



## Five Tips to Create a Compassionate Collections Process During Unprecedented Times

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Collections can be an awkward, difficult and time-consuming process for financial institutions and their customers during the best of times. Now, during the COVID-19 pandemic, there are even more complex considerations as newly unemployed customers flood phonelines, individual states continue to change regulations around collections and the impact of a hastily put together Paycheck Protection Plan (PPP) has yet to be felt. Despite these challenges, financial institutions have an opportunity to practice compassion, flexibility and creative problem-solving that can improve the collections experience, now and in the future. This blog contains five tips financial institutions of all sizes should practice in order to help their customers or members reduce the stress that often comes with a sudden loss of income or increased financial uncertainty.

### Tip #1: Standardize Processes to Scale People Faster

With branches closing much of their in-person operations, tellers and other employees are being moved to other departments within institutions to address shifting consumer needs. This means there has been a sharp spike in new employees within collections as well as prevention that require rapid training and onboarding to help customers navigate unfamiliar processes. On top of the workforce evolving to meet demand, new regulations and government relief programs, such as PPP loans, are adding complexity and new challenges on a seemingly daily basis.

Financial institutions can give their employees better tools to make faster, more accurate decisions and get customers the help they need by creating a standardized decision-making process and workflow. Whether done manually, digitally or automatically, internally or through a third party collections agency, standardized decision-making tools can help employees address the sudden influx of similar deferment-related cases more quickly, with minimal training. For example, for hardship loans, this will help free up more seasoned collections experts to handle more complex cases and start creating new processes for handling those loans that do not meet criteria for forgiveness.

### Tip #2: Automate Communications When You Can

While standardizing process will, by itself, increase efficiency and effectiveness in collections, using automated communication and decision-making tools where possible will help scale to meet demand even better. Currently, many financial institutions find themselves so overwhelmed with inbound calls and requests for loan modifications, skip-a-pay and more that they have not even been able to think about reaching out to their customers to offer assistance. The problem is compounded by anxious customers calling back in to check on the status of their modification or other request, further bogging down an overburdened system.

Manually following a standardized decision workflow is helpful, though using an automated technology platform to do this increases predictability and consistency to an even greater degree and enables financial institutions to keep customers in the loop about the status of their modification request. For example, one of our clients, a nationwide lender, is currently dealing with a massive amount of skip-a-pay requests. These requests are being processed across four different departments. Using Temenos technology systems to handle the distribution, the lender can send an automated communication update to the customer about the status of their request as it moves from each department. Combining standardization with automation has enabled our client to provide great customer service while reallocating work and scaling operations faster to meet growing needs. In these unprecedented times, there is no such thing as over-communicating with account holders.

### **Tip #3: Respond Proactively to the Inevitable**

Between March 15th to April 20th, over 26 million people have filed for unemployment. Companies have laid off employees in anticipation of an economic downturn, and the future of when they will return to work is uncertain for most industries. To deal with this new reality, thousands of customers are reaching out to their financial institutions proactively to set up payment plans or modifications before they reach a total inability to pay.

Institutions that can respond quickly to these requests will be looked upon favorably—those who can anticipate these needs and offer solutions to customers before customers pick up the phone will receive an exceptional amount of good will in these trying times. Standardized data that enables quick segmentation of customers based on payment history and financial standing can help identify customers that are good candidates for skip-a-pay or other modifications, while automated communication tools like email and text can free up employees to focus on more complex tasks. Several of our clients have leveraged Temenos's technology to create these proactive responses confidently and with data that helps align these decisions with their business values and strategy.

### **Tip #4: Enable Self-Service Options**

Another way to proactively handle increased collections activity is through self-service options. In regular times, collections has a significant emotional component often tied to shame and avoidance—people simply do not want to discuss their financial difficulties with another person.

Right now, however, financial difficulty is normal for a lot of people, and self-service collections offer several benefits to both institutions and their customers. With self-service options, financial institutions can avoid looking aggressive or uncaring by sending informational messages about self-service portals to report hardship or work out payment plans rather than sending letters or repeated phone calls that most customers find unpleasant. For customers, self-service portals can be helpful for those who genuinely want to work with their financial institution but have odd schedules, limited access to digital apps and tools or other factors that make it hard to stay on top of payments. Since self-service portals can be accessed via a link in a text message or any device with internet, it is more accessible than a digital tool that requires an app download.

At Temenos, our flexible platform enables clients to quickly build their own self-service platforms or leverage our development resources to create tools for their customers. One of our clients was able to put together a simple, direct self-service collections platform in just a day, giving their employees and customers alike an additional tool to manage the huge increase in communications around payments and collections.

An added benefit of self-service options, aside from customer satisfaction, is managed risk. In response to the pandemic, individual states are passing a variety of collections regulations, from restricting the hours in which collections calls can be made to mandating mortgage relief and more. These regulations are very different state to state and continue to change, and hefty penalties can be enacted upon institutions caught violating them, whether by accident or not. Heavy regulation

plus high volume of need plus an inexperienced workforce can spell disaster for even well-meaning institutions. Self-service options can help manage this risk by creating self-driven pathways for customers that require minimal communication and activity driven by their financial institution.

## Tip #5: Manage Risk with Real-Time Reporting

Speaking of regulatory risk, accurate, real-time reporting will be an essential component of managing confusing, shifting, sometimes contradictory collections regulations during this pandemic and in the many months of economic instability to follow. Enacting standardized data processes allows institutions to more easily segment and track activities by state, while automation can help guide activities and communications and reduce the possibility of human error.

Finding a digital solution that tracks activities and communications in real-time is essential to creating efficiencies and avoiding regulatory mistakes: for example, if a customer fills out hardship information on a self-service platform and an employee is scheduled to call them later that day, that information needs to be communicated ASAP so the customer does not receive an unnecessary call. Real-time segmentation and reporting also helps employees avoid engaging in collections behaviors that are prohibited by state policies.

Real-time reporting is also essential for handling the PPP loan forgiveness process, as employers will need to gather a lot of data very quickly to determine whether the loan meets criteria for forgiveness. Whether the SBA or other inquiring parties, robust, accurate reporting enables financial institutions to confidently say “here was our process, here’s what we did, and here’s how we managed regulatory compliance during this time.” At Temenos, our technology enables real-time, visual reporting that makes it easy to see which approaches are working and which activities need to be adjusted or given special attention.

## Creating a Compassionate Collections Response Starts Now

The Temenos team has the technology and strategic vision to help you develop flexible, fast digital processes that support your customers and team during increased financial instability. Whether you handle collections internally or outsource to a third party, our nimble platform that supports standardization, automation, self-service and real-time reporting can be a vital part of future-proofing collections and other essential functions across your organization.

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Larry Edgar-Smith is a senior leader at Temenos and brings over 30 years of experience to the organization. Larry joined Temenos in 2014, as part of the acquisition of Akcelerator, as Senior Vice President of Product Evangelism, North America, where he managed the company’s product roadmap and pre-sales team for the Temenos Infinity Origination, Service and Collection products. During his tenure, Larry has worked with staff, customers, prospects, and industry leaders to analyze, define and implement new products, processes and procedures to support the growth of these product lines and others. Prior to this current role he has been a senior contributor at a host of technology providers including FIS, GHR Systems, CapMark, Aecio Technologies, Day One, Inc., and Unisys.

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Temenos software is proven to enable its top-performing clients to achieve cost-income ratios of 26.8% half the industry average and returns on equity of 29%, three times the industry average. These clients also invest 51% of their IT budget on growth and innovation versus maintenance, which is double the industry average, proving the banks' IT investment is adding tangible value to their business.

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