PITON Global

EXECUTIVE WHITE PAPER

COLLECTIONS & AR RECOVERY · PHILIPPINES

The recovery curve: the executive economics of collections & AR outsourcing to the Philippines.

An analysis of roll-rate economics, cure-curve arithmetic, compliant-conversation machinery, B2B receivables recovery, and vendor-selection discipline for lenders, subscription businesses, and commercial creditors sourcing in the Philippines.

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COLLECTIONS & AR RECOVERY

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ABOUT THIS SERIES

The Banking BPO paper examined collections inside a banking program; this volume gives the discipline the standalone treatment its economics deserve — consumer and commercial books alike. As throughout the series, the material is working evidence, not thought leadership: costs, benchmarks, provider-field census, and governance drawn from PITON-Global's quarter century of buyer-side engagements.

THE PITON-GLOBAL LEADERSHIP TEAM

About the authors

John Maczynski

Chief Executive Officer

Collections operations sat inside several of the programs John owned across his thirty-plus corporate years — enough of them to have learned the discipline's paradox firsthand: the desks that recover the most are the ones that pressure the least and organize the best. That operator's understanding, applied from the buyer's chair, is what clients engage when he leads their program — as he does every PITON-Global engagement, scoping through certified launch.

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Recovery floors — card, auto, telco, and commercial — thread through the two-plus decades Ralf has spent building and advising Philippine delivery organizations, and they taught him what this volume's diligence protocols inspect: that a collections operation's real assets are its compliance instrumentation and its tenured conversationalists, in that order. The provider dossiers and benchmark models behind the series remain under his continuous maintenance.

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PITON Global

ABOUT PITON-GLOBAL

The Philippine outsourcing market rewards insiders, and PITON-Global has spent twenty-five years becoming its most useful one — for buyers only. From Manila, with an industry-award shelf earned along the way, the firm maintains the market's most continuously verified provider intelligence and puts it to a single use: scoping client requirements precisely, gating the thousand-plus-provider field on evidence, refereeing genuinely competitive RFPs, and staying embedded until the program holds its contracted numbers. Tripadvisor, TSYS, Garmin, HealthPartners, Yetipay, Workrise, and Norman Disney & Young have built their Philippine operations on that model.

SECTION 01

Executive summary

-63%	62%	0.4	5.6×
Blended fully-loaded cost vs. US onshore	Promise-to-pay kept rate (vs. ~47% baseline)	Complaints per 1,000 accounts worked (vs. ~2.1)	First-year ROI, reconstructed lender case (Section 6)

Receivables do not default; they drift. An account misses once, rolls quietly through the buckets while nobody calls, and arrives at charge-off carrying a loss that was preventable at day five for the price of one good conversation. Collections is therefore not the grim endgame of credit — it is a time-sensitive service operation whose product is the cure, and whose economics are set by two curves this volume prices: the roll rate (how fast balances slide) and the cure curve (how fast recovery probability decays while they do).

The Philippines runs this work with a combination its competitors cannot assemble: the empathetic-conversation culture that built the world's CX capital, the compliance instrumentation documented in the Banking BPO paper and the Telecom & Connectivity paper, and tenure economics that keep skilled negotiators in seat past the fluency threshold. Consumer first-party, third-party support, and commercial B2B recovery all ride the same floors. Five findings frame the volume:

1. **Early contact is the whole ballgame.** Cure probability falls by half between day 5 and day 45. A desk staffed to reach every account in the first week — economically impossible onshore, routine at $11.90 an hour — moves the roll rate more than any strategy deck ever will.

2. **Kept promises beat extracted ones.** A payment plan a customer can actually keep cures the account and keeps the customer; a pressured promise breaks within the month and poisons the file. The 62%-vs-47% kept-rate gap is a training and tenure artifact, and it is auditable in diligence.

3. **Compliance is the license to operate — literally.** Reg F call caps, TCPA dialing discipline, UDAAP-safe language, state-licensing boundaries between first- and third-party work: the machinery is well understood, fully trainable, and pass/fail in Step 4. A cheap desk with a complaint problem is the most expensive desk in the industry.

4 **B2B AR is collections wearing a relationship.** Commercial recovery is dispute resolution, documentation chase, and polite persistence with a customer you want to keep — the Back-Office Outsourcing paper's DSO economics, staffed as a dedicated desk. Eight days of DSO on a mid-market book funds the entire program.

5 **The qualified field is disciplined and small.** Of 1,000+ Philippine operations, PITON-Global's mapping confirms genuine collections depth — live recovery programs, compliance instrumentation, kept-rate exports that survive sampling — at roughly twenty-five. Everyone else is a dialer with a rate card.

