

It is humane and it works

A guide to transitioning to
a Digital Collections model



American businessman P.T. Barnum once remarked that "There is scarcely a thing that weighs people down more than debt."

Consider the plight of a debtor in default. It costs sleep, self-esteem and tarnishes the future. In past times the debtor would be handed off to a collection agency. There would be phone calls, ominous letters, and maybe a court summons. The law was on the side of the credit grantor, and the consumer could only hide behind a wall of stigma.

What if there was a way to engage consumers in a positive context, then set them on a path where they could resolve their obligations on terms comfortable to them? Better yet, what if they remained a customer out of appreciation for the way they were treated and the opportunity to set things right?

This is a game-changing concept, and it is revolutionizing debt collection. At its heart is empathy, the ability to understand and share the feelings of another. It uses a multichannel approach to engage consumers and Intelligent Automation to guide them to a resolution with their dignity intact. It is humane and it works.

It also requires a shift away from optimizing operational efficiency and towards the customer experience.

Choose common ground

How we communicate has been fractionalized along social and demographic lines. Today, we may gravitate towards channels that could include email, texting, social media, webchat, and even postal mail. Do not fight this trend; embrace it. Engage consumers in a way that is familiar and comfortable for them using a multichannel approach; it reinforces the empathetic approach.

Engaging and leveraging SMAC technologies (social, mobile, analytics and cloud) is essential in this new economy. These technologies are transforming how we connect with customers, business partners and employees. Embracing them enables us to open new avenues for dialog and unlock the full potential of data.

Offer them a way forward

Aggressive repayment demands set you up for conflict. Instead, propose personalized options to consumers for meeting their obligations. This empathetic approach will help engender trust and promote cooperation. Repayment strategies should be tailored to match individual borrowers based on their profile and credit behavior and take into consideration their capacity to repay.

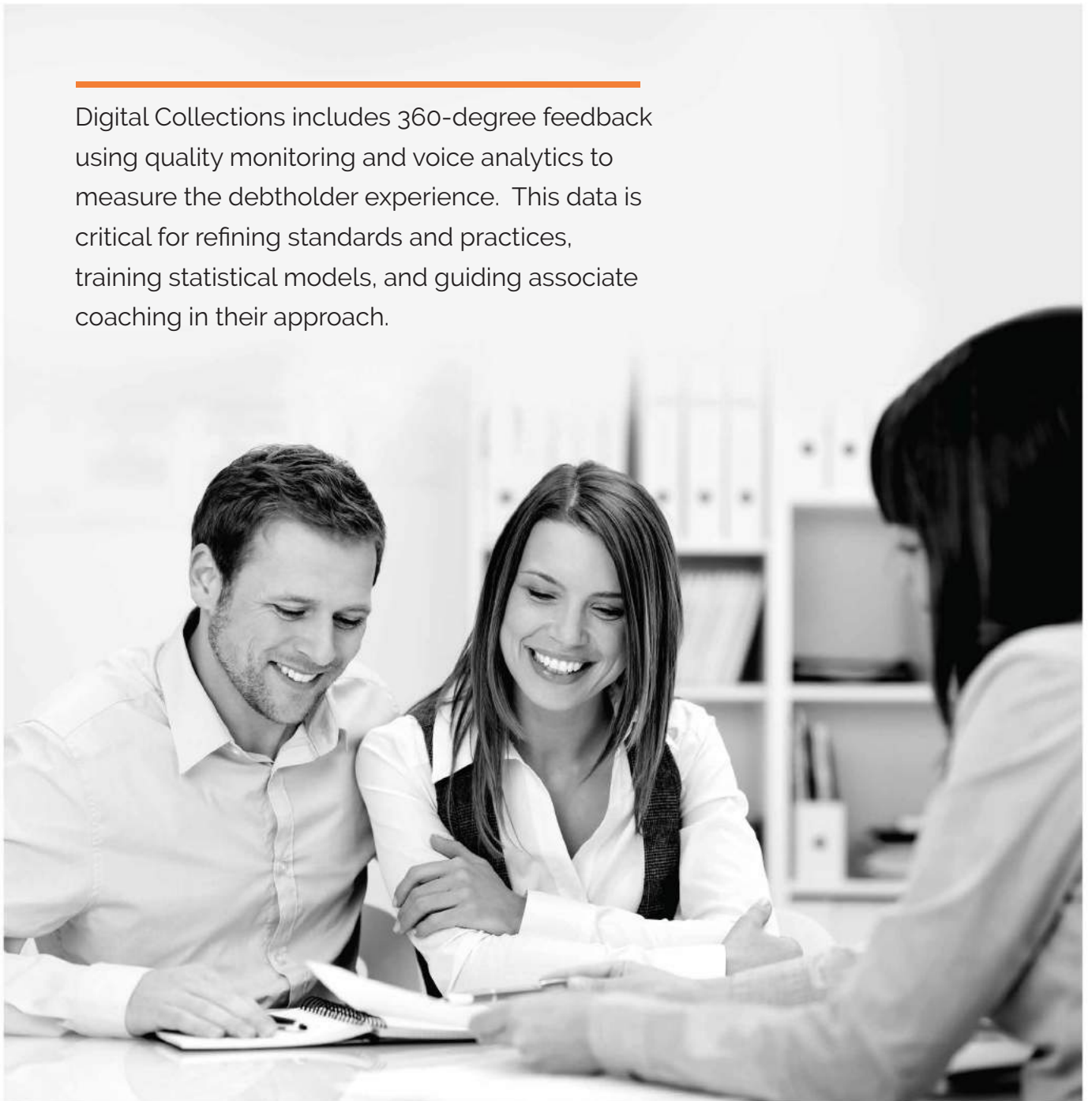
Propensity-to-pay models can predict the probability that a consumer will respond to an offer to resolve a debt. This model can take into consideration past payment behavior, debt-to-income data, credit scores and demographics such as income and marital status. Orienting your collection efforts to high-probability responders increases the likelihood of repayment. It will also likely lead to high customer satisfaction scores.

