

# The Future of Collections Benchmark 2023

Part 1, Third Party Collections



# Preface

Dear Dave Demonstration,

Thank you very much for your participation in our targeted benchmark survey across the debt collection industry. Please find your personal and anonymized benchmark report. We hope that it will challenge your views and give you insight into your peers' understanding of the current and future impact of customer interaction technology.

The collections sector plays a crucial role in the financial industry, helping businesses and individuals collect outstanding debts. The use of customer interaction technology in the collections process has the potential to significantly improve the customer experience, increase debt repayment rates, and truly enhance the efficiency and effectiveness of collections operations.

The challenges found within the collections industry, such as high employee churn, can lead to reduced productivity, increased costs, and lower debt repayment rates. And with an expected increase of debtors in the coming months, it's critical to understand the impact technology can have in addressing these challenges.

# Content

1. Introduction
2. Reduce Cycle Time
3. Attracting and Retaining Staff
4. Engaging with Debtors
5. Future - Technology in Collections





Introduction



1. First name

Dave

2. Last name

Demonstration

3. E-mail address

dave@demo-email-address.com

4. Mobile phone number

+441234567890


5. Job title

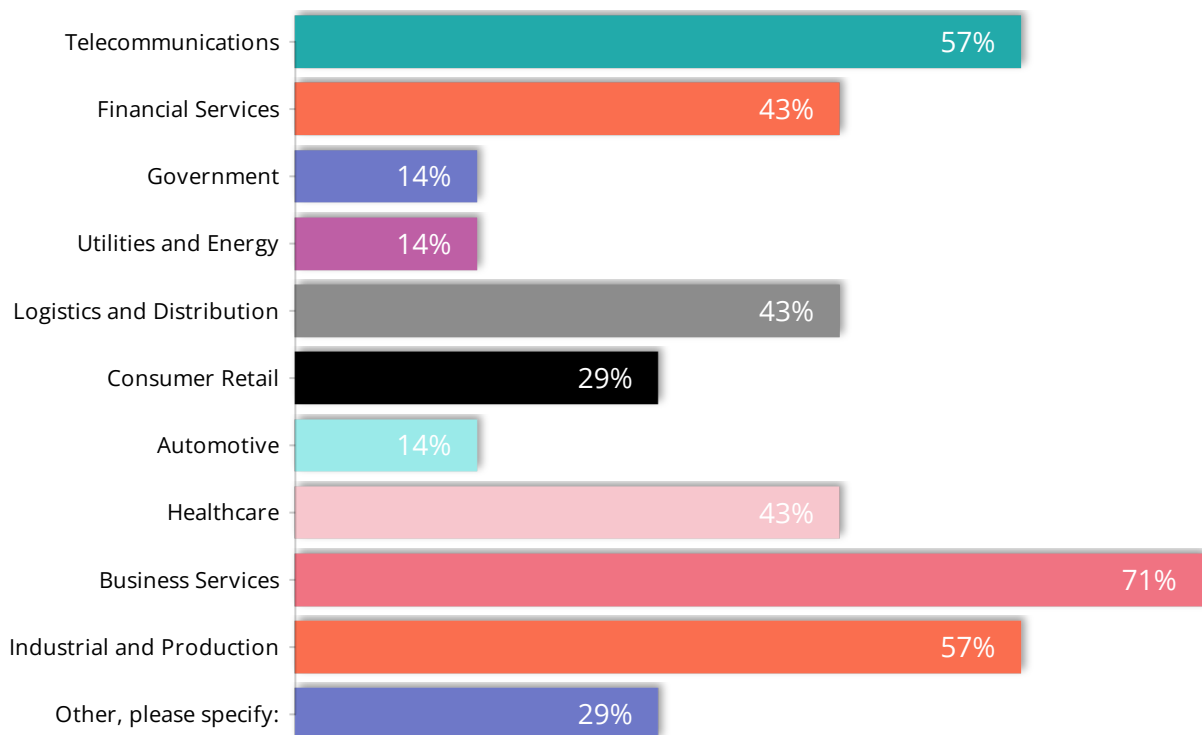
Collections Manager

6. Company name

Demonstration Company

7. In which sectors do you have customers (Multiple answers possible)

 Your choice





Reduce Cycle Time






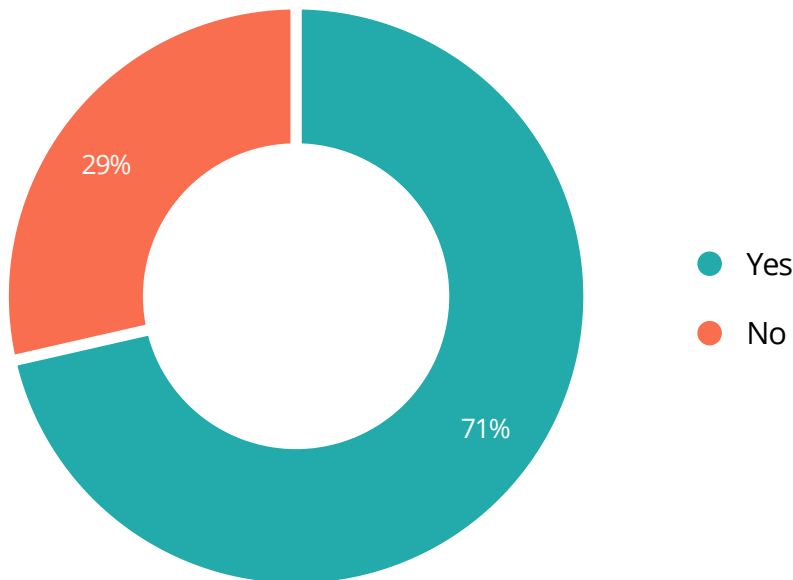
Debt Collection Agencies' expertise sets them apart from their clients, as debt collection is not just a profit calculation, but their core product.

