

Behind the AI Collections Hype: What Operators Learned After Going Live

By Rodrigo Fuentes & Abraham Lipson

You hear it at every conference and vendor pitch: point AI at your portfolio and watch the work disappear. Operators who have run AI against real accounts tell a different story. Going live didn't end the work. It opened a new frontier. They now have proof of what AI can do. They can also see, more clearly, how much is left to build.

Many pre-launch questions turned out to have clean answers. Will consumers talk to a bot? Mostly, yes. Can you cover more of the portfolio? Also yes. What caught operators off guard was the next layer of problems. Those only showed up once the system was live against real paper. What follows draws on operators across the ARM landscape: collection agencies, a debt buyer, and a fintech lender. The common thread is not the technology. It is the new set of things the technology handed them to manage.

"People are looking at AI today as a silver bullet, and it's not," said one veteran debt buyer. He sees it differently, as "a way to augment what we already do." Closing the gap between that pitch and that reality is the work every one of these operators has done since launch.

The Expected Win, Delivered

If pre-launch expectations held up anywhere, it was coverage. Before AI, agent headcount set the ceiling. It capped how much of the portfolio you could work, and how often. Accounts aged out of the scorecard window. Resources moved to newer placements. Older paper simply stopped getting touched.

James Little runs AI collections at Kompato, after a decade in agencies. He described how that math changed. His team uses "a machine learning decision engine" to sort the work. Higher-complexity, higher-intent accounts go to live agents. The AI takes "the lower-hanging fruit on older placements, regardless of the age of assignment." He points to a bulk placement from early 2025 that "still gets almost the same penetration level from an AI standpoint as it did on placement." Because the AI never stops working the account, it sets up payment plans on paper that other channels had already given up on. Not only do those plans continue to recover money, they also protect the account itself. As Little put it: "we can object to the recall because we have a payment plan in progress with the consumer. So we get to keep the account."

Aristotle Sangalang, president of The Bureaus, Inc. and a 30-year debt-buying veteran, framed his win similarly. The biggest thing AI does, he said, is work accounts "that no human being wants to work, old accounts." A collector earning $17 an hour will never really chase a $50 balance. A bot will, and it won't burn out. "I could place an account with a bot for two years and it'll never get sick of the account. I can't do that with a human." It also sidesteps a problem baked into how collectors get paid. Commission structures, Sangalang argues, "create a potential desperation situation." An agent chasing a number pushes too hard, draws complaints, and invites lawsuits. A bot carries no quota and no bad weekend.

At the fintech lender Affirm, the win showed up as raw reach. Chris Witsil, an Affirm product manager who led its

collections AI rollout, watched a channel everyone had written off come back to life. "We all thought voice was dying for a little bit, and AI agents really give us another shot at making this a performing channel again," he said. "We're seeing strong differentiation between reach metrics for humans and for AI agents." His colleague Alex Rutherford, Affirm's senior manager of collections and recoveries, values the steadiness as much as the reach. The bot is always on. That lets the team "navigate seasonality from a hiring perspective," with less pressure to ramp agents up and down.

Coverage and reach were the least surprising wins. What these operators hadn't planned for was everything that came after.

The engineering challenge

Ask any operator what ate up the most time, and it is rarely the part consumers see. As Little put it, "the AI conversation is the only visible part of the system," and yet "many of the most important decisions happen before the outreach begins."

The first job is to teach the system to read a call and write the correct result back into the system of record. Say a consumer calls in, upset, and asks not to be contacted at that number. Is that a wrong number, or a do-not-call request? "If it's not the consumer, it's just a wrong number. If it is the consumer, now it's a do-not-call scenario." Getting that right every time meant running scenario after scenario, until the system "understands it in the right context and applies it correctly to the system of record."Witsil is blunt about where the effort really goes. "You can sell [the hype] as much as you want," he says, but "it comes down to the buyer's ability to deliver what you need to fulfill those promises." When things go wrong, "it's not the AI agent going rogue," he said. "It's the way the operations are set up." Get the plumbing right, and the bot performs. Get it wrong, and no model can save you.

Both point back to data. Sangalang's leap into AI was easier, he says, because data had been central to his operation "long before anybody else thought it was cool." His peers tell him the opposite: "We don't get that data, or we don't have that data." Jim Beck, president and COO of MRS BPO, a tech-enabled agency, puts it more starkly. "The new moat is data infrastructure," he said. "Everything else is going to become commoditized." The data foundation under voice AI is where most of the work goes, before launch and after.

