

# The Digital Debt Collector

**There's a continuing trend towards everything digital, as evidenced by the addition of smartphones and mobile apps to the ONS' 2011 Shopping Basket recently<sup>1</sup>. Martin Smith looks at how collectors can harness this trend to increase collections rates without breaking the bank.**

In the current economic climate, it's more important than ever to engage your customers in ways that make it easy for them to transact with you. This is as true in the debt collection world as it is in retail and financial services, where customers are turning in ever-increasing numbers to providers who enable online transactions, using a wide range of digital devices to stay online on the move.

Recently, the CCCS predicted a dramatic rise in use of their online debt advice tool as a result of increasing demands on household budgets. Use of their service in January was higher than at any time in the preceding twelve months<sup>2</sup>. There is not an unusual experience. Online Banking usage continues to rise, and consumers are more at ease with all aspects of online shopping.

Yet many Collections & Recoveries approaches still rely on old-world methods - repeated outbound dialling, voice-centred Collections and manual assessment methods.

These methods work, and for some customers they're necessary, but they are expensive and they can lead to cherry-picking of the easiest cases by those Collectors looking to generate the fastest commission. In fact, some customers will pay however you contact them, some cannot pay at all, and some are looking to avoid their problems. So it makes real sense to analyse and segment your customer base, treat each group differently and direct the right groups of customers towards a cheaper method of Collection.

For an increasing number of customers, making it easy to pay online is at least as likely to result in a repayment as an outbound phone call. And for many customers, this pre-disposition towards cheaper, online contact, suits their lifestyle and results in more engagement with their debts. Online servicing helps the customer feel more in the driving seat, making them more inclined to stick to the repayment they have agreed. And as the number of cases of indebtedness is on the increase, anything which enables your call centre to focus on the tougher cases is a better use of your people investment.

The solution for many organisations is to move some or all of the Collections operation online. However, simply adding a payment mechanism, a completely separate website, or a few email prompts to an existing service doesn't replace the need for these customers to be properly assessed. Nor does it secure the customer's commitment. Your online solution should be integrated with your operation, and take advantage of the knowledge of experienced collectors by making automated decisions consistent with best practice. It shouldn't compromise the customer assessment process, nor should it result in any loss of control on the part of the Collector. The service should enable secure messaging to keep the lines of communication open with your team, issue timely payment reminders and follow-up messages and enable your customers to have the same conversation with your agents whether they choose to transact over the phone or online.

In developing online Collections services for our clients, we've seen that the best online solutions enable a range of payment mechanisms, and allow the set-up of future payments and arrangements. They include debt

advice - just as you would expect from an experienced agent - as well as online repayment assessments, budgeting tools, and the automated agreement of repayment proposals, using rules that you specify. Importantly, the system needs to enable the flexibility to treat different types of customer in different ways, saving the more severe measures for those who have failed to keep to their commitments. And as customers become increasingly likely to engage online via smartphones and other devices, you should ensure your site is widely accessible and that messages are relevant, and delivered quickly via SMS, email or secure message.

Another key advantage of directing your debtors online is the ability to collect additional data. This can be turned into usable analytics, revealing insights to drive process enhancements, improve targeting and communications, and ultimately boost customer repayments.

In short, it's the organisations that stay at the cutting edge by integrating online and offline Collections functions that will be at the front of the queue for payments. You can collect more from the growing pool of debtors, without also growing your people costs.

#### Sources:

1. Consumer Prices Index and Retail Prices Index: The 2011 Basket of Goods and Services, Philip Gooding, Office for National Statistics.
2. Consumer credit counselling service press release: Sharp rise in online debt counselling Press Release: 14/02/2011.

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