

Perspectives on successful debt management operations

The emergence of media attention coupled with regulatory scrutiny emphasize the importance of reviewing the overall debt management operations in financial institutions, in order to ensure efficiency, simplicity and accuracy. We share our perspectives on the key industry challenges and thoughts for the future.

- 1 Building sound strategic objectives
- 2 Simplicity and transparency in current operations
- 3 Automatic and digital services

Key Industry Challenges

In order to comply with technology, processes and governance, debt management operations should focus on following key areas:

1. Clear strategic objectives

Businesses without clear strategic objectives regarding debt management operations may struggle to manage risks associated with debt collection. Lack of objectives can lead to a fragmented approach, resulting in potential financial issues such as non-payments and defaulted debt.

2. Simplicity and transparency in operations

Banks might struggle with complexity and a lack of transparency in their debt management operation, which increases risk. Without visibility into operations and clear governance overview, businesses may face surprises in the P/L.

3. Automatic and digital services

Time consuming and manual remediation activities include identifying and resolving issues related to non-payments, defaulted debt, and other risks, which can exhaust business resources and lead to potential financial issues.

Thoughts for the future

In order to achieve debt management operations which is sound, successful and compliant now and in the future, businesses have to take a comprehensive approach to the complexity of debt management operations in general.

The overall complexity in the interface between IT systems, processes and people counters for a vast majority of errors in handling debt management cases. The following are reflections on the future of debt management operations:

- Digitising with open banking completes affordability assessments accurately and efficiently
- Planning with trusted scale partners helps meet the increase in collections activity
- Self-serve journeys reduce contact centre volumes and offer preferred channels for consistent handling
- Early intervention reduces impairment and maintains customer relationships
- Holistic digital channels help individuals access benefits and welfare payments during cost of living crisis.

Our credentials and services include



Review of debt collection operations



Investigation and clean up of earlier debt collection cases



Development of risk-based collection model



Designing future debt management operations

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