

WHITE PAPER

# WHEN EVERY CALL, TEXT, AND EMAIL COUNTS

How Collectors Reach Consumers More Efficiently  
While Complying With Regulation F

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# INTRODUCTION

## Executive Summary

Regulation F allows collectors to send consumers SMS messages and email, but limits to seven the number of calls that may be made in a seven-day period (the “seven-in-seven” rule). Multiple factors keep texts and emails from revolutionizing collections efficiency.

The limit on phone calls threatens to exacerbate challenges that have depressed collectors’ right-party-contact rates for years. Carriers mistakenly block and spam-mislabel collectors’ calls. Consumer data is incomplete or outdated. Collectors do not know when or how best to reach out. Once tolerable costs of doing business, Regulation F escalates these challenges into significant threats against business solvency.

Once Regulation F goes into enforcement, traditional outreach strategies will hinder collectors’ ability to reach consumers with timely and important messages. Nevertheless, the phone remains one of the best ways to communicate when the nature of the call is complex or sensitive.

Discover how forward-thinking collectors are preparing to comply with Regulation F, uphold profit margins, and contact consumers faster than competitors.

Regulation F from the Consumer Financial Protection Bureau (CFPB) gives consumers more control over how debt collectors communicate with them. Collectors may send consumers SMS (“text”) messages and email, but they may only make seven phone call attempts in a seven-day period—the so-called “seven-in-seven rule.”

Permission to communicate via digital channels could facilitate a more effective and efficient interaction between consumer and collector. Consumers tend to [favor](#) collectors who honor their communication preferences with more promises to pay. Collectors could gain improvements in operational efficiency from the scalable nature of texts and emails.

However, the seven-in-seven rule threatens to exacerbate legacy challenges with phone calls. These challenges have depressed collectors’ right-party contact (RPC) rates for years:

- Calls errantly blocked and mislabeled as spam
- Consumer data that is incomplete or outdated
- Lack of insight into consumer communication behavior

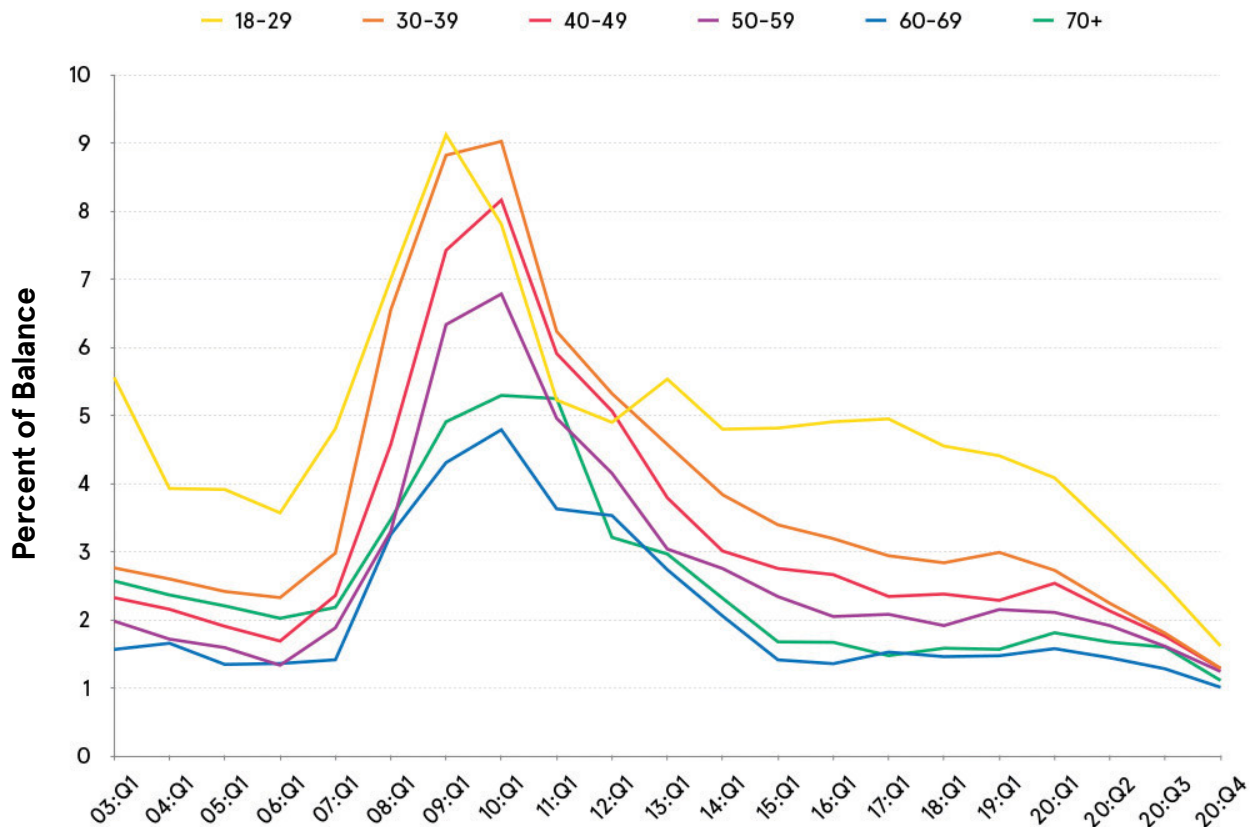
Regulation F may prove a watershed moment for the receivables industry. Collectors that fail to adapt their outbound communications strategy before the regulation goes into enforcement risk falling behind competitors, collapsing profit margins, provoking regulatory fines, and increasing exposure to lawsuits.

