2024 in Review: Collection Means Connection, and Beyond

As the year comes to an end, it's a good time to pause and reflect on the journey we've travelled in 2024. This year brought its share of challenges, but it also revealed our resilience and adaptability in finding solutions. Whether we were navigating the complexities of a shifting business landscape or addressing emerging industry needs, our collective efforts have demonstrated the strength and creativity that define our community.

In 2024, the global macroeconomic landscape faced continued turbulence, driven by the lingering effects of inflationary pressures and high interest rates. **Central banks around the world maintained tighter monetary policies to combat inflation**, resulting in elevated borrowing costs. This environment posed significant challenges for both consumers and businesses, particularly in the field of credit. **Loan portfolios experienced slower growth** as high interest rates discouraged new borrowing, while rising household and corporate debt burdens contributed to an **increase in non-performing loans (NPLs)**. Consequently, financial institutions had to focus more on their risk management systems and debt collection strategies, prioritising efficiency and agility to navigate these challenges. This in turn highlighted the vital role of advanced, data-driven technologies in ensuring resilience and operational excellence in the face of economic uncertainties.

Several global business trends in 2024 have significantly influenced the way organisations operate, emphasising, among others, the need for forward-thinking, adaptability, and a deeper connection with customers. Two of the most notable trends are **AI and Automation** and **Personalisation**:

- **AI and Automation**: The use of AI, particularly generative AI and large language models, is rapidly transforming sectors like customer service and decision-making. These technologies are now central to improving efficiency, offering enhanced personalisation, and driving strategic decision-making through advanced data analytics. AI-powered systems have streamlined processes across industries, enabling companies to meet customer demands faster and more accurately.

- **Personalisation**: In 2024, data-driven personalisation has become a core business strategy. Companies are increasingly leveraging AI and advanced analytics to offer tailored customer experiences. From personalised product recommendations to custom-tailored services, businesses are enhancing customer satisfaction and loyalty. This trend not only strengthens consumer relationships but also enables a deeper understanding of behaviour patterns to improve future offerings.

These trends reflect the ongoing evolution of the global business environment, where adaptability and technological innovation are crucial for long-term success.

At Loxon, we have continued to navigate and adapt to the evolving landscape by offering cutting-edge solutions that help our clients effectively manage debt collection and risk mitigation. Throughout the year, **we focused on delivering seamless, client-centric services that combine the power of automation with human expertise.**

One of the most important strategies we focused on was improving communication throughout the debt collection process. With **omnichannel communication** and **optichannel strategies**, we empowered our clients to reach their customers through multiple preferred communication channels, such as SMS, email, phone calls, and live chat. By leveraging **data-driven communication**, we ensured that each interaction was personalised and timely, significantly enhancing the customer experience and improving collection efficiency.

Automation played a significant role in our solutions, particularly with the development and expansion of our **self-service app**. This tool allowed customers to engage in debt resolution on their own terms, providing a seamless, convenient digital payment experience. The app's features aligned perfectly with the demand for greater flexibility and autonomy in handling financial matters, all while **maintaining a client-centric, data-driven approach.**

However, automation alone is not enough. We also recognised the importance of combining it with **human expertise** to deliver optimal results. Our systems integrate advanced automated features while maintaining the ability for human agents to step in when necessary, ensuring that clients receive the best of both worlds – efficiency through technology and personalised support when needed.

In 2024, Loxon continued to embrace the transformative power of technology, focusing on delivering **hyper-personalised customer experiences** powered by AI. By leveraging **artificial intelligence** and **advanced analytics**, we tailored debt collection processes to each customer's unique situation. Whether optimising the timing of interactions, offering personalised payment plans (PTP), or making the best proposals for repayment, our use of AI allowed us to continuously refine our approach, ensuring that each interaction was timely, relevant, and helpful.

In particular, **Loxon Analytics** proved crucial in enabling organisations to navigate economic uncertainty by leveraging AI-driven insights to hyper-personalise customer interactions, optimise collection strategies, and deliver actionable data. This ensured resilience and exceptional performance in the evolving financial landscape.

By offering **cloud-based solutions** and **advanced technologies**, Loxon has continued to innovate, staying ahead of trends and providing clients with scalable, future-proof solutions that support the growth and success of their businesses.

Throughout 2024, we remained dedicated to helping our clients meet their goals by leveraging **data-driven, client-centric strategies** to deliver exceptional outcomes in debt collection and risk management. These strategies are **explored further in our comprehensive** [whitepaper](#)**, which provides insights** into transformative approaches and solutions tailored to evolving industry challenges.

Everything we achieved and prioritised in 2024 is deeply aligned with Loxon's core values, vision, and mission. Guided by our commitment to **forward-thinking, customer-centricity, and excellence**, we continuously deliver solutions that empower financial institutions to adapt and thrive.

