# Navigating Challenging Conversations in the Collections Industry

## How To Improve Collection Rates & Mitigate Compliance Risk While Establishing Empathy with Customers

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# INTRODUCTION

Debt collection is a sensitive and complex matter. Aggressive and fraudulent collections practices have led to an intense regulatory climate. All collections agencies must comply with the Fair Debt Collections Practices Act (FDCPA) along with other federal and state regulations to avoid significant fines and lawsuits.[1]

An additional challenge is providing an exceptional customer experience. In 2021, consumers filed over 82K complaints against debt collectors.[2] This data reflects a growing need for highly trained collections agents who understand the nuances of the law and know how to anticipate debtors' frustrations coming into a call. This is not an easy task, but the agents who possess these skills typically have greater success and fewer complaints.

In fact, collections agents who show empathy with debtors not only ease tensions during what can be an unwelcome and difficult conversation, but they also mitigate risk and secure payment.

This balancing act requires the mastery of certain soft skills, and the tools for coaching agents on collections best practices. Automated tools provide an added benefit to companies that lack the staff and resources to effectively monitor a growing call volume. For all of these reasons, collections agencies are turning to speech analytics technology to navigate the murky waters of debt collection.

This white paper demonstrates how speech analytics helps collections agencies address these challenges while empathizing with customers to increase collection rates, improve the customer experience, and mitigate regulatory risks.

## 1. Challenges for Debt Collection Agencies

In every interaction, collections agencies must work to recover debt while ensuring regulatory compliance and maintaining a positive customer experience. These overlapping imperatives add greater complexity to every collections call.

### *Meeting Compliance Responsibilities in the Contact Center*

Central to this responsibility is complying with the Fair Debt Collection Practices Act (FDCPA), which is enforced by the Federal Trade Commission (FTC) with oversight by the Consumer Financial Protection Bureau (CFPB). The FDCPA is designed to eliminate abusive, deceptive, and unfair debt collection practices and places strict limits on what agents must and may not say in conversations with debtors. For example, agents:

- must identify themselves as debt collectors and state the purpose of the call in every contact
- must notify the consumer they can dispute the debt
- may not lie or use deception to collect a debt
- may not be abusive, use profane language, or call frequently to harass the customer
- may not call before 8:00 a.m. or after 9:00 p.m. without consent[3]

While this is not the complete list, the bullets listed above will be important for our discussion here. Collections agencies must also abide by the Fair Credit Reporting Act (FCRA), which includes the way debt collection efforts appear on credit reports, as well as the Telephone Consumer Protections Act (TCPA), which requires prior consent for autodialed or pre-recorded calls to mobile numbers and specifies what information must be included in those recordings.[4]

In addition, collections agencies that collect debts on behalf of healthcare organizations, such as hospitals or insurance companies, must abide by the Health Insurance Portability and Accountability Act of 1996 (HIPAA), which regulates how Protected Health Information (PHI) – any personally identifying information in a medical record – is protected both at rest and in motion.

If credit card data is recorded on a call, debt collections may also fall under the Payment Card Industry Data Security Standard (PCI-DSS), which protects customers against identity theft and data center breaches. For contact centers, this means that certain portions of sensitive cardholder information cannot be stored, even in the most secured fashion.

Finally, most states have laws on debt collection practices, many of which are similar to the FDCPA. Consumers can sue debt collectors who violate these laws, and the CFPB encourages them to file complaints against companies they believe are behaving inappropriately. As a result, collections agencies who fail to comply with federal and state regulations face exposure to fines and penalties, as well as civil liability, damages, and legal fees.[5]

Maintaining compliance requires a delicate balance on the part of debt collectors; agents must consistently use specific phrases and terms while avoiding others, and most collections organizations require their agents to use "Mini Miranda" scripts (for example: "This is an attempt to collect a debt and any information obtained will be used for that purpose").[6] Monitoring and enforcing compliance and adherence to scripts in calls poses an enormous and ongoing challenge for managers – as reflected in the CFPB Annual Complaint Report, which lists 84,500 complaints for 2017.[7]

The consequences for missing such a violation before it escalates can be dire. Consider the case in which a collections agent made 69 calls in a two-month period in an attempt to collect on a $25 medical bill – which resulted in a $34,500 TCPA judgement along with an FDCPA claim for damages still in litigation.[8]

### *High Call Volumes & Limited QA Review Capabilities*

To successfully collect debt on behalf of their clients, collections agencies also monitor calls for quality and performance. However, the sheer volume of calls made in a contact center makes it impossible, or at least highly impractical, to manually listen in on every call. For example, if the average call length is four minutes, one agent on a six-hour shift can make 90 calls a day or 1,800 calls per month.

As a result, managers who manually monitor calls most often rely on random sampling to catch emerging problems and identify opportunities for coaching and training. This approach can be overtaxing and expensive. A manager in charge of 20 agents who scores 10 calls per agent each month would still need to listen to 200 calls, or about 13 hours of calls each month. That task can include scrubbing through audio multiple times for clarity, as well as the time needed to score performance, pushing the supervisor's time commitment to well over 13 hours.