# HOW REGULATION F IMPACTS COLLECTIONS OPERATIONS

The ability to communicate with consumers via text and email may cause some collectors to hope for better outcomes and consumer engagement. Consumer demographics support this hope. Baby Boomers and members of the Silent Generation, who prefer phone calls, [decreased their debt](#) between 2016 and 2019. Members of Generation X, who [prefer](#)

[email](#), took on nearly \$12,000 more debt in the same time period, a 10 percent increase. Millennials, who [prefer texting](#) for preliminary matters, took on more than \$16,000 more debt, a 29 percent increase. Since 2003, more millennials have transitioned into serious delinquency (90+ days past due) than any other generation.

## TRANSITION INTO SERIOUS DELINQUENCY (90+) BY AGE



Source: New York Fed Consumer Credit Panel / Equifax, "Quarterly Report On Household Debt And Credit 2020: Q4," Slide 24

However, multiple factors keep texts or emails from revolutionizing collections efficiency. Regulation F requires that these digital communications include “[reasonable and simple](#)” options for consumers to opt out, thereby increasing the likelihood that some consumers will do so. Similarly, most popular [mobile carriers and operating systems](#) and [email service providers](#) allow users to block or filter messages from undesired senders. Tech-savvy consumers are more likely to exercise these capabilities. One major carrier [has banned](#) collections text messages from its network. A second carrier [installs](#) software on the smartphones it sells that [targets](#) debt collection messages. More carriers may follow suit.

Additionally, the consent requirement of the Telephone Consumer Protection Act (TCPA) [applies to texts](#). Collectors risk compliance violations, third-party disclosure, and lawsuits by sending texts to phone numbers that do not belong to the intended recipient, or by contacting consumers at their work email without consent. Yet, despite this complexity, texts and emails still have appeal, considering the impact Regulation F will have on direct phone calls.

The seven-in-seven rule limits collectors to seven call-attempts in a rolling seven-day period, not a static Monday-to-Sunday (for example) timeframe. A collector that makes four call attempts to a consumer on a Wednesday will have to wait until the next Wednesday before they may use those four call attempts again. This dynamic may challenge conventional collections operations and IT infrastructure that have been deployed to maximize dialing numbers and frequency.

The simplest solution to the seven-in-seven rule—to make one call attempt per day—would guarantee compliance but achieve little else. A one-call-per-day approach equates to submission to Regulation F. It does nothing to address legacy outbound communications challenges that have depressed collectors’ operational efficiency and effectiveness for years.

