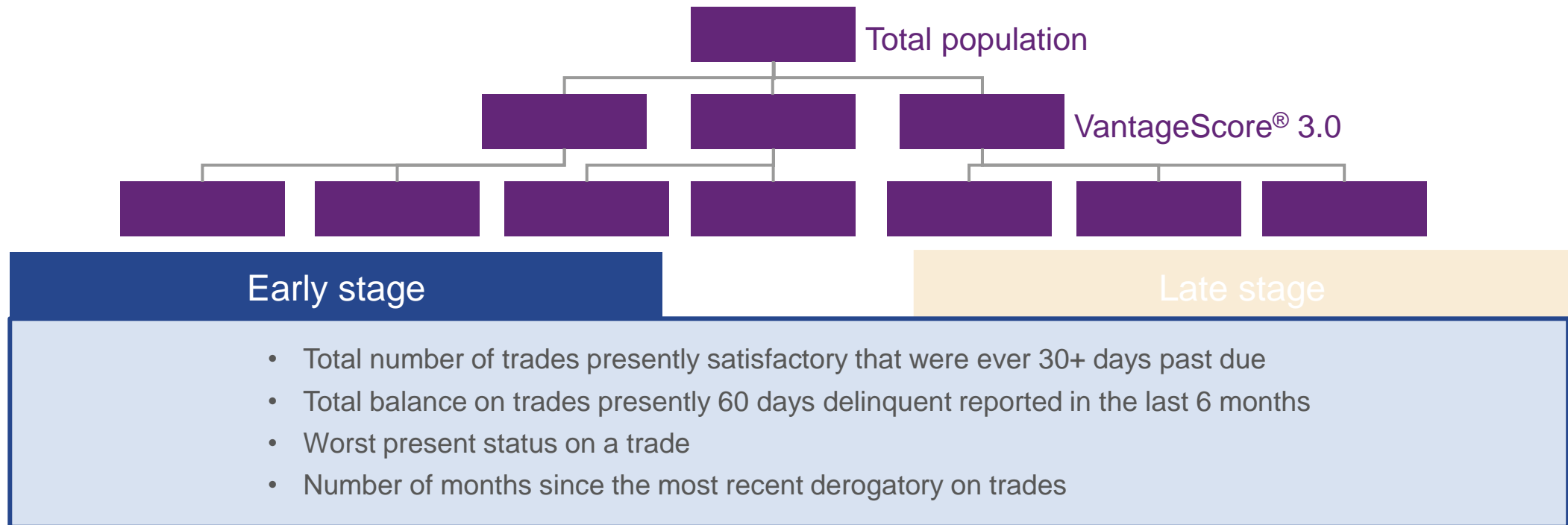


Decision tree analysis

Decision tree



Decision tree



Decision tree



Early stage

Late stage

- Total number of trades presently satisfactory that were ever 30 or more days delinquent or derogatory
- Total credit amount on unsatisfied derogatory trades
- Worst present status on a trade
- Number of months since the most recent derogatory on trades
- Number of months since the most recent charge-off
- Number of months since the oldest 60 days delinquency on trades
- Number of months since the oldest derogatory occurrence on trades
- Number of months since the most recent 60 days or more delinquency or derogatory
- Number of months since the most recent 90 days or more delinquency or derogatory
- Number of months since the most recent derogatory on trades

CHAID analysis

Early stage

	Risk Level				Total
	High	Average	Low average	Low	
Bad % with ind	87.8%	54.5%	28.5%	0.0%	47.3%
Good / bad ratio	0.13	0.75	2.42	N/A	1.06
% of total population	22.8%	38.3%	22.6%	16.3%	
% of total good	5.2%	31.1%	31.1%	32.6%	
% of total bad	42.2%	44.2%	13.6%	0.0%	

Account status as of June 2016		Account status 6 months later in December 2016					
		Current	30	60	90	120+	Charge-off
Early stage	30	Good	Good	Bad	Bad	Bad	Bad
	60	Good	Good	Ind	Bad	Bad	Bad

