



ELEVATE YOUR RECOVERY STRATEGY

HOW LEADING CREDIT ISSUERS ARE PIVOTING IN 2025

INTRODUCTION

We are pleased to introduce a new white paper, “Elevate Your Recovery Strategy” by Convoke. This white paper is meant to give you a high-level overview of trends that are occurring in the financial services industry that impact collections and recovery.

This white paper offers a nuanced picture. There have been some impactful changes to the landscape in light of the new Administration. The economic climate is evolving at a rapid clip. Convoke stands at the ready to serve as your partner as you navigate the current climate and make strategic decisions in your recovery management efforts.



Dave Pauken
Founder & CEO
Convoke

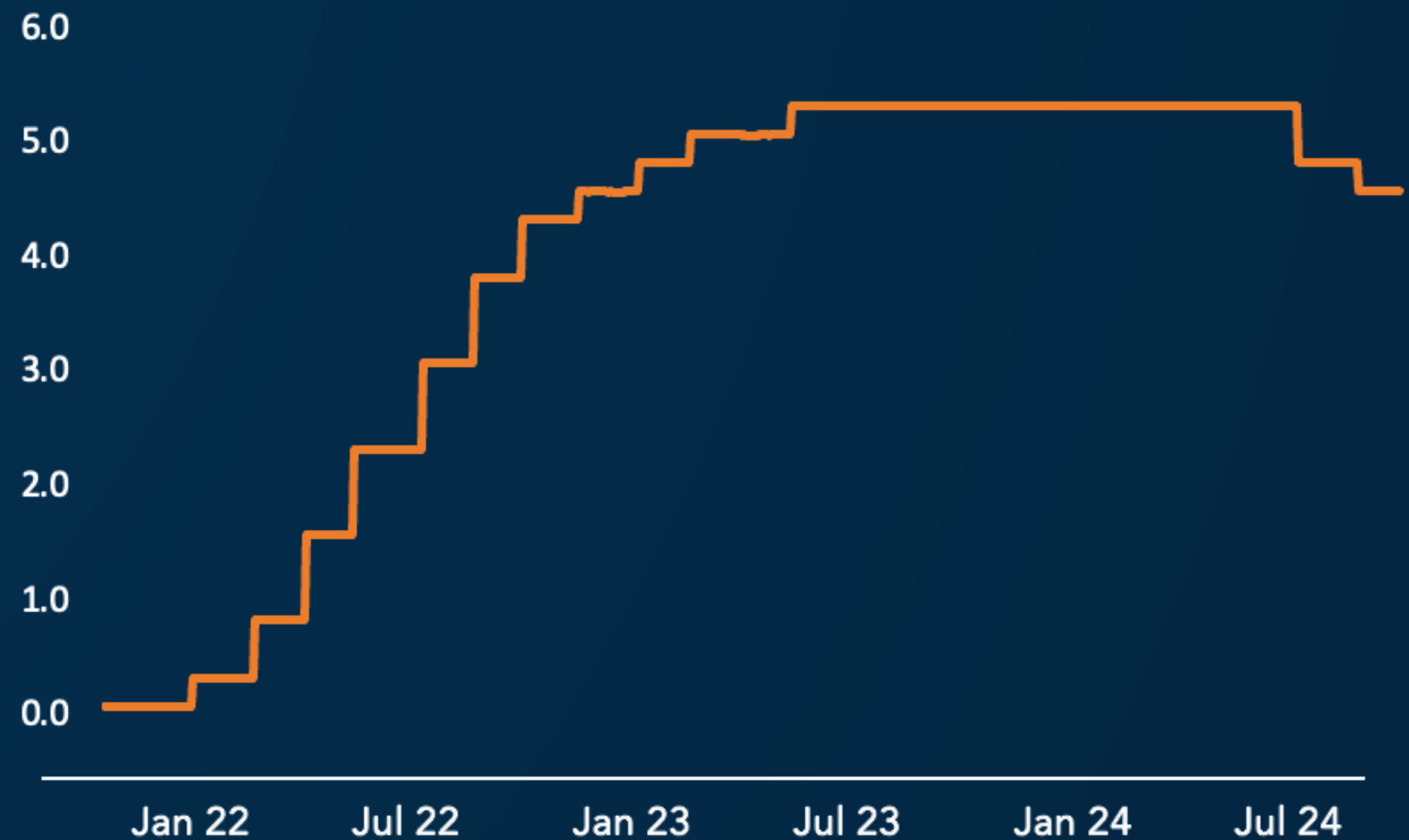
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FEDERAL FUNDS RATE