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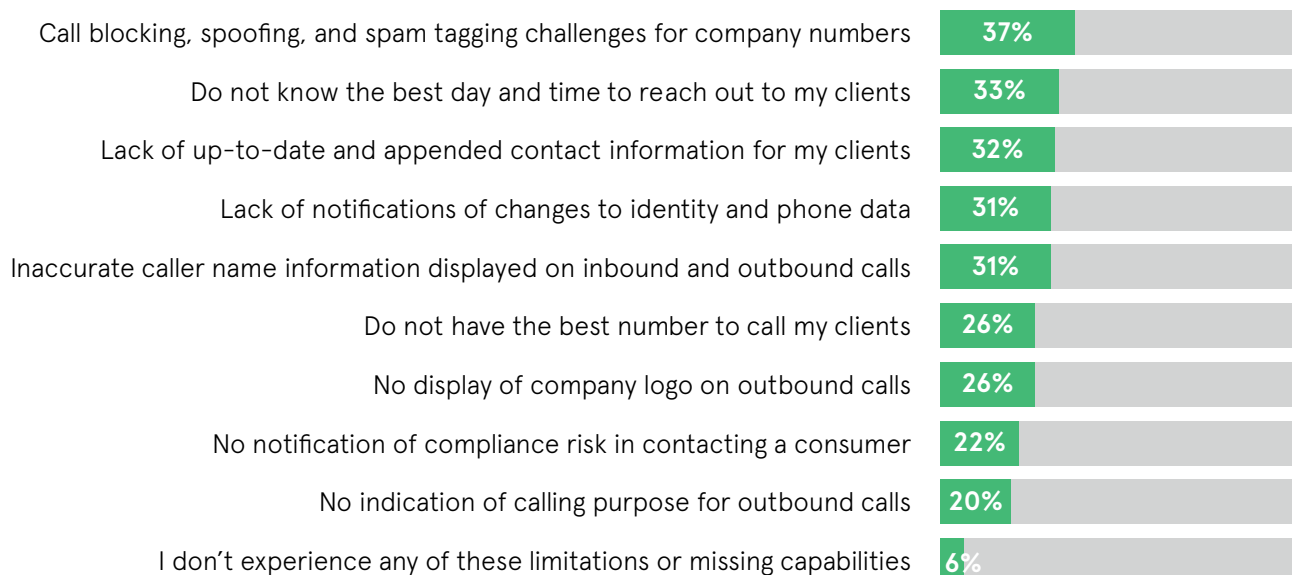
A one-call-per-day approach complies with Regulation F, but achieves little else.

# LEGACY CHALLENGES TO EFFECTIVE COLLECTIONS OPERATIONS

Despite the recent proliferation of self-service options and the increased popularity of digital touchpoints with consumers, outbound calling [remains](#) an essential customer service capability. A commissioned study conducted by Forrester Consulting on behalf of Neustar ([Why Consumers Won't Take Your Call](#), July 2019) found that the voice channel was the most important for meeting customer service goals, with 63 percent of study participants saying it is "critical"—almost double that of email. Outbound calling remains

relevant because it is often used to initiate and continue high-priority customer interactions, which the economic disruption and collections moratoriums of 2020 generated en masse. While navigating the seven-in-seven rule, collectors must contend with several legacy challenges that depress RPC rates and sap operational efficiency (see figure below): calls are blocked or mislabeled as spam, callers do not know the best time to reach out, and callers lack complete, up-to-date consumer data.

**"Thinking about the technologies currently used in your contact center, which of the following challenges, limitations, or missing capabilities, if any, do you experience?"**  
*(Select all that apply)*



Base: Various business and technology decision makers responsible for outbound call experiences  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Neustar, May 2019

## Calls and texts are blocked or mislabeled as spam

To [combat](#) the years-long [rise](#) of unwanted call volume, most carriers have implemented free call-blocking services and developed applications to block spam. Carriers have activated these initiatives by [default](#) on behalf of their customers.

Legitimate callers' numbers—especially those [spoofed by criminals](#)—may be errantly identified as spam by more aggressive blocking tools. Each call attempt—including those that are blocked or mislabeled—counts toward Regulation F's seven-in-seven rule. Inaccurate blocking and spam mislabeling happen when number reputation and communication behavior are mistakenly flagged by call and text management systems. Five percent of all outbound calls are flagged, according to Neustar's [Robocall Mitigation](#) carrier deployments.

Many collectors do not know when their communications are blocked or tagged as spam. Under a one-call-per-day approach, weeks could pass before internal analytics would raise the need for investigation.

## Incomplete or outdated consumer data

Data accuracy impacts all phases of collections: when accounts go delinquent, the duration of delinquency, and in the days prior to delinquency. At each phase, collectors with the worst consumer information have the least insight and smallest chance of reaching the consumer over his or her preferred communication channel.