Human error and subjectivity are factors here as well. Supervisors can miss issues on the calls they do hear, and different supervisors may interpret the same issue differently. Furthermore, if those supervisors are only listening in on 10 or so calls per agent, they may catch that agent on a particularly good or bad call and develop a skewed understanding of that person's performance and approach.

Because of these limitations, manual monitoring is both ineffective and hard to scale as the business grows. What's more, failing to catch issues and patterns as they emerge can lead to other costs: high agent turnover, the potential loss of valued clients, and the risk of having to pay fines or damages in the wake of complaints.

### *Lack of Proper Agent Training Programs*

Collections agencies also face the challenge of creating effective training that prepares agents for their jobs and helps remediate problems. Compliance topics range from consistently using Mini Miranda scripts and validating debts on first contact to securing consent to communicate via email and other privacy protection procedures. Training must also address using professional behavior, such as maintaining a respectful tone, using language that's appropriate and on-brand, and not calling too frequently – a major factor behind customer complaints.[9]

### *Maintaining Positive Customer Experiences*

In addition to the expectation that collections agents will follow the rules, consumers who are accustomed to interacting with companies like Apple and Amazon also expect fast, easy, and highly personalized interactions. They expect anyone calling on behalf of a business to have expert-level knowledge of that company's products or services, as well as a granular understanding of the issue at hand, and the ability to effectively answer questions and resolve disputes quickly.

With regard to improving collection rates, it has been shown that customers are more likely to stay current with their payments when agents express empathy during calls. Cultivating a culture of empathy by teaching agents how to approach conversations with kindness can be a nebulous process. With automated tools that track customer emotion and sentiment throughout the call, managers can more effectively integrate empathy into scripts and agent training programs.

# 2. Benefits of Speech Analytics in the Contact Center

Speech analytics can help overcome challenges in the collections center by automatically transcribing and scoring every agent conversation. As a result, companies gain a deeper understanding of both successful and unsuccessful interactions, With speech analytics technology, collections agencies are able to create more effective training and procedures that increase collections rates, keep customers happy, and keep agents in full compliance.

### *Enforcing Compliance*

Automated call monitoring and reporting can dramatically improve regulatory and script compliance while lowering the risk of fines and damages. Managers can quickly identify calls in which agents have not used a Mini Miranda script, or identify agents who gave false information (lied to the consumer), or flag all calls that contain abusive language. Monitoring and analyzing every call helps managers create responsive, data-driven training that addresses real-life issues as they emerge, helping agents learn how to handle new or particularly challenging situations.


Recorded and archived calls can also help resolve or settle disputes in legal proceedings and regulatory compliance hearings. Call recording data is an invaluable asset in these situations and helps to save time and lower expenses.

### *Increasing Payments & Promises to Pay*

Collections agency managers can monitor for specific words and phrases to increase and maintain their KPIs while providing a direct, positive impact to the customer experience. These can include script compliance searches, such as whether agents verify the identity of customers before disclosing debt information, or whether agents who help customers implement payment plans recap the agreed-upon next steps before ending the conversation. Monitoring whether agents provide accurate information to customers, such as balances, due dates, and options for making payments or resolving disputes, is another advantage of automated speech analytics solutions.

***Speech Analytics in Action:*** In one case study, call center agents for a financial group ***increased customer promises to pay by 6%***, while reducing delinquencies, and gaining clearer insights into why customers are in arrears. Automated scorecards and call transcripts provide quick views into conversations, providing QA teams with a complete view into agent performance and the customer experience. Automated monitoring can also measure empathy based on sentiment, emotion, silence, and overtalk. Attention to empathy statements can be especially important in calls related to insurance or medical bills. For instance, Methodist Health System used CallFinder to measure empathy on every agent phone call, which ***increased the percentage of their payment plans by 25% and their self-pay collections by $150,000 per month.***

Healthcare billing can be overwhelming and confusing for patients, particularly when they are dealing with an emergency or ongoing illness. In these cases, managers can improve the patient experience by monitoring for sensitivity and HIPAA compliance – for instance, gathering information on how agents address patients can determine whether they use phrases that indicate empathy, helpfulness, and collaboration.

### *Enhancing Agent Training & Coaching Programs to Increase Empathy*

Speech analytics is often applied to streamline call center operations. Automated monitoring and scoring makes it possible to evaluate agent performance accurately and objectively while reducing effort and costs. In other words, busy managers can spend less time listening to calls and more time talking with agents and helping them succeed.

The software can produce automated scorecards that show detailed metrics on individual agents, as well as performance across teams. Additionally, features like sentiment analysis and emotion detection provide an efficient way to understand call outcomes and what the customer felt throughout the entire call. This process removes subjectivity from evaluations and empowers managers to offer agents precise, meaningful feedback on their work. It can also set up the conditions for positive reinforcement and friendly competition between individuals and teams, as well as determine what agents should focus on in order to improve performance.

Speech analytics can also help identify individual agents who would benefit from additional coaching and pinpoint areas where multiple agents are struggling. And by using the insights derived from automated reports, managers can make sure that training helps to effectively address and resolve these common issues. Conversely, it can also help managers identify and share best practices from high-performing agents who are doing well.