Fed Funds rate has started declining but remains high relative to the past decade.

Federal Funds Rate (%)



* <https://www.macrotrends.net/2015/fed-funds-rate-historical-chart>

GROWTH IN NON-BANK LENDING

There has been **rapid growth in non-bank lending**. Year-over-year increase in originations for non-bank lenders ranges from 20-40% growth.

Growth in Non-Bank Lending

YoY increase in originations:

Affirm: +31%

Dave: +37%

Enova: +22%

MoneyLion: +40%

Pagaya: +19%

* <https://www.crossriver.com/insights/q2-2024-review-consumer-lending-trends>

PRIVATE CREDIT IN CONSUMER LENDING

Private credit in consumer lending has recently expanded, for example, Affirm and Sixth Street, SoFi and Fortress, and Upstart and Castlelake.

Recent Expansion of Private Credit in Consumer Lending

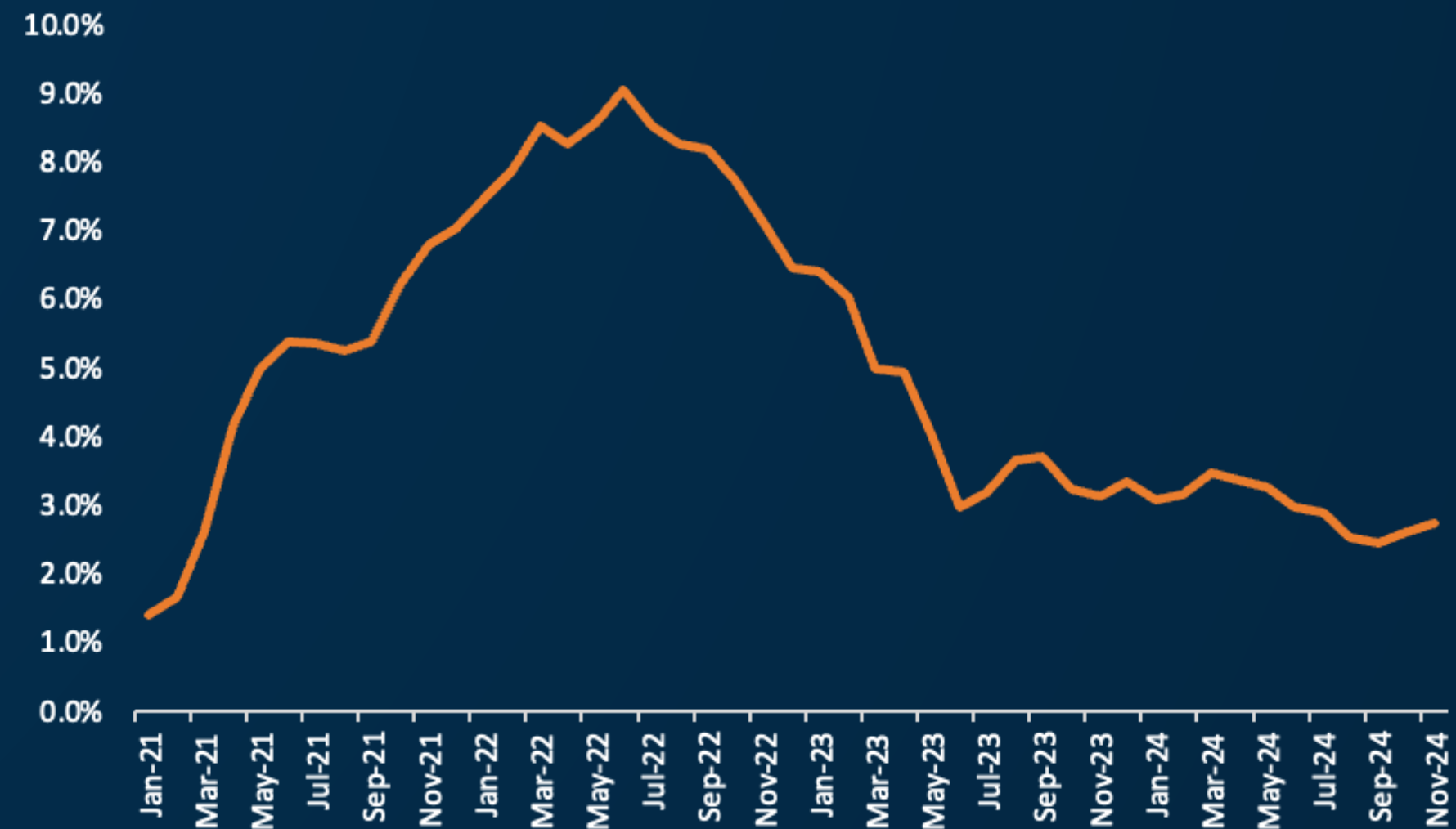
- Affirm and Sixth Street - \$4B (Dec 2024)
- SoFi and Fortress - \$2B (Oct 2024)
- Upstart and Castlelake - \$1.2B (Jun 2024)