To maintain their competitive edge, they strive to collect debts faster and more efficiently, providing their clients with a better product.


With competitors constantly improving, Debt Collection Agencies' commitment to a better product ensures their longevity in the industry. Cycle time, the average duration between receiving debt and collecting it, is a crucial KPI for many Debt Collection Agencies. The shorter their cycle time, the quicker they can input new debts into their portfolio, without increasing headcount. Often the amount of customer interactions required before a debtor pays is an important indicator of the expected cycle time.

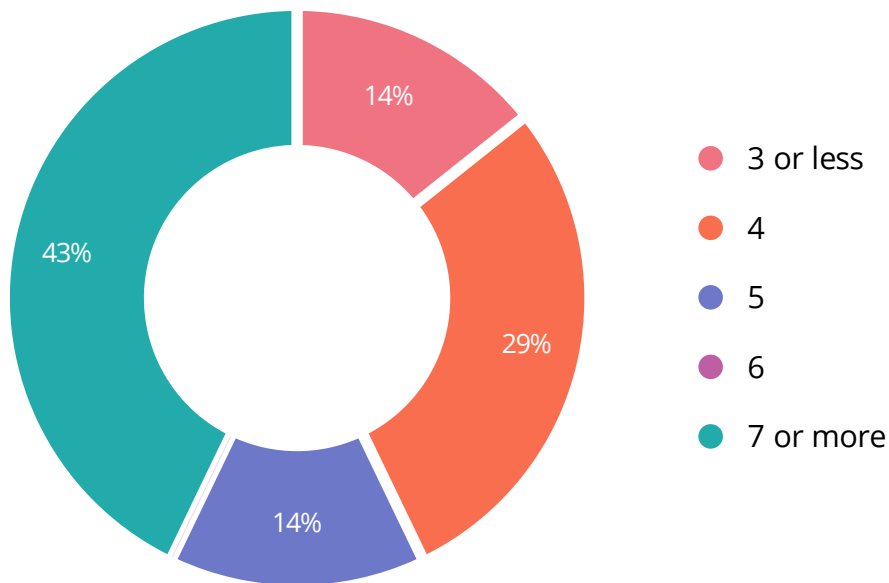
8. Is cycle time (e.g. Average Days to Collect) one of the KPIs that you actively monitor?

 Your choice




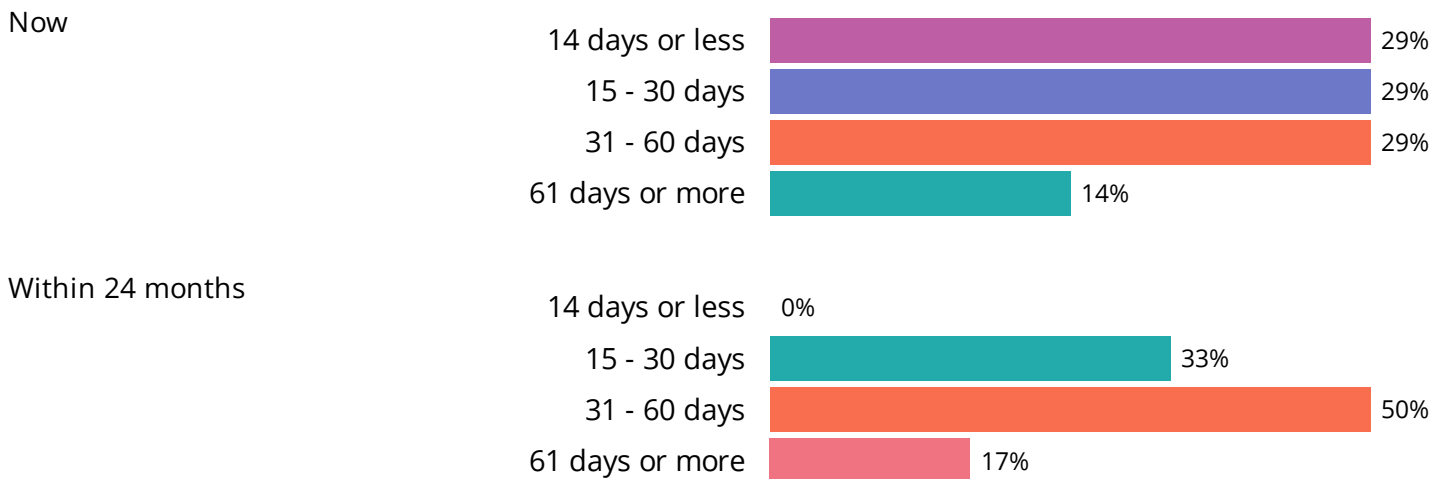
9. What is the average number of customer interactions in a typical collection treatment to get a debtor to pay, or set up a payment plan?