CHAID analysis

Late stage

	Risk Level				Total
	High	Average	Low average	Low	
Bad % with ind	96.9%	92.0%	88.3%	37.7%	89.4%
Good / bad ratio	0.02	0.08	0.12	1.60	0.11
% of total population	46.7%	28.9	16.3%	8.0%	
% of total good	10.9%	21.3%	18.3%	49.5%	
% of total bad	50.7%	29.8%	16.2%	3.4%	

Account status as of June 2016		Account status 6 months later in December 2016					
		Current	30	60	90	120+	Charge-off
Early stage	120*	Good	Good	Good	Ind	Bad	Bad
	Charge-off	Good	Good	Good	Ind	Ind	Bad

What might deregulation mean

Impact to credit market

- Large reform would require Congressional approval
- No more big banks, separating commercial and investment
 - **Positive impacts:**
 - Loan growth
 - Consumer confidence and spending increases
 - Increase earnings of financial institutions with rate increases and steeper yield curves
 - Rise in interest rates
 - **Negative impacts:**
 - Weaken capital, liquidity, and resolution standards
 - Weakening of creditworthiness
 - Increase consumer debt to income ratios
 - Increase consumer delinquencies



Customer Centricity in Collections

Edwin de Buck

Tribe Lead Center of Expertise Collections DBNL

Edwin de Buck



Tribe Lead CoE Collections,
ING Domestic Banking, The Netherlands



Center of Expertise Collections ING The Netherlands



SPECIAL SERVICING RETAIL NL

> € 100 BILLION

MORTGAGES

**CONSUMER LOANS, CREDIT
CARDS, CURRENT ACCOUNTS**

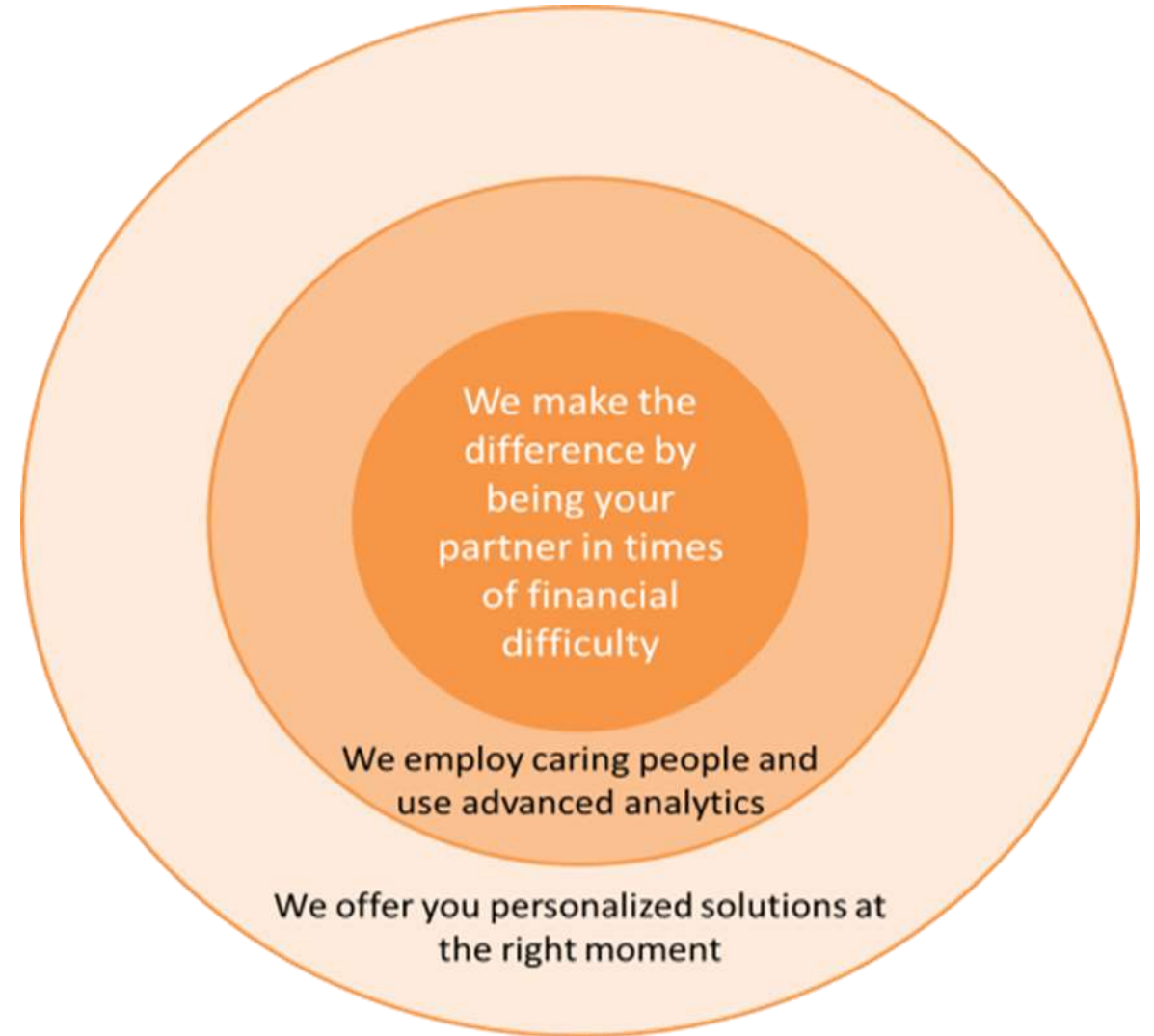