The intended reader owns receivables risk or working capital — at a lender, fintech, subscription business, utility, healthcare system, or any commercial enterprise whose AR aging report has become a quarterly apology. Sections 2–4 supply the evidence; sections 5–7, the method and the proof.

SECTION 02

The roll-rate ladder: where receivables die, and the work that moves

Figure 1 shows the ladder every delinquent balance descends — and the intervention economics at each rung, as a vetted desk works them.

FIG. 1 — THE ROLL-RATE LADDER: BUCKET BY BUCKET (COMPOSITE CONSUMER BOOK)

DPD 1–30	Mostly forgetfulness and friction — reminder cadence, payment-method fixes, one empathetic call. The cheapest cures in credit	**vetted cure: 71% vs. ~55%**
DPD 31–60	Hardship surfaces — reason capture, right-sized plans, promise architecture with follow-through on every commitment date	**roll to 60+: −38%**
DPD 61–90	The negotiation bucket — settlements within authority matrices, hardship programs, skip-trace support on gone-quiet accounts	**recovery per hour: 2.1× baseline**
DPD 90+	Pre-charge-off triage — final-resolution offers, agency/legal handoff preparation with files documented to survive scrutiny	**charge-off entering: −22%**

Composite consumer-book performance, PITON-Global collections engagements 2024–26; baselines = client pre-engagement performance.

The work mix that rides the ladder: **first-party consumer collections** (the creditor's own name, the creditor's own rules — the largest share and the gentlest work), **B2B AR recovery** (invoice-to-cash chase, dispute resolution, short-pay reconciliation, documentation completion — the desk that turns the Back-Office Outsourcing paper's DSO benchmarks into standing capability), and **third-party support functions** where state licensing permits, with the licensing boundary drawn in Step 1 exactly as the Insurance BPO paper drew insurance's and the Legal Process Outsourcing paper drew law's: activity by activity, in the SOW, audited quarterly.

The AI reset lands here with its familiar shape: payment reminders, self-serve plan enrollment, and channel-preference orchestration absorb the friction cures at the top of the ladder, while the residual conversations — hardship, dispute, negotiation — are precisely the ones where a tenured human's judgment converts. The desk this volume prices is built for those conversations.

SECTION 03

The cure curve: early-contact arithmetic and the compliant conversation

Figure 2 plots the decay every collections leader knows and few staff against: the probability that a delinquent account cures, by the day of first meaningful contact.

FIG. 2 — THE CURE CURVE: CURE PROBABILITY BY DAY OF FIRST CONTACT

Composite cure probabilities by day of first meaningful contact, PITON-Global collections engagements 2024–26; consumer books, early-stage placement.

The curve converts staffing into strategy: an onshore desk that can afford to work only the largest balances leaves the rest to roll into the cheap-to-cure days it cannot staff; a Manila desk at a third of the cost works the whole book inside the green window. That is the entire structural argument — not better collectors, but enough of them, early enough, with the tenure to negotiate well when they get through.

Around every conversation stands the compliance frame, run as instrumentation rather than intention: **Reg F call-frequency caps** enforced by the dialer, not the agent's memory; **TCPA consent states** checked before every attempt; **UDAAP-safe scripts** versioned as controlled documents with change control the client chairs; **promise architecture** that logs every commitment and triggers every follow-up; and **complaint capture** that flags friction to the client weekly. The 0.4-per-thousand complaint rate in the summary band is not a temperament statistic — it is what this machinery produces, and every element of it is inspectable in Step 4 and samplable in Step 5.

SECTION 04

Cost and performance: role-band economics and top-tier benchmarks

TABLE 1 — FULLY-LOADED COST PER PRODUCTIVE HOUR BY ROLE BAND (US$, 2026)

Basis: PITON-Global collections engagement pricing 2025–26; fully loaded and net of shrinkage, as defined in Methodology & notes. Contingency and hybrid pricing available on late-stage books; hourly remains the honest comparator.

TABLE 2 — COLLECTIONS & AR BENCHMARKS, VETTED VS. BASELINE (2025–26)

METRIC	VETTED TOP TIER	BASELINE	EXECUTIVE READING
Early-bucket cure rate (DPD 1–30)	**71%**	~55%	The ladder, stopped at the top
Promise-to-pay kept rate	**62%**	~47%	Plans people can keep, kept
Right-party contact rate	**+31%**	reference	More cures per dialer hour
B2B DSO improvement	**–8 days**	reference	Working capital, home early
Complaints per 1,000 accounts worked	**0.4**	~2.1	The regulator's metric, minded
Annual attrition, collections programs	**22–30%**	50–70%	Negotiation skill compounds in seat

Source: PITON-Global collections engagement data 2025–26; baseline = client pre-engagement and onshore/commodity-offshore averages.

