

Streamlined collection experience? Absolutely, with live chat!

In today's fast-paced world, digital communication has become an essential part of our lives, with a profound impact on our daily habits. Communication has become faster than ever, with the ability to connect with anyone, anywhere in the world.

This has completely transformed our everyday communication attitude, which has also affected the customer's communication.

Today's modern consumer expects immediate help and solutions to their questions. They no longer have time to navigate the complex menu systems of call centres to get in touch with a person to manage their cases. To meet these changing customer needs, it is essential to adapt to today's technology solutions to ensure the best possible customer experience, which will give a long-term competitive advantage.

However, debt collection is no exception. Financial institutions need to provide their customers with the most effective communication solutions to ensure customer satisfaction and loyalty.

Debt collection requires special care

However, debt is a sensitive topic for debtors, and clients generally prefer to manage their outstanding debts without the need for personal interactions (such as a phone call). Virtual communication between debtors and agents is more comfortable as clients navigate through their financial difficulties. Chat serves as a bridge between digital processes and the "human touch", making it an invaluable tool that fosters transparency and leads to more efficient debt management.

Live Chat: Transforming debt collection

Live chat represents a revolutionary approach to debt collection, offering a new communication method that fills the gap between traditional communication methods and modern consumer preferences. Unlike phone calls or face-to-face interactions, live chat provides clients with a discreet and convenient platform to address their financial concerns in real-time. This new wave communication method allows customers to engage with debt collection agents at their own pace, without feeling pressured or overwhelmed.

One of the key advantages of live chat in debt collection is its ability to offer immediate assistance. With a few clicks, clients can connect with expert agents who can provide personalised solutions to their payment issues. This immediate access to support not only enhances customer satisfaction but also increases the likelihood of successful collection.

Furthermore, live chat enables debt collection agencies to leverage automation and artificial intelligence to streamline their processes further. By implementing chatbots

equipped with NLP (natural language processing capabilities), financial institutions can efficiently handle routine inquiries, freeing up agents to focus on more complex cases. This automation not only improves efficiency but also reduces the operational costs associated with manual intervention.

Why consider using live chat as a new communication channel?

The [Global State of Customer Service Report](#) indicates that approximately 48% of users prefer live chat as a communication channel when managing their cases. However, there are additional reasons to consider integrating live chat into your business workflow:

- **Endless connection:** The availability of live chat 24/7 facilitates customer engagement regardless of time zone or schedule.
- **Enhanced efficiency:** Agents can handle several chat sessions simultaneously, resolving cases faster and minimising wait times.
- **Cost-Effective:** More affordable than regular phone calls, allowing agencies to streamline operations and allocate resources more effectively.
- **Transparent workflow:** The use of chat transcripts provides a clear and accurate record of communication, which fosters trust and reduces the risk of misunderstanding.
- **Personalised communication:** Agents can adapt their approach to each customer's specific circumstances, which leads to a more client-centric, positive experience.

Why live chat is a must-have for debt collection?

The use of live chat in debt collection is not just a trend, it is a technology that drives the future of this industry. Financial institutions must consider adapting digital communication channels to engage debtors, as a [McKinsey study has demonstrated](#) that employing digital communication channels can boost the recovery rate by 30%.

- **Making debt collection into a positive experience:** Debt is a sensitive area. Phone calls can feel pushy and non-personal, leading to a sense of discomfort and distress. Live chat allows for more discreet and synchronised communication, giving customers control over the conversation. This helps to alleviate stress and promotes a more positive experience.
- **Personalised assistance:** Using live chat, agents can hyper-personalise their communications. Unlike scripted phone calls, agents can address customers in a personalised way, acknowledge their situation and tailor their approach accordingly. This creates a sense of mutual understanding and empathy, resulting in a more positive customer experience.

- **Empowerment and control:** Live chat allows customers to take control of their financial situation. They can initiate the conversation when it suits them, ask specific questions and clarify any misunderstanding at their own pace. This sense of empowerment fosters trust and cooperation, ultimately leading to a more positive resolution.