Every [year](#), 48 million people change their phone carriers or phone numbers. According to Neustar internal data, 5 to 15 percent of typical CRM records go out of date in a single month. Consumer contact information may change faster due to

economic hardship, either from [moving residences](#) or [changing phone plans](#), making it [challenging](#) for traditional CRM and data management systems to keep up.

Contact information in an account could become inaccurate for multiple reasons. Newer accounts may have contact information that has not been verified or prioritized for contactability. One consumer record may list multiple phone numbers and email addresses. Some may be associated with an employer. One or more may no longer belong to the consumer at all or, in the case of phone numbers, may have been reassigned, presenting a risk to [TCPA compliance](#). One may be the consumer's preferred point of contact, while another may be valid but mostly ignored.

Older consumer records have the potential to cause greater confusion. They may have been appended with skip trace data multiple times, adding low-quality, no-consent phone data each time.

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Each call attempt—including those that are blocked or mislabeled as spam—counts toward Regulation F's seven-in-seven rule.

Email addresses tend to be more [stable](#). However, consumers [collect](#) email addresses over time, and knowing the primary email address is important. An email sent to a primary address is [14 times](#) more likely to be read than one sent to a secondary address.

Low-quality data has a material impact on collectors' operations. According to Neustar internal analytics, it takes over 2,000 dials to phones with no recent call activity to secure one "promise to pay," but fewer than 200 dials to high-usage phones for the same result.

On average, between 25 and 35 percent of dials go to phones that have had no call activity in more than 60 days. These low-quality phones account for approximately 1 percent of total promises to pay. Texting could be even less efficient, due to the reasons discussed earlier. Without knowing which phone number in an account is best, agents and systems could waste weeks testing one number per day to determine the number most likely to be answered.

## Collectors do not know when or how best to reach out

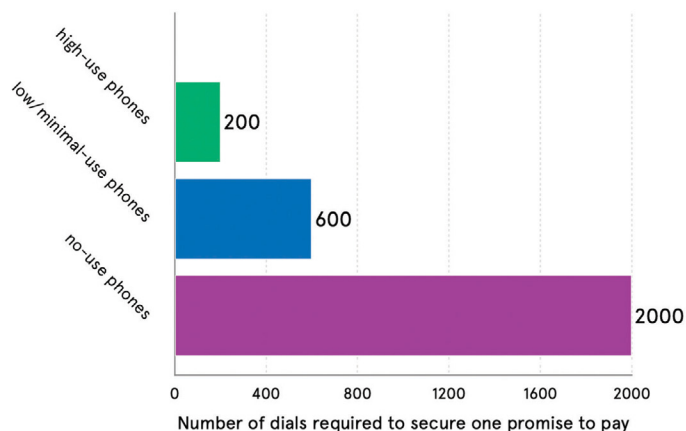
Consumer records lack insight into when and how individuals are most likely to communicate. Some consumers may regularly call friends on Thursday afternoons. Others may only respond to personal emails on weekends.

Collectors that ignore consumers' individual communication behavior surrender their RPC rate to

chance and essentially choose to waste resources on inefficient scheduling practices. Under the seven-in-seven rule, weeks could pass while cycling through combinations of contact channels and times before finding a combination that elicits a response. Even when contact occurs, nothing will indicate whether the combination was a stroke of luck or a precedent to repeat.

For decades, collectors' operating models have accounted for errant call blocking and spam-mislabeling, lack of current consumer contact information, and ignorance of consumer communication behavior. Once tolerable costs of doing business, Regulation F escalates these legacy challenges into significant threats against business solvency.

As collection operations resume, collectors may find themselves in a blind race. Outreach via the wrong channels or with inaccurate customer information will make it harder to reach consumers first. Consumers entering delinquency on multiple loans may be contacted by multiple collectors at the same time. These individuals may choose to make partial payments on several loans or strategically choose the single loan that will receive full payment. Collectors may find themselves reaching consumers after competing collectors and arranging only partial payment—or none at all—if they fail to overcome the legacy challenges described above.



Source: Neustar internal analytics.

Between 25 and 35 percent of dials yield only 1 percent of total promises to pay.



