



Career in the bank for collection in times of financial crisis

*Cariera în banca pe colectare
într-o perioadă de criza financiară*

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Abstract

Staffing a collection call centre, in a period of crisis, requires more than hiring the most qualified applicants. Collection managers must define a recruiting, hiring and staffing plan to meet inbound call service levels and maximize outbound calling during optimal customer contact times, usually on nights and weekends. Job candidates who have prior telephone job experience, especially in telemarketing or customer service, have proven to be successful collectors because of their skill sets and experience. Screening collectors through testing has proven to be a reliable tool to assist managers in the selection process. Staffing the call centre operation with the right balance between full time and part time collectors will assist in meeting department targets. There are many creative ways to schedule collectors to cover all the required hours. Management must be prepared to offset 'irregular' staffing hours, especially on nights and weekends, with incentive, perks and benefits so they can recruit and retain a reliable staff to place outbound calls during the best times to reach the customer. A consistent hiring policy that is constantly evaluated and improved will help reduce turnover by recruiting and staffing the most qualified collectors for the job

Keywords: *finance, crisis, management, career, bank*

Rezumat

Conducerea Departamentului de Colectare, într-o perioadă de criză, presupune mai mult decât angajarea celor mai calificați aplicanți. Managerii de pe colectare trebuie să realizeze un plan de recrutare, angajare și conducere de personal pentru a satisface apelurile primite și pentru a maximiza apelurile efectuate în perioadele optime de contactare a clienților, de obicei, seara și în weekend-uri. Aplicații pentru aceste posturi, care au experiență în contactarea clienților prin telefon, în special în telemarketing sau cunosc serviciul de relații cu clienții, s-au dovedit a fi angajații ideali pe colectare, deoarece sunt calificați și au experiență. Scanarea viitorilor angajați pe colectare prin testări s-a dovedit a fi un instrument de încredere pentru a sprijini managerii în procesul de selecție. Conducerea departamentului de colectare, păstrând un echilibru între angajații cu norma întreagă și angajații cu jumătate de normă, va contribui la atingerea obiectivelor

propuse. Exista multe moduri creative pentru a programa angajatii astfel incat sa acopere toate orele necesare. Managementul trebuie să fie pregătit pentru a recompensa orele "neregulate", în special serile și week-end-urile, cu stimulente și beneficii astfel incat să poată recruta și menține un personal de încredere, pentru a efectua apeluri pe parcursul celor mai bune ore de contactare a clientului. O politică consistentă de angajare, care este constant evaluată și îmbunătățită va ajuta la reducerea venitului prin recrutarea și conducerea celor mai calificați angajați pe colectare.

Cuvinte-cheie: finanțe, criza, management, cariera, banca

JEL Classification: G21, G33, G34

Introduction

Financial crisis has affected all fields of activity. In banking it all started in August 2008, when banks began to face a crisis of liquidity and also occurs, "invisible", a crisis of lack of trust.

The first decision taken by the banks was ceasing loans. Simply, bank employees were not allowed to give loans to individuals or legal entities. Since the pressure of customers was too high the bank decided to increase interest rates. According to the online newspaper "Financial Week" (2008, October, 24) there were banks which have changed the interest, in sense of increasing it in one month, three times. In this way cash assets remained within the bank; and the bank with the most cash wins in this bloody fight for survival. There were many banks that have merged in staid of closing.

If the activity of granting loans stopped, bank employees from sales departments, verification and approval of loans had to be shifted to other departments.

The most important department of the bank, through which liquid could gather, was the collection department. In other words, the bank no longer had money and the existing clients were the only suppliers of cash. In this way, employees who occupied yesterday a job in granting loans are now in the collection department. Employees had to choose between collecting or dismissal or resignation. Many employees were not pleased with the decision of the leadership but were aware that after a period of crisis, would be hard to find another job. The number of debtors began to increase at the end of 2008, mainly because most companies have started to dismiss employees in order to reduce costs. While most companies in areas such as real estate, brokerage companies, the automotive industry, textile industry began to dismiss their employees, banks started to hire people for collection. According to Astrid Rial (Best Practice in Consumer Collections: Strategies and Technologies for Consumer Debt Recovery, 2008, VRL Knowledge Bank) the first step for effective supervision is hiring the right people for the job. But before hiring, recruiting is very important.