As a result of these efforts, agents may be more willing to stay with call centers rather than quitting in frustration when they don’t understand how and where to improve. This, in turn, helps call centers maximize their return on hiring, onboarding, and training those employees.

### *Elevating the Customer Experience*

Identifying and categorizing specific phrases can also benefit customers and clients. For instance, voice analytics helped reveal that when the word “ridiculous” is used in an insurance interaction – either by the agent or the customer – that customer is 80 percent more likely to change their insurer within three months.[10]

In this situation, call centers can use root cause analysis to identify customer issues before they escalate – and before a customer leaves a client company. The call center could then focus on the performance metrics associated with the issue, using them to flag relevant calls, adjust agent scripts, and improve training.

In the long run, this kind of adjustment also provides a valuable service to clients – one that helps them retain customers, increase debt payment rates, and improve billing processes. The final result is exceptional customer service that builds strong brand reputation and customer loyalty. That may be one reason 67 percent of call centers in a recent Deloitte survey plan to invest in advanced analytics solutions to improve customer service.[11]

### *Understanding the Big Picture*

Sharing speech analytics data across the business opens up a range of benefits to sales, marketing, and other departments. With this data, the organization can identify patterns, trends and connections, and leverage those insights to make operational improvements that move the business forward. For instance, the call center could search for keywords related to marketing campaigns, promotions or other key messaging, or for insight into where products or services could be improved or bundled.

These insights can benefit client organizations as well. For example, learning that a particular client’s customers frequently call in with the same billing question can help the call center reduce inbound calls and boost first-call resolution – but also help pinpoint confusing billing procedures for the client.

# 5. Choosing the Right Speech Analytics Solution for Your Business

Speech analytics technology automates the process of listening to customer calls through transcribing audio into text that can be analyzed for keywords or phrases that are important to the organization's success. Here we highlight some features to look for when researching a speech analytics solution:

### *Managed Client Services*

To guarantee your success with speech analytics technology, it's crucial that you work with an MSaaS (Managed Software-as-a-Service) provider offering full support from implementation and training to ongoing support and advice. This one-on-one support can be tailored to the client's specific needs. Collections agencies should look for a partner who is willing to learn their business model and understand their priorities. Client support should also assist with building and refining scorecards while training users to create and interpret scorecards on their own. Without Managed Client Services, agencies are left with the added expense of hiring an outside consultant in order to achieve actionable results.

### *Automated Scorecards*

Automated call scoring technology provides an easy, reliable method for evaluating agent-customer conversations. With automated scorecards, contact center managers can quickly assess individual agents and agent teams with a consistent scoring methodology that eliminates bias and provides an accurate picture of agent performance and the customer experience. In addition, automatic delivery methods (e.g. via email or directly into a CRM system) boost efficiency and allow managers to share data with other departments to help break down silos and improve other aspects of the business.

### *Cloud-Based & User Friendly*

Collections agencies should look for cloud-based speech analytics solutions to take advantage of the speed, flexibility, and affordability of a SaaS solution. Cloud-based solutions offer more scalability as the business adds new clients or call centers. Cloud-based solutions are also easier to implement and do not require additional hardware or burden the existing IT staff or infastructure. In terms of ROI, DMG Consulting reports that a cloud-based speech analytics investment can pay for itself in three to nine months.[7]

### *Privacy & Security Considerations*

Cloud-based speech analytics providers should utilize a secure SOC/SSAE16-accredited data center along with other application- and user-level protections. The solution should include data redaction to remove any sensitive authentication data (SAD) shared by customers and restrict access to PII in call metadata. The solution should also assist in PCI compliance by scrubbing calls to remove any sensitive information, such as credit card data, and inserting silence in its place.

### *Summary*

Given the increasing amount of debt in the U.S., collections agencies need automated tools to successfully navigate the growing volume of customer conversations. Speech analytics offers collection agencies those tools, along with powerful insights into customer needs and preferences. Using that intelligence, call center agents can acquire exceptional listening skills, making them more empathetic and indispensable problem-solvers as the customer experience continues to be a focus in this industry.

## About CallFinder

CallFinder® is a leading provider of cloud-based speech analytics and automated quality monitoring solutions. With advanced features like automated scorecards and transcriptions, Agent Insights with sentiment & emotion analysis and silence & overtalk detection, we make it easy to automate quality management, drive better customer experiences, and achieve business goals in a profitable and competitive business model.

**For more information, visit us on the web at www.mycallfinder.com**

## Take The Guesswork Out of Quality Assurance & Take Control of Your Success

CallFinder's speech analytics solution monitors every recorded customer interaction to provide a nuanced understanding of the customer experience while uncovering agent knowledge gaps so you can improve the areas that matter most to your business. Our advanced solution also includes automated scorecards and a dedicated Speech Analyst who works with you to set goals and create strategies to ensure that you get the outcomes you want and the return on your investment. Take a quick tour of CallFinder and start taking control of your success!

## Schedule A Demo

**See how CallFinder can help you meet your compliance goals.**

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