 Your choice



10. What is your current average cycle time? If you could change this, what would be your ideal average cycle time?

 Your choice




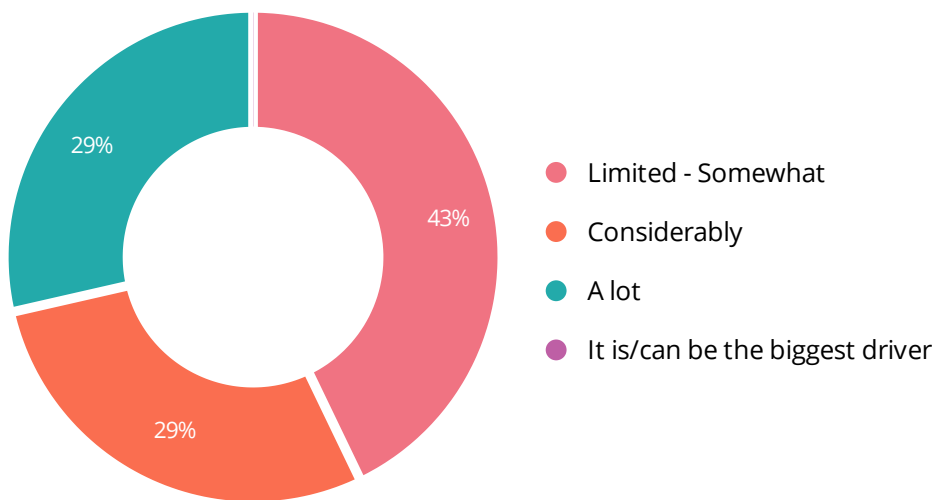
11. What is your average fully loaded costs to collect \$1 of debt? (in \$cents)

79 \$cents




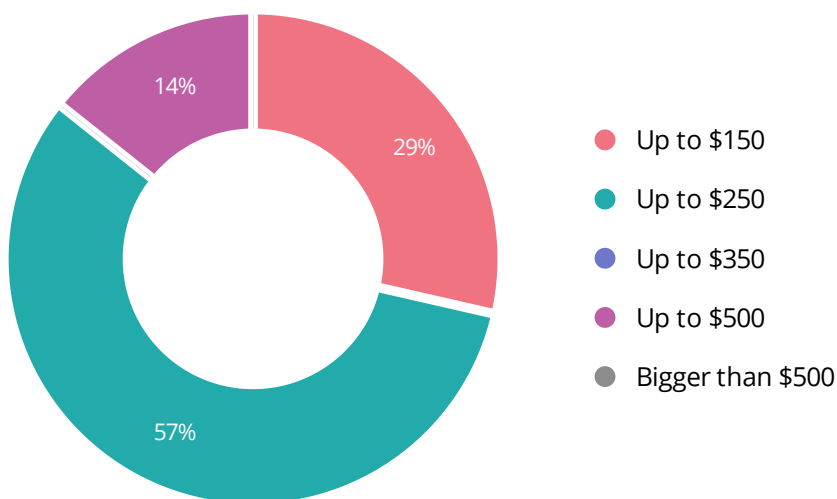
12. Proactive customer engagement AI technology allows you to automate, and lower the cost, of multiple customer interactions. To what degree do you think the use of technology can reduce your cycle time?

 Your choice



13. The costs of agent interaction with debtors, particularly for smaller debts, weighs heavily on margins. These smaller debts are the ideal target for automation of interaction with debtors. What is the debt-size range you would feel comfortable aiming for 100% automation of interaction with debtors?

 Your choice



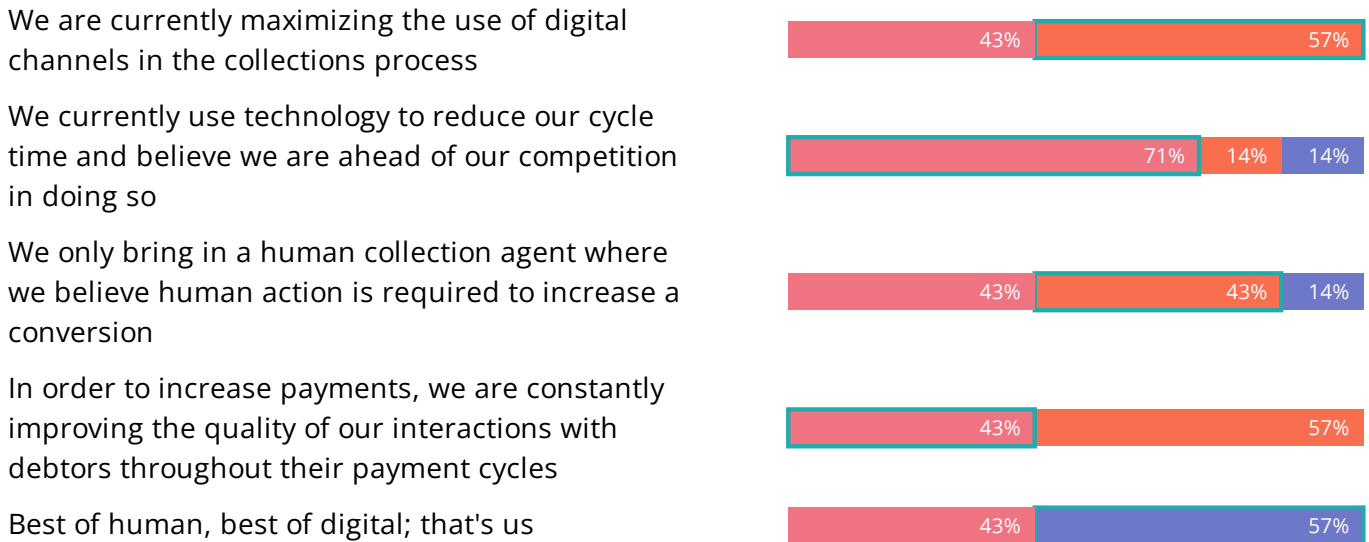
14. Could you please explain your answer above?