In summary, live chat is not just a communication tool; it's a strategic approach to debt collection that puts the customer experience first. By offering convenience, empathy and personalised attention. Live chat fosters a positive atmosphere for collecting outstanding payments.

This means increased customer satisfaction and higher collection rates ultimately leading to a win-win situation for financial institutions and their clients.

To discover more about how you can take your collection experience to the next level, read our latest white paper or request a consultation with one of our experts.

How Self-Service Apps can empower the debt collection

Today's world has rapidly changed, and digital technology has fundamentally transformed our everyday lives. Previously unimaginable things have become commonplace. For instance, we no longer have to wait in long queues at post offices to pay our bills; instead, we can pay them with a simple touch on our phones, or banking applications even allow us to request loans without the need for face-to-face interactions. It is clear that our technology-driven world has revolutionised and made our everyday lives more convenient, transforming not only our shopping habits but also our communication attitudes in recent years.

Changes in communication habits

The world of business is also constantly evolving, and one of the most important aspects of any successful enterprise is providing excellent customer experience.

According to the [Global State of Customer Service Report by Microsoft](#), it highlights the majority of customers prefer to handle their cases immediately and on their own. As a result, [*53% of users prefer to use self-service portals to manage their requests without the need for human interaction.*](#)

This research indicates that financial institutions should prioritise changing customer behaviour to deliver a better customer experience, and it is crucial for the debt collection industry too, to adapt to changing client expectations. **An efficient and convenient debt collection process can be achieved by leveraging digital technologies, such as self-service apps.**

Streamlined payment management

Digitalisation has the potential to streamline processes and make finances more efficient, and digital tools can help businesses meet their debtors' needs. **Customers now expect seamless, convenient digital payment experiences that empower debtors to have complete control over their payments.**

With the help of self-service apps, customers now have the flexibility to manage their finances in real-time, from any location. **With just a few clicks on their devices, they can check their balances, review outstanding debts, request payment rearrangements, or make partial or full payments.**

It's a game-changer for customer experience, provides transparency, and can enhance the recovery rate.

What are the reasons for choosing a self-service app?

- **Web application**

It uses modern technology that eliminates the need to download applications from different app stores. Making it **universally accessible from any device with a browser**. It can be **smoothly integrated into any existing banking app**. That can **fit the bank brand identity with the white label option**.

Customer interactions within the application are immediately updated in the collection system. It **enables collection managers to access comprehensive and real-time information for more efficient communication and interactions**.

- **Live chat for seamless communication**

Debt is a sensitive topic for debtors, and clients prefer to manage their outstanding debts without the need for personal interaction, such as a phone call or personal visit. Virtual communication between debtors and agents is more comfortable as clients **navigate through their financial difficulties**.

Live chat is integrated into the self-service app, and it serves as a bridge between digital processes and the human touch. **Clients can handle their cases in real-time and can receive immediate responses from agents through it.**

This real-time support **enhances the customer experience** by reducing waiting time, fosters transparency, and leads to more efficient debt collection.

- **New wave communication with push notifications**

The self-service app offers a new communication channel in the collection process. **Push notifications are the key to client-centric and personalised communication**. Debtors receive instant updates, payment reminders, personalised messages, and payment plans directly to their mobile devices.

For example, personalised payment plans can be delivered to the client's device. This streamlined method allows customers to review and accept payment plans at their convenience.

What are the business benefits of self-service apps?

- **Cost-effective**

Self-service apps with live chat and personalised payment plans via push notifications are a cost-effective approach to collection. **Automating reminders and payment plans reduces the need for manual interaction and associated labour costs.**

Debt collection agencies can handle a large volume of cases at the same time, thus streamlining operations and reducing costs. Additionally, they can optimize resource allocation to enhance efficiency further

- **Better collection rate**

Another key benefit of the self-service app is its simplicity. Debtors can manage their finances and make payments from anywhere, at any time. So **targeted push notifications further improve debtor engagement and cooperation.**

According to the McKinsey report, *in-app notifications have a 92% success rate in achieving full payment. Push notifications have a similarly high success rate of 88%.*

Surprisingly, traditional channels only achieve a 12% success rate.

