

Marian Sangalang Interview on Capital Club Radio

Opening: Live from the 2019 RMA International Conference at the Aria Resort Hotel and Casino Las Vegas, it's time now for a special episode of The Capital Club Radio Show, broadcasting on the Pro Business Channel Networks, this show made possible in part by Flock Specialty Finance, and now here's your host, Chairman and CEO of FLOCK Specialty Finance, Michael Flock.

Michael Flock: Good afternoon. Today, we're really honored to have one of the new leaders of the debt buying and collections industry, the President-Elect of Receivables Management Association, RMA, formally known as the Debt Buying Association, or DBA and her name is Marian Sangalang. Marian is currently Vice President of The Bureaus and Master Servicer and Debt Buyer. She's been responsible for the management of data, analysis, and technology systems for The Bureaus over 30 years in this industry, she has helped develop proprietary tools including net present value modeling and data management systems. In 2013, she received the ambassadors award for her work with Interactive Intelligence, on the Latitude Software Suite. She's currently Chair of the RMA International State Legislative Committee and after about four years on the RMA board, she is now its new president, and we are honored that this is her first interview that she's granted to anyone since her election as president. Marian you've had a very, very interesting journey, and I think it's probably safe to say that it's rare for any one of us to set out intentionally to get into collections and debt buying. I don't think we ever plan on that. Also, you started out, I think you said, in South Carolina; you now reside in Chicago. So, you've moved around career-wise. Geographically, you're now with The Bureaus. I think you told maybe your first experience with debt collection was with Hardee's, is that right?

Marian Sangalang: Well, I wasn't a debt collector with Hardee's. I actually just worked at Hardee's. I wasn't in bill collections; I actually worked at the drive-through. So that was my first job and didn't become involved in the debt collection or bill collection until probably a year later. Okay, and so yes, first job as being a bill collector was at M Call Systems in Columbia, South Carolina.

MF: And how did you move from Hardee's to M Call?

MS: Hardee's didn't pay the bills, and so I... Okay, and so I was a single parent, and so I was looking for something that I could do that would pay the bills, right? And being a bill collector gave me an opportunity to do that. I had no idea what a bill collector was. And once I got involved, I was provided an opportunity by the owner of the company, whose name was Jay Rickman. He and his sons, who also run the business now, worked with me, taught me how to be a bill collector and taught me how to set up budgets and it not only helped me in my job, but it also helped me personally. I was 18 years old, and so I learned about credit. I learned about credit reporting. I learned about credit scores, I learned about all things on how to manage my own finances which was amazing. They should teach that in school, they did not then.

MF: And I think you mentioned that mentors were very important to you throughout your career and you had three. I think Jay and the other one was?

MS: I ended up moving to Illinois in 1993 and I went to work for a company in Peoria by the name of Credit Bureau Accounts and the general manager of that agency at the time, his name was

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Michael Burrows, and I still consider Michael a mentor today. I don't know if I can say, who he is or what he does now, but Michael is involved in our industry and I'm honored that he participates in this conference and has been coming for the last couple of years with his current employer. And again, he taught me about a whole new side of debt collection where litigation was an opportunity to help recover funds for your clients which I wasn't aware of in South Carolina, because we didn't do that; so I learned that facet of it. He also worked with me and mentored me to a point where I became a general manager of their company, right, and they transferred me to Jacksonville Springfield area of Illinois. Our biggest client was the Illinois Department of Revenue, and so I learned about litigation. I was in court every Wednesday, I was signing affidavits, I learned all about how that worked which was again, a whole different side of debt collection I hadn't been exposed to before. So, I was very thankful for that because it helped me progress to where I am today. And I've been with The Bureau now for... It'll be 24 years in August. And Michael Slotky, who is our CEO of The Bureaus. Again, another wonderful mentor of someone who has allowed me opportunities that I would have never dreamed example I have become well-versed in schooled in Sequel. So, I do manage our Sequel Database. I manage our infrastructure hardware, software, all data analysis. All of that comes from being a bill collector to doing what I'm doing today. It's just amazing and I'm very thankful I've again, the people that I've had along the way that mentored me. I think about him daily. Because without them I wouldn't be where I am today.

MF: So coaching and personal development for you personally made a huge difference.

MS: It wasn't just that, however, it was the fact that they believed in me, they gave me the opportunities and said, I know you have the ability, I know you can do it right, go do it and I did. There were things that were challenging when I was feeling challenged, or stressed or pressured, I would talk with my mentors, and they were very helpful, they were very encouraging and that was everything for me, it helped me get to where I am today.