# CONNECTING WHEN EVERY CALL, TEXT, AND EMAIL COUNTS

Regulation F increases the value of every contact attempt. It's a wake-up call for an industry that has historically focused on quantity over quality.

Fortunately, consumers' frequent use of smartphones plays to collectors' advantage. The smartphone has become the nexus of communication, as more consumers access digital channels directly through their phones. Over [80 percent](#) of U.S. adults owned a smartphone in 2019. Millennials and members of Generation X are [more likely](#) than older generations to rely on their phones for internet access. These consumers receive calls, texts, and emails on the same device.

This trend opens an opportunity for collectors to optimize their efforts with an omnichannel contact strategy. A phone call aligned with each consumer's unique phone behavior is more likely to be answered. It is even more likely to get an answer if it is preceded by an email or text alerting the consumer of the impending call. Knowing when consumers use their phones more allows for a more strategic approach to the seven-in-seven rule. Certain days may warrant multiple calls, at the right times and on the right days, while other days may only warrant texts or emails.

This intelligent omnichannel approach complies with both the spirit and the word of Regulation F, improves RPC rates, and allows for faster contact than competitors that fail to adapt. To thrive in a Regulation F environment, collectors must mitigate errant call blocking and spam-mislabeling, keep consumer intelligence up to date, and gain insight into the best times, days, and channels to attempt contact with each individual consumer.

## Correct mistaken call blocking and spam-mislabeling

In Forrester's [study](#), over 70 percent of respondents said addressing spam-mislabeling and call blocking was "critical" or "important" to resolving challenges in contacting consumers over the voice channel. To prevent inadvertent call blocking and spam-mislabeling, companies should ensure that outbound phone numbers appear in an authoritative list of registered business numbers. Likewise, inbound-only numbers can be added to authoritative blocklists. Organizations that mitigate mistaken call blocking and spam-mislabeling improve RPC rates and operational efficiency. Especially with many consumers entering early delinquency, it is essential that collectors avoid call blocking and spam-mislabeling.

Mitigating call blocking and spam-mislabeling benefits all consumers, even those who prefer to communicate via text or email. A call that passes through carrier- and phone-level filters and presents both clearly and correctly on caller ID communicates an important message, even if consumers choose not to answer the call: "The calling organization needs to speak with you." If "digital" consumers see multiple attempted calls from the same organization, they may be more likely to trust and respond to texts or emails from the same organization. Likewise, "traditional" consumers may be more inclined to answer the next call from the same organization if the call's caller ID appears clearly, correctly, and consistently with texts and emails sent from the same source. Displaying the same company name over multiple channels will increase consumers' trust and inclination to answer.

## Keep customer intelligence up to date

Proactive call centers need complete and up-to-date consumer information on file, especially given the increased possibility that consumers will move residences or change phone plans. Consumer changes will not stop, so frequent CRM updates are a critical part of business processes. The best email outreach results occur from validating and prioritizing email addresses according to deliverability, recent activity, and disassociation with known business email domains. Organizations that assess the quality of consumer information currently on file and regularly integrate changes in consumer data position themselves to anticipate challenges, implement a successful omnichannel communication strategy, and increase RPC rates while remaining compliant with regulations.

## Reach out at the best day and time, using the best number

Efficient collectors adjust and diversify contact attempts according to the periods of the week when consumers are most active on their phones. For example, if a consumer consistently uses his phone Tuesdays between 10 a.m. and 12 p.m., he may be more likely to respond to a text sent to his best phone number at 10 a.m., a follow-up call to the same number at 10:15 a.m., or a follow-up email to his most active personal email address at 10:30 a.m. To succeed at scale, this approach accounts for the wide variance in consumers' daily routines (made more volatile by economic disruption), the presence of multiple phone numbers and email addresses in each consumer record, and the constant change to consumers' contact information. This omnichannel

approach will improve workforce scheduling, revive the viability of some accounts in older portfolios considered "exhausted," and increase efficiency of resource allocation for current portfolios.

Collectors unlock multiple benefits by addressing errant call blocking and spam-mislabeling, incorporating changes in consumer data proactively, and layering phone behavior intelligence into communication strategies. Consumers [respond more, and more favorably](#), to communications sent via their preferred channels. The identification of low-quality contact information improves operational efficiency and compliance with the seven-in-seven rule. More opportunities to secure promises to pay emerge when accounts deemed uncontactable become contactable via new insights.