This significant difference highlights the effectiveness of push and in-app notifications in engaging customers through their preferred communication channels, ultimately resulting in a significantly higher payment success rate.

Conclusion

Self-service applications are a significant advancement in debt collection, providing an innovative approach that improves the collection rate. So **these apps use modern technology to enable debtors to seamlessly manage their financial debts with unparalleled simplicity and transparency.** With real-time access to outstanding balances, universal payment options, and personalised payment plans, debtors are now able to take control of their financial health. **Building better engagement and positive experiences.**

If you're interested in discovering how you can enhance the debt collection process while prioritising customer experience and optimising recovery rates, we encourage you to explore our latest white paper or book a consultation with one of our business experts.

The next level of customer experience: Optichannel communication

Today, the world is undergoing a complete transformation, thanks to solutions such as generative AI and machine learning that are having a huge impact on almost all industries. These technologies are completely transforming the world of work and even our everyday lives. Whether it's content creation, agriculture, education, or finance, these innovative technologies have enabled services that were not possible before. With an increasing emphasis on making it part of every aspect of our lives. For example, generative AI is being integrated into the bloodstream of the latest mobile phones. It makes everyday life easier and more convenient.

However, it has not only become part of daily routine, but is also playing a dominant role in the business world. **Today, it is natural to see AI-powered chatbots and virtual assistants being widely used in customer service.** It is **offering immediate answers to questions and reducing response times.**

By adopting these technological innovations, not only can business efficiency be increased. They can also help to elevate the customer experience to a higher level, creating excellence in the customer experience. To achieve this most effectively, we need to consider our customers' needs. We need to understand their communication preferences to ensure the best possible customer experience.

The question may arise: *how can we achieve this in a sensitive area such as debt collection?*

In this blog post, we explore how to most effectively communicate with debtors using an optichannel communication. The approach is to deliver the best possible customer experience while increasing business efficiency.

Optichannel precision: maximising communication effectiveness

Optichannel communication is a strategic approach that recognises the uniqueness of each communication channel. It tailors interactions to meet specific customer needs, going beyond the limitations of omnichannel approaches. **The key focus is on selecting the most appropriate communication channel for each customer's unique journey—the Optimal Channel.**

Optichannel focuses on delivering the right message at the right time through the most appropriate channel to the customer. This means that financial institutions need to move beyond using different communication channels in a standalone way and develop a strategy that seamlessly interacts with customers in the most effective channel, addressing their specific needs and preferences at that exact moment. **To achieve a new level of precision, it's essential not only to understand customer behaviour but also to leverage real-time insights.** By combining customer insights with artificial intelligence, **financial institutions can deliver a better customer experience that effectively meets the customer's needs.**

Optichannel's impact on debt collection

Traditional methods often come with challenges when it comes to debt collection. From limited response rates to compliance issues, financial institutions face numerous difficulties in their efforts to recover outstanding payments. However, **with the adoption of the optichannel strategy, a new era of debt collection has begun.**

It is an essential approach for financial institutions seeking to **improve their collections performance and deliver the highest level of customer experience.**

By leveraging the latest technologies and best practices, financial institutions can better understand their customers and personalise their communication approach to individual preferences and behaviour, which can improve debt collection.

Key advantages of optichannel communication

- **Data-driven communication**

Optichannel approach enables data-driven communication optimisation through AI-powered analysis of big datasets. This means that **financial institutions can use customer data to determine the most effective communication channels.** The message types, and timings for different customer segments are important. For example, prioritising SMS communications for customers with a history of responding to SMS reminders increases the likelihood of a response, improving the personalised and targeted approach to debt collection.