Knowing the limits of AI

AI has real limits, and the best operators know exactly where they are and when to escalate to a human. As Little notes "when it comes to unraveling disputes, unusual hardships, and vulnerable consumer situations, if it's at a point where the AI cannot handle it… it's always a revert to 'let's see if we can get a live agent to assist you with that'". The engineering challenge isn't in getting the AI to handle everything; it's in recognizing the handful of situations it shouldn't, and routing them to a person before the consumer hits a wall.

A separate limit is rigidity. Companies have spent years following strict legal rules rather than focusing on the customer, and old habits carry into how bots get scripted. Beck sees it directly: a smart AI model wants to talk naturally, but if you force it to follow old, rigid scripts, it fails..." This makes escalation, rigidity, and negotiation read as three distinct, enumerated challenges instead of two.

Another challenge is negotiation. On the scorecards, one manager found AI agents ranked first on payment counts but second on average payment. The bot was not pushing as hard as a human would. Sangalang has seen this too. A good human collector knows how to hold their ground, while an empathetic bot prioritizes frictionless experience over aggressive recovery tactics.

None of that makes the borrower-friendly approach wrong. On aged paper, a small and steady payment plan is an annuity. It keeps paying long after a one-time push would have stalled. The discipline is to follow the result all the way through, what Sangalang calls net back: "a long view on what we brought in versus what it cost us." Net back, he adds, is what really decides whether the program won.

Nothing here is finished

None of these operators consider launch to be the finish line. Each is still tuning something half a year or more in.

At Affirm, that tuning follows a loop. The team surfaces what the bot can't do yet, feeds it back to the vendor, and lets the product improve from there. Take customers with multiple loans, where bots still trail humans. AI "goes after one of the first loans or the most delinquent," Rutherford said, and "struggles in terms of capturing the other potential payments." Affirm flagged it for the vendor, which is how AI improves over time.

The bigger job is wiring internal systems to the AI. No vendor can hand that over. Getting full value takes a standing commitment from your own IT. Even so, Witsil would make the same call again. "If I was to bring on my own AI agents, that's a whole other team that needs to manage the quality ... the background operation of them," he said. "I don't know of any creditors at the moment that have made the decision to launch a Voice AI program fully in-house." The internal work is real, but far smaller than building from scratch.

For Sangalang, one frontier is outbound. Inbound AI is "100% safe," he argues, because the consumer initiates the contact. Outbound is more nuanced, so he runs it only where TCPA consent is clean. That means reading the underlying agreements, confirming he is on solid ground, and only then letting the system dial.

Beck, a year and a half into his own AI transformation, is blunt

about the timeline. “It’s not like the work is done,” he said. “I’m working on it every single day.”

What operators actually got

The hype promised AI you could set and forget. What these managers got was more useful: a tool that doesn’t remove the work, but lets them spend their resources on the most important tasks.

The industry is early in its AI transformation, and that is the good news. The first wave of results is already strong, with more room ahead. “I haven’t proven that AI can totally replace a human agent workforce,” Witsil said. “There’s going to have to be some sort of mix, and that’s okay.” Beck put the upside plainly: “I expected a full job takeover. Instead, I got a more efficient, more profitable business. Work that used to take weeks and tons of resources now takes moments.”

This is the lesson for anyone starting out. AI will scale your strategy fast, even when that strategy is weak. The managers who won treated launch as the start of a learning process. Do it that way, and the payoff is real: broader coverage, lower cost to collect, a consumer experience people will engage with, and money recovered on paper that used to be written off.

Beck counsels against waiting for certainty: “The market will drive that decision, not your own organization.” Sangalang agrees. For a decade, he notes, the industry built almost nothing but compliance “shields.” Every conversation was about what not to do. What AI has done, more than any efficiency gain, is put performance back on the table: liquidation, net back, results. That’s the shift underway. The operators ahead aren’t just the ones who deployed AI first. They’re the ones who kept building after it went live.



Rodrigo Fuentes

VP of Growth
Kompato

Rodrigo Fuentes is VP of Growth at Kompato, a licensed AI collection agency. A former engineer and IP lawyer turned founder, he built and exited an ad-tech startup before turning to generative AI in the ARM space.



Abraham Lipson

Growth Engineer
Kompato

Abraham Lipson is a Growth Engineer at Kompato. With a background in both software engineering and journalism, he focuses on internal automation and tooling to accelerate marketing and sales workstreams.