



Which Contact Strategies Will Be Most Effective After Regulation F?

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The Consumer Financial Protection Bureau's new Regulation F is set to transform traditional collections practices. While the regulation may not go into effect until January 2022, its intent and impact is already clear.

Regulation F is being put in place to prevent the cumulative amount of outbound contact via phone calls, SMS, and email from reaching harassing, oppressive, or abusive levels. It is the Bureau's assertion that the total volume of contact attempts matters. Collectors can still send SMS and email messages with consent, but may not place more than seven calls to a consumer within seven consecutive days or call a consumer seven days after speaking with them. This so-called "seven-in-seven rule" is driving many companies to enhance their digital communication strategies.

Strategic communication via digital channels enables more efficient interactions in many situations and can also increase the effectiveness of phone communications. For example, sending a text or an email alerting an individual that you will be calling at a certain time makes it more likely that the person will trust the communication and respond.

Consumer demographics also support collectors' growing emphasis on digital communications, as the generations that are most likely to have debt and miss payments are the younger generations who prefer digital outreach. Between 2016 and 2019, baby boomers and members of the silent generation, who generally prefer phone calls, have decreased their debt, while members of Generation X, who tend to prefer email, took on nearly \$12,000 more debt over the same time period, a 10% increase. Millennials, who usually prefer texting for preliminary matters, took on more than \$16,000 more debt, a 29% increase. [Since 2003, more millennials have transitioned into serious delinquency \(90-plus days past due\) than any other generation.](#)

Of course, digital communication still involves challenges. Regulation F requires companies engaging in digital outreach to offer a reasonable and simple way for consumers to opt out, increasing the likelihood that they will do so. Mobile carriers are also raising barriers: one major carrier has banned collections text messages from its network, and another has installed software on its smartphones that targets debt collection messages.

In addition, collectors who contact the incorrect person (due to inaccurate contact information in the company's database, for example) or contact an individual via their work email without their consent risk compliance violations, third-party disclosure and lawsuits.

But despite these challenges, text and email, when used strategically, are well positioned to become increasingly valuable means of reaching out to consumers, especially considering the impact of Regulation F on the voice channel.

An Opportunity to Increase Effectiveness

Today, Regulation F looms in front of collectors as a hurdle. But perhaps it can instead be regarded as a stepping-stone toward greater operational efficiency for the industry and greater effectiveness in helping consumers move past economic hardship.

Regulation F's call limits increase the value of every contact attempt and encourage collectors to prioritize the accuracy of their information. This emphasis on precision is leading forward-thinking collectors to embrace data-driven omnichannel contact strategies. Operationalizing digital channels to complement the phone channel enables collectors to not only reduce compliance-related risk but increase the efficiency and effectiveness of their outbound communications.

With more data and better decisioning tools, collectors are now able to consider the best outreach

strategy not only for each generation but for each individual. In addition to directly soliciting [consumer communication preferences](#) as part of the consent process, companies are using phone behavior intelligence and other contact intelligence technologies to identify the best day of the week and time of day to call, to confirm which of an individual's phone numbers is used most (high-usage phones have right-party contact rates that are 15 times higher than low-usage phones), and to ensure that the email address on file is one the person is actually using.

How to Thrive in a Regulation F Environment

To be successful in the new regulatory environment, many collectors will need to adapt their outbound communications strategies. Following are three key measures to focus on:

- Keeping consumer information up to date. Consumer data changes constantly, and people experiencing economic hardship may be even more likely to move or change phone plans. Regularly integrating changes to consumer information is critical to avoid wasting tightly rationed calls on incorrect or unused phone numbers.
- Correcting mistaken call blocking and spam-mislabeling. Blocked calls count toward the seven-call limit per week, so collectors must make sure that their outbound numbers are included in an authoritative list

of registered business numbers and that their systems are able to quickly identify if calls are being blocked or mislabeled so the issue can be mitigated.

- Knowing the best channel to use and when to use it. Contact precision may still involve making multiple contact attempts in a single day, but these attempts should be made through the individual's preferred channels and at times when they are most likely to respond. This intelligence exponentially increases right-party contact rates and decreases operational costs.

Investing in an Intelligent Omnichannel Approach

As Regulation F shifts collectors' emphasis from quantity to quality of outreach, an intelligent omnichannel approach that responds to consumers' preferences can support compliance while increasing right-party contact rates, reducing operational costs and increasing efficiency. Companies that invest in making every call, text and email count will find themselves set up for success in the long run.

For more information about Neustar TRUSTID Contact Center Solutions, call **1-855-898-0036** ext. 4, email risk@team.neustar, or visit outbound.neustar.

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