MF: On technology and information systems though, I know Michael, he's a great leader that has done really well, but he didn't teach you, Sequel. So, help our listeners understand how you learned technology, because you don't have a degree, in technology. Did you just teach yourself? How did you learn about Sequel, and systems that are now so important to the world of debt buying?

MS: Well, I was in a management role at The Bureaus and this was 2001, and we had an old DOS-based system of record at that time and we knew we needed to come into a new world of technology, and so I was tasked with finding it. And in the process of finding it, I had to know what it was all about. So, when we determined the system of record we were going to use, which was Latitude at the time, it was Global Software Systems. It's been sold a couple of times since, but to understand it well, I had to understand the data that was being put into the system, which I had been trained on and learned on my own Access, which is in its own right as a database. And so, by understanding databases and joining things with inside of an Access database, it was a gradual move forward to go to Sequel. Sequel is like an Access database on steroids, it's just much bigger. And so, with that knowledge and learning, and choosing of the system of record, I went to a Microsoft Sequel class. It was a week-long class learning and training and becoming certified in Transact Sequel understanding how to manipulate the data and export it out for the use that we needed. And so, again, Michael, simply gave me the opportunity and believed that I had the ability and it was amazing, an amazing opportunity. And it's so beneficial and what I do today.

MF: And so, what you do today and technology uses this, I guess the education that you got. Thanks

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to Michael's resources in his belief in you. How is this changing the way The Bureaus may be buying debt or collecting? I know you've said you develop proprietary tools. Can you comment a little bit more in depth on those tools and how it is helping improve the efficiencies or returns for you as a debt buyer?

MS: Somewhat, yes. Quite honestly, it was the proprietary tools that we were creating were long before Latitude and long before my Sequel experience. Aristotle Sangalang worked to develop programs internally, that are still with some tweaking, along the years with changes that have been made the tools that we use to analyze portfolios and those were initially all created using Access and exporting data from that old DOS-based system. That I mentioned the Sequel knowledge allows us, with a much easier way, to just export the data linking the information using Access. And I'm trying not to use a bunch of crazy terms right, technical terms, but the reality is that Sequel is an open database architecture. It simply allows us better access to the data that we have and allows us the ability to manipulate it and analyze what's there and make decisions based on what we see.

MF: So, the quality of the decision making, the underwriting has improved as a result of these new tools?

MS: Absolutely easier. Again, am I going to say that it's easier to price a portfolio? No, it's never that easy. But the reality is that we have better and better access to our data.

MF: So, are the systems then that you use, The Bureaus unique to The Bureaus or are you also using industry packages?

MS: Well, our Latitudes and industry package program, however the way we use it, is very different than many of its other users. Our biggest component of what Latitude offers is a program called AIM, which is Agency Interface-Management, which allows us to systemically create, upload, download placement files to our agencies and law firms, etcetera, but as for analyzing of the data, the proprietary things, those are not pre-package. No one else would have them; they're ours. We created them and they work for us and we review and make changes as needed, depending on the market and how things are going, but we still use them and we are very happy with what we've got.

MF: So how do you plan to build on this then in '19 and '20 and beyond?

MS: I build on it, how do you know it really just depends on how, what you have is performing and how things are going in the market? What's going to happen, really what's going to happen in March when the rules come down? The reality is there's going to be a lot of, potentially a lot of changes that will happen then you don't know.

MF: So, will these tools help you with the regulatory compliance as you see it in the future in terms of how you manage your data now? We think that it probably should make it easier to clean your data to make it more consistent.

MS: Absolutely, we're always looking for again, any portfolio that comes into The Bureaus we automatically review. We're always checking for bad data, proceed bad data, validating Social Security Numbers, checking with addresses as best as you possibly can, but that's an ongoing every single month kind of thing you're always validating information.

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MF: Let's step back a second. Now, we've talked about your career journey from Hardee's to The Bureaus. And at the very beginning, you mentioned that you're a single parent. How have you dealt with that in all this change from South Carolina to Chicago, and going from Hardee's to now VP of The Bureaus and now President of RMA as a single parent? And obviously, mentoring from a professional standpoint, is very important to you, but mentoring as a parent, has that been challenging being a single parent?

