



A guide to human-centred collections

Capita

Debt management is changing

We face a new economic landscape, one where people with good credit histories, who've never been in debt before, are turning to creditors for help.

How you respond in these difficult times is critical. For your customer, emotions and stress are high. Your brand and reputation are under the spotlight. They need your support and reassurance which in turn will help them to make the suitable payment arrangements.

Customer expectations are changing in line with their experiences of other self-service, omnichannel approaches e.g., being able to contact a provider across mobile, desktop and social media. They also expect businesses to be more empathetic – to their situation, their privacy, how to contact them and how they can manage their payments.

But what is the best strategy to achieve this? How can businesses like yours ensure you receive the money you're owed without incurring brand or reputational damage? How can you maintain quality of service across an omnichannel approach? And how can you keep up with continually evolving collection strategies and regulation?

Your business has three choices for your collections operations:

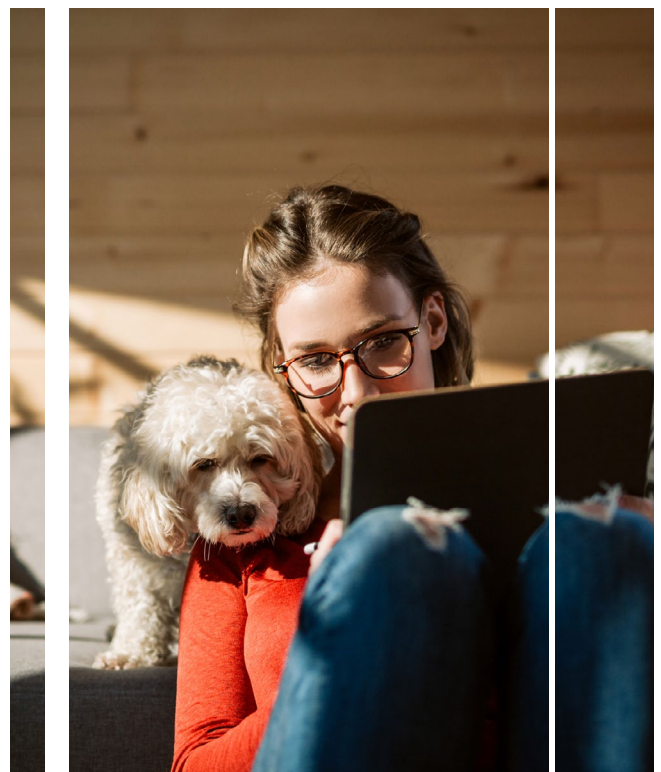
- Manage in-house
- Fully outsource
- Work with a transformation partner



This guide will help you to:

- Understand how human-centred collections can transform the way you do business
- Learn the dependencies and benefits of internal, blended, and external models
- Recognise whether your business would benefit from a collections partner
- Understand the questions you need to ask yourself to start your human-centred collections plan.

Every business is different and there are a wealth of points to consider. This guide will help you to make the right decisions and be aware of all the necessary questions you need to ask.



Human-centred collections are the future

Human-centred collections create better customer experiences. By using technology and empathy, they ensure your customers feel secure, supported, and heard – while also reducing your total arrears total.

This level of customer service is critical across all industries. Here, quality of service, word of mouth, overall customer experience and regulatory adherence are key factors in your ability to win, keep and grow customer bases.

When it comes to customer service, two things stand out – promptness and transparent dialogue. It's vital that businesses:

- Treat every individual with the same level of care and attention
- Help to identify problems before they arise
- Create bespoke responses to their specific case.

Debt is an emotional and heartfelt issue for customers, so it's important that you have the ability to be right there walking them through every step. Combine this with the ability to reduce your overall cost to serve and arrears pool and your business can thrive.

The benefits of human-centred collections

- ★ Recent studies* on customers' expectations revealed that 83% of respondents said that their brand loyalty is stemmed from trust. Capita's survey on fairness in collection confirmed that **73% of respondents over 25 said that they would remain loyal to a brand if they were treated fairly.**



Enabling an omnichannel approach increases engagement from initial contact. Businesses can't assume that all consumers want to be contacted in the same way. **They want to have multiple channels available to them at their convenience.**



By combining empathetic conversations and tailored support with the convenience and efficiency of self-service portals and proactive, data-driven outreach, companies can **identify at-risk moments, prevent debt, improve customer satisfaction and improve collections.**

*Rare consulting 2022



In-house versus fully outsourced – building a human-centred collections strategy

There are many factors to consider when it comes to evaluating whether to outsource or to continue an in-house approach to collections.

Firstly, the success of your collections operations should be measured against the business goals you set and performance against KPIs.

You need to establish what good looks like in terms of your desired operating state and carry out a gap analysis to understand the scale of the work required to move you from where you are today to where you need to be.

If you are looking for help with a gap analysis our experienced specialists can carry out a collections health check.

This will help you to rapidly identify the initiatives that will create the most impact for your business, your customers, and your team and to implement a fully costed set of tangible benefits.



The output of this work will inform and direct you to one of three core solution options:

- In-house (including sourcing and managing processes and agents yourself)
- Working with a managed service provider
- A blended approach of the two.

The different options will have different implications for the level of technical resource and skills you'll require. You will need to factor in managing existing infrastructure against innovations if you go down the in-house route.

You'll also want to look at a solution that includes optimisation to enhance your strategy and agent performance and improve employee and customer user experience.

Finally, consider how easy it will be for you to plan, build and manage your collection strategy yourself or through a partner.



In-house solution

A completely in-house solution usually refers to having your internal team procure and manage everything. This includes collections management software and infrastructure through to sourcing the agents and developing policies and processes for handling cases.