SMALL & MEDIUM ENTERPRISES

Mission

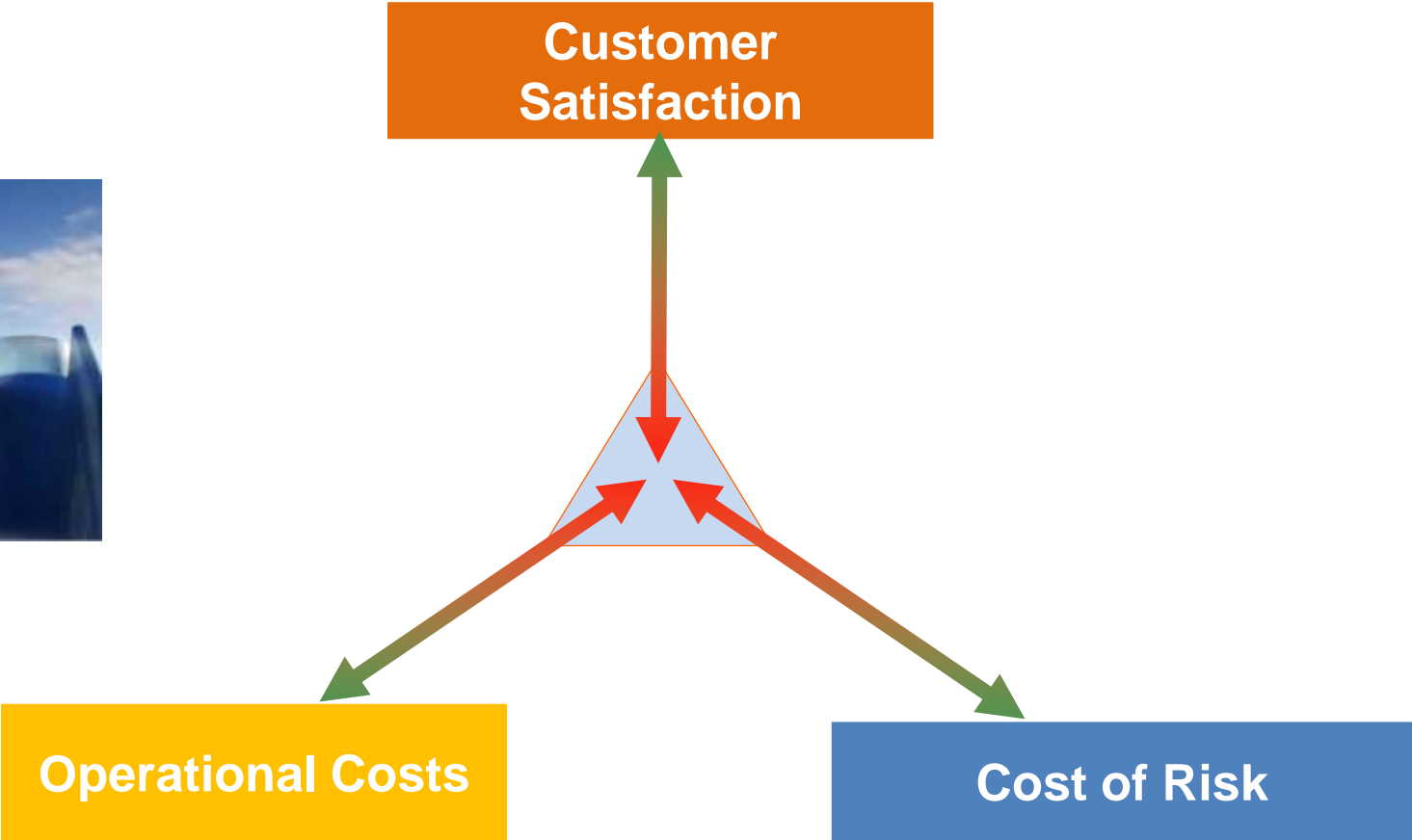


Empowering people to stay a step ahead in life and in business....

Purpose	EMPOWERING PEOPLE TO STAY A STEP AHEAD IN LIFE AND IN BUSINESS
Customer Promise	 CLEAR AND EASY  ANYTIME, ANYWHERE  EMPOWER  KEEP GETTING BETTER
Strategic Priorities	CREATING A DIFFERENTIATING CLIENT EXPERIENCE <ol style="list-style-type: none">1. GROW THE PRIMARY RELATIONSHIP2. DEVELOP ANALYTICS SKILLS TO UNDERSTAND OUR CUSTOMERS BETTER3. INCREASE THE RANGE OF PRODUCTS TO SERVE OUR CUSTOMERS' NEEDS4. THINK BEYOND TRADITIONAL BANKING TO DEVELOP NEW SERVICES AND BUSINESS MODELS
Enablers	 SIMPLIFY & STREAMLINE  OPERATIONAL EXCELLENCE  PERFORMANCE CULTURE  LEADING CAPABILITIES