As we step into 2025, we are energised by the promise of new challenges, including the growing interest in our end-to-end credit management solutions, especially in our **Rating/Scoring System**, **EWS**, and **Collection Solutions**. Fresh momentum and groundbreaking ideas will shape our future solutions to better serve our clients. Our unwavering commitment to human-centric solutions remains a cornerstone of our mission, complemented by significant strides toward enhanced automation. **With the latest advancements in AI - both generative and machine learning - combined with proven technologies, we are ready to elevate our offerings to meet the evolving needs of our partners.**

Stay tuned for an exciting 2025! As we move forward, you can expect more insightful articles covering this rapidly evolving field. Together, **let's continue to explore the challenges and advanced solutions that emerge from blending human expertise with artificial intelligence**. Join us on this journey as we uncover new possibilities and redefine what's achievable in the world of intelligent solutions.

As we wrap up 2024, we want to thank everyone who joined us on this journey – our loyal readers, valued clients and partners, and dedicated colleagues who contributed to the professional content, as well as the broader professional community**. We wish you a joyful and restful holiday season and a New Year filled with success, growth, and exciting opportunities.** See you in January, refreshed and ready for what lies ahead!

2025 and Ahead: Navigating 4 Key Global Trends in Banking from Loxon perspective

As we step into 2025, the global economic environment presents a complex mix of challenges and opportunities. After years of volatility marked by rising inflation, interest rate hikes, and geopolitical tensions, the world is now seeking stability and renewed growth. Central banks are recalibrating their monetary policies, households are adjusting to evolving financial realities, and banks are navigating shifting risk landscapes while exploring new growth opportunities.

In this opening blog post, **we'll discuss the key global trends shaping the economy the year ahead and their implications for banks and credit management, and households alike**.

We'll also explore how robust end-to-end credit management business solutions can empower banks to navigate these challenges successfully while seizing the opportunities ahead. With tools designed to enhance efficiency, mitigate risks, and adapt to changing market demands, Loxon stands ready to help financial institutions to thrive during this time of transformation. Let's now take a look at the trends and solutions that will shape 2025.

Trend 1: Geopolitical and Economic Tensions

In 2025, **geopolitical and economic tensions are expected to remain** at the forefront of global challenges. One key factor will be [the inauguration of the new U.S. president: Donal J. Trump](#)**, which is likely to bring shifts in international relations, trade policies, and economic strategies**. Depending on the administration's approach, there could be changes in tariffs, sanctions, and multilateral agreements. This transition will likely influence global markets, potentially increasing short-term volatility as investors and businesses adjust to new policies.

- **Impact on Banks:** Geopolitical and economic tensions create uncertainty for banks, **making effective risk management crucial**. Quick adaptation is key to mitigating financial and operational risks.
- **Impact on Households:** Trade policy shifts **may raise import prices, increasing living costs** for households and limiting discretionary spending**.**

Trend 2: Technological Innovations and AI

Technological advancements, particularly in artificial intelligence (both LLM and ML), continue to revolutionise industries by enhancing efficiency and creating new opportunities. These innovations are reshaping the financial landscape, bringing both challenges and opportunities for banks and households alike.

- **Impact on Banks: Banks are leveraging digitalisation and AI to streamline their operations and enhance services**, such as risk management and personalized customer experiences. However, the rise of fintech companies, like neobanks, is intensifying competition and pressuring traditional banks to accelerate their digital transformations. **To stay ahead, embracing AI, understanding its use cases, and adopting it swiftly is essential.**
- **Impact on Households: Digitalisation is expanding financial service access through various automated solutions,** from the already known mobile banking to **the widespread usage of AI tools,** such as automatised loan approval systems and chatbots. **AI significantly enhances the user experience** by enabling more personalised, intuitive, and seamless interactions. **However, balancing accessibility with financial literacy and data security remains crucial.**

Trend 3: Labour Market Changes

Hybrid work models have become the standard in many industries, and with the continued advancement of AI, the **demand for highly skilled technology professionals** is on the rise. At the same time, workplace diversity and inclusivity remain a focal point, as organisations increasingly recognise their strategic business value.

- **Impact on Banks: Automated systems are gradually replacing traditional customer-facing bank roles,** boosting efficiency. Meanwhile, **banks face increased competition for technology experts crucial for AI and big data initiatives.**

- **Impact on Households:** <u>Low-skilled workers are more vulnerable</u> to automation, potentially lowering household incomes, **while hybrid work and digital platforms help balance work and family life.**

Trend 4: Transformation of Consumer Habits

Younger generations, particularly Gen Z and Gen Alpha, are becoming increasingly conscious consumers, placing a high value on sustainability and technological innovation from the brands they engage with. Furthermore, there is a **notable rise in the demand for personalised and experience-driven services**, as consumers seek tailored offerings that align with their individual preferences and lifestyles.