Behind the column, the series machinery plus two collections-specific engines: **authority matrices** — settlement bands, plan terms, and fee-waiver limits written to the dollar and enforced by the system, so negotiation flexibility never becomes negotiation improvisation; and **reason analytics as a deliverable** — hardship taxonomies shipped weekly to credit and product teams, closing the loop between why customers fall behind and how the book is underwritten. Onshore collections attrition of 50–70% makes both impossible; Manila tenure makes both routine.

SECTION 05

Sourcing discipline: the 7-Step Vendor Vetting Framework, applied to collections

Collections diligence has a listening test no slide deck survives: sit in on live calls, sample the complaint log, and pull the kept-rate export by vintage. The funnel below is representative of a dual-book search.

FIG. 3 — THE 7-STEP FRAMEWORK AS A COLLECTIONS FUNNEL

	STEP	WHAT IT ELIMINATES IN A COLLECTIONS SEARCH	FIELD REMAINING
1	**Requirements definition**	Undefined authority: fixes buckets and books in scope, the first/third-party licensing boundary, authority matrices, dialer and consent architecture, quality targets	1,000+
2	**Market mapping**	Providers without recovery floors in the required scale band and coverage model	~85
3	**Capability screening**	Dialers with rate cards: live recovery programs, kept-rate exports by vintage, B2B dispute fluency — evidenced, not asserted	~25
4	**Compliance & security audit**	Instrumentation gaps: Reg F caps in the dialer, TCPA consent checks, UDAAP script governance, complaint logs, call-recording retention, SOC 2 on the unit	~14
5	**Operational diligence**	The listening test: live-call calibration, complaint-log sampling, kept rates that fail export scrutiny, attrition that churns negotiation skill	6–10
6	**Competitive RFP & negotiation**	Contingency teasers on books priced hourly (and vice versa); finalists bid the fee model that fits each bucket, with cure, kept-rate, and complaint credits	2–3
7	**Transition & launch governance**	Authority drift after go-live: PITON-Global stays embedded buyer-side through the first full delinquency cycle, then hands over	1

Field-remaining counts represent a dual-book collections search (25–80 seats), PITON-Global engagements 2024–26.

The guarantees, seventeenth statement: **vendor neutrality** — no capacity sold, no placement economics, the kept-rate export outranking every pitch; **right-sizing** — a 45-seat dual-book program inside a mega-agency queues behind card-issuer whales, while the framework surfaces recovery specialists for whom your book's vintage curves become the morning meeting. Six to ten best-qualified providers, within 48–72 hours, free to the buyer, competing through a fully transparent, fair, comprehensive, and highly competitive RFP.

SECTION 06 · ANONYMIZED CASE STUDY

Stopping the roll: a 45-seat dual-book program, reconstructed

The case engagement is a US equipment-finance and leasing company — roughly $2.1 billion in receivables across a consumer book and a commercial dealer book — whose recovery operation had been rationalized into failure: eleven onshore collectors working only balances above $4,000, first contact averaging day 22, commercial disputes aging into write-offs because nobody chased the paperwork, and a charge-off line the CFO described as "a tax on our own silence." Identifying details are anonymized under NDA.

SELECTION (WEEKS 0–8)

Requirements fixed a 45-seat scope — 22 early-stage consumer (first-party, full book, day-3 first contact), 15 B2B AR recovery on the dealer book, 8 QA and compliance — with authority matrices written to the dollar and Reg F/TCPA instrumentation specified in the dialer requirements. Mapping yielded 79 claimants; export-verified screening left 22; the instrumentation audit left 13. Live-call diligence produced a shortlist of 7. A Manila recovery specialist won at $11.90 per productive hour, with cure, kept-rate, and complaint credits.

TRANSITION (WEEKS 9–24)

The consumer desk certified in behind a two-week shadow period with 100% call QA in its first month; first contact moved from day 22 to day 4 within the first full cycle. The B2B desk launched in week 13 with a dispute taxonomy the dealer channel had never had; the aged-dispute backlog cleared in nine weeks. Hardship analytics began shipping to the credit team in week 15. PITON-Global chaired buyer-side governance through a full delinquency cycle, then handed over on documented criteria in month 7.

TABLE 3 — CASE FIRST-YEAR VALUE BUILD-UP (US$)

VALUE COMPONENT	YEAR 1	BASIS
Labor & overhead arbitrage (full-book coverage added)	**$1.70M**	84k productive hrs × ($32.10 − $11.90)
Charge-off reduction (cure 54%→69%, roll rates down two buckets)	**$0.48M**	Balances cured vs. vintage-matched baseline, loss-rate basis, conservatively factored
B2B working capital (dealer-book DSO −8 days)	**$0.31M**	Freed cash × client's cost of capital, one year
Complaint & legal-exposure reduction (2.3→0.5 per 1,000)	**$0.12M**	Measured legal-response and settlement run-rate avoided
Gross value created	**$2.61M**	
Less: engagement & transition costs	**($0.47M)**	Transition, instrumentation build, shadow periods, governance overlay; advisory fee $0 (provider-paid model)
Net value ÷ cost = first-year ROI	**5.6×**	$2.61M ÷ $0.47M

Figures rounded; cure, DSO, and exposure effects conservatively factored. Method in Methodology & notes.

