

A Multichannel Communication Approach to Accelerate Debt Collection

Every four minutes someone in the UK will be declared insolvent or bankrupt. The same study by Credit Action found that the average household debt (including mortgages) in the UK is approximately £58,040, and that 230,137 unsolicited telephone calls were made daily to UK consumers by debt management and personal loan companies.



Unsurprisingly, debt collection is big business.

Despite signs of economic improvement, analysts agree that a full recovery is still some way off. Businesses continue to be challenged, with typically smaller organisations struggling with bills and increasing customer debts. For many, debt recovery is nearly as great a challenge as survival – and one that’s intrinsically linked. Against this backdrop, workloads have increased whilst the need to reduce cost means budgets certainly haven’t. So whilst market conditions have rarely been better for debt collection, it is evident that cost-cutting measures are still needed.



Technology is showing the way forward

Traditionally, the issue of multiple letters and follow-up calls have been the staple activities of debt collection. With the inclusion of predictive diallers in this mix, the collective inefficiencies have been well documented.

These costly processes are now shown to offer a more unwieldy and wasteful approach to debt recovery than the more direct means offered by new *and* existing technology.

Digital methods, such as voice messaging complemented by text and email, are changing the face of debt collection, and their usage has for the most part evolved through their application within and by call centres. By blending human aspects with automated intelligence, these tools can generate greater revenue whilst reducing call centre costs, particularly as part of a multichannel solution.



Voice messaging is driving new levels of efficiency in debt collection



Text messaging has proven very effective as part of the debt collection communication process. It conveys urgency and intimacy in a way that letters cannot. Their immediacy and high open or read-rate means debt reminders are promoting accelerated payments and more promises-to-pay.

SMS also offers compliance with the demanding security levels of the financial services, and can prompt the desired behaviours without revealing confidential data, eg. by providing a link to a log-in area. O2 customers in the financial services sector claim that introducing texting to its debt collection system has seen an improvement of nearly 60% in debt collection rates.

The prevalence of phishing attacks has muddied the waters (no pun intended) with regard to the efficacy of finance-related **email communications**. However, as part of a multichannel communication (and escalation) plan, email still plays a valuable, persuasive role, and at a very low cost.



The greatest opportunity for effective debt collection is, however, delivered by voice messaging or rather **interactive voice messaging (IVM)**.

Voice messaging allows an organisation to issue a message to any number of debtors within seconds. You set the message, the tone and language according to your specified audience, and prompt the desired behaviour via the intimacy of human voice. The interactive nature of more powerful voice messaging solutions allows recipients to respond in real-time (eg. by pressing a number on the phone keypad). They can acknowledge any number of requests or to be through to an agent, for instance to make payment or agree to a payment plan.

This way, the week long process of debt collection via postal mail is reduced to seconds – for little more than a cost of a phone call.

Voice messaging is particularly advantageous when used to handle the unskilled elements of a call such as ID verification and answer machine detection, before connecting the debtor to an agent. This allows agents to focus on the more skilled aspect of addressing the debt.

Widespread smartphone adoption empowers multichannel communication

Applying a multichannel communication approach to debt recovery is relatively straightforward. Enabled online, a multichannel communication application requires minimal integration. It can be used to either replace or complement existing debt collection resources.

By blending different communication channels to contact debtors at an enhanced contact frequency, businesses can quickly accelerate the collection of outstanding monies. For instance, you could issue an email notice to all or segments of your debtor's ledger. Depending on response, you can issue a follow-up message by SMS, culminating with the delivery of an interactive voice message if the debt remains unchanged. Only if these communications fail might you need to invoke the more costly methods of letters and phone calls.



SmartInform is a debt collection communication solution developed by the intelligent communications specialist SmartDesk Systems. With one click, thousands of debtors can be reached by voice, SMS and email. You can repeat and send out new messages as often as needed – on a planned and ad hoc basis.

Clients today are demanding a quicker debt collection service in larger quantities and this is exactly what SmartInform offers. Its strength lies in its ability to reach a large amount of people quickly and speeding up the process of resolving the collection at initial stages of contact.

It also presents a realtime record update including full auditability, where you can see the effectiveness of your campaign 'live', and make adjustments as necessary, ensuring inappropriate calls are not made.

As a final comment, the increasing penetration of smartphones means that we now expect to be able to browse, engage and transact wherever we are. Voice messaging, SMS and email communications support this lifestyle. For debt collection, it's an opportunity to communicate with debtors on their terms, in a way that's hard to ignore. Call centres and other customer-centric organisations that fail to embrace these developments and the associated technologies clearly do so at their peril.