Some organizations are turning to trusted call solutions for help accessing these benefits. Forrester's [study](#) states, "While teams look internally to solve operational issues, many firms are turning to technology partners to help get more customers to pick up the phone. [Twenty-eight] percent of survey respondents say [technology] vendors are critical to solving these challenges, while another 39 percent say they are important." Collectors willing to adopt new approaches and tools will be better prepared to operate successfully in compliance with Regulation F and to connect with consumers efficiently and effectively.

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Contact precision may mean multiple attempts in a single day, at the right times, on the right days, and via the right channels.

# EFFECTIVELY CONTACTING CONSUMERS IN COMPLIANCE WITH REGULATION F

With enforcement of Regulation F, successful and compliant collections communications hinge on establishing trusted connections. [Neustar TRUSTID Contact Center Solutions](#) enable these trusted connections.

Neustar [Phone Behavior Intelligence](#) helps collectors connect at the best time of day and day of week for each individual consumer. By leveraging its unique relationship with telecom providers, powering over 90 percent of caller ID in the U.S., Neustar provides predictive phone behavior insights not found anywhere else. When a consumer's record lists several phone numbers, Neustar scores the quality of each number according to the likelihood of it being answered. This improves right-party contact (RPC) rates by an average of [25 percent](#), and optimizes operations in compliance with the seven-in-seven rule. In 2021, Neustar will begin delivering similar insights into consumers' text and email behavior, including associations with known business email domains.

Neustar [SmartTrace](#) reduces the cost, effort, and compliance risk of skip trace efforts by indicating the three best numbers to use, their respective phone types, and the best times to call each individual. With industry-leading coverage of phone-to-name data derived from continuously corroborated authoritative identity data obtained directly from carriers, Neustar offers the highest possible level of accuracy. This critical consumer contact intelligence and predictive insight, developed specifically for the collections industry, increases highly contactable accounts by 22 percent and mitigates compliance risk.

Neustar [SmartDial](#) drives truly intelligent decisions on the best time and day to contact each consumer for collectors whose operations are constrained by

legacy infrastructures, lack of resources, or limited IT support. This turnkey solution intercepts daily dialer files and overlays unique phone behavior data, all within a direct interface with the dialer, so outbound dialers can make the most of the seven-in-seven rule and improve RPC rates.

Neustar [Caller Name Optimization](#) mitigates mistaken call blocking and spam-mislabeling, an essential capability under the seven-in-seven rule. With direct relationships to more than 850 voice service providers and caller ID apps, Neustar registers outbound calls so that they are not errantly blocked or mislabeled as spam. Organizations that use Neustar Caller Name Optimization report improving their RPC rates by as much as 19 percent.

Today, Regulation F looms in front of collectors as a hurdle. Perhaps it can be regarded as a stepping-stone for the industry toward greater efficiency in staffing and operations, and greater effectiveness in helping consumers to move past economic hardship. That seems to have been the CFPB's intent. Regulation F shifts focus from quantity to quality of outreach. Forward-thinking collectors who invest in making every call, text, and email count will find themselves set up for success in the long run. Neustar TRUSTID Contact Center Solutions enables outreach over the right channel at the right time with the right presentation, and dramatically improves the chances of consumers responding the first time.

High-usage phones have a 15x higher RPC rate than low-usage phones.

## ABOUT TRANSUNION (NYSE: TRU)

TransUnion is a global information and insights company that makes trust possible in the modern economy. We do this by providing an actionable picture of each person so they can be reliably represented in the marketplace. As a result, businesses and consumers can transact with confidence and achieve great things. We call this Information for Good®. A leading presence in more than 30 countries across five continents, TransUnion provides solutions that help create economic opportunity, great experiences, and personal empowerment for hundreds of millions of people.

[www.transunion.com](http://www.transunion.com)

## ABOUT NEUSTAR

Neustar, a TransUnion company, is a leader in identity resolution providing the data and technology that enable trusted connections between companies and people at the moments that matter most. Neustar offers industry-leading solutions in marketing, risk and communications that responsibly connect data on people, devices and locations, continuously corroborated through billions of transactions. Learn how your company can benefit from the power of trusted connections.

[www.home.neustar](http://www.home.neustar)