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# DEBT COLLECTION STRATEGIES FOR BANKS

1.) **Update your bank debt recovery and management software.** Review the technology your financial institution utilizes to interact with customers. Utilize tools that will help foster positive relationships with those from whom you are trying to gather debt. Ineffective systems slow the process down and fail to provide the intelligence required to improve results.

2.) **Develop a more intuitive debt recovery strategy.** An advanced scoring and segmentation system combined with portfolio intelligence helps increase debt recovery. Prioritize the financial institution's strategy using amounts owed, days late, and repayment potential. Remember reduced turnaround time provides more time for agents to field to resolve other cases.

3.) **Review policy regarding billing dates and procedures.** Make sure to send and process invoices on a regularly scheduled basis. In addition, make it easy for customers to pay. Offer all standard payment options. Ensure that your invoices have the correct contact information for remittance and keep a record of the invoice and payment.

4.) **Make certain customers remain satisfied with services and do not switch to competitors.** Debt recovery is a key process where a friendlier approach could result in improved customer satisfaction and loyalty.

5.) **Track your experience with the late paying customer.** Comprehending how clients respond and what needs to get them into payment mode can provide an advantage in keeping accounts up to date. Assess what problem is at the root of the current delinquency. What type of client is the financial institution dealing with? Provide alternative payment plans for customers going through financial difficulties.

6.) **Choosing the appropriate customer-approach channel for each case.** One important step in the debt-gathering process is creating the best communications channels for each customer to discuss their issues openly. By proactively reaching customers early, you can prevent larger problems later.

7.) **Set reasonable expectations.** Agents should be able to create realistic expectations understood by the consumer throughout the call. Some financial institutions offer programs designed to restore negative accounts and retain banking customers before the closing or charging off the account. Some research suggests customer retention of 70% or better, as well as the restoration of negative account balances when contacted pre-charge off.

8.) **Create specialists.** If everybody has multiple responsibilities, collections may suffer. Improve work force utilization by optimizing allocation better. Automated and centralized allocation helps achieve more efficient staff use.

9.) **Help representatives discover the conflict quickly to resolve consumer issues.** Identify factors that enable a debtor's repayment potential. Financial institution representatives must sometimes act as financial advisor, and negotiator. This new level of complexity calls for a new model to not only frame an agent's thinking but also tap into already acquired skills.

10.) **Debt-collection performance improvement results in credit loss savings.** Centralized allocation linked to team performance could result in more reduction.