

Debt collection gets smart

South Africans find themselves in a dire cash crunch. According to Statistics South Africa (Stats SA), our unemployment rate recently hit 34.4% or 7.8 million jobless citizens.



Source: [Fixabay](#)

The harsh reality is that borrowing money has become a life-saving necessity for some, but, at the same time, debt has long been associated with stress, shame and vulnerability.

Although it's not necessarily something that anyone should be ashamed of – consumers are paying to borrow, after all - it is something that most people would prefer to keep private. In addition, from a debt-collection point of view - demanding payments has, up until now, heavily relied on conforming to a legal process or a call-centre process, which offers minimal choice as to when and how an individual wants to be communicated with.

One South African company has re-designed how debt collection plays out, calling on the latest analytics and communication tools to deliver the debtor (its customer) with different options discreetly, without threatening calls at inopportune moments. It's long overdue, and it's working.

Reframing the perception of debt

Transaction Capital Recoveries, one of the largest collectors in South Africa, assists up to 6 million accounts at any point in time and makes approximately 40 million outbound phone calls a month to contact customers.

In understanding the negatives that come with borrowing and owing money, the company sought to reframe the perception of debt and aid in the process of reducing and dissolving it. “For the last five years, we carefully examined what could be dramatically improved within the debt-collection industry. The name, for starters, has a negative connotation. Why should you experience something you pay for as a facility, like a ball and chain?”



New study reveals what consumers do with their credit cards

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What if we saw debt as a measure of ‘credit wellness’ and sought to support people with a route back to better credit health. When you remove the negativity and allow people to take control of their options, it changes the dynamic,” says Rob Monteith, Group chief information officer at Transactional Capital Risk Services.

Interestingly, the company explains that most people want to make good on their debt obligations when they can. “This is a key insight. However, even with state-of-the-art artificial intelligence, we cannot always know exactly when that will be, so we need to try and stay in touch with the customer. We can add more options available in convenient digital platforms, which means we do not have to intrude as much. If we can simply connect and be supportive, we can start to help. That’s where things needed to change in our industry. A softer touch.”

Discretion is key

Getting a call while at work, or on a shared phone line, perhaps a legal letter in the post, is not an experience most people want to go through. “The first port of call is to be discreet and fair in your dealing. Then, by giving someone a digital, self-service option, they have the power to set up and make payments themselves and avoid calls altogether.

“They can also request an immediate call back to talk at a time that’s convenient for them. Lastly, they can also interact via WhatsApp if that is a platform they feel more comfortable using. These are the methods that make sense to people right now. Our customers want to feel empowered as opposed to disempowered,” he adds.

“As simple as it sounds, we also found that many customers want just to be able to check the current status of their debt – the ability to download a statement, check their next payment date, their current balance or how it breaks down. Now, rather than having to go through a call centre, they can do it via our digital collections platform.”

The road to a better credit score

The company claims that its efficient approach is cost-effective for the customers, as self-service means they don’t need to charge for calls and letters. It also means they can be more flexible around any settlement negotiations.

“We’ve increased our agent efficiency by a multiple of 10 over the last four years while maintaining delivery of four times the volume of calls. Our shareholders are winning, and so are our customers. But, most importantly, bringing debtors, our customers, to better credit health means we can help them out of a tight spot, we can uplift communities, bringing South Africans back into the financial world. As we help them through the process, we can offer them a free credit score and ultimately try to give them a clean bill of health,” says Monteith.