Above this figure we would introduce agents, but below this we would be happy to test a fully automated approach so long as it is flexible enough and our customer testing shows it is well received

15. What percentage of your portfolio lies within that range?



16. Could you please answer the following statements








Attracting and  
Retaining Staff

As the economy faces instability, the employment market remains buoyant and companies from many industries struggle to attract and retain top talent.

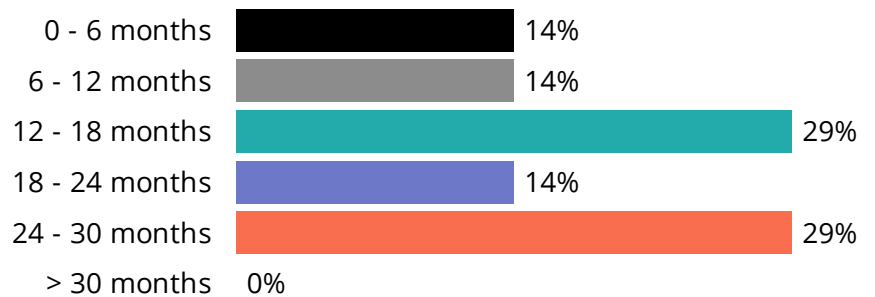
An agent's ability to effectively recover funds lies at the heart of the collections industry's performance. Not only is recruiting and onboarding new staff expensive, experienced staff often tend to deliver shorter cycle times. How are Debt Collection Agencies addressing this challenge? How are they using technology to support this?



17. What is the average tenure of debtor-facing staff in your organization?

 Your choice


Average tenure in my organization

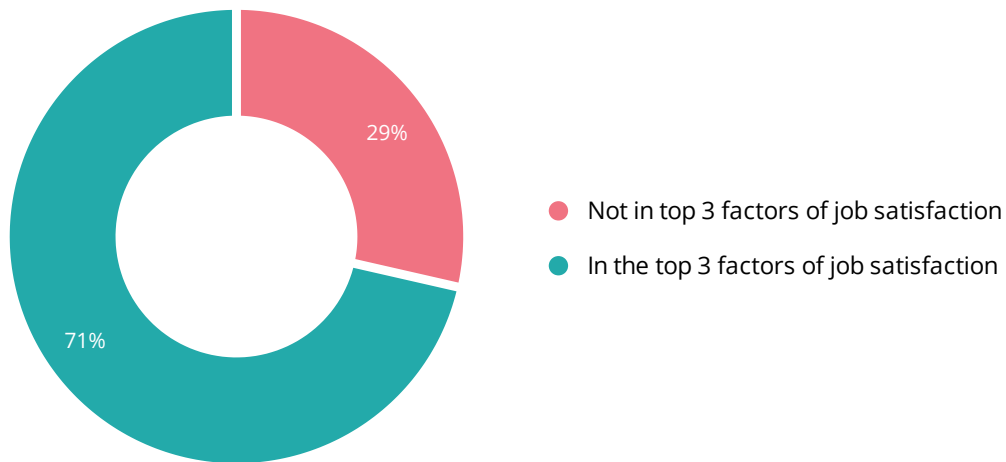


18. What do you believe is the reason for your success in attracting and retaining staff?

I'm not sure we feel it is an unqualified success :-). Once we are comfortable that colleagues hit their numbers well, we do try to give them the autonomy to suit their approach to their personal style, and to share their most successful techniques within teams.

19. There are many types of interactions with debtors. Often debtor-facing staff enjoy conversations where they can use their skills and experience more than, for example, purely transactional conversations. How relevant is the type of debtor conversation your staff has for their job satisfaction and engagement?


