

CCR-2

# COLLECTION DIALLERS: DEAD OR ALIVE?

The world of debt collection has changed since diallers were introduced – but is there still a place for them?

By Angie Hall

TODAY'S diallers are flexible, with variability on 'suitable' contact times, and are synchronised with speech recognition, self serve and the multitude of different contact methods now available.

However, recent dialler legislation regarding the 'false positive' detect rate is now causing businesses to disable answer machine detection, which is then driving non-productive activity onto the collections floor.

We are finding that many businesses are now re-considering both their overall debtor segmentation and contact strategy as well as their collections infrastructure, so that they have a better match and deployment of collector skills to the routing of the variety of calls from outbound or inbound channels.

## The way it was

When diallers were first used, the collections world was a very different place. Customer data was held on large mainframes and collectors would review overdue accounts from paper records, manually send letters or telephone. Credit was in its infancy, with customers moving from the traditional local bank manager into the world of credit, loans and store cards.

Diallers were, then, a relief for collections managers and significant gains of 300% productivity improvements were achieved. Technology brought large mobile phones for the elite, though most telephone contact was to a home or work telephone. Also, there was little regulation in the industry, and collectors had a reasonably free rein in terms of approach.

## How things have changed

The biggest recent change has been the dot.com, internet and technology boom of the 1990s and noughties.

Together with another recession and heavy legislation, these have taken us into uncharted waters.

Customers now embrace the latest phones, gadgets, devices and communication methods – mobiles, e-mail, SMS, online web portals for 24/7 use, IP soft phones, VOIP and iPads. Today's collection centres have diallers together with inbound and outbound IVR and AVR systems with 'plus connect' features linking the debtor back into the call centre, all playing their role in contact strategies.

Self-cure solutions for some may reduce the outbound volumes required for outbound dialling in the early and pre-delinquent stages so that the dialler outbound focus is to the non-responders or defaulters.

## Balancing goals

Segmentation of portfolios and delivery of different contact methods and treatments to different segments of customers is essential.

The needs of the customer and the business goal to reduce bad debt need to be balanced through smart segmentation and strategies – for example, balancing early engagement of struggling customers with creative strategies to engage the avoiders. Of concern is that data is limited in terms of understanding strategically which accounts will self-cure and which will roll.

In 2010, the continued focus on bad debt and cost reduction is driving businesses to re-examine their own service delivery against the external and traditional outsource options such as debt collection agencies and legal, since passing accounts to external parties can be costly. Diallers remain a good way of churning through large files of data records.

Collections managers need their operations to be lean and efficient, with highly-skilled collectors who are 'personal touch' negotiators and relationship builders. A collector's skill lies in maximising all debtor contacts presented by a dialler or any other method of communication.

## The future for diallers

So will all these different communication channels mean that diallers become redundant? It might look like today's collections managers can sit back and relax as they have no debt to collect, but it is not as simple as that.

These days, debtors who are struggling still tend to avoid contact and need a 'human touch' while others need escalated action by pro-active outbound contact. Also, businesses are now looking more at the value of their customer and forming strategies at customer rather than product level with different treatments.

The challenge for collectors is precise forecasting of an account's risk to determine strategy based upon these changing customer behaviours and dynamics and appropriate segmentations.

Diallers undoubtedly still hold their place in collections strategy and still have the capability to deliver, though they have fierce competition.

And where will they be in 10 years? Who knows? Maybe by then we will all have a credit chip implant with a credit score and contact details.

Discuss! **CCR-2**

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*In order to drill deeper into this subject I have started a discussion on "Collections Diallers: Dead or Alive?" on [www.Linkedin.com](http://www.Linkedin.com) and I welcome any quantitative or hard data you have to share.*

*You can take part in the discussion by joining the group: XXXXXXXXXXXX or e-mailing me direct.*