

What disruption will the advent of digital technology bring to the collections industry?

The first event of Credit Week saw the launch of the Digital Banking Club (DBC) for Collections Debate, in which experts discussed the extent to which digital technology will disrupt the collections industry. CHRIS FARNELL reports

While digital technologies and techniques will change the collections industry forever, it is by no means time to wave goodbye to traditional channels; it's merely time to work out which channels achieve the best results at which point in the customer journey.

This was the view expressed by speakers at the inaugural DBC for Collections Live Debate, sponsored by Intelligent Environments, on March 28. While all had different levels of ambition when it came to digital transformation, all agreed a desired end-state should include some level of direct telephone contact, even if targeted by a digital infrastructure.

Of those present at the discussion, some were at the start of their digital road map, others had begun in the last year or so, and one company had recently had to realign its digital plans to match a customer base. All, however, agreed there was no ignoring it. As one speaker summarised: "If you've not got a plan you'll get left behind."

One speaker described recent changes to their collections operation to set the scene, saying: "We implemented a mobile optimised website and literally overnight it transformed the level of engagement from customers. We saw mobile immediately jump above desktop in terms of most interaction, we saw many more customers begin the journey with us."

It's not one-size-fits-all

But in with the new doesn't necessarily mean out with the old, and participants pointed out that while the new digital channels were valuable, they could not completely replace the contact channels already in place.

"Customers reached through non-voice channels have a much better success rate, but I think there will always be a space for telephone call centres. In taking that away, all you do is cut off people you already had engagement with," one speaker explained.

As head of partnerships for digital



L-R: Derek Usher, Cabot Credit Management; Randolph McFarlane, Intelligent Environments; Sam Taylor, MoneyBarn; Paul Stretton, Extra Energy



Maz Ahmad, Intelligent Environments



Delegates heard at the DBC for Collections Debate that apps and webchat can enable vulnerable customers to take "that first step" in opening up about problems to creditors



technology business Intelligent Environments, Randolph McFarlane was transparent in being a supporter of digital – but was equally vocal in urging restraint of expectations. He told the audience: "Digital doesn't solve everything – let's be clear. We never advocate digital as a means of replacing traditional call and collect models. One size doesn't fit all. There are customers who are not familiar with digital, so a digital-only offering can actually alienate the very people you're trying to reach. As good as a digital journey can be, nothing quite replaces human touch and human interaction, especially when it comes to very vulnerable customers."

Starting the conversation

One area where digital comes into its own, however, is during the very beginning of a relationship with a customer, where a business is trying to achieve that essential first engagement. As was pointed out in the debate, the first interaction most people have with a collections operation is an initial, and often lengthy, phone call. That phone call usually takes place during office hours, when the customer could be in their place of work, or on a crowded bus, or even when they're about to sit down to dinner.

This state of affairs can mean that not only are customers unlikely to have the documents and information the creditor needs, but they may be prompted towards feelings of embarrassment and discomfort that won't help build a relationship going forward.

"Achieving that first engagement digitally can help," McFarlane pointed out. "It's discreet, they can choose their own time, so you imagine a scenario where they can wait until the kids are in bed and they have all their documents together. Then the call centre can have a more informed, more tailored conversation."

While people across all sectors will testify

to the importance of the human touch, in sensitive situations such as those involving debt, removing that element can sometimes make things easier for the customer. As one speaker said: "It means you're not having to admit to another human being that you're struggling. We see around 70 percent of our vulnerable customers come through a digital channel."

Even if there is a special phone line for vulnerable people to call when they need help, for many customers that means admitting there's a problem – both to themselves and to another person. During the debate, speakers discussed the importance of getting the customer to take that first step, with one-step-removed methods such as apps, emails and webchat cited as ways of making that step less intimidating.

Sharing control

Digital technology is often lauded on its ability to give customers a sense of control, and a choice about how they engage. It does this best when it sits alongside multiple contact options in a true omni-channel strategy.

A few years ago, during a wave of enthusiasm for digital customer engagement,

a lot of financial services websites either removed their phone numbers from their homepages altogether, or hid them deep within websites, making digital channels the only option for customers.

In recent years that trend has reversed, with phone numbers being prominently displayed even throughout the digital journey, as a constant potential 'escape hatch' for those who need to speak to a human being.

As McFarlane said: "We always advise, especially for those with a strong vulnerability and accessibility agenda, that there always has to be a way to break out of that digital journey."

However, while "giving the customer control" sounds good superficially in terms of TCF credentials, it's not necessarily a desired end unto itself. Not least because of the creditor's duty to serve their customers' best interests, it is essential for collectors not to relinquish all control to the customer.

"An attractive prospect in terms of customers is to pay what you want, when you want" said one speaker. "But sometimes you don't want that. What it hinges on is the question 'can our customer afford the agreement?' Our objective if they can't, is to

get them out of that agreement as quickly as possible; not to have them pay us and not their council tax. I think it's important for digital solutions to take that into account the fact you don't want customers to always pay, if they can't afford it."

The more the discussion dug into the issues around the use of digital channels, the more the questions people asked homed in on customer service issues. FCA regulations are clear on creditors' obligations towards vulnerable people, but famously less specific on the definition of vulnerability itself. But that needn't be a big obstacle, said panellists.

As one said at the end of the debate: "Digital doesn't need to be complicated. You can use quite simple things, even a checkbox saying 'Do you consider yourself to be vulnerable? Yes/No'. You replicate what you would do with an agent on the phone. Vulnerable is a term that gets bandied around but what it means is a real person with difficulties and some problems. The way you deal with these customers will be enhanced if you keep that in mind."

Even in the midst of the digital revolution, the right way forward is still choosing the right tool for the right job, rather than a one-size-fits-all approach. **CS**