



# NPL prevention and default management

Flattening the credit curve:  
How banks can bridge the gap





A long gap between government stimulus bills and a return to “normal” could result in a rise in the number of customers at risk of default.

## How wide is the gap between stimulus and recovery?

Government stimulus plans for the COVID-19 pandemic may be coming to an end. The IMF estimates that, so far, US\$11 trillion of public relief has been allocated globally, boosting liquidity by up to 30 percent in some markets.<sup>1</sup>

But even though some economies are opening, there will be no return to “normal” until a vaccine is widely distributed and society returns to pre-crisis levels of earning and spending. In the meantime, loans will have to endure.

We don’t know how fast or slow the global economic recovery will be, nor whether it will be similar across all industries and markets, but we do know that loans have to be paid back. With a slow recovery, possibly even with a modest recovery, this perfect storm could result in a tidal wave of credit defaults, both among businesses and consumers. Even with a smaller wave, banks may be overwhelmed with distressed customers and could struggle to give everyone the time and attention they need.

# Hope for the best, prepare for the worst

The shock of the pandemic and everything else related to COVID-19 has been a massive distraction. Now banks have a moment to catch their breath. Don't waste it.

Even though there might be government programs to further ease the impact on the economy, banks will still need to manage relationships and monitor the financial health of their customers more closely. The impact of the pandemic is more diverse than anticipated, coming in multiple waves, and will require a sustainable business model. Banks are under pressure to rapidly differentiate between stable and at-risk customers, and to get ready to handle their different requirements. At the same time, they need to improve the efficiency of their internal credit cycle and manage it at scale.







**“Banks have an opportunity to rewrite the script around delinquency management through proactive and empathetic intervention while scaling for growth.”**

—Jared Rorrer, Global Commercial Banking Lead, Accenture

# How we can help: An end-to-end solution

As stated, a return to “normal” may require a longer period of managing customers at risk. Success will demand closer customer monitoring and efficient operations.

**Accenture has an end-to-end solution that has four components:**

## BUILD A STRATEGY

**We can help fix inefficiencies in your current execution of NPL**

and default management by building a data-driven and customer-centric strategy to predict, prevent, and manage NPL loans at scale across your portfolio.

**Using external datasets (from our alliance partner relationships) and your internal data, we will develop a robust model of the impact of COVID-19 on your business and your customers.**

This includes remodeling risk assessments, clustering portfolios for scalable management, and outlining unique treatment strategies to capture early warning signals and act quickly and successfully.

## STREAMLINE TECHNOLOGY

**To manage defaults efficiently and at scale, we bring automation and specific technology assets or platforms that enable outcomes at speed and support teams.**

We also use artificial intelligence and machine learning to help manage difficult, personalized conversations with customers.

**We can up/re-skill your workforce to efficiently manage loan defaults and distressed clients.**

Additionally, we can augment your teams with our own people for as long as is needed. Accenture Credit Services has 3,500+ credit-trained and skilled employees ready to support you.

