

Building AI into your collections strategy

Five steps for building AI into your collections from industry experts:

Josh Foreman

Founder & CEO,
InDebted



Duhita Khadepau

Senior Manager
Enterprise Data,
Cuscal



Jo Mikleus

AI Strategic Advisor &
Non-Executive Director,
Success2Significance



Mike Zhou

Chief Data Officer,
InDebted



In 2024, 76% of Financial Services firms are considering or already using AI or machine learning.

The possibilities in debt collection are endless; message writing, customer engagement, even quality assurance. You might be thinking - the end results sound great, but how do you integrate technology such as AI in highly scrutinised and regulated sectors? Let's take it step by step.

1

Understand the regulatory perspective

Jo Mikleus

AI Strategic Advisor &
Non-Executive Director,
Success2Significance



Engaging your internal Risk & Compliance team throughout is essential to ensure your technology is considering the regulatory perspective from the get-go.

The debt collection regulatory environment is complex to say the least, particularly in the United States. There's a lot to keep up with, but Jo Mikleus (Board member of the global RegTech Association) shared their recent report which found that 80% of global regulators are implementing innovative technology solutions. Appreciating innovation as a need-to-have, along with its consumer outcome benefits, they're making strong strides to progress beyond the status quo.

It's not a question of whether the regulatory environment has an appetite for change, the question is how use of innovation such as AI addresses their key priorities. According to Jo, top of this list ranks the transparent use of data. This includes ensuring your data processes are rock solid, protecting consumers at every step. Look into:

- What data are you using, and how was it collected?
- How are you baking ethical principles into your data management processes?
- Are there any potential biases in your data set? How are you addressing these?
- How are you building transparency into your modelling processes?

It's important to remember that regulators aren't a barrier to innovation, but a critical gateway to how the industry can progress safely and fairly.

2

Evaluate your data maturity

Duhita Khadepau

Senior Manager
Enterprise Data,
Cuscal



Before you start exploring potential applications of technology like AI, take a deep look at your data. Determining your data maturity is key to understanding what's possible in your business. Data maturity frameworks assess multiple factors, including:

- Management: Collection, storage and lifecycle management
- Governance: Policies, standards and responsibilities
- Quality: Accuracy, reliability and correcting issues
- Analytics and reporting: Analytical capabilities and reporting tools
- Culture: Organisational culture, training and development
- Security and privacy: Data protection measures in place and compliance adherence

Duhita recommends starting here to get a 360 view on the available data to feed into any AI or machine learning models you build. Data issues are the largest barrier to using AI for Financial Services organisations - with 38% saying that privacy, storing and sovereignty is the challenge. Taking the time to work through a maturity framework will unearth these opportunities, making your data stronger and more usable.

Refining your processes also allows you to make the most out of your organisation's unique internal data, offering further potential later down the road. Once your data has predictive power, then you can see where the technology fits in.

3

Duhita Khadepau

Senior Manager
Enterprise Data,
Cuscal



Experiment and test different technology

Now you've determined your approach to gaining quality data and regulatory alignment, it's time to explore the technology. The tactic here is to start small and work your way up. Consider the problem you're looking to solve, and think about whether a machine learning model or AI is really necessary. If it is, then here's how you can work out exactly what you need.

Machine learning models

What they're good at: Tasks that involve making recommendations based on a specific set of numeric data.

Use case in debt collection: Machine learning model that gives personalised recommendations on the best time to send emails to customers, based on individual account data and engagement.

AI

What it's good at: Tasks that involve replicating human intelligence and understanding context such as customer sentiment.

Use case in debt collection: Writing collections emails to customers that test different calls to action, messages and tones, continuously improving communications based on individual performance analysis.

Once you've identified the right technology, it's ideal to check its viability in a contained environment first, then taking a progressive rollout including Beta before a full launch. This allows you to fix any immediate issues, build a stronger business case for investment, and optimise the technology.

4

Build AI into your organisational culture

Josh Foreman

Founder & CEO,
InDebted



21% of Financial Services organisations are investing more in staff AI training. Why? The business case is simple. It engages your people, fuels curiosity, improves efficiency and increases the appetite for innovation within your organisation. Building AI into your strategy starts with empowering your team to use new technologies in their day-to-day.

Practical ways to drive AI into your team and culture:

- Nominating an executive sponsor to drive the uptake of AI at a company-wide level
- Introducing common AI tools such as ChatGPT company-wide and supporting teams to find specific use cases
- Holding lunch and learn AI sessions to teach team members how they can use AI in their daily tasks and answer any questions
- Finding out if there are any existing tools used by teams that are already integrating AI or exploring

Josh talks about encouraging company-wide usage of AI tools by sharing use cases from different teams across the business. Take InDebted's Finance team for example, who built their own AI-bot to provide recommendations for their accounting decisions.

Highlighting a tangible initiative like this gives other teams a real insight into how transformative AI can be - which makes the jump to AI collections an easier reach.

5

Assess ROI

Mike Zhou

Chief Data Officer,
InDebted



With AI spending in the financial sector projected to double to \$97 billion in 2027, understanding ROI is essential. It's important to note that investment in AI is for long-term value, so look at this in line with short-term costs. Get a sense of the full picture with a thorough cost-benefit analysis. Other financial services organisations that have adopted AI have experienced a range of benefits:

- Creating operational efficiencies (43%)
- Creating a competitive advantage (42%)
- Improving customer experience (27%)
- Yielding more accurate models (27%)
- Opening new business opportunities (23%)
- Reducing the total cost of ownership (14)

When it comes to collections, your metrics should be aligned to your specific innovation and could include KPIs such as customer satisfaction, channel engagement and more. Also remember that AI and machine learning technology has the added benefit of naturally improving over time, as it learns with new interactions and data. The most important takeaway is to set a target that once achieved, warrants further investment.

Start now

These five steps provide an actionable framework to start exploring how new technology can create specific solutions that meet the needs of your customers. With transformative potential, take your time to understand and integrate this technology effectively and safely - keeping your customer's experience front and centre. Strive for progress over perfection - but keep your Compliance team close by!

About InDebted

Customer expectations have changed.
Traditional debt collection hasn't.

It's outdated and impersonal, and delivered by agents with the wrong incentives. The result is low collections performance, poor customer engagement, with compliance and reputational risk.

At InDebted, we're changing the world of consumer debt recovery for good, by creating a better way for businesses to support their customers through it.

Our Collect product delivers up to 40% increased recovery performance, while being the world's highest rated debt collection solution for customer experience.

We put the power back in the customer's hands - rather than pressuring or taking an impersonal approach, our AI and machine learning is intuitive to how people prefer to manage their debt. This creates empowered customers who get back on track faster, proactively, and more sustainably.

Offering the only multi-market and scalable solution for global or enterprise businesses, InDebted is operational in the United States, Canada, the United Kingdom, Australia, and New Zealand.

[**Take a tour of Collect**](#)