

SMARTER COLLECTIONS FROM CLARITY

Collections systems which have worked in the past may need reassessing in the current economic climate

By Matt Subert

INCREASED levels of instructions, significantly fewer staff to work the cases and a standardised process that does not segment, score and apply bespoke solutions to identify the most appropriate strategy for individual cases.

Doesn't sound like a recipe for success does it? Yet this is the state of play across many parts of the debt collection industry today.

With most DCA's reporting a doubling of contingent workload you might expect that everyone is geared up to work smarter not harder. However the workflows, processes and systems that have been built over the past 10 years in a more benign collections environment are no longer fit for purpose today.

This approach is delivering ever decreasing returns and causes collectors to have to do more of the same for less end result.

Efficient and effective recovery

The 'one-size-fits-all' approach is something that we set out to change when we created Clarity five years ago. Whilst we have developed strong workflow streams to deliver efficiency in volume collections, our segmentation and scoring tools are key in identifying and delivering a strategy which will achieve recovery in the most efficient and effective manner.

We operate a multi-channel approach which takes account of the profile of the customer, the size and type of debt and the aims of the client. We then apply a different set of strategies and communications tools.

Not only does this deliver significantly better results but also ensures that we have an embedded approach to the principles of 'Treating Customers Fairly', which is crucial for everyone in the current climate.

Mixing the old with the new

Our collection methods involve a mix of traditional activities such as telephony and lettering, the use of alternative channels including text messaging, e-mail correspondence and online payment facilities and, where appropriate, we utilise our wholly-owned field operation Fieldcall.

Whilst there is no doubt that maintaining collections performance is challenging in the current climate, we are actually seeing improved performance on full and final settlements and consistently maintained instalment arrangements.

For those paying by instalment we have a range of communication methods, and are finding that our broken arrangement rates have fallen

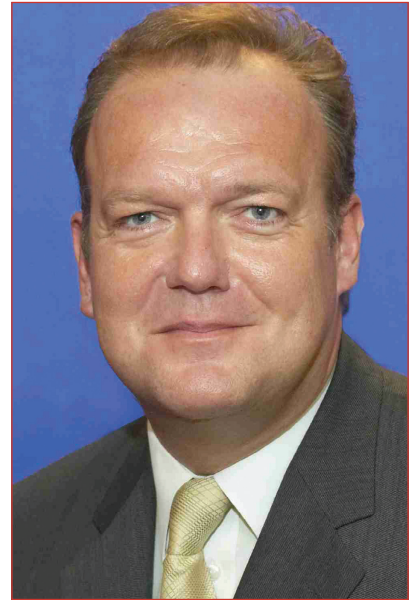
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significantly in recent months. Good news for us and good news for our clients and quite remarkable given the current economic climate.

Making an investment

Of course operating a quality process across multiple channels takes significant investment and this is another real challenge for the under pressure DCA world.

With many companies now collecting rather than selling their debt, a new way of selecting and measuring the results of outsourced providers needs to develop. The collections industry needs to work together to deliver sustainable results and the traditional client versus agency relationship needs



to change if the industry is to maintain collections performance whilst minimising the prospects of regulatory breaches or financial risk to both the DCA and the client.

Cash will always be king, but only the new breed of agencies will be the ones competing for the crown.

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