

Strategize for More Consistent Collection Recoveries

“Financial health is about money; financial wellbeing is about a person’s emotional relationship with that money.” - Anson Vuong

Financial institution collection departments play a vital role in their customers’ financial well-being. For many discussing personal debt is a scary and unfamiliar subject. Unexpected life events or past due balances can be triggers that cause people to seek help. But it is not enough to just offer advice on improving their financial position, a collector also should inspire the customer to act. The collector should also understand that motivating the customer to bring past due balances current often involves behavior changes, such as creating and sticking to a budget. Helping change the consumers behavior requires ongoing engagement and encouragement from the collector. A well placed *atta-boy* for the customer meeting a financial goal goes a long way in reinforcing loyalty.

Successful Collectors are mindful of their customers

- **Customers are people first:** Listen first, talk second. This may involve getting to know the consumer through their emotions such as worry, doubt, or fear.
- **Customer communication preferences:** the debtor now has the right to tell you how they want you to communicate with them, whether it is via phone, email, text, letter, or any other channel. And they can even tell you *when* they want to be contacted by telling you specifically when *not* to contact them.
- **Reaching an agreement:** Negotiation can be an emotional process for the consumer. Successful results happen where there is a two-way conversation focusing on the facts. From there collectors can explore payment options with the customer to reach a mutually beneficial outcome.

Tools that impact collection recovery

- **Self Service Options** – Payment portals are essential. But to truly be convenient for the customer, consider adding digital tools that allow activities currently handled by collectors such as: adjusting the length or amount on their payment plan, deferring a payment, disputing all or a portion of their debt, entering bankruptcy information, or applying for a hardship pause on their debt.
- **Smarter staffing:** In a recent study, [PSCU](#) noted that during a portion of the Corona virus time period fewer accounts went into delinquency. Financial institutions outsourcing collections reduced the work being sent to their vendor partners which, in turn, reduced expenses. Those that were performing the work in- house suddenly found themselves overstaffed while their

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expenses remained constant. These financial institutions faced the real costs associated with losing valuable talent: reduced productivity, hindered innovation and growth, and lower employee morale, not to mention the loss of institutional knowledge.

On the other hand, if delinquency suddenly spiked, financial institutions outsourcing collections would immediately increase workflow to their partners, incurring only the added expense to work those additional accounts. Financial institutions handling collections in-house would be faced with a need to hire and train staff quickly knowing that the average cost-per-hire is \$4,129 and takes around 42 days to fill an open position. This rush to hire and train could also lead to increased compliance risk should inexperienced staff not handle customer inquiries and needs as required.

As the world settles into a “new normal,” financial institutions will need to be prepared for unpredictable payments based on the evolving economic situation. However, at times when consumers have more cash on hand and are willing to pay down debt, financial institutions that streamlined their customer experience will have gained loyalty and a more efficient collection process.

TriVerity, has worked with over 2700 financial institutions nationwide as a full-service collection agency, providing delinquency management services and collections training exclusively for financial institutions. The Loan Service Center provides first-party collection services to minimize loan loss by managing early-stage delinquency. The Collection Academy offers a curriculum of collection processes with tools that will be effective in your collection department. For more information: www.triverity.com