

USING AN ENGAGE AND ASSIST STRATEGY TO FACILITATE DEBT RECOVERY

The pandemic had a seismic impact on debt collection activity across Australia. In March 2020, the Federal Government made a series of temporary changes to bankruptcy law to provide better protection for customers facing financial distress due to COVID-19. At the same time, they also made a deliberate decision to move away from firmer debt collection action, focusing instead on supporting consumers and businesses experiencing financial distress. In tandem, most State government departments ceased all collections activity whilst other organisations across the financial services, telecommunications and utilities offered customers in financial hardship the ability to defer repayments or request a payment plan.

As we return to a new normal post-COVID-19, organisations, particularly government departments, are aware of the importance of taking a considered approach to debt collection. Rising inflation and cost of living pressures mean that nearly half (43%) of Australians experienced financial stress or hardship in the June quarter of 2023.

Businesses are restarting collection activity in this challenging economic landscape with some nervousness. Recoveriescorp supports a range of government entities and public and private companies with tailored solutions that reflect the nuanced and sensitive nature of debt collection in today's economic environment.

Since late 2022, we've partnered with a federal government department to deliver a tailored insource solution focused on early-stage debt collection. Working from the client's offices, our experienced contact centre agents are reconnecting with our client's customers to understand their financial situation, assess their capacity to pay, and move towards a payment commitment.

The Challenge

After more than two years of scaled-back collections activity, this organisation wanted to reconnect with their customers, which had grown exponentially since early 2020. Labour market shortages meant that they needed support to resource this activity, with a particular emphasis on recruiting staff who have the skills to take a softer, more empathetic approach.

While the organisation had notified these customers of their debt via mail, this workforce would be responsible for making the first phone contact regarding their outstanding balance. The purpose of this call was primarily to reengage with each customer, understand their current situation, and reopen the lines of communication.

"After such a long pause in speaking with customers, the organisation didn't have a strong handle on the profile of their customers in arrears. They wanted to reengage with these customers and have a gentle initial conversation about their debt, and were looking to partner with a trusted provider who would support them with restarting debt collection activity in a safe, low-risk way."

Brooke Lawrence

Group Manager, Client Fulfilment – recoveriescorp

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The Solution

Recoveriescorp created an insource solution that saw our collections specialists work in a first-party capacity using the client's systems and processes. We were able to recruit more than 70 contact centre agents and six team leaders trained in early recoveries, providing specific training to align with our client's brand.

Engagement and aiding customers were the foundations of the agreed strategy. As one of Australia's largest debt collection agencies, we know that one in eight Australians are eligible for hardship support services they're not accessing. Consequently, initial conversations concentrated less on debt collection and more on understanding each customer's financial situation and capacity to pay.

Team members spent time educating these customers about hardship support services and building their financial literacy, before seeking to create agreements that balanced each individual's capacity to pay with the amount owed. Emphasis on building sustainable relationships and solutions means that KPIs prioritise call quality rather than the amount collected.

"Recoveriescorp's Insource teams are led by people who really understand the sectors we support. Our agents have the skills to have that initial conversation with confidence, reopening the lines of communication in a gentle way. They're not just asking for money but focused on finding a workable outcome to relieve these customers of what can be a significant emotional burden."

Nathan Freestun

Executive General Manager, BPO & Insource – recoveriescorp

The Outcome

Working in tandem with recoveriescorp insource, this government department has successfully restarted collections activity in a way that minimises both financial and reputational risk. Working from our client's premises, our agents reconnect with around 30,000 customers each month.



\$600m collected over the course of the campaign



\$104m collected as 'same day' payments



67% of payment arrangements have been maintained



300% increase in customer compliments

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“The customers we’re speaking with are genuinely thankful for the conversation. By seeking to engage, educate and work towards a realistic solution with them, our agents are taking a substantial weight off their shoulders. We’re proud to be changing the perception of debt collectors one call at a time.”

Mahamudul Haque
Assistant Operations Manager – recoveriescorp

Recoveriescorp’s experience from the pandemic years is that genuine engagement with customers who have fallen behind in their repayments is more effective in recovering debt than traditional approaches. Over the last 12 months, and due to our increased focus on engagement, the amount of customer compliments that our insource team have received increased by 300% compared to a similar insource project, which ran over a 3-year period.

From a financial perspective, we’ve collected close to \$600 million for our client since November 2022. Of this total, \$104 million has been collected as a ‘same-day’ payment. Further to this, 67% of all payment commitments entered into have been maintained.

At recoveriescorp, our mission is to help our communities build a financially sustainable future. We focus on education, prevention of reoccurring arrears, and reaching positive outcomes and resolutions for our customers.

To find out more about our engage and assist insource solution please contact me via the below details.

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