Treat them with dignity

How you treat consumers during collections reflects on your brand and will affect their willingness to meet their immediate obligation and to continue to do business with you. This engagement requires special training and management leadership.

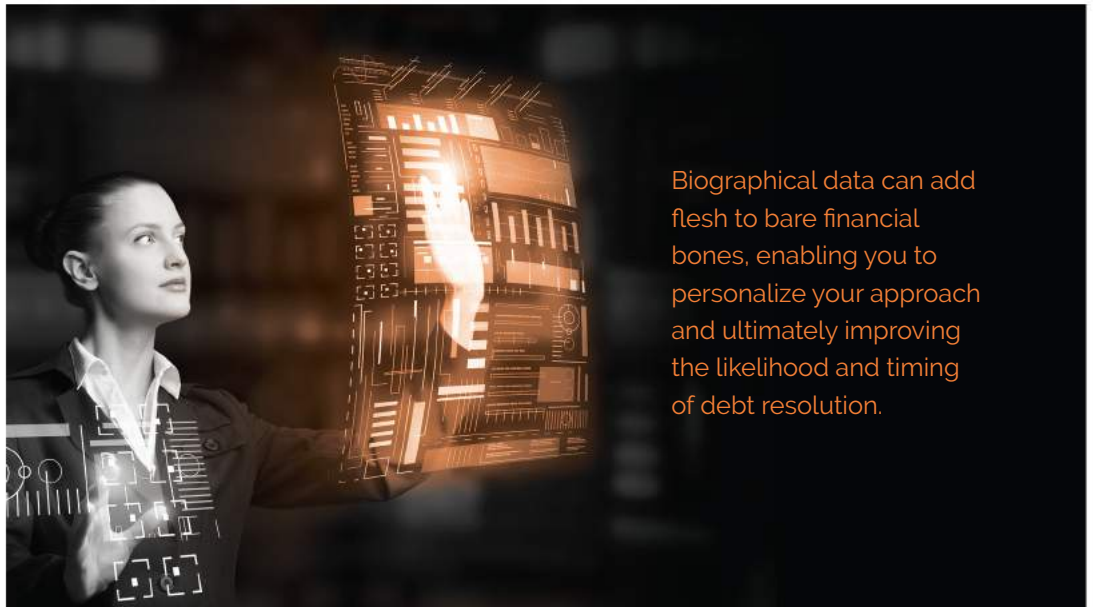
Technology can provide a safety net, using AI to detect the use of charged words, terms, and questions in text, email, and voice mail messages. These measurements offer cues to collections associates before they engage consumers, possibly obviating the need for customers to retell their story, thus reducing frustration, and allowing the parties to focus on a solution.