Sixty-five percent arbitrage, thirty-five percent operational value — the series ratio, seventeenth appearance, and this time the operational lines land directly on the loss line, where CFOs feel them most. Every one traces to selection: the cure lift to day-3 contact the onshore desk could never staff, the DSO recovery to a dispute taxonomy screened for in Step 3, the complaint collapse to instrumentation audited in Step 4. The CFO's handover verdict: "We didn't get tougher. We got earlier — and it turns out earlier is kinder and richer at the same time."

SECTION 07

The executive playbook: governance for the first 180 days

Collections governance runs on the delinquency cycle: the program is not proven until a full vintage has moved through it. The sequence below is built to that clock — client in command throughout.

DAYS 0–30

Write the authority, wire the caps

Document authority matrices to the dollar and the licensing boundary activity by activity. Enforce Reg F and TCPA in the dialer configuration, not the training deck. Contract with cure, kept-rate, and complaint credits — and 100% call QA for the first month on any queue touching consumers.

DAYS 30–90

Move first contact to the green window

Shadow, certify, and take the full book — the smallest balances first, because they were the ones nobody called. Watch kept-rate by agent cohort weekly; it is the earliest honest signal. Ship hardship and dispute taxonomies to credit and sales from the first month.

DAYS 90–180

Prove the vintage, then tune the curve

Read the first full vintage against its matched baseline — cure, roll, kept, complaints — and let the data set the expansion: later buckets, settlements within widened authority, proactive pre-delinquency outreach. Certify steady state; hand over on dated criteria; keep the quarterly authority-and-boundary audit standing.

THE FIVE FAILURE MODES WE ARE HIRED TO PREVENT

Working only the big balances while the small ones roll · measuring collectors on dollars-per-hour until the complaint log measures them back · leaving authority to habit instead of matrices · trusting Reg F to memory instead of the dialer · buying a contingency teaser on a book that needed an hourly desk. All five are settled at selection and design.

Collections is the rare function where doing right by the customer and doing right by the P&L are the same motion: reach people early, listen honestly, structure what they can keep, and document everything. The Philippine market executes that motion at 63% below onshore cost, across whole books onshore economics abandon, with complaint rates a fifth of baseline. Twenty-five providers genuinely qualify. The method in these pages — authority written down, instrumentation audited, calls listened to, a fully transparent, fair, comprehensive, and highly competitive RFP — finds the right ones, and turns the aging report from an apology back into an asset.

METHODOLOGY & NOTES

How the numbers were built

Operating benchmarks (cure rates, kept rates, right-party contact, DSO effects, complaint rates, attrition) derive from PITON-Global collections engagements active 2025–26, measured on dialer, collections-platform, and QA systems, validated in client governance. Baselines combine client pre-engagement and vintage-matched

data with onshore and commodity-offshore averages. The cure curve (Fig. 2) is a composite of early-stage consumer placements.

Cost figures are fully loaded — wages, benefits and statutory charges, facilities, dialer and compliance instrumentation, management and QA overhead, attrition-driven recruiting and ramp — net of shrinkage. US baselines reflect Tier-2 metro collections labor; Manila figures reflect 2025–26 engagement pricing. Contingency-fee comparisons are noted where books priced that way.

The case study is anonymized under NDA; receivables, books, and volumes are generalized, figures rounded. Value factors are conservative: charge-off reduction is measured against vintage-matched baselines at loss rates, not balances; DSO value applies the client's own cost of capital for one year; exposure reduction counts documented legal run-rate only. ROI = net first-year value ÷ all engagement-related client costs. PITON-Global's advisory fee is provider-paid and appears at $0 in the client cost base; neutrality safeguards are documented at piton-global.com.

Regulatory context reflects FDCPA/Regulation F, TCPA, and UDAAP frameworks as generally applicable in 2026; nothing in this paper is legal or compliance advice, and program designs should be reviewed by the client's counsel. Market context draws on IBPAP reporting and PITON-Global's proprietary provider mapping (1,000+ operations; collections capabilities re-verified June 2026).

Which collections providers belong on your shortlist?

Thirty minutes with John will tell you. Free to buyers, strictly vendor-neutral — a listening-tested shortlist within two to three business days.

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