Recruiting

The ideal collection approach, especially at early and mid stages of delinquency, is to be firm, fair and friendly with the customers. The best collectors use their time effectively and adjust their approach to each customer, obtain firm promises to pay and learn from past experiences. Collections can be an interesting job because collectors are always learning from new situations.

Some of the characteristics defined by best practice creditors (Michel Crouhy, Dan Galai, Robert Mark, 2000) to recruit a new staff member in collections are outlined below:

- ✚ If he has no experience in collections, the candidate will have previously worked in a call center as a telemarketer or customer service representative, have sales experience or have worked in a service industry such as a waiter or waitress, store clerk or bank teller.

- ✚ A minimum required amount of schooling, such as a high school diploma or equivalent, is usually required

- ✚ The candidate must demonstrate excellent verbal and written communication and listening skills since most of his responsibilities will involve working on the telephone.

- ✚ Most collection operations require staff to be able to work flexible hours, including frequent evenings and weekends, because those are optimal customer contact times.

- ✚ Candidates must demonstrate proficient typing skills and be able to competently work on a personal computer in a Windows environment.

Many effective collectors previously held call centre positions, for example in telemarketing or customer service. The advantages of having done this kind of work before are that the would be collector is used to handling a high volume of calls, managing customer complaints and issues, and is familiar with call centre technology.

Having a background of some college education has become a worldwide requirement and most collection call centers prefer to hire staff with at least two years college experience. Collection call centers are evolving as business units that have a significant impact on a company's business results, especially customer service and retention. Therefore telephone collectors need to have good communication skills, excellent grammar, be clearly understood, work at a fast pace and be able to solve problems quickly over the telephone.

The most suitable college student candidates are from social sciences, business and humanities programmes, since people studying for these degrees must have good interpersonal and communications skills to be successful in their future jobs.

Recruitment resources for collection representatives include universities, technical colleges, business schools, community colleges and external recruitment and selection agencies. Agreements and/ or alliances with these resources are highly recommended. These resources need to be capable of providing personnel based on the call center's requirements, such as full time, part time staff and temporary personnel.

Seasoned or green?

Many collection managers prefer to hire collection telephone representatives who have no experience in collections. This practice is effective for early stage collections. The thinking is that it is easier to train a newly hired, inexperienced collector in the company's philosophy, approach and preferred collection negotiation techniques rather than try to teach old dog new tricks. Experienced collectors often hang on to old collection habits that may be undesirable, such as using harsh or aggressive negotiation tactics, and may find it difficult to change.

In times of financial crisis, banks are urged to provide customers who have a proof that they lost their job, alternative way for paying the credit (*Some banks are willing to indulge with the unemployed from paying rates*, 2009). There can be alternatives like granting grace periods, or rescheduling of loans by increasing loan periods or lower rates.

In mid and late stage collections, many managers prefer to hire staff with previous collections experience; however they may exercise caution in accordance with the above approach.

Screening

Many human resource departments conduct personality skills and even drug and alcohol tests to screen collection call centre job applicants. Pre – employment testing can save time, money and weed out risky hires. Skills tests delivered to collection job applicants include basic clerical and computation skills.

In addition, for many companies best practice includes reviewing an applicant's credit bureau report to check the candidate's personal credit history. The accepted wisdom is that if a person is unable to competently handle his own credit responsibly and maintain his credit rating in a satisfactory standing, then how would he be able to manage customer's credit? It is widely thought that people with poor credit histories that cannot be explained by an unusual event or circumstance may be more prone to committing fraudulent acts. Since collectors work with financial information their work is sensitive. At the very least many companies require that candidates for management positions have a satisfactory credit rating.

Hiring full time or part time

Before implementing a hiring plan, the management team must define the hiring strategy that will most benefit the operation including deciding what percentage of its staff will be filled by full time and part time positions.

Most consumer collection operations employ a strategy of hiring a combination of full time and part time employees.

Because collection customers can be hard to reach during 'normal' business office hours of 8am to 5pm from Monday to Friday, most collection operations staff heavily on evenings and weekends to improve telephone contact rates. Finding the right staff to work these 'odd' business hours can be a challenge depending on the location of the call center. Distance, long commute times, transportation issues, parking, personal safety and availability of food services can all become issues when evaluating staffing requirements for evenings and weekends.

Typically full time employees, as a group, are better performers than part time, temporary or contract workers due to their commitment to the company and the company's commitment to them.

Many collection managers around the world have found that university students make effective collectors because they have proficient communication and computer skills, and are available to work the less desirable shifts, such as evenings and weekends.

