

Online Collection Services

The Internet has emerged as a preferred channel in which to deliver bills and remit payments. The natural extension of the online bill presentment and payment process is online collections. FiSite conducted research to determine how consumers would respond to an online service that would support their bill payment process.

The research concluded that consumers find the concept of Online Collection Services as highly attractive over a broad range of consumer lending products. Consumers view Online Collection Services as providing the same convenience and ease benefits as they have come to realize from other successful online services. More importantly, consumers see an opportunity to avoid the emotional distress and embarrassment that come from traditional collection methods.

Introduction

FiSite Research conducted an online survey to gain insight to a proposed Web-based collections service for consumers. The service concept was presented to 1,000 consumers who closely resemble the online adult population. A series of eight questions pertaining to online collection services were presented to these survey respondents.

Service Concept Presented To Survey Participants

Online Collection Services: A new service is being considered to facilitate individuals in paying their overdue bills via a Website facility. This new service would be provided by companies for their customers with overdue bills. Instead of receiving a telephone call or letter from the billing company, the individual with the overdue bill would receive a message notifying them when a bill is overdue and requires payment and instructing them to visit a Website.

At the company's Web site, a customer can:

- Make an electronic payment on an overdue bill
- Send a message to the company stating the customer's intention to pay the overdue bill
- Send a message to the company stating that a payment has already been sent

In the event that the consumer is not in a position to pay the overdue bill, the Website will offer an extended payment plan to satisfy the debt. If the customer would like to speak with a company representative, the Website can be used to set an appointment for a company representative to call the customer. The Website also offers educational resources such as financial advice and calculators to help consumers better manage their bills and debts.

Key Results and Insights

1. A strong positive reaction to Online Collection Services along key service dimensions including convenience and ease, efficiency, and reduction of bill payer emotional stress.

When asked to rate their reaction to the concept of Online Bill Collection Services, an overwhelming 87% of the respondents rated it Excellent or Good on an overall basis. This demonstrates broad appeal for the concept across demographic considerations.

On the service dimension of "Convenience and Ease", close to 90% of surveyed consumers provided an Excellent or Good response to the concept of Online Collection Services. In addition, more than 84% cited "Efficiency" as Excellent or Good – a service dimension that is closely correlated with Convenience and Ease. The strong positive ratings to the service dimensions of convenience, ease and efficiency are consistent with other popular and successful Internet based services.

More than 78% of respondents believe that there is an excellent or good chance that Online Collection Services will reduce "Bill Payer Emotional Stress." Consumers have a natural tendency to avoid situations that lead to undue stress. Therefore, a service which will mitigate emotional distress will act as a strong motivating force towards consumer trial and adoption of such services.

Not surprisingly, Late Payers, those who indicated they chronically pay some or all of their bills late (21% of survey sample), indicated even greater attraction to Online Collection Services. Those Late Payers rating

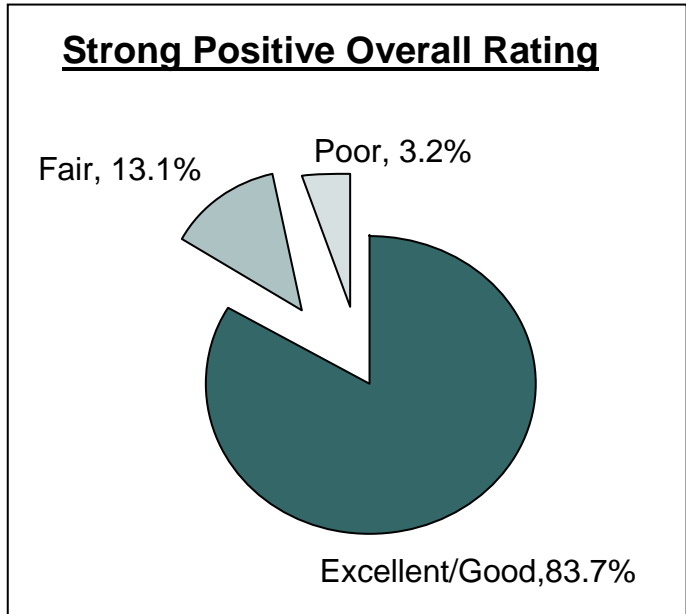


Chart 1

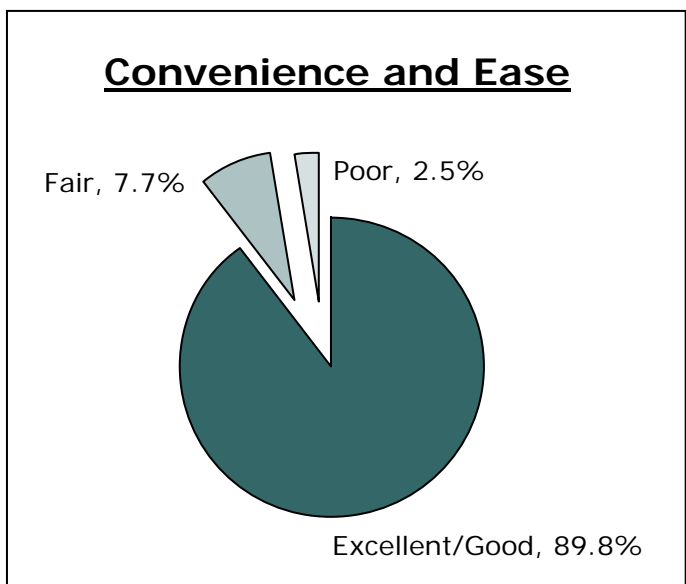


Chart 2

the service "Overall" excellent or good rose to 88.7% and their rating for reduction of "Bill Payer Emotional Stress" increased to 84.5%.