* <https://investors.affirm.com/news-releases/news-release-details/affirm-and-sixth-street-announce-long-term-capital-partnership>

INFLATION

Inflation has decreased in recent years.

Inflation (CPI)

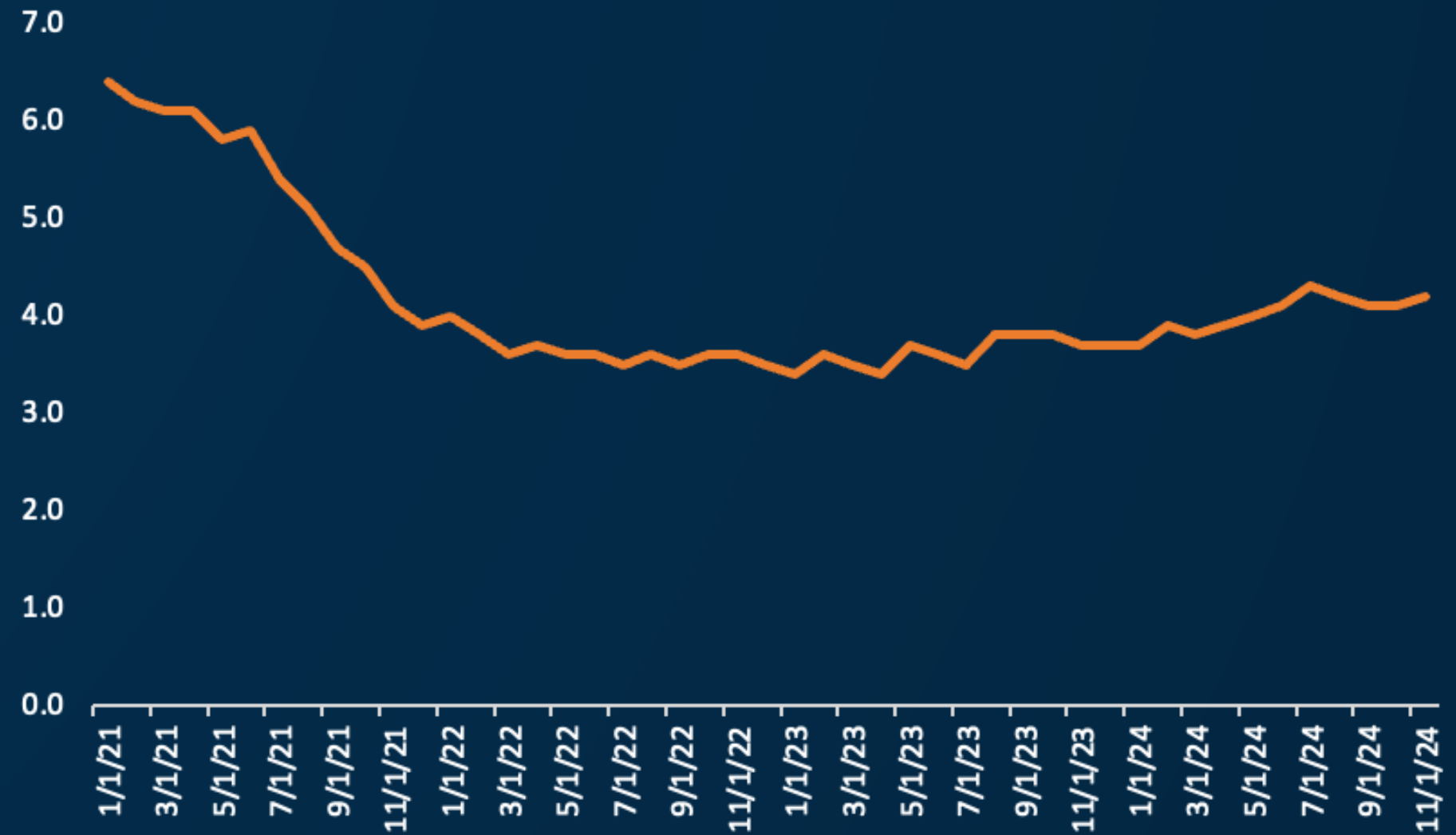


* https://www.bls.gov/regions/mid-atlantic/data/consumerpriceindexhistorical_us_table.htm

UNEMPLOYMENT RATES

Unemployment has been ticking up higher.

Unemployment Rate (%)

