
Voice AI Automation in Subprime Auto Finance Collections:

Accelerating Recovery
and Reducing Cost of
Collections



Executive Summary

In this white paper, we'll offer a deep dive into the challenges that auto finance companies face when collecting from consumers, especially with rising delinquencies, and why the rapid advancements in voice AI can bring a revolutionary change with the automation of outbound collection calls and inbound consumer support.

This paper represents a unique guide for executives of auto finance companies with a large portion of subprime auto debt in their portfolio.

In collaboration with



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CEO, SameDay Auto

Russell Warden is the Chief Executive Officer of SameDay Auto Finance, with a background in lending, regulation, and operations.



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Business Lead - Collections at Skit.ai

Scott Carroll is a collection industry executive with over 30 years of operations experience. Scott has managed large collection entities where he streamlined processes and enhanced compliance while embracing technology.

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The Auto Finance Industry and Collection Challenges

In September 2022, the U.S. auto finance industry achieved a noteworthy milestone, reaching [\\$151 billion](#). With an anticipated year-end surge of 8.2% growth, the industry is expected to sustain this momentum. The pressure from increasing interest rates is gradually manifesting in higher delinquency rates, particularly for subprime auto loans.

Millions of Americans are currently 90 days behind on their auto loans. The likely cause for this rise is the increasing number of subprime auto loans, as they constitute a major group of borrowers with a high risk of delinquency. Amidst the challenges posed by shrinking margins and growing delinquency rates, auto finance companies are turning to technology to enhance their recovery efforts while simultaneously decreasing the expenses associated with collections. This is particularly relevant within the subprime segment.

The Subprime Auto Finance Collection Challenges

Within auto finance companies, particularly those focused on subprime loans, collections play a substantial role due to elevated delinquency rates, and collections calls are critical in managing delinquencies. Enhanced collection efforts correlate with lower write-offs leading to improved portfolio performance and profitability. Consequently, resolving challenges related to collections stands as a top-tier priority for such companies.

Collections in auto finance companies focus on three pivotal elements: **cost, connectivity, and compliance**. Although these challenges have remained the same over the last decades, only now, with the emergence of voice AI technology, we have a solution in the market that can effectively tackle them simultaneously.

The main challenges faced by collection functions within auto finance companies:

- 1 **Staffing challenges around retention, availability, and scalability**
 - > Need to fill in gaps when an agent calls in sick or leaves.
 - > High agent attrition

- 2 **Lack of support during non-business hours and days**

- 3 **Poor agent bandwidth utilization**
 - > Agents spend a lot of time calling wrong or unresponsive numbers.
 - > Most of the calls are simple, repetitive, and low value

- 4 **High cost of processing early-stage delinquency**

- 5 **Minimizing overall charge-offs**

- 6 **Improving and ensuring compliance**

- 7 **Improving account penetration and call frequency**

- 8 **Increasing automation within the collection process and minimizing manual tasks**

[Read more >](#) about Agent Productivity Augmentation

In the words of a growing auto finance company chief executive:

Skit.ai's solution helped us on multiple fronts by solving agent availability bottlenecks, operating at a much larger scale, and improving account penetration, at a fraction of the agent cost. Skit.ai's solution augmented agent productivity, as agents are able to focus on high-value accounts and complex cases. I see this technology becoming an industry standard very soon.

- **Russell Warden,**
CEO, SameDay Auto.



Voice AI for Auto Finance Subprime Collections, an Imperative

The future of work is the collaboration of AI and human expertise, ushering in a new era of augmented productivity. Voice AI is bringing significant improvements and a paradigm shift by automating collection calls, reducing costs, and empowering agents.

What is Voice AI

A Conversational Voice AI solution enables collection agencies to optimize and expedite revenue recovery processes. By automating millions of inbound and outbound collection calls, auto finance companies can engage in automated, intelligent, and impactful conversations with consumers on a large scale.



Voice AI: The Missing Piece of the Collection Puzzle

Over decades, the collection industry has been unable to automate collection calls and has become completely dependent on agents to collect. The account penetration remained low, agent bandwidth was poorly optimized, and payment automation was not there.

Voice AI addresses the automation challenge for collections agencies, executing thousands of simultaneous, intelligent, and personalized calls. With integrated safeguards, the solution mitigates compliance risks. It offers a "Card-on-file" and on-call payment feature to elevate customer convenience, enhancing the end-user experience. By managing repetitive calls, this technology boosts ROI on human agents, allowing them to concentrate solely on high-value tasks.



Why Voice AI Is An Imperative for Subprime Auto Collections

A decade ago, collection agencies and the collection functions of auto finance companies may have been able to operate without leveraging technology.



No Alternative to Solve Staffing Challenges:

Except for voice AI solutions, no technology can solve all the staffing bottlenecks. Be it scale, availability, training, attrition, and so on.



Ability to Answer Return Inbound Calls:

Be it any hour of the day, and any day of the week, an intelligent voicebot, such as Skit.ai, can answer all inbound calls, which are in response to a reach out and boost collections by on-call payments or capturing dispositions.