- **Optichannel engagement**

Another significant benefit is its impact on customer experience. By delivering personalised messages through preferred channels, financial institutions can increase engagement and improve collection rates. **Real-time analysis of customer behaviour allows for the creation of highly tailored payment plans.** That is enhancing debt collection efficiency **and fostering positive relationships with customers.** It can improve customer satisfaction and loyalty, which is essential for long-term business success.

- **Cost-effective**

Optichannel approach enables the seamless delivery of **personalised payment plans directly to customers' smartphones via push notifications.** This streamlined method allows customers to review and accept payment plans at their convenience, reducing the need for labour-intensive follow-up calls and paperwork. Optimising this process not only reduces administrative costs but also speeds up debt collection.

- **The power of two-way communication**

Transparency plays a key role in debt collection, and optichannel approach with **2-way communication is a useful mechanism for fostering trust between financial institutions and debtors**. By providing clear and consistent updates at every stage of the process, financial institutions can use it to establish transparency and trust. This commitment to **transparency not only strengthens relationships with debtors but also enhances the overall image of financial institutions in the minds of their customers**.

The future of collection

Optichannel communication has the potential to transform the customer experience in debt collection by making interactions more personalised, timely and transparent. Leveraging multiple communication channels and personalising interactions, allows financial institutions to improve response rates, empower debtors and ultimately achieve better results. **Using optichannel communication approach is not just about enhancing debt collection – it is about fostering positive customer relationships and helping debtors on their journey to financial stability.**

If you are interested in learning more about improving customer experience while maximising collection rates, we invite you to download our latest whitepaper. This comprehensive guide provides valuable strategies for enhancing customer satisfaction and increasing collection effectiveness

The power of preferred communication channels

Collecting payments is a critical aspect of any business that extends credit to its customers. Pursuing payments can be a daunting, time-consuming, and frustrating process, particularly if businesses don't clearly understand of their customers' expectations. However, effective debt collection is vital to the financial health of your business, and it's crucial to develop strategies that work.

One of the most important factors in successful debt collection is effective communication. The way you communicate with your debtors can make all the difference in your ability to recover debts. The key to success is to use preferred communication channels that are most effective for your customers.

In today's digital age, there are more communication channels available than ever before. It's essential to use a variety of channels to reach your customers effectively, based on their preferred channels. These channels can include phone calls, emails, text messages, and even social media platforms like Facebook and X.

The Customer Perspective

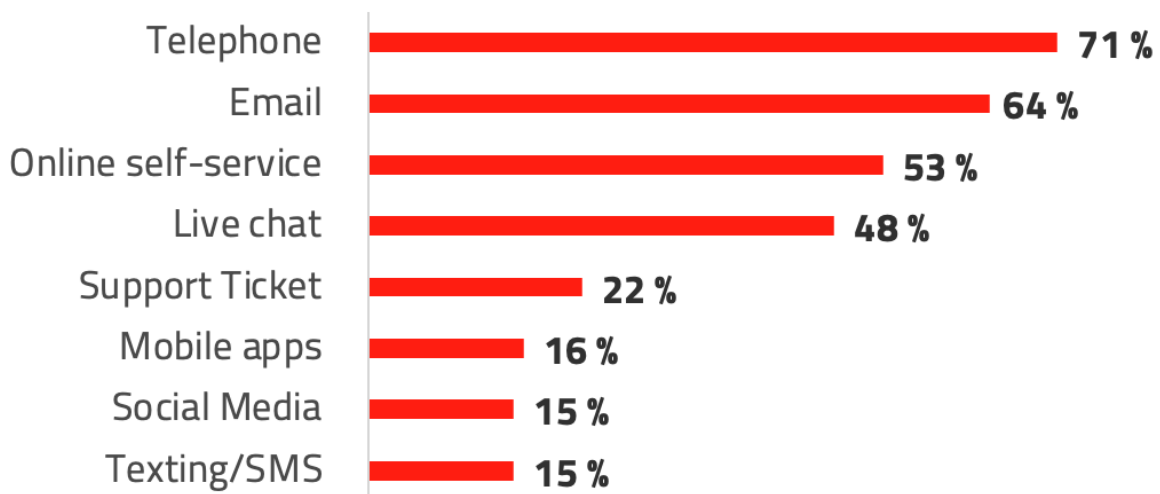
The world of business is constantly evolving, and one of the most important aspects of any successful enterprise is providing excellent customer service. With this in mind, [Microsoft recently conducted a comprehensive survey](#) to gain a better understanding of the global customer service landscape.