MS: Being a single parent in this industry, it was very difficult as a professional debt collector. Nights and weekends are required. So, it was challenging at times because I couldn't be there. And the reality is that that's the choice that I made. I worked really hard, I didn't want to be a bill collector forever and wanted to be something different. I knew that there was more than just being a bill collector, but I was very good at doing that and I took what I knew and was able to apply that into again the data side and sales-side. I did marketing at The Bureau. I've done a lot of different types of positions which helps me to be who I am today. For my daughter, yes, her first job was working at The Bureaus when she was 16 years old, and she actually managed the media spreadsheet documenting the media that was coming in and out from the issuers. And so that was her very first job. So, she has a very good understanding of what our industry is about and she still works remotely for us doing analysis and reporting for our Director of Outsourcing, Bill Surges, and so she reports directly to him. It's not a full-time position for her any longer, but she does still do reporting for him because she's good at it and it works. But for me, the last thing I wanted was for her to grow up and be a bill collector because the perception of a bill collector isn't always something that is like... Oh wow, that's awesome. Yes, that's really great that like, wow, really you call people to collect money. And while the stigma itself is hard to overcome, the reality is that it's a profession and it is a needed profession. And she never collected debts. She was not that person, but there are so many other roles that she's done within the organization and she understands it. And it certainly did help her be financially responsible, right, for sure, because she learned from me and she learned from it being her first job. She saw what was going on in the organization and within The Bureau, so she gets it.

MF: That's amazing. So, you've been able to integrate your personal and professional life with your daughter in some of these experiences and coaching her, as well. So, some day she'll probably say that my mom was my biggest mentor.

MS: She tells me that now, I think. So, I'm going to say that, yes.

MF: How about your role as a woman? You've been in this industry a long time and we know that the role of women has evolved a lot. Tell us about that. And by the way, do you think it's harder for a woman to collect debt than a man?

MS: No, I actually think it's easier for a woman to collect debt. I think that if you take the right approach, a woman is perceived to be easier to talk to. That's just my opinion. Again, I always took the approach before I ever even came to The Bureaus that bad things happen to good people, and it's your job to find a way to help them solve their problem. And when I got to The Bureaus, that's their philosophy as well, as within the other two companies that I work for, which is why I believe that I feel so strongly about the two other companies that I work for is of the philosophy was the same, it wasn't about pay your bill, pay your bill, pay your bill, it was about... let's help them find a solution to the problem that there in. So, I think that was the biggest thing for me is I listened and genuinely wanted to help them find a solution. And don't get me wrong, as a bill collector of course, you have

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your own bills that you have to pay. But I learned so much about people in general being a bill collector. It taught me so many things about the different types of people that are out there. You do have people that just will never pay and want to pay their bills. I mean, I honestly had a consumer tell me that "I want to pay my bills through garnishment, can't you just sue me?" And so, I've had that happen and it's unfortunate, but then there's again, the majority of the people don't choose to be in the situation, and if you can help them find a solution, they're super thankful. I mean, not to say anything bad about the consumers in any way, but I've received teddy bears, I've received flowers. I had to get my wisdom tooth pulled one time and one of the consumers felt so bad that I wasn't there when she called, that she actually sent me a get-well teddy bear.

MF: Wow, that's awesome! That's pretty good for someone you're collecting debt from.

MS: But again, that you build a rapport with them and it happens more times than you would think because any good organization that has people that are on the phone, you build a rapport with the consumers. It's not just another phone call, it's okay, let me call Miss Smith, because she hasn't made a payment, something's wrong.

MF: But how about... Okay, so that's the role of a woman as a collector. How about the role of women in a call center as an employee or a manager? It's a pretty rough and tumble environment. The language gets kind of tough and rough sometimes, the behavior can be a little bit on edge. Have you seen that change over the years?

MS: And well again, I started in this industry in 1985 and so from 1985 to 1996, big changes, lots of things were changing. However, if you handled yourself appropriately you were fine. It's kind of like... And quite frankly, it's with any industry. If you are just one of the guys, then that's how you will be treated, but if you keep yourself above that, and while you can be one of the guys, if you also be yourself and not just try to fit in the mix and continue to try or continue to strive and achieve your goals. You have to have grit, you have to have perseverance, you have to have goals. That's how it worked for me. It's in any industry, it wasn't just in the debt collection industry or debt sales industry. It's always rough anywhere you go if you got to stay a step above all of that.

MF: And keep your self-identity.

MS: Yes, that's exactly right, and work hard, lots of hard work, okay, lots of hard work. Sometimes you are expected to work harder and for whatever reason it's not just because I was a woman, I refused to accept that it... So, I just work really hard. Plain and simple.

MF: Yes, it had nothing to do with your femininity, or...

MS: I'm not going to accept that. I'm just going to accept that I had to work really hard, yes, and that it pays off.

MF: Yes, and you said you had a purpose, you had goals and I guess the commissions were also motivating right?

MS: They were, oh yes, don't get me wrong. The commissions were great, but again, I didn't want to be a bill collector forever. I wanted to be more than that. And that's where the hard work came in. Because with any position, if you prove yourself, you'll get what you want... Do you, the harder you

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work, the more people are going to see the hard work and they're going to have the faith and believe in you. And that's what I did.