Ensuring Complete Compliance:

The voicebot never goes off script, and adherence to the latest regulatory guidelines, thus improving compliance.



Better Collections with 100% Account Penetration:

Thousands of calls within minutes, with a high percentage of end-to-end automation, simply gives auto finance companies 100% account penetration in a day instead of months.



Lowering Cost of Collections:

Intelligent voice bots cost only a fraction of human agent reach outs.

Why Voice AI for Auto Finance

[Read More >](#)



Entering the Era of Voice AI in Auto Finance Collections

The year 2023 holds pivotal significance as auto financing companies initiate the transformation of their collections processes through Voice AI. This marks the onset of a new era, where most collection calls will be automated, granting agents the freedom to concentrate on high-value and intricate accounts.

[Explore > How Auto Finance Companies Can Improve Collections](#)

Everyone is familiar with ChatGPT, GPT-4, and their remarkable capabilities. Numerous companies have harnessed these technologies to develop innovative solutions. However, only a few companies working on cutting-edge tech, like Skit.ai, have led the way in applying Large Language Models (LLMs) to Voicebots. Creating a Voicebot that is both exceptionally capable and fully compliant demands significant effort and expertise.

Here's a preview of the new capabilities:

**Beyond Human
Agent Performance**

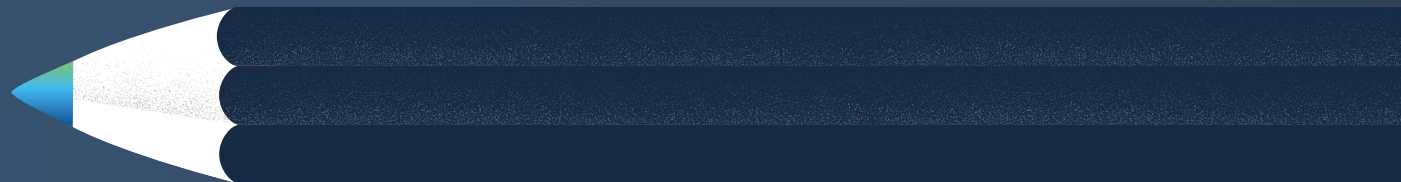
**Higher Resolution
Rate**

**Handling Complex
Conversations**

**Low Agent
Dependency**

**Entering New
Market Quickly**

**More Natural
Spoken
Conversations**



Myths around Voice AI

The latest Voice AI solutions differ completely from their predecessors.
Here is a quick fact check:

Myth	Reality
It is very expensive	An auto finance company can deploy a Voice AI solution for as low as \$1000 .
Longer deployment time	Today, advanced solutions can be deployed within hours .
Need for an in-house IT team	Today, cloud-based SaaS solutions are easy to deploy and run. They do not need auto financing companies with an in-house team to work on it constantly.
It will cause more compliance issues	A voicebot strictly adheres to the script and never deviates from approved negotiation terms , even in situations like debt negotiation. This meticulous adherence enhances compliance, unlike human agents who occasionally stray from the script in their pursuit of successful collections.

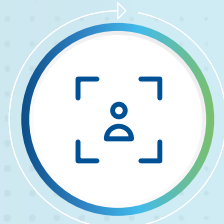
Success Stories

More than twenty debt collection companies have embraced Voice AI for improved collection strategies. In this article, we encapsulate the journeys of an auto finance firm and a collection agency with a diversified portfolio. Both entities integrated Voice AI to address their collection challenges effectively.

Our clients were able to move the needle on the following metrics:



**Cost of
Collections**



**Right-party
Contact**



**Agent
Productivity**



Connectivity



**Payment
Trends**

Success Story: Auto Finance



1st Party Auto Finance Collections: Improving Collections with Complete Compliance

- Bottlenecks around Skilled agent scarcity and availability
- Increasing cost of collections
- Ensuring complete compliance.