Digital Collections includes 360-degree feedback using quality monitoring and voice analytics to measure the debtholder experience. This data is critical for refining standards and practices, training statistical models, and guiding associate coaching in their approach.



Empower your associates with information

The key to personalization is knowing your customer. Personal biographical details, records of past engagements and a holistic view of your relationship with the customer will enable associates to deliver a personalized experience, demonstrating customer intimacy. In a potentially charged discussion of debt collection, this will soften the tone and lead to greater cooperation.



Digital Collections will often use this data to construct AI-driven scripts and narratives that will guide the dialog to a successful outcome. This can lower the level of anxiety on the part of associates who otherwise would have to react to customers' verbiage and tone. Guided by scripts that are informed by customers' profiles will improve associates confidence and performance and reflect in their presentation.

Approach collections with brand consciousness

How you engage customers during debt collection reflects on your brand and can improve or tarnish your reputation. Your customer has ample opportunity to retell their story—for good or for ill—through dialog with friends and acquaintances, and through social media. An overly aggressive approach will be burned into your customers' memories, and not in a positive way. Such an approach is akin to stepping over a dime to pick up a penny.

Train your team in regulatory compliance and empathetic debt collection. Empathy informs customers that we are there to work with them over time.

Customize the customer journey using technology

AI-driven technology will analyze, understand, and guide the debt collection process. Voice analytics can detect stress levels and inform the ensuing dialog. Digital conversion of chat, email and text communication will enable you to instantly respond to questions with definitive answers or prepare an associate to respond to inquiries in context. Analytics can help you develop consumer profiles that predict payment probability and identify consumers that will likely default on their obligations.

Imagine this technology as being akin to navigational software that steers drivers away from problem spots and affords them a fast and safe journey. Invariably this software is more accurate and effective than human instinct and judgment. Associates need to only focus on their delivering the solution.



Leverage proven technology that requires only integration

Applying AI-driven technology to your collection effort does not necessarily require a significant capital outlay. It is possible that your existing CRM can be modified by integrating technology that applies AI to develop customer personas and guides narratives. Your CRM may also be modified to support the Omnichannel strategy of offering customers choice in how they engage with you. While your CRM database will have to be reconfigured to accommodate more data, like behavioral scoring, this can be a far cry from the investment required in a new CRM application.

The benefits of modernizing vs. rebuilding include avoiding capital expense outlays, lower overall cost of technology modernization and reduced training time, as associates can continue to work with familiar applications.

Begin your journey

Evolving to Digital Debt Collection is an imperative. It opens lines of communication, personalizes customer interaction, and leads to a better outcome while preserving your brand reputation.

While the road to Digital Debt Collection in your industry may not be well traveled, a clear path to success is available. Tap into the experience, capacity, and technology of a company already in the space, one that can adapt their approach to your unique objectives.

Full-service solutions providers offer more than technology; they complement it with support from trained associates that can improve the probability of success in collections while providing a variable cost option through outsourcing.

When humans collaborate with technology it can result in a far more personalized experience, engendering the empathetic approach. Empathy is quickly becoming, in our estimation, the debt collection differentiator.

- Author



Arjun Mitra

Head - Collections

Arjun Mitra is President of Global Collections at Firstsource Solutions. Arjun oversees Firstsource's collections division and is responsible for client engagement and business performance. Arjun's role involves assisting clients through a wide range of challenges, from compliance and technology to performance.

Arjun's current focus is on developing integrated solutions to help deliver the best possible outcomes for Firstsource's clients. He values the opportunity his work gives him to have a positive impact on his clients' businesses. One such accomplishment was to build an empathetic and non-intrusive digital collections alternative to conventional FTE intensive models

Arjun is a graduate in Physics from St Xavier's College, Mumbai and went on to obtain a post graduate degree in Business Management from the University of Queensland, Brisbane, Australia. Arjun began his career with TATA Tea, before joining Enron's Indian business as a financial controller in its broadband unit.

Since joining Firstsource Solutions in 2002, Arjun has held a number of leadership roles, including Head of Commercial Finance and Chief Financial Officer, North America. During his time with the business, he has played a central role in growing the business' existing relationships in the US into global programs.

If you want to discuss any aspect of the whitepaper or need further information on Digital Collections, please [Click here](#)



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