## IMPROVE ANALYTICS

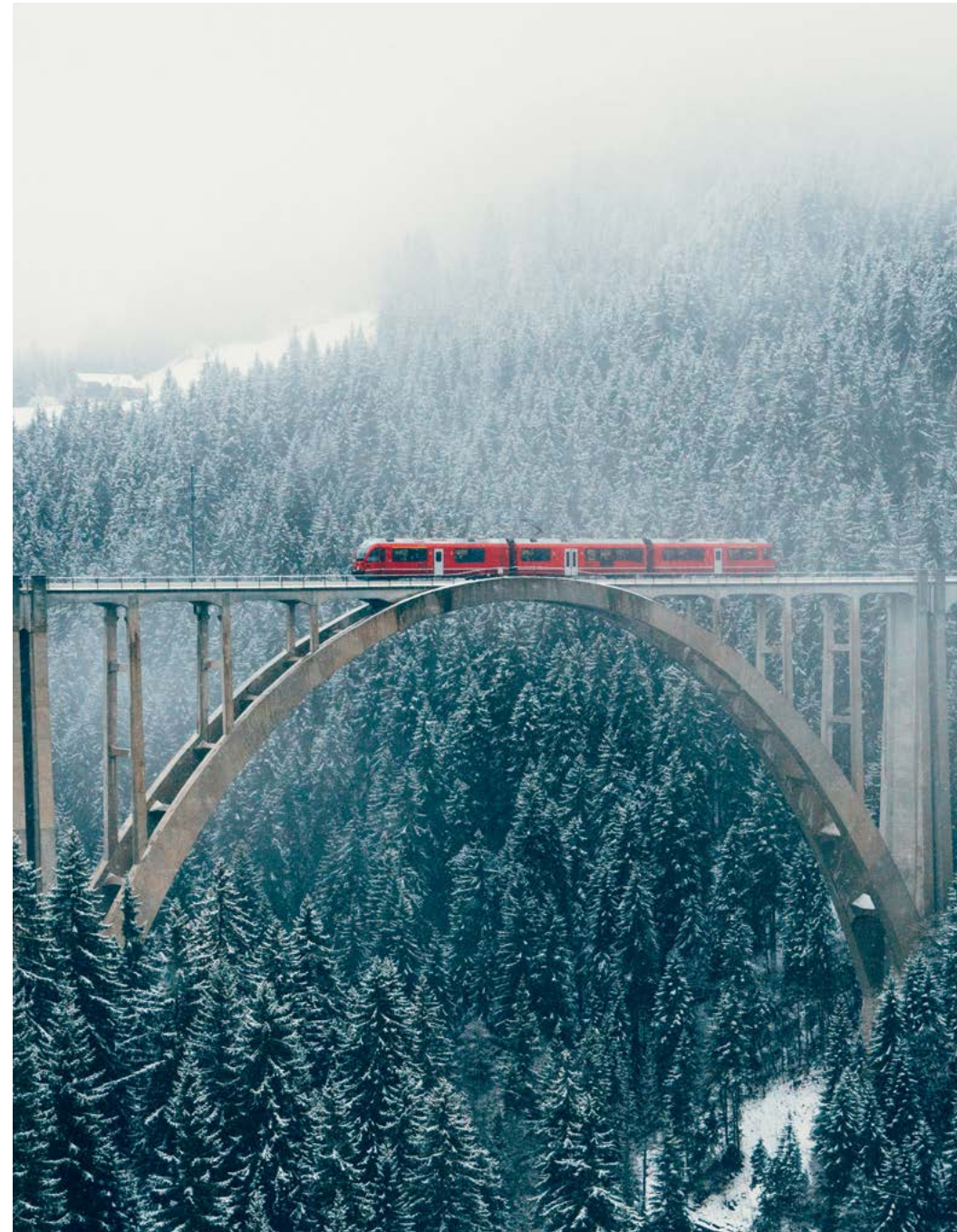
## UPSKILL AND AUGMENT YOUR WORKFORCE



# Analysis and strategies are great, but outcomes matter most

All four of the components of our NPL solution contribute to improving your outcomes and turning the crisis into an opportunity. We leverage our capabilities in data and insights to build intelligent execution models that empower banks and enable predictive outcomes. This is where technology helps –tools like conversational artificial intelligence can synthesize your data and strategies and provide you with the precise communication that different customers and segments need. (See how such capabilities empower commercial relationship managers, in this [recent report](#).)

**The benefits of such mitigation include a 10 to 15 percentage-point improvement in collection rates and a 25 point improvement in early detection of likely defaults (from 30 percent to 55 percent).**







# Now is the time to get started

With decades-long experience in end-to-end credit management, Accenture's credit expertise is unmatched. We can manage the full spectrum of NPL prevention and delinquency management with our focused but flexible approach, delivering fast and robust results. Our solution will enhance your capabilities and improve your resiliency, not just while the COVID-19 situation continues to evolve, but well into the future.

## References

i IMF, World Economic Outlook Update, "A Crisis Like No Other, An Uncertain Recovery", June 2020. <https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020>

## Contact Accenture

For a deeper dive into the solution and to schedule a 30-minute demo. **Visit: [www.accenture.com/NonPerformingLoans](http://www.accenture.com/NonPerformingLoans)**

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