

Economic Conditions Shift Agencies to Web Strategies

As the economy continues to worsen, an impact on the collections Industry is inevitable for 2009. The mortgage crisis, declining values and sales of homes, as well as the credit crunch have already begun to affect the accounts-receivable management (ARM) industry as a whole. In addition, the unemployment rate has risen to a two-year high of 5% with projections continuing to rise as the year progresses. This combination of factors will inevitably impact the collections Industry.

Many ARM sectors, such as collection agencies, debt buyers, and collection law firms (among others) are being forced to re-evaluate their collection strategies in order to keep pace with the changing marketplace. Using the Internet as a tool in the collections process has proven to be an efficient and effective means of satisfying debt. Using a web-based, payment-negotiation solution serves as a convenience to the debtor who can log onto the Internet discreetly and at his or her own convenience (evenings, weekends, or daytime). In addition, it also presents a cost-effective concept to the agency that can minimize the expense associated with hiring additional employees and training collectors (and others). Ultimately, the opportunity of web-based payment methods benefits both consumers and collectors at various levels.

Although online collections seem to appeal most to early-stage, low-balance, overdue accounts, late-payers also seem receptive to the idea. Recent surveys indicate that late payers — those who say they chronically pay some or all of their bills after the due date — are amenable to the idea of online collections. Late payers in this group who rate the service as “excellent or good” rose to 88.7% and those who rate the reduction of “bill payer emotional stress” increased to 84.5%, according to FiSite Research.

Providing a method away from typical collection methods is one of the greatest benefits of web-based collection strategies. Oftentimes, collecting agencies want only to reach their quotas and will often make a deal that is not in their clients’ best interest when contacting debtors by phone. A collector may offer debtors a chance to pay 80% of their debt if they pay the full amount that day, often missing a chance to receive the total amount from debtors by asking for payment over three or four months.

With consumer trends shifting, BillingTree can help you establish both ACH and Credit Card payment options along with an online payment site. For a free evaluation of your current practices and a custom-benefits proposal regarding web-based collections, please contact BillingTree at (877) 377-2677 or visit our web site at www.mybillingtree.com.