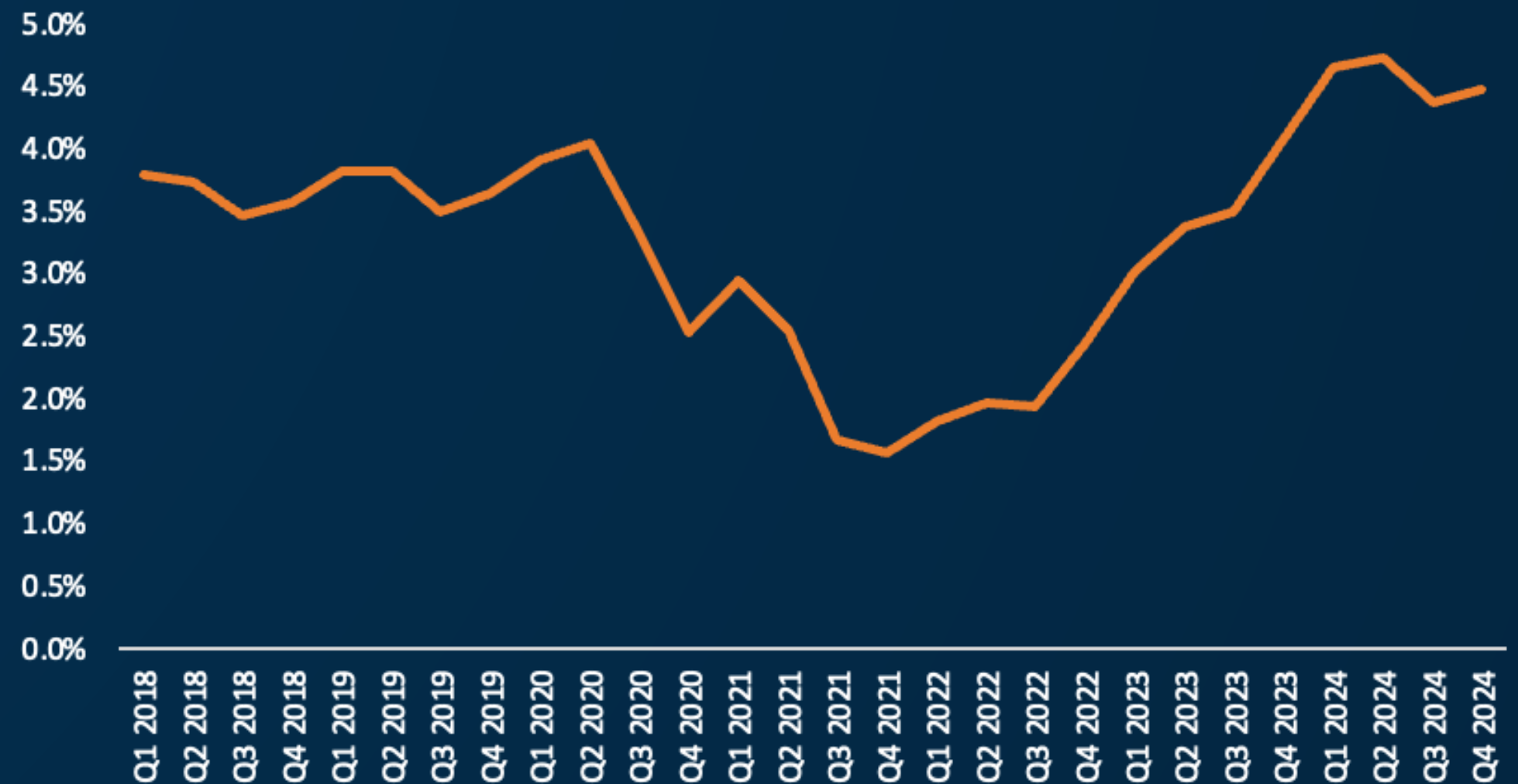


* <https://fred.stlouisfed.org/series/UNRATE#0>

CHARGE-OFF RATES INCREASED IN Q4 2024

Consistent with the unemployment rate, **charge-off rates and delinquencies increased** in the most recent quarter.