 Your choice

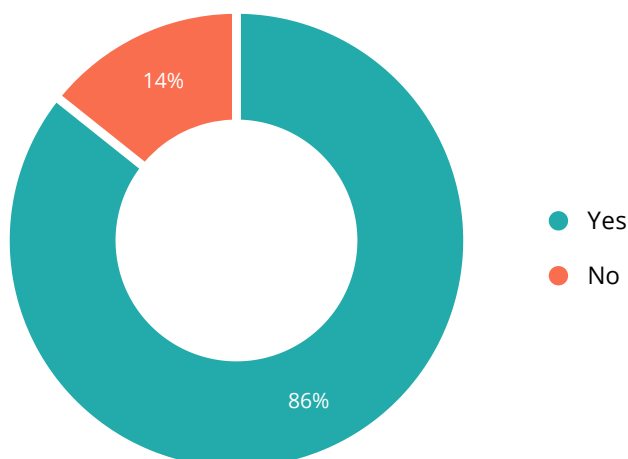


20. On a scale from 1 - 10; How would you rate your current ability to provide debtor-facing staff with the type of collection conversations that enhance work satisfaction?



21. Do you believe that automation of interactions with debtors could improve your staff satisfaction levels?

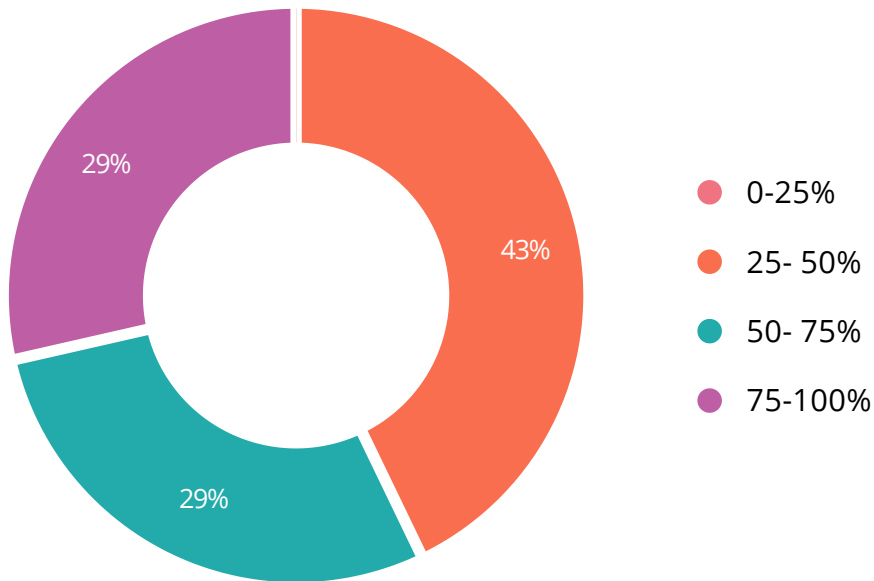
 Your choice



22. Assuming you knew that automation would be successful: what percentage of conversations with debtors would you like to automate?



Your choice



23. Could you please explain your answer above?

Obviously, I'd like to say 100% if we truly know that automation is 100% successful - who wouldn't? I'm toning down my expectations because we'd really like to try it but the numbers will speak for themselves if we can run a trial.





Engaging with debtors





As the economy undergoes significant changes in the coming years, we anticipate a shift in consumer and business spending patterns.

All indicators point to a growth in the number of debtors, as well as a shift in the type of debtor. For Debt Collection Agencies' customers, there's a catch-22 to this development: while appointing a debt collections agency may deliver you the funds that you are owed, it can result in the loss of the customer. In times when acquiring new customers is also becoming more expensive, focusing purely on traditional debt collection performance may not be the best long-term strategy. What is the extent and pace at which companies are implementing strategies around debt prevention and rehabilitation?

#### 24. Could you please answer the following statements?



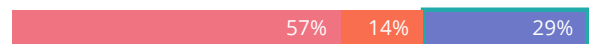
We can easily identify a vulnerable debtor



We are seeing a new type (demographic) of debtors on our books



We are able to engage our client's debtors at the right time to help them stay as financially healthy as possible



Our staffing is at a level where we can optimise assistance and service to debtors