Collections: Finding the Optimum



Pillars of Customer Centricity



Customer / Relationship driven

Sustainable Solutions

Change of Behaviour

Intrinsically Motivation

Willingness and Ability

**The right Action at the right Time
for the right Customer**

Operating Model of Customer Centricity



**Customer Journey
(End-to-End)**

**Segmentation & Differentiation
(Data)**

**System & Work instructions
(Process)**

**Education, Training and Motivation
(Collector)**

**Customer Journey and Feedback
Loop (Continuously Improvement)**

Tools for Customer Centricity



Emotion Curve & Moments of Truth

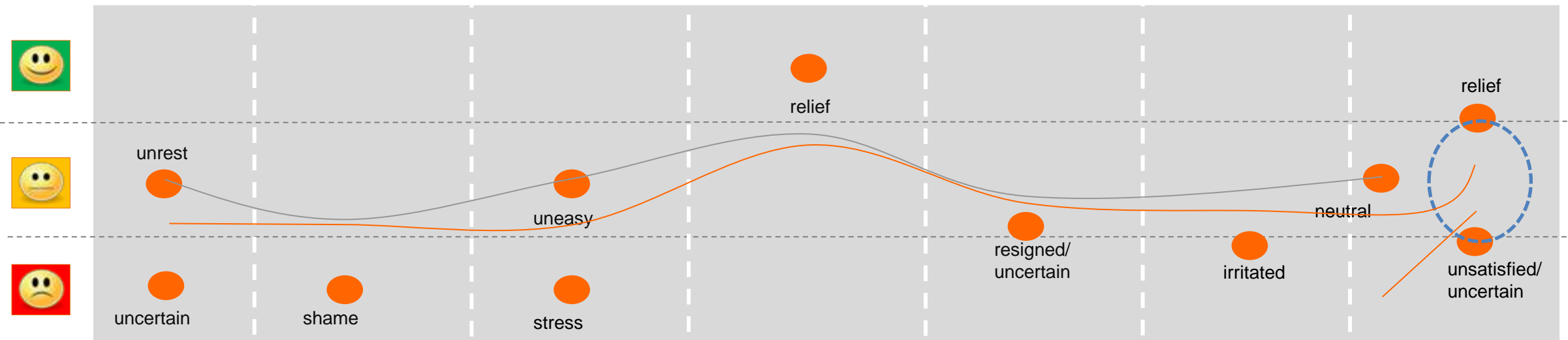
Closed Loop Customer Feedback

**Customer Experience
Improvement Cycle (CEIC)**

Continuously Improvement

Agile Way of Working

Customer Journey: Emotion Curve & Moments of Truth



Emotional customer journey 3.0

I have to prepare myself(7+ moment)

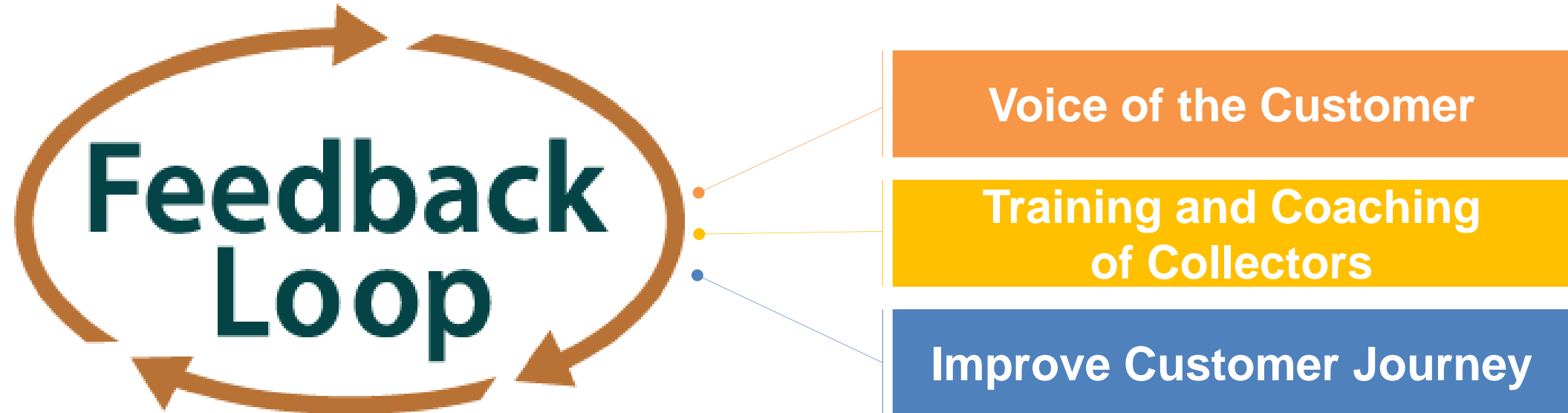
I have to cross a border to contact ING + moment

First contact: respect me (9+ moment)

Contact me: inform, explain, keep me posted (9+ moment)

Contact me: appreciate, respect, after care financially fit (9+ moment)

