

USE CASE

Unlocking €3.05M Gains with Smart DCA Allocation

Credit servicers often escalate accounts with unpaid balances to legal proceedings and assign them to Debt Collection Agencies (DCAs). However, the process of DCA allocation is frequently guided by empirical rules. These methods can yield satisfactory results but often leave room for improvement in terms of optimising recovery performance.

The [Qualco Data-Driven Decisions Engine \(D3E\)](#) addresses this problem with algorithmic precision. The solution matches each case to the appropriate DCA, delivering significant financial uplift with minimal operational disruption. By using predictive analytics, servicers can allocate cases more intelligently, improving recovery rates, portfolio health, client satisfaction, and operational efficiency.

Our Approach

A servicer managing a portfolio of 197,000 legal cases sought to improve recovery performance by rethinking how cases were allocated across seven DCAs. At the time, the existing payer rate stood at just 3.7%. Using Qualco D3E, the client was able to:

- **Predict expected recoveries for each debtor–DCA pairing**
- **Respect capacity constraints per DCA**
- **Algorithmically identify the optimal allocation strategy across a wide range of possible case distribution scenarios.**

The objective was to determine the most effective way to assign cases—guided by predicted recovery value, DCA performance, and real-world operational limits.

QUALCO D3E IN ACTION

Step 1 **Model Development**

D3E developed two AI predictive models for each debtor–DCA pair:

A classification model that predicts whether a debtor is likely to pay.



A regression model that estimates the expected payment amount.



These models were trained using a large, feature-rich dataset, which included:

- **Payment behaviour history**
- **Account-level financial information**
- **Interaction patterns and contact attempts**
- **Historical DCA performance**

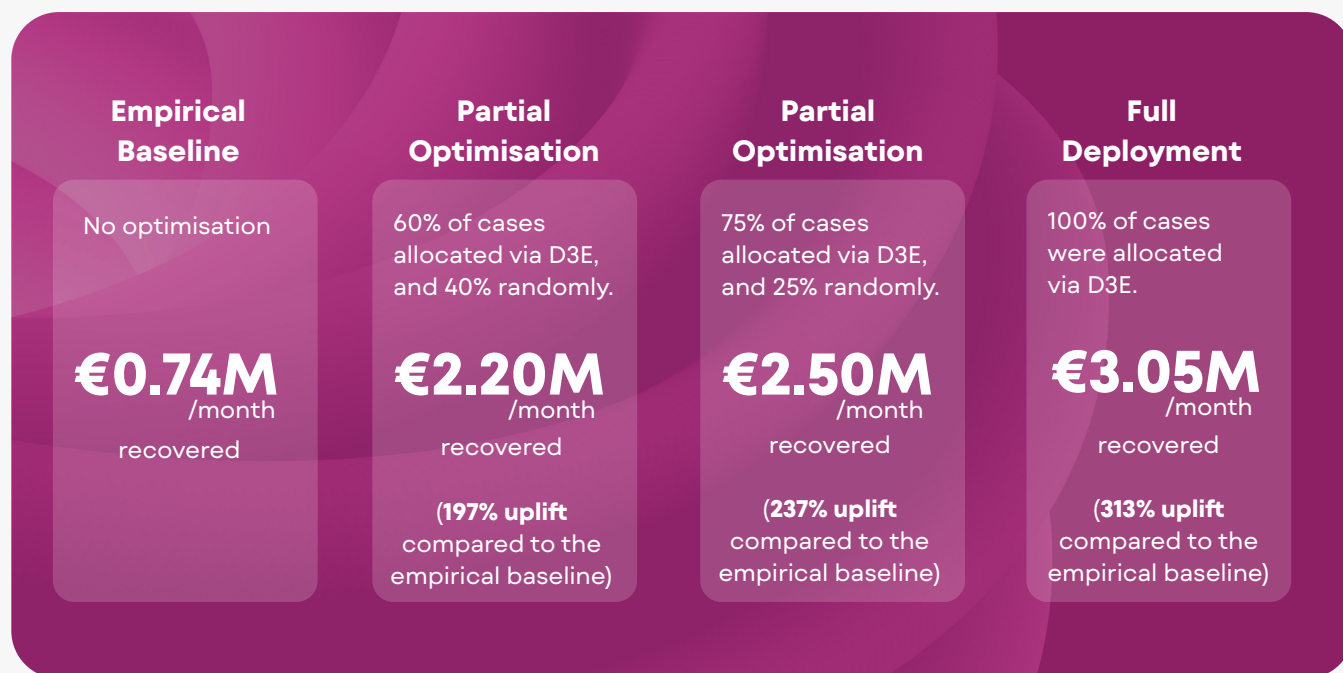
Step 2 Optimal Allocation Calculation

Once the models were trained, D3E followed a structured process to calculate the most profitable allocation plan:

- The predictions were combined to estimate the potential recovery value for each debtor–DCA assignment.
- These projected outcomes were generated with full consideration of each DCA's capacity constraints.
- An optimiser generated the most profitable allocation strategy across the entire portfolio.

Step 3 Deployment & Outcome Validation

To evaluate performance, the client tested three levels of D3E adoption against their empirical baseline:



These progressive scenarios highlight D3E's capacity to generate substantial returns under various deployment models, confirming its flexibility and real-world impact.

Results



Significant Profit Increase

Recovery uplift of €2.31M per month, as monthly collections rose from €0.74M to €3.05M.



Improved Resource Allocation

68% of cases were reassigned to the most appropriate DCAs, aligning workloads with DCA capacity and recovery potential.



Stronger Debtor-Level Results

Achieved an **81% uplift** in payer rate and a **2.3x in average** payment per debtor.



Low Implementation Cost

Proof of Value completed at an **annual cost of just €0.13M**.



Minimal Operational Impact

No disruption to existing operations and minimal engagement required

About

Qualco Data-Driven Decisions Engine

Qualco Data-Driven Decision Engine is an integrated decision-making platform that automates every stage of the credit portfolio and collections analytics workflow. It empowers:

- **Data Organisation** to keep track of one's portfolio's changes easily
- **Data Processing** to transform and sequence data for analytical insights
- **Machine Learning capabilities** to understand customer behaviours and segments
- **Tailored Treatments** to customise actions for various customer groups, enhancing performance
- **Strategic Insights** to shape treatment strategies and estimate their impact on profitability
- **Regulatory Compliance** by generating compliance reports based on analysis results

Designed for any business that manages credit, Qualco Data-Driven Decision Engine equips financial institutions and servicers with the tools to transform raw data into actionable insights. By leveraging advanced analytics and machine learning algorithms, organisations can unlock untapped potential, drive operational efficiency, and deliver exceptional customer value.



Ready to unlock sustainable growth with Qualco Technology?

Contact us

