



Sopra Steria Financial Services

How we help Banks and Building Societies to put in place a Debt Management approach which reduces operational costs, improves collections rates and makes sure debtors are cared for at every stage of the collections lifecycle

The world is how we shape it

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DEBT MANAGEMENT IN FINANCIAL SERVICES

At Sopra Steria we believe Financial Services organisations need to develop a debt management approach which improves the collection rate of outstanding debts earlier in the customer lifecycle and takes into account different types of debtors. If successful transformation of the debt management process is going to happen the fundamentals need to be put in place. This means starting with the customer journey and understanding each and every touchpoint they have with your organisation, their data, their expectations, their likelihood to repay and making sure relevant information, educational materials and opportunities to repay are available at each stage of the process.

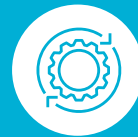
KEY CHALLENGES Financial Services organisations are facing in relation to Debt Management



Incorrect data being collected at the start of the collections lifecycle



Automated decision making processes not fit for purpose



Too much emphasis on late stage costly litigation and enforcement action



Over – reliance on legacy IT systems for processing repayments



Contact strategies still reliant on letter/phone calls not digital methods



Silo'd focus on collections by different departments



Broken customer journeys in terms of digital repayment options



Collections department KPI's not linked to organisational objectives

UNDERSTANDING THE DEBTORS VIEWPOINT

The beliefs a debtor holds affects their ability to pay and their relationship with an organisation they owe money too. Usually resulting in one of the following responses:

Those who want to pay and can

Those who want to pay and can't

Those who won't pay whatever the circumstances

TREATING THE CUSTOMER FAIRLY

The FCA has stated that:

- **50%** of UK adults display one or more characteristics of vulnerability
- Expectation that financial difficulties will increase as a result of Covid-19 and so will bad debt
- All customer groups will need to be handled differently
- Organisations need to ensure customers understand the types of debt help available to them

What areas should **FINANCIAL SERVICES FIRMS** FOCUS on to improve collection rates and their debt recovery process?



Build the right data and analytics capabilities for tailored interventions



Make digital transformation a priority



Identify and manage the right performance indicators



Create the right communication channels to improve responsiveness



Put the right culture in place across the organisation



Make Automated Decision Making processes fit for purpose



Digital Ethics is a systematic way of defining principles of right and wrong with regards to the impacts of digital technology on society.



THE ETHICAL BUILDING BLOCKS OF OUR PROPOSITION

Accuracy

Customisation

Collaboration

Accessibility & Service Quality

Efficiency & Effectiveness



Technology ethics



Data ethics



Service ethics



Treating Customers Fairly



Principles on AI Guidelines for Measuring Trust



WEF Ethical AI Guidelines



Ethics guidelines for Trustworthy AI



Standards for Ethical Technology

DEBT RECOVERY DONE DIFFERENTLY

At Sopra Steria we have designed a Debt Management process which takes into account an organisations needs in terms of timely collection and a debtors requirements at each stage of the lifecycle. Our model can be implemented or tested at any stage and contains 5 distinct parts:



Enhanced Analytics

- Business enhancing MI
- Performance measures and indicators
- Cashflow and strategy focus
- Configurable to match client needs



Strategic Advice and Guidance

- Understand business drivers, policies and procedures
- Risk appetite and debt structure
- Flexible service options
- Provide expert advice, guidance and challenge



Early Stage Debt Recovery

- Maximise recovery using automated processes prior to delinquency status
- Targeted recovery strategies
- Use of behavioural insights
- Debtor and client behaviour
- Risk profiles



Later Stage Debt Recovery

- In house DCA function
- Minimising costs and maximising control
- Appropriate payment plans
- Risk vs Recovery



Litigation and Enforcement

- Using industry experts
- When absolutely necessary with client agreement
- Strategy driven
- Risk vs Recovery

OUR SERVICES

Every clients requirements are different and we recognise this by ensuring end to end service options are available, individually tailored to meet client needs.

By working with Sopra Steria Financial Services to create the right Debt Management approach Banks and Building Societies will unlock a number of benefits including:



**DATA CLEANSE
ACTIVITY**



**REVIEW OF SYSTEM
CONFIGURATIONS**



**DUNNING LETTERS –
TONE AND CONTENT
(EMAIL CAPABILITY)**



**PHONE CALLS &
TEXT MESSAGE**



**INSTALMENTS AND
PAYMENT METHODS**



**ENHANCED
COLLECTION SERVICE**



**INTELLIGENT MI
AND REPORTING**



**LEGAL ROUTE
(LITIGATION)**



ENFORCEMENT



**DEBT POLICY ADVICE
AND GUIDANCE**



BAD DEBT AND PROVISIONS

- Tailored intervention approaches for different customer groups
- Improved data, information and reporting for management teams
- Better accuracy of predictions on who is likely to default
- Understand where digital transformation initiatives can help improve debt management models and processes
- Identify areas in the debt management value chain to reduce operating costs related to collections activities
- Build the right educational literature and offer support channels to customers early in the debt management cycle
- Maximise recovery using automated processes prior to delinquency status
- Implement different collection methods through a CX strategy aligned to debtor persona's
- Use data and analytics to understand can't pay vs won't pay debtors
- Make sure fair customer outcomes are at the heart of the final collections decision process
- Offer final opportunity to pay through digital channels

Sopra Steria Debt Management Services

Total care for Debtors and Clients throughout the collections lifecycle

At Sopra Steria the digital transformation solutions we put in place help our clients drive real business change, resulting in achieving better strategic, financial, customer and employee outcomes. Our vision is to become the market leader in End-to-End ethical debt management services. With a clear focus on ethics and vulnerability, making sure we exceed the baseline requirements of the FCAs Treating Customers Fairly (TCF) agenda.

For more information on the Debt Management services we provide to Financial Services organisations please email pscomms@soprasteria.com and one of our experts will be in touch.

www.soprasteria.co.uk

We look forward to working with you.

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