Closed Loop Customer Feedback Loop: Objectives

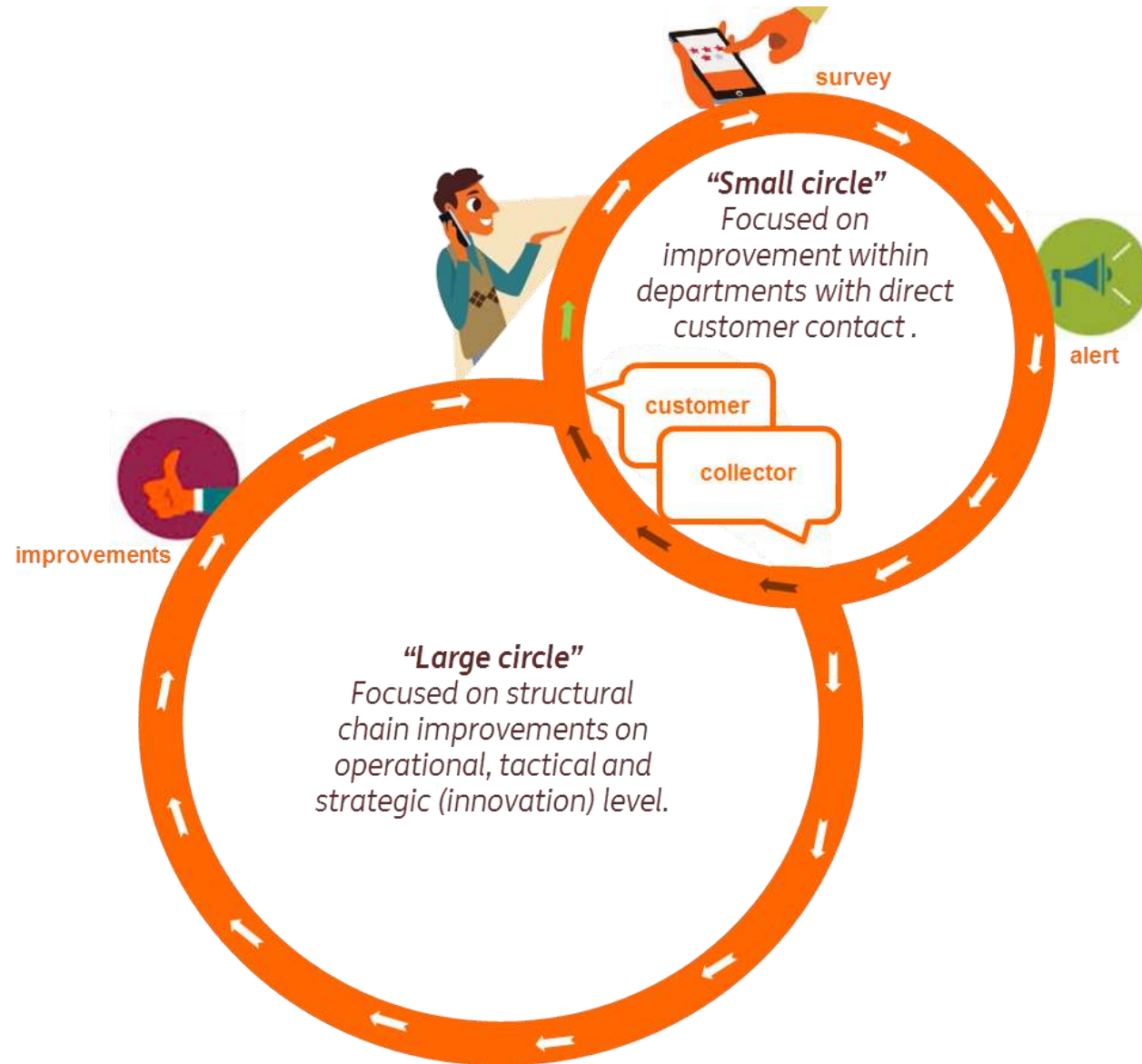


Customer Experience Improvement Cycle (CEIC)



MVP: Minimum Viable Product

Continuous Improvement: Small and Large Circle





Questions and answers

Experian contact:

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