- **Impact on Banks:** To meet the expectations of younger, conscious consumers, banks must embrace sustainability, ESG principles and innovation, **using AI and machine learning to offer personalised, seamless experiences.** Tailored services and user-friendly platforms will **attract tech-savvy, socially responsible clients** while retaining current ones.
- **Impact on Households:** Younger generations' focus on sustainability and **personalisation will lead to financial products that align with their values**. Technological innovations will offer seamless, intuitive banking through **digital platforms and AI, simplifying financial management** and empowering consumers to make informed and conscious financial decisions**.**

Now, let's take a closer look at **how modern credit management business solutions help banks address these trends effectively** and turn the challenges they present into opportunities.

The role of a <u>Rating/Scoring System and Decision Engine</u>
A solid Rating/Scoring System and Decision Engine solution enable automated, fast, and accurate decision-making, which is critical in today's dynamic and rapidly changing environment.

How does it align with current trends?

- **Geopolitical and Economic Tensions:** The system enables proactive risk management: with its decision engine, financial institutions can swiftly adjust risk policies and lending strategies, ensuring stability and resilience in uncertain times.
- **Technological Innovation and AI:** Rating/scoring system facilitates the swift and accurate analysis of new customer risks and automates online credit assessments. This not only enhances customer experience but also reduces operational costs for financial institutions.
- **Labour Market Transformations:** By automating manual credit assessment processes, these systems reduce the need for human intervention while increasing the speed and accuracy of decision-making.
- **Shifting Consumer Behaviour:** A state-of-the art decision engine delivers fast, digital responses to evolving customer needs, meeting the demand for seamless and efficient processes.

Key benefits for Banks

- **Faster Decision-Making**: Loan assessments can be completed within minutes, significantly improving the customer experience.
- **Reduced Risk Costs:** More accurate predictions lead to a lower ratio of non-performing loans (NPLs).

The role of <u>Early Warning System (EWS)</u>

An advanced Early Warning System empowers banks to take proactive measures against problematic loans before they become non-performing (NPL).

How does it align with current trends?

- **Geopolitical and Economic Tensions:** Macroeconomic events or geopolitical instability can rapidly impact customers' financial health. The EWS detects early signals of such challenges, helping banks mitigate losses effectively.
- **Technological Innovation and AI:** The EWS leverages real-time data such as account movements, delayed payments, or even external market data, so it provides instant alerts on potential risks, enabling swift interventions.
- **Labour Market Changes:** The EWS also considers changes in customers' employment situations, such as layoffs or industry-specific downturns, which could affect their ability to meet financial obligations.
- **Shifts in Consumer Behaviour:** Customers appreciate when their bank takes immediate action to address potential issues. By proactively reaching out and collaborating on solutions, such as restructuring payment plans, the EWS helps foster trust and prevent more significant problems from arising.

Key benefits for Banks:

- **Early Problem Management:** The EWS enables banks to reach out to customers proactively and offer flexible solutions (e.g., loan restructuring) before issues escalate.
- **Reduced NPL Ratios:** Early identification and management of potentially problematic customers prevent defaults and protect the bank's portfolio.
- **Real-Time Monitoring:** Automated alerts from the EWS support customer service teams by providing timely insights, ensuring faster and more targeted interventions.

The role of Collection Business Solution

A cutting-edge and resilient collection systems provide efficient and customer-friendly management of debt recovery processes, which are essential for banks in today's uncertain economic climate.

How They Align with Current Trends

- **Geopolitical and Economic Tensions:** Amid economic challenges, banks must adopt a more empathetic approach, such as offering flexible repayment plans. High-performance collection system supports this while maintaining collection efficiency.
- **Technological Innovation and AI:** The system automates collection processes, managing communications through digital channels, while offering personalised strategies. AI analyses which approach resonates best with each customer, optimising the process.
- **Labour Market Changes:** Given the uncertainties in the labour market, customers' financial situations can change rapidly. A resilient system handles such changes with tailored collection strategies.
- **Shifts in Consumer Behaviour:** Digital solutions, such as self-service portals and mobile applications, enable customers to manage their debts in a less stressful, more convenient way.

Key benefits for Banks

- **Automated and Efficient Processes:** AI minimises the need for manual intervention while maximising recovery rates.
- **Customer-Friendly Solutions**: Flexible options, like instalment plans, improve the overall customer experience.
- **Data-Driven Collection Strategies:** Data-driven insights help banks identify which customers to approach with mediation or with legal action, optimising resource allocation.

Conclusion

State-of-the-art and reliable Credit Management Business Solutions equip banks with the tools to adapt to global trends, enabling faster, more accurate decision-making through rating, scoring, and decision engines, proactive risk management with early warning systems to reduce NPL ratios, and efficient, empathetic collection processes that improve the customer experience as well as lowering collection costs.

Stay tuned and follow our journey this year! And feel free to book an appointment with our expert anytime.