Charge-Off Rates by Quarter



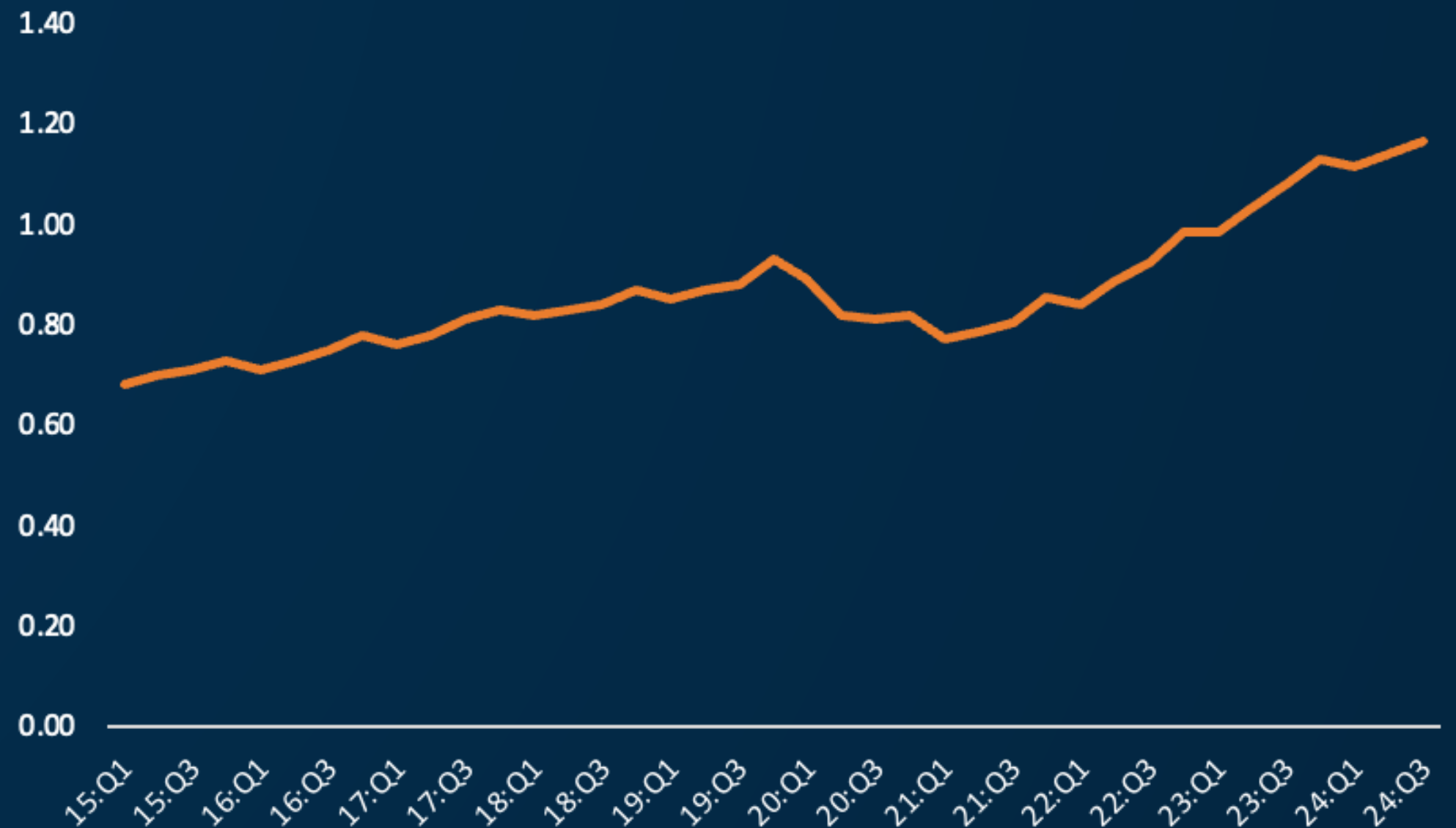
* <https://www.macrotrends.net/2015/fed-funds-rate-historical-chart>

OUTSTANDING CREDIT CARD DEBT

Credit card debt remains at all-time highs.

Credit issuers including both banks and non-bank lenders, can visualize and analyze all their data including account, CRM, and financial data, using Convoke Signal. With our business intelligence, data visualization, and analytics platform, even when you're experiencing exponential growth, we can help you sort through data and identify actionable business insights.

Outstanding Credit Card Debt (\$T)



* <https://www.newyorkfed.org/microeconomics/hhdc.html>

RESILIENT CONSUMER SPENDING

Consumer spending has **remained resilient**. US Black Friday sales were up 3.4% in 2024 over 2023, with online retail sales rising 14.6%. Mastercard also reported a 3.8% increase in holiday sales compared to 2023. However, with rising charge-off rates and continued spending, more accounts inevitably enter collections, increasing the volume that lenders must manage. Effectively allocating these accounts across legal, agency, and debt sale channels is critical to optimizing recovery.

Convoke Connect streamlines this process, automating placements and recalls to improve performance and efficiency.