MF: Let's talk about RMA now that we've got 10 minutes remaining. I think when you and I first talked you said you got a couple of things that you want to accomplish there. I think one was a retirement of debt. Can you elaborate on that for our friends, listening today?

MS: Well, quite honestly, I don't know it. It's something that I'll be able to accomplish or not, but it is something that RMAI is actively seeking information from its membership and pursuing and it has an option. We've looked at options of potentially having... I guess it's the right word, a 501c3. We've sent out a survey trying to determine if our membership would even be interested in forgiving really old debt. Now, when I say really old, we don't truly have a definition of what really old is. We're still at the very, very early stages of investigating what is really old out of statute. And if so, what state? Is it three years? What is it? So, we're investigating all of it, but I do believe that in fact, I believe that we've even been told I couldn't tell you who exactly said it, but that the regulators would find that favorable that it would be a good thing. I don't know how that will play out and what exactly will become of it, but we are actively trying to find a way to make that work within our membership, yes.

MF: And you've also mentioned there are new rules coming out I think you said in March, right?

MS: Well, that's what we're hoping; that's what we've been told. So yes, highly anticipated rules. And, do I have any idea how it's going to play out? No, don't have any idea. But one of the biggest goals of mine of course is that we work in unity with all of the associations that are within our industry. We all have to file responses with the CFPB once the rules come out and it's my hope that we can all work together to do what's right for our industry and provide the proper responses to the CFPB so that we are all receiving the outcome that we're looking for or hoping for. It's been a long time coming, so we have to really work together to get what we're hoping for, yes.

MF: And if the rules come out and we don't get what we hope for, what is going to be your reaction to that?

MS: I don't know.

MF: Do you have to just accept it and we push back and we try to...

MS: Well, the responses that we will send I think would be the push back if there's something. That's why we have to work together in unison with the different associations because what's important to us may not be as important to ACA or another association that's out there. And the goal is that we respond to the ones that are most important, they respond to the ones that are most important and it's a unified approach. Sending the same message to the regulators that these are the things that are important to us in our industry.

MF: Is there anything specifically that you hope to see in these rules?

MS: There's a long list Michael Flock.

MF: Anything with re-sales, I know, re-sales that's a big deal for middle market so... So, I tested...

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But I don't know that that's going to be something that comes out in these rules. I honestly believe that we'll get some clarification or hopeful clarification on or things like TCP contacts, maybe some clarification in letter verbiage. I don't know that I honestly don't see anything coming out about debt resale in these rules. I would like that to happen. But I think they have so many other things on their plate that that's not something they're going to jump into right now.

MF: And so how do you see the market then in the next year or two evolving? Are the bigger banks going to start selling again? How do you see prices change?

MS: Well, let's see... it's been rumored of course, that the banks are coming back, the ones that aren't selling that they're coming back. When I talk to the banks, there's been... Well, we just finished converting to a new computer system. We've got to get that behind us and then we're coming back... Okay, there's been rumors that well, when this bank comes back then we'll come back. But those banks are... It's been a couple of years that they've been saying that. So, the hope is that they'll come back, right, right, I don't know, I really don't have the answer for them.

MF: Do you see any new opportunities in the year ahead?

MS: There's lots of opportunity in the online lenders... FinTech all of that's huge in... I'm still learning a lot about that. Our organization is still learning a lot about that and it's all still very new to us anyway. Many consumers are taking that approach because they have the ability to obtain the financing there. They can't get the credit card from the bank or they can't get the bank loan, but they can get the payment or get the loan online from one of the many lenders that are out there. So that is booming and...

MF: Is that going to cannibalize a lot of the credit card work world?

MS: Is it going to, I don't know. It's a completely different market and millennials seem to find it very... interesting. I don't know, I mean I... I want to learn more about it before I can say is it going to cannibalize it because you hear more and more about... We're nearing a new recession... I don't know. It's going to be interesting to see what this year brings, all the way around from the tech world to online lending to credit cards to whether the banks are in come back in the new rules, right. It's going to be interesting.

MF: Alright, so there are definitely new opportunities. How about new obstacles?

MS: Hmm, the rules are going to be obstacles potentially. We'll have to see what comes from that.

MF: So, they're not going to be any easier?

MS: Who knows, if I was a bug on the wall out there in the halls of CFPB, I would have a lot more information. I have no idea.

