White Paper:

A Smart Response to a Perfect Storm

The story so far

At the start of the pandemic, we feared the worst. We expected to see increased levels of default from high income earners with perfect credit. We assumed that some would lose their jobs and run out of savings. We also rightly assumed that levels of debt amongst those who are unable to withstand one adverse financial event would increase dramatically. It didn't happen. Levels of unemployment remained unchanged and in fact, over 600,000 personal debt accounts were paid down[1].

We initially saw high levels of inbound calls, but although this caused staffing issues in terms of increased numbers and remote working, it was positive that people were reaching out for help and wanted to make payment arrangements. Consumer behaviour has shifted, accelerated, or changed. Online shopping in the UK increased from 53% in 2008 to 87% in 2020[2]. As that trend further accelerated out of necessity during the pandemic, so did the need to communicate digitally increase to cater for those not comfortable using telephone contact. People are used to living their lives online by smart phone, tablet, or computer, using that as a natural way to deal with their finances, both in good and bad times.

The challenge for the collections industry is to get up to speed with that demand, by being able to systemise a need to adapt quickly to changing customer behaviours. Forward-thinking businesses have used the last two years to future proof their operations by investing in new collections systems. Those that didn't—those that patched old, inflexible systems—will need to make that decision now, to meet their future challenges.

What do we think will happen next?

In March we saw interest rates increase to 0.75% with inflation predicted to hit 8.0% this spring[3]…but will it stop there? We have rising living costs impacted by increases in council tax, social and private rents, increases in national insurance and of course fuel and energy costs (impacting everything) making an unvirtuous circle. What none of us knows now is the economic impact of the war in Ukraine and if that will translate into the debt crisis we expected two years ago.

Despite job vacancies being at a record high level, one must assume that these adverse economic conditions will have a negative impact on bad debt. We come back therefore to making sure our business is ready for this challenge. That we can identify customers' preferred method of contact and can make that easily available should the need arise. Most importantly, that we can draw down from any data source, either internally or externally to provide the right information at the right time.

How do we respond?

Collections professionals need an end-to-end solution with intelligent, rules-based built-in customer self-serve portals and proven two-way SMS technology. Digital engagement activities must be able to communicate seamlessly with a functionally data rich collections platform that can present any relevant piece of data to the agent. Your agent needs tools to turn information into a selection of actions that meet the customers' needs but has the same outcome for the business.

Easier said than done of course and certainly not without best of class integration tools, which is the other area of concern. In an ideal world, the business should be able to utilise real-time APIs that can obtain any requisite piece of data, either internally or externally. They should also be able to draft, test and implement new strategies without having to wait in line for IT priority.

Choosing a smart response

Optimus by Telrock Systems was designed from the ground up by collectors for collectors. They understood that collections professionals need to have a flexible, reliable system at their fingertips that enable real-time changes. With a sophisticated and extensive database schema consisting of over 15,000 attributes, the Optimus solution is designed to manage any number of product and account types for the entire collections lifecycle. The database schema and security model design support the complexities of managing configurable 'many to many' relationships to meet each client's unique needs. Optimus' Role-Based Access Control allows clients to configure via rules what data panels and data panel content they want agents to be able to see within the collector UI (the Optimus 'Collector Workbench') and which to act upon.

To facilitate integration with other systems, e.g., product host systems, Optimus incorporates several key components including a standard suite of real-time inbound API's that support real-time updates from host systems. If client host systems cannot support integration via real-time APIs, Optimus' 'Data Integrator' component simplifies and removes the complexities historically associated with file-based integration. 'Data Integrator' has been structured such that a business analyst can quickly and easily map and test inbound and outbound files within minutes/hours without IT support. Optimus' job scheduler can detect, and process new inbound and outbound files based on client configuration, (e.g., every minute, every ten minutes, every hour, every day, etc).

Last, but not least, Optimus incorporates a further component, 'Smart Integration', that enables business analysts to transform outbound Optimus created files to conform to client and third-party application published APIs and thus support real-time update of information to client host systems where the immediacy of an update is important. For example, if a consumer identifies themselves as vulnerable to a collection agent that status change in Optimus can be immediately notified to the client host(s).

Why not contact us to arrange an informal discussion on how Telrock Systems can help your organisation reach this level of customer view and integration without the historic complexities, challenges, and cost.

Sources:

1. Brian Corr, Interim Director of Retail Lending – mondovisone.com
2. Cybercrew.uk
3. Bank of England

About the Author

Following an executive management board role with an operating subsidiary of Lloyds Banking Group, Bruce Turnbull has spent the past 20 years providing collections management consultancy services to several blue-chip lending companies including Courts International, GE Capital, and Provident Group.

More recently Bruce has served as Managing Director of two UK operating subsidiaries of CoreLogic, Inc. (NYSE: CLGX), a $3 billion-dollar global data, analytics, and related services company. Bruce is currently a Director of the Vulnerability Registration Service and provides business consultancy to Telrock Systems.

About Telrock Systems

Telrock Systems is a global technology provider of modern cloud-based collections and recovery software solutions for creditors and 3rd party consumer collections organizations wanting improved functionality and smarter capabilities. Our flagship solution, Optimus, is an enterprise-wide collections and recovery software platform built new from the ground up. It leverages open-source technology, powerful cloud computing, PCI DSS compliance, and more intelligent designs resulting in the broadest and richest collections and recovery Software-as-a-Service (SaaS) offering in the market. We provide our solutions in North America from our Atlanta office, and in Europe, Middle East, and Africa (EMEA) from our London, UK office.

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