Resilient Consumer Spending

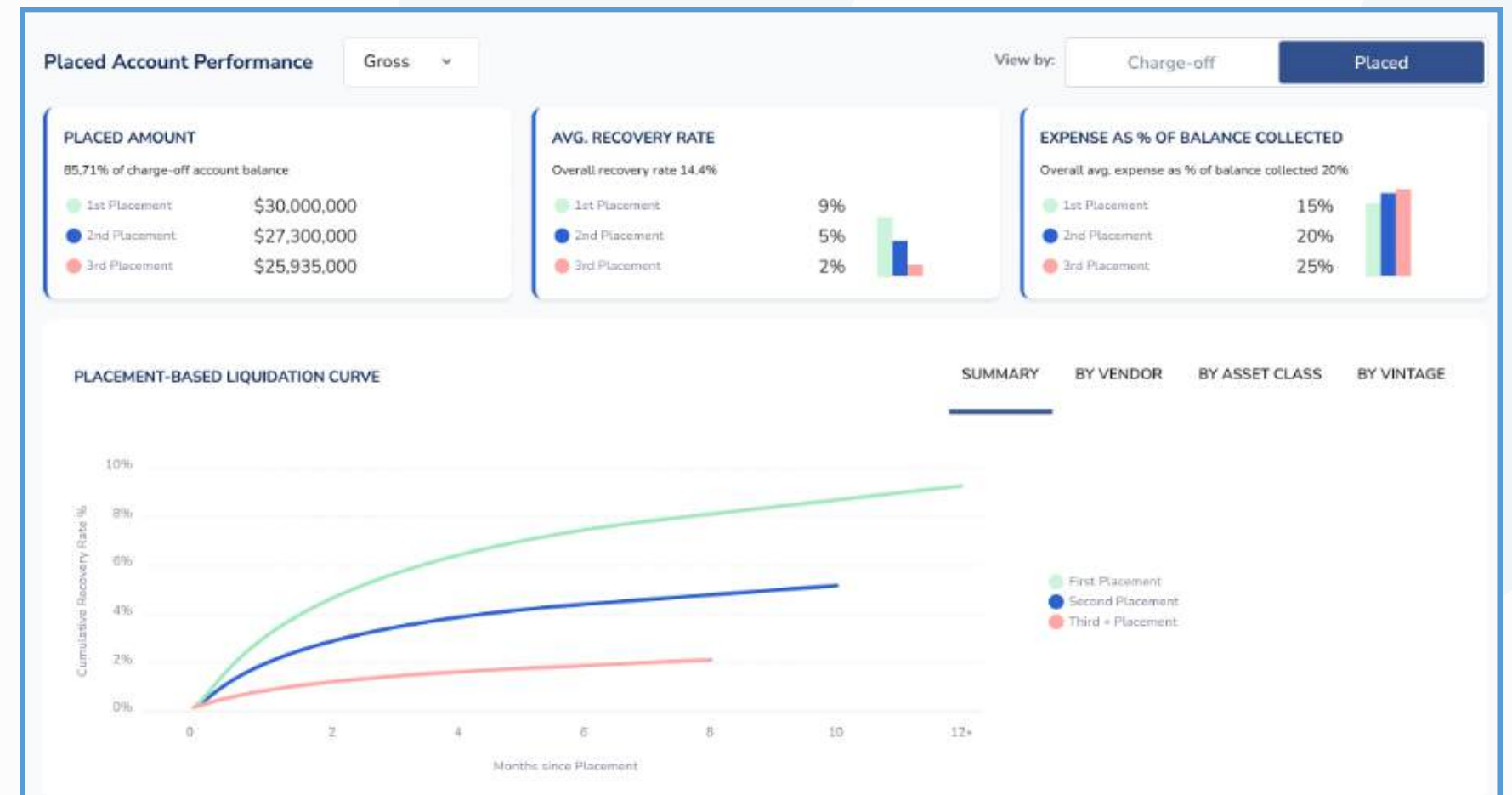
- US Black Friday sales up 3.4% vs. 2023
- 14.6% increase in online retail sales for Black Friday
- Mastercard reports a 3.8% increase for 2024 holiday sales vs. 2023

