LoanPro
Modern Credit Platform

Boost collections and customer retention through LoanPro

Strong collections and borrower retention are crucial to the long-term success of any credit product, but traditional methods and tools often fall short. Borrowers end up feeling disconnected from the lender and their account. They're more likely to miss payments, and to choose another lender when they apply for credit in the future.

That's why the best credit providers are innovating with new and creative collections strategies, enabled by LoanPro's modern credit platform. Our robust suites for collections, communication, and data management changes your interaction with borrowers from a mere transaction into a functional and engaged relationship, all while reducing your own operational costs and risks.

LoanPro can support your collections efforts through these strategies:

- Prevent delinquency with dynamic repayment
- Reduce risk of default with account adjustments
- Build retention with personalized and automated communication
- Drive overall profitability with data management and reporting

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> LoanPro gives us everything we need, from reporting to account management, customer collection, customer queues. It's a software that can run your entire business and there's not a function that LoanPro can't handle for you."
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> -Zack Vandenberg, Own.Lease Founder & CEO

Prevent delinquency with dynamic repayment

It's far easier to keep pre-delinquency accounts engaged, communicating, and repaying than it is to try and reclaim accounts that have already slipped 90 or 120 days into delinquency. Sound collections strategies can't begin when a borrower has already missed payments—instead, they should take every effort to ensure borrowers stay on track with their payment schedule.

Here are three key repayment strategies to ensure payments succeed on time and in full:

Enroll borrowers for AutoPays.

Automatic payments are a win-win for borrowers and lenders alike. While you enjoy the benefit of more consistent payments and reduced manual work, you can pitch AutoPays to your borrowers as a convenient time saver. With LoanPro, they're easy to configure, and can even be set up by borrowers themselves.

Sync schedules to pay periods.

Logging payments just after a borrower's payday not only reduces the chance of a failed payment, but can also spare borrowers from overdraft fees. LoanPro can even support custom schedules for borrowers with irregular income.

Multiple payment profiles.

If borrowers use multiple bank accounts or cards, you can leverage this to increase the chances for successful payments. LoanPro can chain together multiple payment profiles according to customer priority, first trying to draw from their preferred profiles before trying others.

Keep borrowers engaged, informed, and repaying with personalized communication

Personalized communication does more than just keep borrowers informed—it keeps them engaged, building a long-term connection with your company. But crafting messages to each individual borrower will consume massive amounts of agents' time, limiting the size of the portfolio you can support.

That's why LoanPro has paired communication tools with our Automation Engine, creating a powerhouse solution for personalized, automated borrower interactions. Now, you don't have to keep track of what to say and when to say it.

By leveraging real-time account data, LoanPro generates and sends messages according to your own custom business logic. Without lifting a finger, you can send ongoing messages to customers reminding them of upcoming due dates, explaining payment options, and providing account-specific details like their payment history, payoff, and even calculated values for how their account will look after a payment is made.

Personalized communication also provides an excellent opportunity to connect your borrowers with financial literacy resources. You could send out general information about good financial habits, or more targeted information offering them enrollment in hardship programs, debt consolidation, or credit-builder accounts.

3x Reduction in manual work

40% More time to work on other tasks

Source: [Driving Operational Efficiency through LoanPro's Modern Lending & Credit Platform]

Reduce risk of defaults with account adjustments

When some accounts inevitably go delinquent, too many lenders simply ramp up their previous collections efforts—making more calls, sending more warnings and reminders, and tacking on more late fees. But more aggressive collections efforts do nothing for borrowers experiencing a surge in expenses or sudden loss of income, and instead annoy and alienate them during a period of financial hardship.

Collections isn't a zero-sum game, and borrower-friendly strategies are often bottom-line-friendly as well. During the COVID-19 pandemic, we saw lenders implement hardship programs and other account modifications, and the result was lower default rates, greater long-term repayment, and drastically improved borrower-lender relationships.

Temporary adjustments for short-term disruptions. Some life events might disrupt their immediate income-to-expense ratio without drastically altering their financial situation. When a borrower changes jobs, moves, or pays for a hospital trip, showing them some leniency can go a long way toward fostering loyalty. What's more, minor edits to a next due date or with a temporarily lower interest rate will scarcely affect your earnings over the life of the account.

Permanent adjustments to accommodate major changes. If a borrower experiences a major life change (like a new child, divorce, or caring for a relative), their financial situation may be so drastically altered that they're no longer able to pay in their contracted terms. But instead of letting them default, lenders can offer them adjusted terms like a reduced payment amount or extended schedule.

Roll line of credit balances into installment accounts. Some borrowers love the convenience of buying on credit through a card or line of credit, but worry about the debt that can mount from only making minimum payments. You can offer them the best of both worlds by rolling large transactions or portions of their overall card balance into a more manageable installment loan with a set amortization schedule, working like a card-based BNPL program.

Data management and reporting

While the other strategies we've discussed can all be implemented on an account-by-account basis, it's also important to develop large-scale collections strategies that leverage your data to maximize returns. On legacy lending systems, data might be siloed or simply inaccessible, but LoanPro's modern credit platform enables lenders to fully access their data through UI reporting tools, a robust API, or even directly through a real-time replicated database.

- Detect problems in wide-scale. LoanPro's data and reporting tools can help identify accounts at different stages of risk—whether by days past due, amount past due, or any other metric you use. As it detects those problem accounts, it can automatically communicate with borrowers, adjust accounts, or flag them for manual review.

- Report borrower credit. Whether they aim to protect their score or raise it through repaying, customers have a vested interest in repaying lenders who report credit. LoanPro can streamline the logistics of reporting to the bureaus, but to get the most out of this incentive, you should keep your borrowers informed. Telling them that you report to all three bureaus and can raise their score—or warning them about the consequences of missed payments—can help them recognize those incentives and act accordingly.

- Maintain an audit trail for litigation. If you use litigation to recover lost payments through a settlement or wage garnish, the courts will need ample documentation showing that the borrower does owe you a debt and is in breach of contract. LoanPro can save contracts directly to accounts or borrowers, and automatically maintains an audit trail of all activity on the account, and both can be easily exported.

Level up your collections today

Best Egg, a personal lender that leverages LoanPro Collections Suite, recently ranked 2nd in the JD Power consumer lending satisfaction study and won Consumer Affairs Buyer's Choice awards in three categories. Not only have they managed to drive revenue and growth during a period of economic uncertainty, but they also strengthened their customer retention and loyalty.

> Payment flexibility has many shapes and forms — it can be unique and innovative payment programs for customers if they fall on hard times, or it can be unique and innovative repayment plans at the outset of a loan."
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> -Alex Rhodes, Best Egg COO