Some in-house solutions leverage third-party interim resource and offices as an extension of their collections operation. This provides flexibility to deal with peaks, but can be an expensive model in the long term. Third parties are unable to add significant value as the business retains data, MI and software management in-house.



Considerations for a successful in-house operation

Full control of your total **collections lifecycle**.

Manage and understand **performance**.

The control to quickly deploy **new solutions**.

Ownership of the **customer experience** through managed agents with knowledge of the business and who can best represent the culture.

Ensure your **collections processes** are tailored specifically to your customers' needs.

Experienced and well-resourced **IT teams** without technology bias.

Agile **procurement and governance processes** that support partnerships when required.

Less risk through having **total ownership**.



Dependencies

In-house technical resources, dedicating highly skilled employees, access to data and analytics.

Marketing and business **intelligence specialists** to show improvements.

An agile **collections platform** that allows for pilots and champion challengers to be set-up quickly without the need for system development.

Ongoing training, hiring and customer satisfaction metric **reporting** to maintain quality of service.

Ability to maintain **best practice** and regulatory understanding.

Innovations that can be applied to legacy technology to avoid a full digital transformation programme.

Hiring **collections specialists** and continued training programmes to maintain best practices.

Direct oversight will require greater focus on compliance requirements and full accountability for performance against KPIs.

A managed service and partnership approach

If you choose a collections partner such as Capita, we can provide either a fully managed or hybrid collections service – depending on what fits best with your requirements.

You get the expertise, compliance and best practice, the management of agents, and, if required, the development of your total collections solution. We can also manage reporting, training and more.



Benefits to buyer

Access to a team of **technical and industry experts** to advise, design and deploy a solution that matches your business goals.

Quickly **adjust resources and scale** to changing circumstances.

Expertly curated **monitoring, reporting and change management**.

Better **end-to-end service optimisation** and control through one provider.

Dealing with **one provider** can give greater cost-control and efficiency.

Free up your in-house resources to focus on your core business needs.

Access to **technology agnostic specialists and data science** to drive insight, audience segmentation and predictive models.



Dependencies on buyer

Time and resource to evaluate, validate and select the right partner.

Clarity of requirements and responsibilities needed for **service negotiation**.

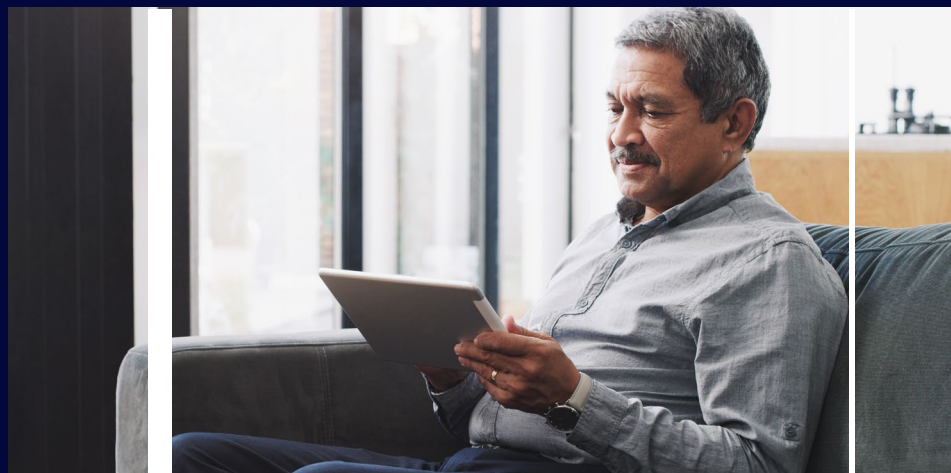
Less direct control of the **network Infrastructure**.

Building trusted partner relationships requires time and resources.

Outsourced management costs need to be weighed against the business cost of employing and training a skilled in-house network team.

Development of robust but flexible SLAs is critical to success.

Access and resources to **existing technology and data sets** to build the best solution.



Prepare for success

Before you begin your collections journey here are the key factors that you need to consider.



Speed

How quickly can you get inside your business and understand the core problems? Does the culture of your operation support and adapt to change? How fast can you make meaningful enhancements to collections strategies, e.g., deploy new technology, or adapt to peaks in demand?



Continuous improvement

How tied is your business to specific technology platforms? How adept is your business at reviewing process and regulatory requirements? Can they suggest continual improvements to help shift your bottom line?



Insight provided by technology

Is your or your partners' solution powered by data science? Does it use profiling to provide the personalisation your agents require?



The big switch over

How seamless will any switch over be – whether new technology or a new partner? How do you mitigate service disruption?



Multi-language

Can you provide multi-lingual services, without diluting the company culture or customer satisfaction?



Capacity to scale

Are you agile, what's your ability to quickly scale? Can you easily adapt to meet any changing business requirements or goals?



Best practice and performance

How well are you performing against your peers? Have you identified investment opportunities with a clear ROI? Do you have a roadmap in place to increase collections and reduce bad debt write off, whilst reducing cost to serve and improved customer satisfaction?



Solution features

Does the proposed solution give you the control, flexibility, expertise, and industry understanding you require? What visibility and reporting will be available? How secure is the offering?

Why Capita?

To get the best result for your customers and business you need to take a human-centred and insight-led approach.

At Capita, we have decades of experience in collections and can work together with you to find the solution that best fits your exact needs. With our proven track record of innovation, deep expertise in collections operations and powerful business analytics we can help your business to achieve your goals

Our award-winning collections experts have helped clients to reduce cost-to-serve by 29% and increase customer engagement by 22%. As the UK's most successful customer experience provider, we're ideally placed to support you.

We will handle your customers with care and empathy, adhere to the strictest guidelines, and enable your staff to focus on other areas of your business such as growth.





For further questions on
how to build out a human-
centred approach, visit
capita.com/collections

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