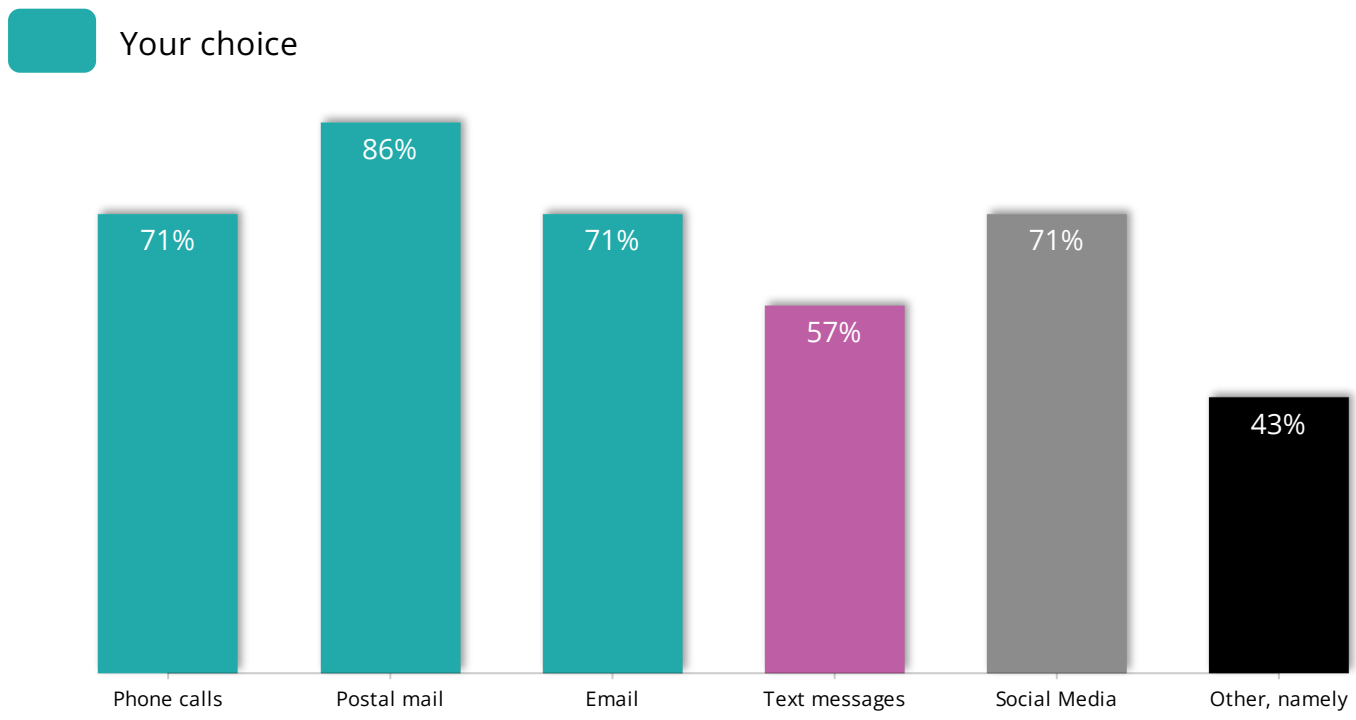
25. Given the current (and expected) influx of debtors and the catch-22 for DCAs' clients, to what extent have your clients' expectations of your services changed in respect of debt prevention and debtor rehabilitation? On a scale of 1 - 10




26. Could you please elaborate on your answer above?

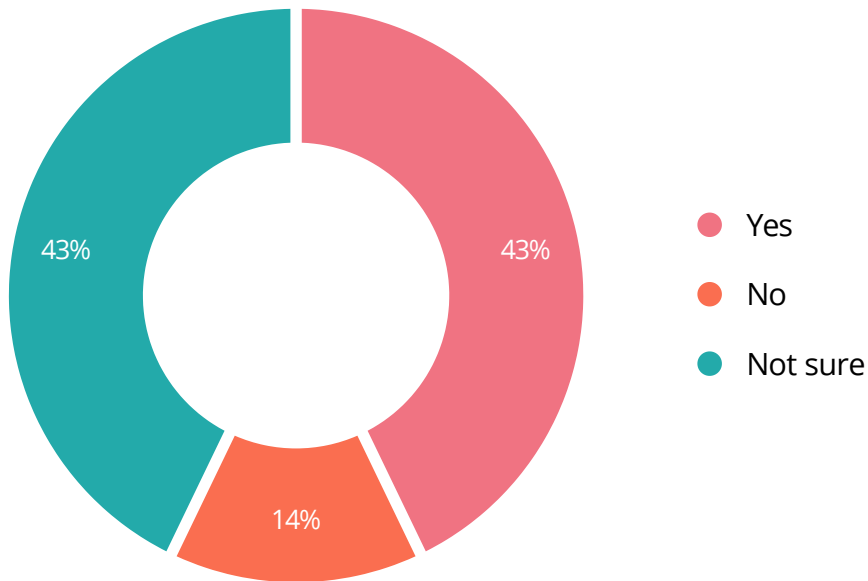
We have a constant client dialogue, with both our clients and ourselves sharing insights about the kind of debtors we see right now and what is just around the corner.

27. Engaging debtors as early as possible, usually increases the propensity to pay, although at a cost. What channels do you currently use to reach debtors in an early phase? (Multiple answers possible)




