

Excerpt from the New York Times Magazine, May 17, 2009 showing a) the importance of training and b) effective collections.

...es for
...very
...redit-
...were
...many
...dings

...es were surprisingly accurate, even during an economic
...ally, when people start losing their jobs and feeling poor
...times very, very important to figure out how to persuade
...credit-card bills.

...psychologists are now in high demand, and the industry is
...only to screen out risky debtors but also to determine which
...d a phone call to persuade them to mail in a check. Most
...dit-card companies have set up systems to comb through
...for signs that someone is going to stop making payments
...suddenly logging in at 1 in the morning? It might sig
...due to anxiety. Are they using their cards for groceries
...they are trying to conserve their cash. Have they starte
...for therapy sessions? Do they call the card company in th
...y, when they should be at work? What do they say whe
...ce representative asks how they're feeling? Are their sigh
...o they respond better to a comforting or bullying tone?
...d to get clean insights of a cardholder's state of mind," said
...he head of research and development at FICO, one of the
...st analytic firms. "The more subtle the insight, the mor

psychological studies is that cardholders are most likely to pay the bills of those companies with which they have an emotional connection.
"Today the goal is for customers to get a warm-and-fuzzy feeling from their credit-card company," said Carl Pascarella, a former chief executive of Visa USA. "If we have a deep relationship with you over a range of products and experiences, if we trust each other, you'll listen when we give you advice."

It was the first day of training for Bank of America's newest credit-card customer-assistance employees, and some of the 12 new hires sitting around the classroom were a little confused.

At another company, these employees — who earn about \$35,000 a year — might be called "collection agents" or "at-risk account reps." But at Bank of America, "our whole program is built around assisting the customer," explained Ric Struthers, president of the credit-card division. "We call it assistance, because we're here to find a solution."

To see how one company transforms thousands of low-paid employees into telephone psychiatrists, I attended a day of Bank of America's four-week training program at the company's Delaware offices. (I was allowed to attend on the condition that I neither identify nor interview the trainees during the course.) At the front of the classroom, a poster explained the company's "Customer Delight Model." The trainees were supposed to "provide a delightful opening," "employ delightful words," "acknowledge and empathize" and "personalize with a POWER close." They spent the morning discussing hypothetical cases, like a cardholder with twins whose husband announced he had fallen in love with another woman. He handed

over divorce papers, had a moving truck outside and in short order took over the house and left the cardholder with two kids, only \$400 a week and a ton of credit-card debt.

"I would tell her to castrate the man," one trainee said to the others in her assigned group. "You know, Mel Gibson is getting a divorce, and what he's doing to that poor woman, he should get his gut hacked up with a rusty knife. I would tell her to cut the husband where it matters, and then ask the new girlfriend what she thinks of what's down there now!"

These were not, apparently, the "delightful words" that Bank of America had in mind. A much younger male trainee opined that there might be more delicate ways of handling the conversation.

"What do you know?" the woman retorted. "You've never been married! You spent your whole life on vacation! Why don't you learn something instead of moving your mouth all the time?"

Score one for the *power* close.

As the class discussed how to talk to someone who has recently lost her husband or her job, a young man raised his hand.

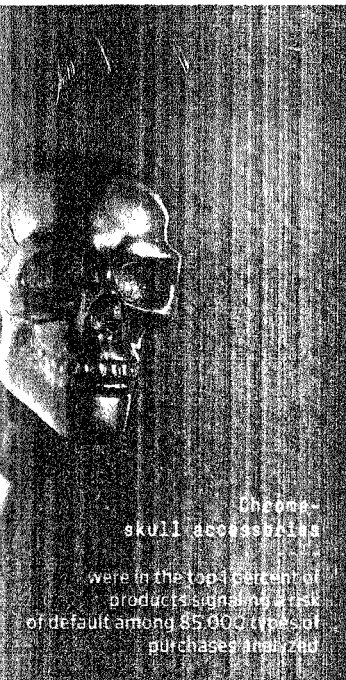
"Uh, when we hear a story like this, how are we going to ask them for money?"

"We'll get to that later," the instructor, Sheri Roberts, replied.

Then the trainees listened to a recording of an actual call with a cardholder who was about \$10,000 in debt, divorced and couldn't pay her bills. The Bank of America representative was chipper and positive and after 10 minutes offered to cut the woman's minimum monthly payments in half and drop her interest rate to 5 percent.

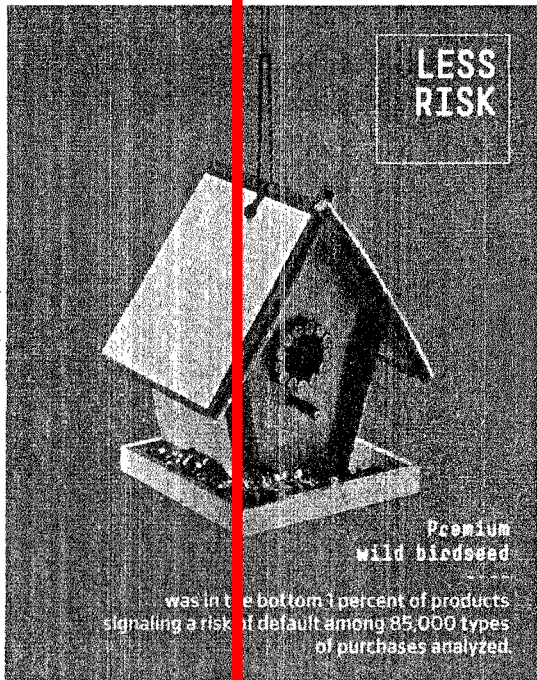
"Oh, my God," the cardholder sobbed on the tape. "Oh, that would help so much. I'm not a bad person."

"No, of course you aren't," the representative replied. "We're going to figure this out together."



One-over-skull accessories

were in the top 1 percent of products signaling a risk of default among 85,000 types of purchases analyzed.



LESS RISK

Premium wild birdseed

was in the bottom 1 percent of products signaling a risk of default among 85,000 types of purchases analyzed.

...g it requires. If someone pays for a big cable television
...nth with their card, are they rich? Or does it signal they
...se to avoid products they can't afford? If they check their
...es a day, are they worried or uptight? We may look at 300
...ristics just to predict their delinquency risk."
...company detects unsettling patterns, it might start cut-
...aising interest rates or accelerating repayment schedules
...expected to withdraw \$2.7 trillion of credit by the end
...g to a March report from the Meredith Whitney Advi-
...nking-analyst firm.) But the most useful information they
...re deriving from their data are the insights that help them
...ionships with customers, particularly when a cardholder
...a rough time. One of the strongest conclusions of the