This comprehensive 2020 study provides valuable insights into the preferences and expectations of customers across the globe. With participants from Europe, the US, and Asia, the survey offers a broad perspective on what customers look for in a brand and what they value the most. However communication preferences are quite different when it comes to debt collection. Explore the insights provided by [McKinsey](#) below.

Importance of customer service

The most significant finding of the survey is that customer service matters – a lot. An overwhelming 90% of respondents across all regions emphasised the importance of customer service when [choosing a brand and fostering loyalty](#). This highlights just how crucial it is for businesses to invest in providing exceptional customer service if they want to succeed in today's highly competitive marketplace.

Preferred Communication Channels in general



Microsoft Dynamics - Global State of Customer Service

The survey also highlighted the communication channels that customers prefer to use when seeking support. As expected, telephone and email remain the most popular options, with 71% and 64% of respondents respectively stating that they prefer these channels. However, it is interesting to note that self-service options, such as online knowledge bases and FAQs, are becoming increasingly popular, with 53% of customers preferring this channel. Live chat is also gaining traction, with 48% of customers opting for this mode of

communication. Support tickets (22%), mobile apps(16%), social media(15%), and SMS are less popular (15%).

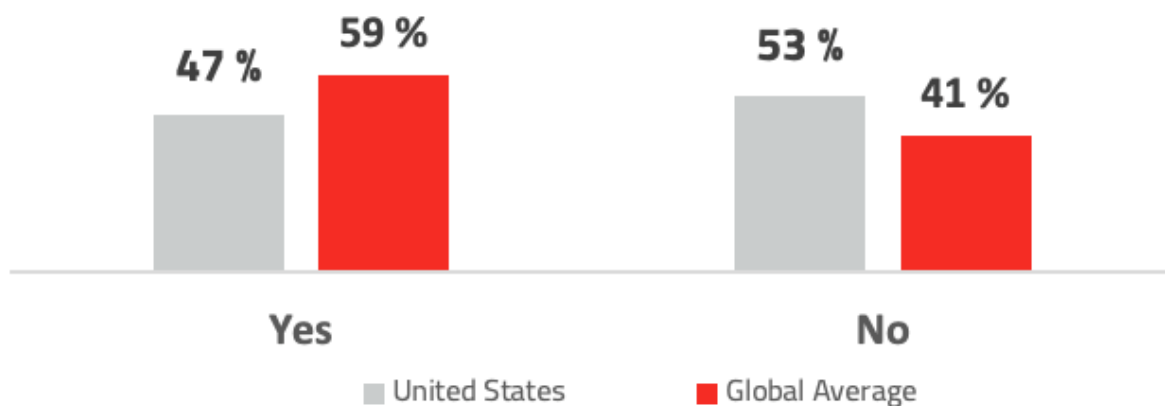
Diverse Communication Channels are preferred for Debt Collection

Understanding customer communication preferences is crucial when it comes to debt collection. [In a 2019 study conducted by McKinsey](#), 434 credit card customers were surveyed and the results showed that email and text messages were the most preferred channels for communication. This emphasises the importance of using digital communication channels when attempting to collect debts.

Furthermore, the study highlights that using digital channels for debt recovery results in significantly higher success rates than traditional channels. For example, the success rate of in-app notifications was an impressive 92%. This means that customers are more likely to respond to notifications sent through an app rather than through traditional mail or phone calls. Push notifications were also found to be quite successful, with a success rate of 88%, SMS followed it with 77%.

For efficient debt collection, it is crucial to use digital communication channels. It can be an email, in-app notifications, push notifications, or a text messages. These channels have higher success rates and are favoured by customers.