* <https://investor.mastercard.com/investor-news/investor-news-details/2024/Mastercard-SpendingPulse-US-Black-Friday-Retail-Sales-Up-3.4-vs.-Last-Year/default.aspx>

CURRENT TRENDS IN THE MARKET

Proliferation of Data and Focus on AI

There has never been more data available. Technology has advanced exponentially, and in recent years there are more capabilities around data analytics, machine learning, and AI than ever before. The winners in Collections and Recovery will be those who can best harness their data and take advantage of cutting-edge technology. Convoke is the industry-leading solution that cleans and organizes data to fuel critical reporting and analytics.



That's why we built [Convoke Signal](#), our business intelligence, data visualization, and analytics platform. Signal drives performance by organizing your data in a compelling, easy-to-view interface.

CURRENT TRENDS IN THE MARKET

Broader Push for Legal

More lenders appear open to standing up or pouring more volume into a legal recovery strategy. We expect to see consistent increases in legal volume over the course of the year.



Convoke's CRM Data helps credit issuers track and organize all legal activities, documents, and milestones to manage compliance and performance.

CURRENT TRENDS IN THE MARKET

Diversify and Optimize Recovery Strategy

In addition to the push into Legal, many lenders will diversify and expand their recovery strategy. This includes expanding in new channels, onboarding new third parties, and implementing a primary, secondary, tertiary strategy. **Lenders who use analytics and decisioning to optimize their recovery strategy will perform better.**

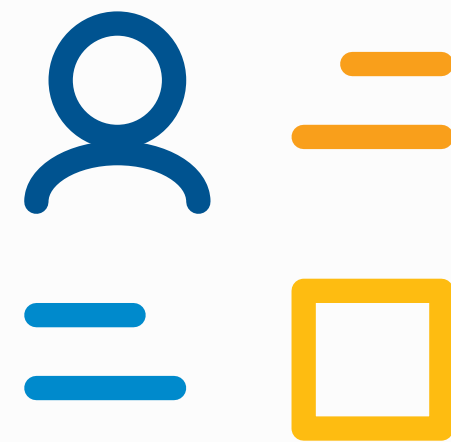


Convoke Connect automates and streamlines placements and recalls based on powerful and flexible business rules to improve performance and increase efficiency.

CURRENT TRENDS IN THE MARKET

State-Level Policy Divergence

While federal regulations may loosen, some states have taken a more aggressive stance on consumer protections. Expect to see more state-level legislation governing collection and recovery practices.



To help our customers be ready no matter the climate, [Convoke Origin](#) provides media management, compliance, and data sharing capabilities to enable creditors to increase recovery rates, reduce the burden of third-party oversight, and ensure regulatory compliance. With over 7.5 billion data records loaded in the platform, Convoke Origin together with Convoke CRM Data provide clean, organized data in one centralized platform.

CONCLUSION

Today's climate is marked by uncertainty, with market volatility impacting consumers' financial stability and, in turn, the volume of delinquent accounts managed by the collections industry.

As economic conditions shift and regulatory landscapes evolve, staying informed is more critical than ever. A clear understanding of these trends—paired with strategic adaptability—will empower you to navigate challenges, seize opportunities, and make informed decisions in the year ahead.

CONVOKE PRODUCTS



Convoke **ORIGIN**

Media and
Compliance
Management



Convoke **PULSE**

Balance and
Cost Tracking



Convoke **CRM**

Standardized
Collection
Activity Data



Convoke **FREEFORM**

Flexible and Secure
File Sharing



Convoke **SIGNAL**

Business Intelligence
and Predictive
Analytics



Convoke **CONNECT**

Inventory
Management and
Decisioning

GET IN TOUCH



Will Weidman
Managing Director
wweidman@convokesystems.com



Ethan Dukes
Director of Business
Development
edukes@convokesystems.com



Hilary Sutton
Director of Marketing
hsutton@convokesystems.com

convokesystems.com