Turnover for part timers is usually higher than for full timers since these employees have other commitments that are higher priorities to them. However, since university students are usually capable of learning quickly, need the income to support them while they are studying and many will be hoping for a job reference after they graduate; they become loyal and dependable personnel for the two to four years they work as bill collectors. Turnover of part time employees who hold full time jobs elsewhere may be even higher than for other groups due to the demand of the job.

Collection managers must be creative to optimize staffing and many options are available. A few common scenarios that are effective in best practice environments are outlined in Table 1.

Staffing options for Collections

Table 1

STAFFING OPTIONS FOR COLLECTIONS		
STAFFING OPTION	DESCRIPTION	COMMENTS
Separate full time and part time staff	Full time staff work daytime shifts and part time staff are scheduled on evenings and weekends	Separate supervisory teams, performance goals, incentives, are assigned to full and part timers.
Four 10's	Collectors work four ten-hour days per week, one or two weekend days per month and receive compensating days off.	Staffing to handle inbound calls can become an issue if there are few collectors staffed during certain time periods during the week. Collectors working on predictive dialers can 'burn out' quickly due to the repetitiveness of working ten hours per day on this automated technology.
Flex time	Collectors work Monday to Thursday during daytime hours, Friday morning and Saturday morning	In many places, Friday afternoon have the lowest contact rates because customers are not available by telephone, especially during summer months. Contact rates on Saturday mornings are usually very high so by fully staffing during these hours, contact rates will increase.
Staff rotation	Collectors rotate their shifts working one to two nights per week and one, two or more weekend days per month and receive compensating time off	Due to childcare, family and/ or other commitments, some collectors who could be the most reliable may not be able to be flexible in their scheduling to work one or two nights per week. If schedules are defined one month or more in advance, collectors can plan for evening and weekend shifts.
Split shifts	Collectors work in the morning and then return at night to maximize the best contact times.	This staffing option may not work in an environment where employees have long commutes.

Collection work can be stressful and demanding and collectors must strike a balance between productivity and effectiveness. When working in a manual environment, collectors are able to work long hours, although the risk of burnout and turnover is high when shifts are not limited to eight hours per day. Some general best practices for collections staffing can be:

- Staff heavily on nights and weekends
- Include Saturday and Sunday scheduling on every weekend.
- Create calling campaigns for customers who have been attempted but not reached by telephone or other high to medium risk accounts and prioritize calls to these customers on evenings and weekends.
- Employ part timers to work 'odd hours' so that a dependable staff is scheduled to make calls during high contact hours.
- Recruit students from universities and community colleges who can work flexible hours.
- Accommodate and/ or compensate for known issues for working 'inconvenient' hours. Some options are: offer an interesting incentive to entice collectors to work 'odder' hours; pay a shift differential to collectors who work evenings and weekends; reimburse meals, parking and/ or transportation costs for evening and weekend staff.

Turnover

Turnover rates are influenced by geographical location of the operation, unemployment rates in the region, availability of other kinds of jobs at similar pay, staffing hours and the potential for employees to advance to other positions within a company. Turnover in collections range from as low as 10 percent per year to as high as 100 percent.

The average duration of a student collector call centre employee is about two years- mostly due to the nature of the job because it is repetitive and routine and because undergraduates move on and leaves the collection positions for opportunities in their chosen fields. Where supervisors are flexible when scheduling shifts to match school schedules with work shifts, there is often less turnover in the student population.

The following suggestions may help reduce turnover:

- Implement an equitable compensation programme that genuinely ties efforts to results.
- Define reasonable performance standards and goals and strictly adhere to the reward and disciplinary action process.
- Improve hiring decisions by conducting exit interviews and evaluating the reasons why collectors say that they resigned.
- Use profile testing of successful collectors and apply this information to interviews in order to better determine the qualities that are most effective in the operation.

Conclusions

Collection supervisors motivate the collection team while imposing discipline and are the backbone of the collection call centre. Without effective supervision, collection departments would be disorderly and ineffective. The most time – consuming daily challenge collection supervisor’s encounter is human resource management. Supervising a floor of collectors requires documenting policies and standards for recruiting, screening, hiring, staffing, scheduling and handling burnout and turnover. To meet collection goals, a crew of collectors must be on time, productive throughout the day and scheduled optimally according to inbound call demands and outbound call success rates. The first step for effective supervision remains hiring the right people for the job.

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