Listening to Your Customers



Statista - favorable view of brands

Listening to customers is a vital aspect of building a successful business and debt collection.

According to a 2019 [survey conducted by Statista](#), a leading market research firm, 59% of customers across the globe prefer brands that respond to their questions or complaints via chat. This percentage is significantly higher than the 47% recorded in the United States. It is indicating that customers in other parts of the world place a greater emphasis on brands that prioritise their needs.

However, listening to customers is not just about addressing their complaints and queries. It is also about being proactive in anticipating their needs and preferences. By gathering and analysing customer data, businesses can identify patterns and trends

Enhancing Debt Collection

It's not enough to simply use different communication channels. The bank needs to tailor its use of them to its customers' preferences. For example, some customers may prefer to receive a phone call, while others may prefer an email or text message. By understanding customers' preferences, that can increase the likelihood of successful debt collection.

Another important aspect of effective debt collection is timing. It's crucial to reach out to the customers at the right time. For example, if a customer is experiencing financial difficulties, it may be more challenging to collect a debt. However, if an agent reaches out to them when they have a little more financial stability, they may be more successful in recovering the debt.

Chatbots and debt collection

In the modern era, banks have a valuable tool at their disposal: chatbots.

In fact, chatbots have been available for years and are increasingly useful as they continuously learn and enhance. However, they are still underused in the debt collection industry.

The crucial role of chatbots in debt collection

Chatbots' key advantages are their accessibility and efficiency. Unlike traditional communication channels, such as phone calls or emails, chatbots are available 24/7. It can provide debtors with quick and easy access to information and assistance. This is particularly important for customers who prefer to communicate via digital channels, as chatbots can offer a convenient and efficient way to resolve their queries and concerns.

- **Accessible** and **efficient**
Chatbots provide debtors with quick and easy access to information and assistance, meeting the demand for preferred communication channels.
- **Personalised** **interaction**
They can interact with debtors in a personalised and prompt way. It creates a sense of being valued and listened to by customers.
- **Timely** **Responses**
They are available 24/7, ensuring that debtors can get answers and support when they need it most.

- **Streamlined**

Communication

Chatbots can streamline communication by sending reminders, updates on account status, and payment options through the debtor's preferred channel.

Optimal connection with the customer can result effective collection

Effectively managing debt collection requires a clear understanding of customer preferences. The research all highlights the value of prioritising customers' preferred communication channels. The adoption of chatbots and a customer-centric approach by banks can lead to increased engagement, improved debt collection efficiency, and better responsiveness to debtor needs.

This transformation not only enhances debt recovery rates but also fosters more positive customer relationships. Addressing challenges such as misaligned communication channels, impersonal messages, subpar customer experiences, personalised interactions and streamlined communication channels offers a viable solution. This approach not only benefits clients but also enhances a bank's reputation and customer satisfaction. That is ultimately driving success in debt collection efforts.

If you're interested in discovering how to improve your debt collection strategies with a client-centric approach, we invite you to explore our [latest whitepaper](#). Or if your business is requires tailored assistance, we encourage you to initiate a meeting with one of our expert professionals.

How to improve collection effectiveness and CX by contacting clients through their preferred channels?

In recent years, the world has become increasingly digitised. This approach has had a significant impact on the way businesses operate. One area that has been particularly affected is debt collection.

However, in today's modern world, **debt collection is challenging for financial institutions**. By understanding the client preferences and leveraging preferred communication channels during collection, the recovery rate is significantly enhanced with the omnichannel approach and the customer experience can be increased:

[Several financial institutions have discovered that employing digital communication channels can boost the recovery rate by 30%](#)

One of the key advantages of an omnichannel approach to debt collection is that it allows banks to reach customers through their preferred communication channels. For example, **younger customers** (below 44 years) may **prefer to receive text messages** like SMS, push notifications, or using mobile applications. However **older** (44 years old or older) customers may **prefer phone calls and letters**. By offering a range of communication options, businesses can increase the effectiveness of recovery.