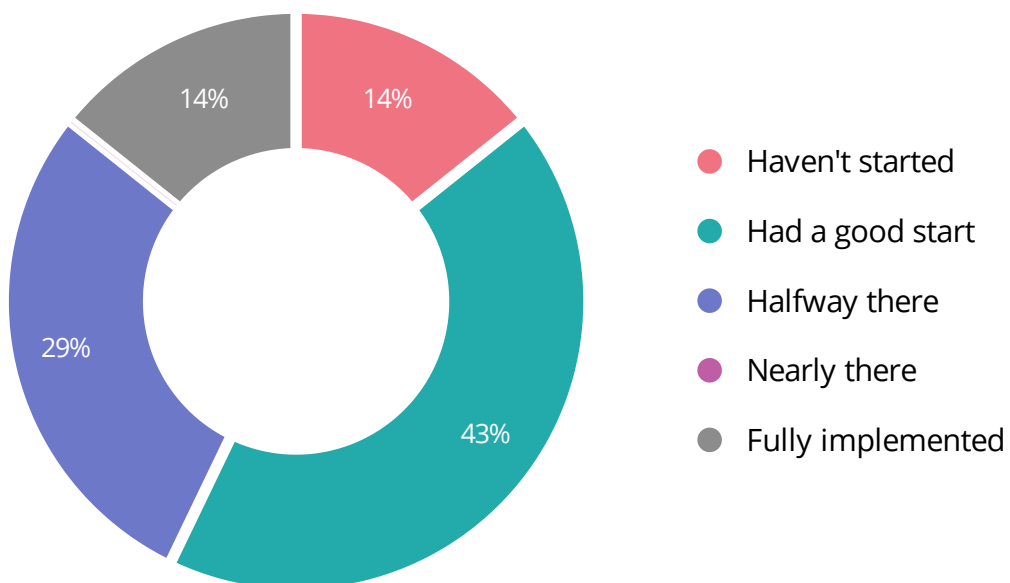
28. Is it your opinion that a combination of channels, and the point at which your engagement begins, allows you to optimally assist vulnerable debtors?

 Your choice




29. Tailoring your communication approach to specific debtor types generates better engagement, and customer interaction technology enables the automation of this process. Has your company implemented tailored communication approaches?

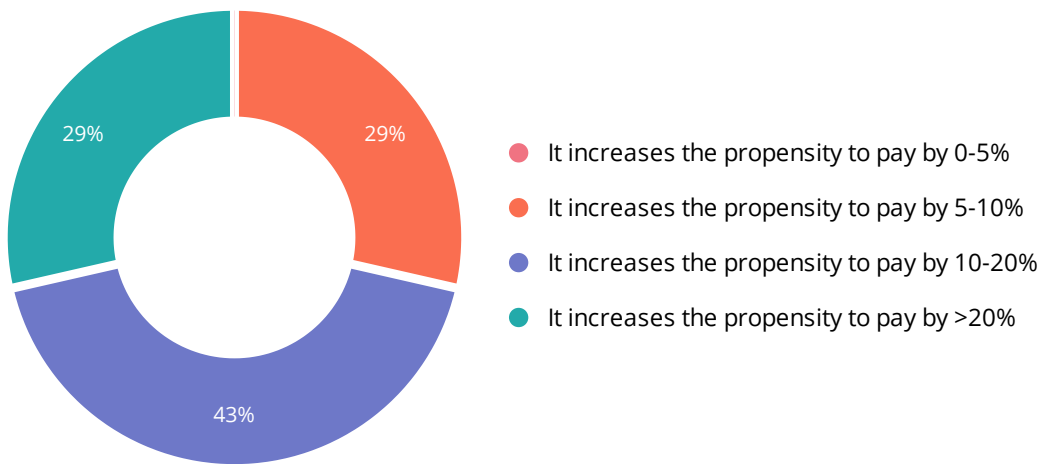
 Your choice





30. What do you think would be the potential impact of a tailored digital communication approach on 'propensity to pay'?

 Your choice



31. Could you please explain your answer above?

We've run a couple of trials, tailoring our approach in a manual way for small sample sizes - it's very promising!



# Future - Technology in Collections

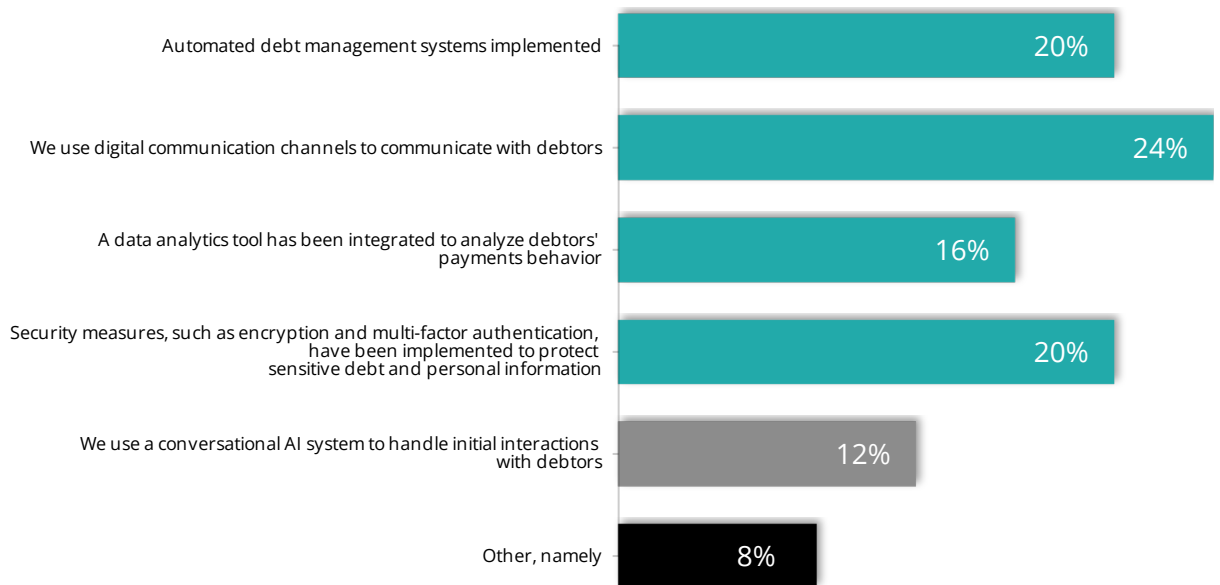
The rapid pace of technological advancements is creating new opportunities and challenges for organisations to recover debt, both in house and via DCAs.