2. Very strong preference for using Online Collections Service over receiving call from a business representative or collections agent.

More than 83% of the respondents indicated that using an Online Collections Service would be "Much Better" or "Better" than receiving a call from a business representative or collections agent. With the Late Payers, the percentage rose to 86.4%. Online

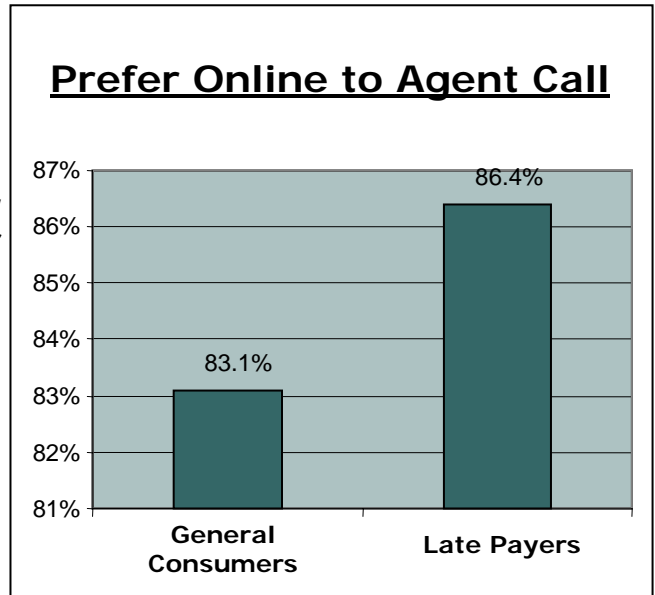


Chart 3

preference is driven by consumers seeking the benefits of Convenience and Ease which is the highest rated service dimension. Secondly, the ability to avoid the emotional distress of a face to face confrontation is also seen as driving consumer preference.

3. The vast majority view financial literacy materials as an integral part of Online Collection Services.

A high 81% of respondents suggested that access to Credit Reports would be Extremely or Very Useful. Websites providing financial advice and financial calculators also received a strong 76.4% approval rating each.

Late Payers view the opportunity of receiving financial literacy support as highly appealing to Online Collection Services. A strong majority or 84.9% of this group rated Financial Advice as extremely or very useful in supporting their bill paying efforts. The group indicated similar high level appeal to access to credit reports and financial calculators.

4. Respondents indicate that they believe that many types of consumers with varying payment issues will find a site devoted to online collections useful.

More than 88% of respondents believe that an Online Collections Site would be Extremely or Very Useful for individuals who want to pay their bill **quickly**. For "individuals who want to pay **over time**" that number falls slightly to 83.2%; while, the Late Payers rated this category at 86.8%.

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Even 64.7% of respondents thought that the site would be Extremely or Very Useful for individuals who may be **unable** to pay their bills. Late Payers better identified with this group with almost 77% of them indicating those who are unable to pay their bills would benefit from the site.

5. Broad use of Online Collection Services by lenders envisioned with credit card being leading application.

Almost 3 out of 4 respondents believe that an Online Collections Site would be Very Appropriate for credit card issuers. Between 60% and 65% believed that an online site would be Very Appropriate for Auto Loans, Online Retail Merchants, Utilities, and Home Mortgages.

Usefulness to Individuals

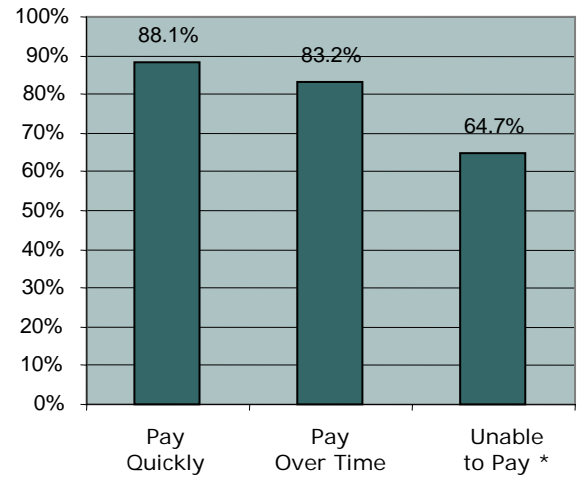


Chart 4

*77% of Late Payers

Methodology

Fifty thousand invitations were emailed to a research panel of online consumers who opted-in to a Website that sends them promotional offers. The population is over-sampled, then narrowed to get respondents as close as possible to typical online demographics. The Online Collections survey skewed somewhat towards female and lower income respondents. However, the strength of the results indicated that matching the exact demographics desired would not have changed the outcome.