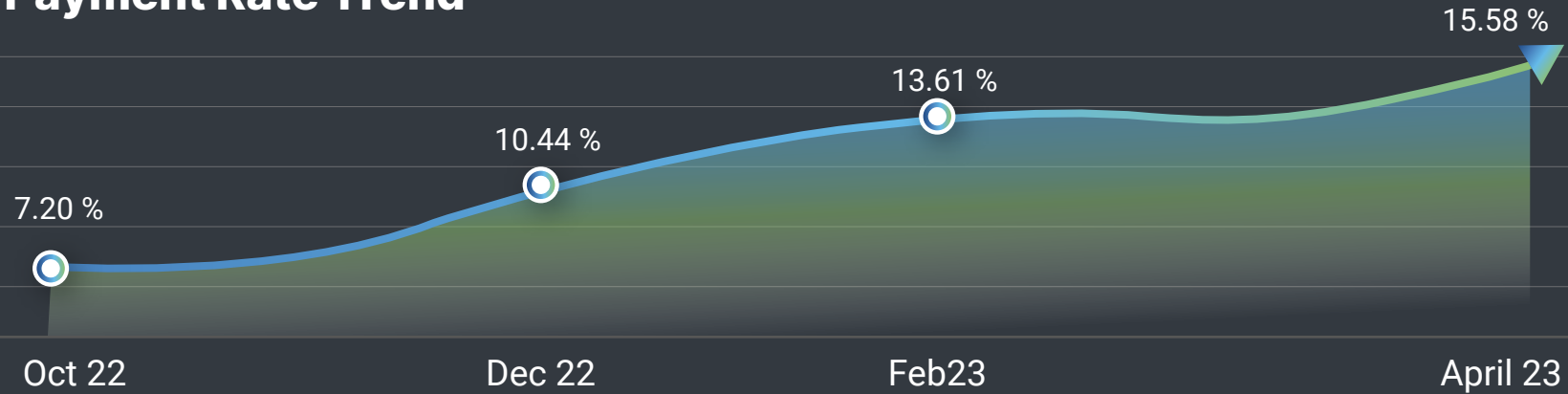
Business Outcomes

- **Collection Rate: 13.5%** ~ with human collectors
- Voicebot became a **go-to payment** tool for over half of the consumers
- **100% rise** in payment rate
- Drove meaningful **engagement** at scale with a Connectivity rate of **22 %** and an Engagement rate of **37.28%** and lower costs.

Our Approach

- **Customization** of the voicebot for First party compliance rules.
- Integration with custom **CRM** to automate lead sharing & output delivery.
- **Payment gateway integration** for a smooth payment process, eliminating agent/payment SMS reliance

Payment Rate Trend



Skit.ai's voice AI solution is performing as well as our average collector on the floor. We've been telling our peers in the industry that Skit.ai is one of the best ideas we've implemented at American Finance to date.



Mike Hammon, Director of Collections at American Finance

Success Story: Auto Finance



Eagle Accounts Group Inc.

Eagle Account Group is a third-party collection agency specializing in healthcare, utilities, and government collections. Their core objectives were to improve:

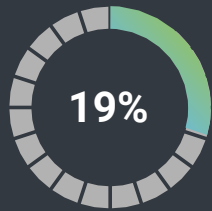
- Profitability: By impacting recovery and cost
- Portfolio Expansion: Adding new accounts
- Higher Scale with cost-effectiveness.

Business Outcomes

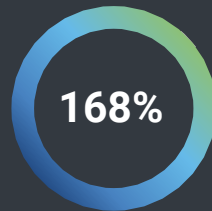
- **Boost in Collections, 18%:** This was a result of improvements on many fronts, direct and indirect. There are a few:
 - Connectivity surged over **30%**
 - **168%** jump in **Agent Productivity**
 - Achieved a high RPC rate of **23%**
 - Maintained an engagement rate of **60%**

Our Approach

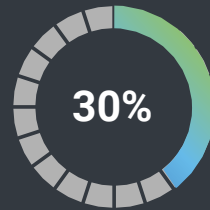
- **Call Automation** via first-filter
- **Automated File exchange** via SFTP transfer.
- Rule-based **authentication** for better compliance.
- **TTS** experiment to figure out the optimum Voice and pitch for the highest CX and engagement.
- **Automated emails** for positive PTPs and call-back requests resulting in better collections.



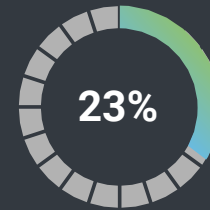
Boost in Collections



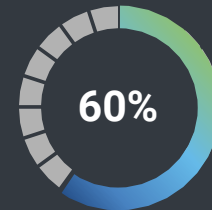
Augmented Agent Productivity



Connectivity Surge



Right Part Contract



Engagement Rate



Skit.ai has been a game-changer for us. It has boosted collections, improved account penetration, and enhanced our scalability. Skit.ai's technology gives us the confidence to handle larger debts, increasing creditors' trust in us. Our agents have also found that Skit.ai significantly improves their productivity.



Ryan Johnson, Office Manager, Eagle Accounts Group Inc.

The Road Ahead

As we explored earlier in the paper, Generative AI has greatly amplified the capabilities of state-of-the-art voicebots like Skit.ai's, establishing it as a remarkably powerful asset for auto-finance companies, especially those focused on subprime debt.

Voice AI stands unparalleled in its ability to adeptly tackle collection challenges, underscoring the pivotal advantage early adopters stand to gain. It is imperative for auto finance companies to swiftly harness the potential of Voice AI to enhance their performance and maintain a strategic lead.

About Skit.ai

Skit.ai is the ARM industry's leading conversational voice AI company, enabling collection agencies to streamline and accelerate revenue recovery. Skit.ai's compliant, configurable, and easy-to-deploy solution enables enterprises to automate nearly one million weekly consumer conversations. Skit.ai has been awarded several awards and recognitions, including Disruptive Technology of the Year 2022 by CCW, Stevie Bronze Winner 2022 by The International Business Awards, and Gold Globe CEO Awards 2022. Skit.ai is headquartered in New York City, NY. Learn more at www.Skit.ai

Request a Demo



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