Another advantage of the omnichannel approach is that **it allows financial institutions to personalise their communication with customers**. By using data analytics and [customer segmentation with AI](#), banks can tailor their messages. This can help to build a stronger relationship with customers and increase the chances of successful debt recovery.

Preferred Digital Channels Improve Effectiveness of Recovery

Many banks are still relying on traditional channels to reach out to their customers. They are missing a valuable opportunity to connect with them through the channels they prefer. The use of digital touchpoints such as email, SMS, [and push notifications has been limited to only 35%](#). However, it has been observed that the **response rate to digital channels is much higher than traditional channels. 73% of debtors make a payment after being contacted through digital touchpoints.**

The success rate for full payment through traditional channels was only 12%. This suggests that financial institutions may need to re-evaluate their debt recovery strategies and shift towards a more digital approach.

When it comes to debt recovery specifically on digital channels the success rates are significantly higher. For example, the **success rate of in-app notification is 92% but the push notifications is also quite high, standing at 88%**. SMS or text messaging is another popular way of engaging with users and the success rate is 77%

This indicates that **push- and in-app notifications are effective tools** for engaging clients through their preferred channels. That is leading to a higher success rate of payment.

The importance of digital channels in debt recovery is essential in today's digital landscape.

Personalisation is the key

Hyper personalization during communication with customers is important for banks and they can improve their strategy with the right communication. With the **help of advanced technologies such as AI and Machine Learning**, enterprises can now **personalise their interactions with customers**. Across multiple channels like SMS, E-mail, Chat, and more, which plays a crucial role in optimizing debt recovery rates.

The **key advantage of omnichannel strategies** is the ability to gain a comprehensive view of a customer's past interactions across various channels. This information can be used to tailor messages and offers to the specific needs and situations of the customer: For instance, as a result of a [rise in unemployment](#), the debtor has become unable to pay their debts and may require a restructuring plan to restore solvency.

For debt recovery, this is particularly important as it can increase the chances of successful recovery and the customer experience by gaining a comprehensive view of past interactions and tailoring messaging.

Digital engagement improves the customer experience

[Digital engagement](#) has become an essential part of the customer experience.

It allows debtors to interact with banks on a hyper-personalized level, and that is not just about the CX, but it also helps to build trust between the collections team and the debtor. **The usage of AI algorithms and Machine Learning to analyze customer behavior is a crucial aspect of personalized communication.**

When a customer feels like their cases are being taken into account, they are more likely to feel like they are being heard and understood. For example, let us assume that a debtor is facing difficulty with their payments due to job loss and is feeling overwhelmed. A personalised message from the debt collection agent that acknowledges their situation and proposes a payment plan can help the debtor feel heard and understood. This approach can encourage the debtor to become more involved in the collection process and improve their likelihood of making timely payments. This can lead to increased customer engagement and a more positive experience of the collection process.

Streamlined payment management: Self-Service App

Digitalisation has the potential to streamline processes and make finances more efficient. The digital tools can help businesses meet their debtors' needs. Customers have come to expect seamless, convenient digital experiences that empower debtors to have complete control over their payments.

With the rise of self-service apps, **customers can manage their finances at any time, from anywhere in real time.** They can check their balances, and debts, and ask for payment rearrangement options. Also they can make a partial or full payment with a few clicks on their devices. **Self-service apps are a game-changer for customer satisfaction** in debt collection. This level of transparency and accessibility can boost up recovery rate.

Overall, financial institutions are seeking ways to streamline their collection processes to provide a seamless and convenient experience to their customers.

Additionally, using personalised interactions **with the power of AI** (if you are interested in other areas where AI has an impact on collection, read our previous [blog post](#)) through digital engagement strategies improves customer satisfaction and chances of successful debt recovery by providing preferred digital channels to customers and adopting an omnichannel approach is crucial for the recovery process to be effective.

Furthermore, apart from omnichannel communication, there are several other aspects to contemplate when developing a collection strategy that prioritizes the customer. To explore them in greater depth, we recommend downloading our latest [white paper](#).