MF: Well, yes, it was sort of unfortunate, Mick Mulvaney, was selected as the guest speaker at the RMA conference and then he got selected as the Interim Chief of Staff for President Trump and then Kathy Kraninger took his place and she apparently is more friendly to the industry than some of the past leadership, but she's not willing to speak it because she's just gotten through a job, so I guess we just don't know.

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MS: We haven't met her yet. We do have a trip planned to DC at the end of February in the hopes that we will be able to meet with her. Not sure, if that's going to happen or not, but we will be meeting with other regulators while we're there. Okay, hopefully we'll get some senses to what is coming, but we don't know yet, right?

MF: Are these new regulations keeping you up at night? The words about them or the market does that keep you up at night?

MS: I'm way past that, no. If... No, it does not keep me up at night. There's no.

MF: What keeps you up at night?

MS: I worry about my grandchildren. And my dog.

MF: Oh, you're a grandmother now? Congratulations!

MS: Yes, I have a four-year-old and a two-year-old. And my dog that might keeps me up at night, but that's about it, or my husband's snoring... I'm just kidding.

MF: Aristotle, and how is Aristotle?

MS: He is outstanding, thank you for asking, yes.

MF: And just for our listeners, benefit. Aristotle also works at The Bureaus.

MS: He does, he's president of the company, yes.

MF: That's an interesting dynamic. Husband and wife team leading the agency working for Michael Slotky. Yes, does that create also any interesting office dynamics when you've got a husband and wife team?

MS: No, not for us, it's perfect. I can see him from my office or he can see me. But our day-to-day interaction is minimal. We might have lunch together, but we don't ride to work together. We take separate cars because that's our time, right? He's listening to music and different than what I listen to and it works out well, but again, he's the brilliant mind behind a lot of those proprietary tools that we talked about a little while ago and he was the brilliant one that started it all.

MF: And is your daughter still there or...

MS: Again, she just does reporting once a month for that.

MF: Okay, so it's a family affair. That's wonderful.

MS: It is, it's amazing.

MF: What are you reading, what's on your night stand? Do you have time to read?

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MS: No, so there's not much... I'm an HGTV person. Oh, okay, so before I go to bed at night, I have the TV on HGTV and I wind up following a sleep to that and my husband turns the TV off before he goes to sleep. But reading... I'd like to find time to read. I just don't do enough of it. I read emails a lot and so if I could find other books to read, I probably would miss out on some very important emails. I don't know, sleep is vital for me. I really require my seven to eight hours. Anybody who knows me will tell you that. I go to bed at 8:30 and I'm up at 4:30 every day. So I'm in the office by 6:30. It is a long day, but that's my routine. It works for me.

MF: But you've got a purpose. Yes, and that makes it all worth it. It does, and you believe in yourself and your family and that makes a difference. Yes, so... At the end of your tenure as president of RMA, what do you want to be remembered for?

MS: Hmm, that's a good one, we talked a moment ago about how I want the associations to work together. That's very important to me. We all have a common goal. The reality is that we just need to work more together and not against. They're all associations, I get all that everybody is trying to do their own thing, but the industry is the industry. The same industry that I'm in is the same industry that you're in. You just do something different. We all have a goal to make it best for us too and that's what I want to be remembered for, is that I was able to bring people together in a different way. I mean, it's not like we don't work together, we do but I'm trying to make that stronger.

MF: So, Marian Sangalang, President of RMA bringing the RMA, the receivables management debt buying world together, and you and I spoke earlier about the power of community, it's something we believe in too. So, that will differentiate, I hope, your administration, and it certainly is very useful to try to make the changes that not just RMA, but ACA and others want to see in this industry. Because, I for one, believe that the industry has suffered an unfair reputation in the past and I think what you're trying to do with these other associations will make a huge difference. So, it's sort of like a family affair, you've got community. You've got your daughter, Aristotle, and you and you've created a culture and so has Michael. I know a lot of people love working there and so, at a higher level, at a macro level, you're going to do the same thing for the association for the industry of debt buying and collections receivables management. Well, we wish you the best, Marion. And just want to thank you for this very interesting discussion of your personal development and evolution from Hardee's to a Vice President of Information Systems that you taught yourself that, that's just unbelievable. With the major debt buyer major and successful master servicer to now president of the leading industry for the world of debt buying and RMA International.

MS: Thank you for your support.

MF: Thanks, Marian it's a pleasure.

Closing: We thank you for listening to this special episode the Capital Club Radio Show, with your host Michael Flock and his guest live from the 2019 RMA International Conference at the Aria Resort Hotel and Casino in Las Vegas made possible again in part by, Flock Specialty Finance, more than a transaction. For more info visit FlockFinance.com to listen to this re-broadcast and other episodes visit CapitalClubRadio.com.