



# Raiffeisen International improves profitability and achieves rapid ROI by standardizing on FICO® Debt Manager™ solution

success story:  
collections and recovery



<b>Client</b>	Raiffeisen International Bank-Holding AG, one of the leading banking groups in Central and Eastern Europe. Banks in 15 Central and Eastern European countries and offers a full selection of consumer loan products.
<b>Challenge</b>	Establish scalable, efficient collections processes, strategies and operations that would be standardized across network banks and countries, yet allow flexibility for localized customizations
<b>Solution</b>	FICO® Debt Manager™ solution
<b>Results</b>	ROI in three months as a result of lower bad debt reserves; 120% increase in daily accounts worked per agent; 70% increase in cash collected per net working hour; significantly reduced system implementation times



*“Debt Manager gives us the foundation to keep refining our strategies and therefore is an important factor for achieving our collections and risk goals.”*

— *Karl-Heinz Dorfmeister,  
Manager, International Collections  
Systems, Raiffeisen International*

Debt collection in the banking industry is always challenging, but it becomes even more difficult during an economic downturn. As loan default rates rise, so does a bank’s exposure to risk. This is the situation in which Raiffeisen International Bank-Holding AG recently found itself. The company needed to minimize its exposure to risk by making debt collectors more productive and increasing the overall efficiency of its collections operations.

“Due to the banking crisis and economic downturn, the percentage of customers in financial difficulty has been increasing,” says Karl-Heinz Dorfmeister, Manager, International Collections Systems at Raiffeisen International. “Before selecting FICO Debt Manager, most banks and branches had either a manual collections process or a very basic collection system, so it was time to implement a single system throughout the company.”

The ideal solution would allow Raiffeisen to standardize collections operations at all of its banks but also allow for customization when a certain market required it. In addition, it would accommodate the organization’s global nature and support multiple languages and currencies.

Standardizing on the same system would give the company an opportunity to build

a more collaborative collection community among its network banks, enabling them to take advantage of lessons learned by each other along the way. Raiffeisen would be better equipped to set groupwide strategies, monitor results, and save implementation and maintenance expenses.

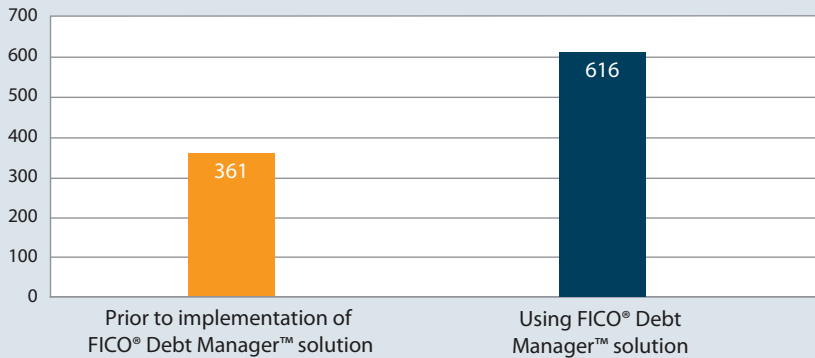
Raiffeisen selected the FICO® Debt Manager™ solution to manage all stages of the debt lifecycle with the necessary flexibility to tie together a diverse array of markets.

## » Phased implementation delivers big efficiency gains

Raiffeisen’s initial implementation of Debt Manager took place in four countries. The project design phase, in collaboration with FICO, lasted three months and served as the basis for future deployments.

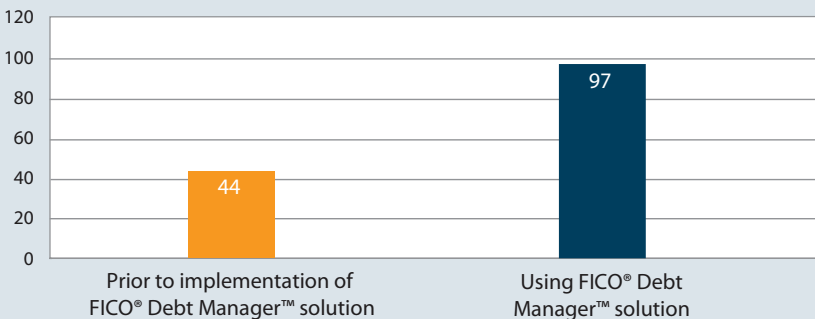
In Romania, one of the initial markets, Raiffeisen achieved ROI in just three months. Collections staff was able to handle a growing account volume with 50% fewer collectors than would have been needed otherwise. With online access to customer information, collectors could be more proactive with customers than before. After Raiffeisen’s success with this initial program, the bank moved forward with its plan to deploy Debt Manager at every bank in the group.

### Average cash collected per net working hour before and since FICO® Debt Manager™ solution implementation



Raiffeisen improved its cash collected per net working hour by 70% with Debt Manager solution.

### Average number of accounts worked per agent per day



Productivity improvements included a 120% increase in daily accounts worked per agent after Debt Manager solution was implemented.

#### » Agents collect more money in less time

One major driver of the FICO® Debt Manager™ implementation was the need to decrease delinquency rates and, thereby, improve the bank's portfolio performance.

Raiffeisen is achieving both of these goals in countries where Debt Manager is live. In Albania, for example, two major performance indicators soared after the deployment. First, productivity: Among collections agents, the average number of collections accounts worked per agent on a daily basis more than doubled after implementing Debt Manager. Second, effectiveness: The average amount of cash collected by agents per net working hour nearly doubled.

"Our improved ability to collect on outstanding debts is one of the major drivers to reduce our risk costs, which has a positive impact on our profits," Dorfmeister says.

#### » Better monitoring leads to smarter collection strategies

Before Debt Manager, banks had no efficient or standardized way of monitoring customers or employees. Without a clear picture of where and how inefficiency was occurring, it was nearly impossible to combat it.

"Even the countries that had some type of collection system did not have online monitoring tools or the type of reporting database that we now have in Debt Manager,"

Dorfmeister says. "Now we have much better information and a much clearer picture of what the collectors are accomplishing and whether customers are keeping their promises to the bank." With that knowledge, Raiffeisen has been able to devise more effective collection strategies including a very good segmentation of customer accounts and diverse treatment of separate segments.

#### » Standardization and knowledge sharing pave the way for future integration

One major benefit of a standardized collection system is that Raiffeisen branches can now share knowledge on Debt Manager deployments, ensuring that each successive rollout is smoother than the previous one.

"The ability to share knowledge is a big advantage for us," Dorfmeister says. "We have set up the Raiffeisen implementation model, which is a copy of our most developed country, and which we now use for new rollouts of Debt Manager. This approach helped us reduce the Albanian implementation to less than 7 months."

Raiffeisen has big plans for Debt Manager, including integration with auto-dialer systems to make collections activities even more productive. The company will also integrate scoring into its collections strategies and pursue advanced integration of third parties—such as attorneys and outside collections agencies—with the Debt Manager system. Such integration would not have been possible before.

"We now have the ability to further build out our collections system that will help us achieve our original goals of minimizing delinquency, improving portfolio performance and monitoring the entire collections process better," Dorfmeister says. "Debt Manager gives us the foundation to keep refining our strategies and therefore is an important factor for achieving our collections and risk goals."



For more information

US toll-free  
+1 888 342 6336

International  
+44 (0) 207 940 8718

email  
info@fico.com

web  
www.fico.com