In this section we explore how DCAs plan to integrate new technology in their operations to fully capitalise on these positive changes.



32. What steps has your organization already taken to integrate digital solutions into your collections process? (Multiple answers possible)

Your choice



33. Conversational AI allows for (parts of) engagements with debtors to be automated, both reactive and proactive. Could you please answer the following statements?

Your choice Yes No I don't know

Chatbots have a positive influence on the debt collections market



The use of AI has a positive influence on the debt collections market



AI tools will augment human agents in the future




Multichannel AI-driven automated conversations with debtors allows us to meet targets more quickly

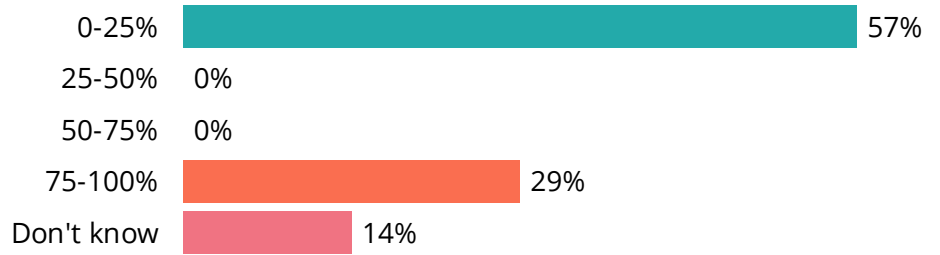




34. In your opinion, what percentage of the potential operational improvements technology offers has your company realised?

 Your choice

To date




The coming 36 months

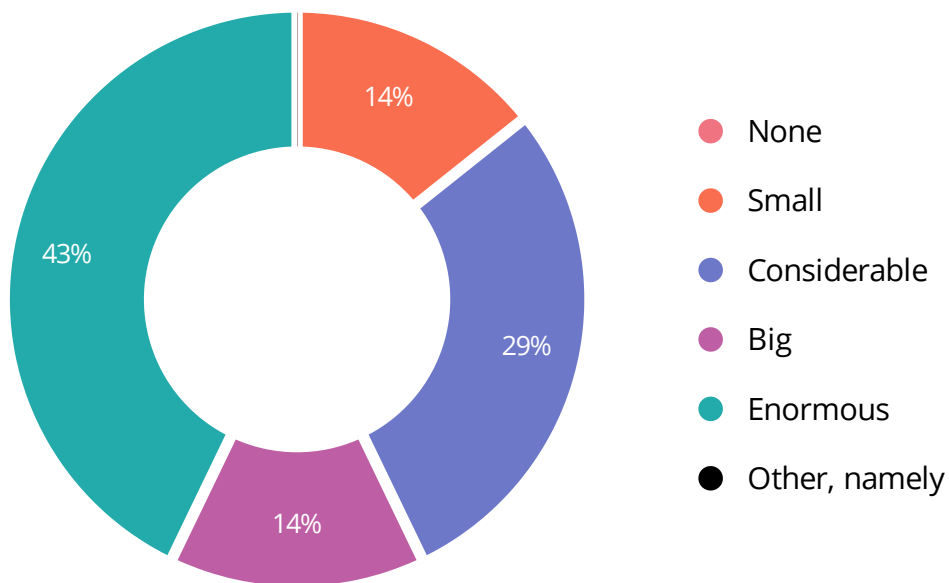


35. Could you please explain your answer above?

We see the opportunity and have senior level buy in to act, but we are still evaluating vendors to deliver the flexibility we need to offer each client.

36. What will be the impact of digitalization on the business model of debt collections agencies over the next 3 years?

 Your choice





# Closing

Being proactive is critical to driving more successful collections. The companies that get proactive customer care right view it as more than sending a one-way notification (SMS, app notification, email, letter, etc.) asking the customer to do something. Instead, they see it as an opportunity to engage the customer in a conversation that guides and supports them to the right outcome (for both the customer and the business). Achieving this requires specialist proactive customer care technology, which is why they choose ContactEngine.

ContactEngine enables companies to engage entire customer bases in digital text- and voice-based proactive conversations. However, unlike notifications, these conversations actively seek an in-channel response, then keep that customer engaged in a personalised conversation until the objective of that conversation is fulfilled. With its configurable conversational journey design and ability to transact in-channel, ContactEngine keeps over 90% of proactive conversations fully automated without the need for a human agent to get involved. Every conversation is secure and fully auditable, making it simple for companies to evidence their actions and ultimately achieve better collections rates.

## Contact information

Tollbar House  
Tollbar Way, Hedge End  
Southampton  
Hampshire  
S030 2ZP

Info: [www.contactengine.com](http://www.contactengine.com)

