

# Conquering Collection Challenges: Five Common Obstacles and Strategies for Success

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Credit card debt continues to rise, with delinquency rates escalating to well above pre-pandemic levels. The February edition of the [PSCU Payments Index](#) reports overall credit card delinquency rates for January 2024 at 2.63%, with year-over-year growth up by 0.58%, a significant difference from the 1.03% delinquency rate in 2021. The increasing delinquency rates mean more volume for your financial institution's collection department. The collection industry faces persistent challenges in navigating the complexities of the job. From day-to-day issues that arise to high-level hurdles, there is much to overcome to achieve a thriving collection department. It is crucial to identify, evaluate and address the various challenges within your workplace now in order to be better equipped to handle the large volume of delinquencies.

With so much to consider, identifying all problem areas within your collection department – and knowing which to address first – can be difficult. Below are five common obstacles faced by collection departments and strategies for success.

- 1. Understaffed Collection Departments** – Many organizations suffer from understaffed departments, and financial institutions' collection departments are no exception. According to [CareerExplorer](#), Debt Collections have some of the lowest employee satisfaction rates, averaging 2.2 out of 5 stars. Whether due to a lack of bandwidth, budget or employee retention, all can contribute to understaffing issues, leaving these departments with the complex challenge of maintaining success with limited resources.

***Solution:** Determine when your department has the most bandwidth to take on new hires and utilize this time to hire and train new collectors. Have a structured training process to ensure new collectors get the most out of their training period. In situations where internal resources are stretched thin, consider exploring delinquency management outsourcing opportunities such as what [TriVerity & The Loan Service Center](#) offers.*

- 2. Lack of Internal Processes** – A department that lacks structure lacks high performance. Employees who are not provided with structured processes and a rotating check-in with the team risk falling behind or creating bad habits, which can lead to low performance and retention rates. These bad habits or poor performance may directly affect consumer interactions, resulting in a negative reputation of your financial institution.

***Solution:** Establish structured, step-by-step processes to ensure your team operates the same way from start to finish with each delinquent account they handle. Schedule time to meet with staff on a consistent weekly or monthly schedule to prevent collectors from falling back into old habits and uncover obstacles hindering productivity. Ensure each employee has opportunities to discuss concerns or celebrate successes to promote a healthy work culture.*

- 3. Internal Distractions Hindering Daily Goals** – Branch communications and in-house messaging from other departments can pull attention away from daily tasks, preventing teams from achieving the day-to-day objectives of accounts worked, thus decreasing performance.

***Solution:** Monitoring the frequency and ability of the collector to multitask will help determine if unnecessary requests are being directed to collections rather than appropriate departments within the financial institution. Streamlining communication channels can enhance daily focus and performance.*

#### **4. Cross-Collaboration Between the Contact Center and Collection Department –**

It's important to acknowledge the significance of maintaining a good relationship between the contact center and the collection department. A disconnect between these departments has the potential to cause workflow disruptions, leading to miscommunication or mistakes that can affect the borrower and their experience with your financial institution.

***Solution:** Begin cross-training efforts between contact centers and collection departments. Both face a fast-paced environment and being on the same page is crucial, especially with sensitive accounts. This collaborative approach can lead to a flourishing workforce.*

#### **5. Missed Training Opportunities –** Whether due to lack of budget or bandwidth, many collectors miss out on a complete training experience that would set them up for success in their role. Collectors, even those with years of experience, may experience burnout, create bad habits or become outdated with current regulations without the proper training.

***Solution:** Explore all available options within the financial institution's parameters to provide structured training for new hires. Continue offering training opportunities for seasoned collectors to enhance their skills and improve employee retention rates. Consider implementing a training program like [TriVerity's Training Success](#) program in order to offer valuable options for collectors to refresh their knowledge and reignite their passion for their profession.*

Change can be hard, but each of these challenges presents an opportunity for growth, innovation and improvement. Empower and encourage front-line employees to speak up when observing problem areas so that processes can be improved. Be willing to listen to that feedback, as front-line employees see the day-to-day challenges that may be overlooked by leadership. While change can be frightening, it can transform a broken organization into a flourishing business. Delinquencies show no sign of slowing down, so it is imperative to streamline collection efforts and make the necessary changes to create a thriving workforce.

*Steve Kreitlow is the facilitator for the TriVerity Education Department. Steve was on the ground floor of The Loan Service Center start-up in 1997. Starting his career as a collector, Steve has grown with the company, wearing many hats, including managing, overseeing and training Account Service Representatives. Steve is uniquely qualified to facilitate TriVerity's Training Success program with his broad knowledge of complicated subjects such as repossessions and bankruptcy. He has worked with over 50 different collection platforms in over 200 different collection departments. Steve's goal is to teach collection skills that will make an immediate difference in collection department efficiencies.*

TriVerity is a full-service collection agency managing non-performing and charged-off loans with a comprehensive menu of third-party collection services. Since 1990, TriVerity has worked with over 2,700 financial institutions nationwide and is a leading industry expert for financial institution collections of all loan types. The Loan Service Center (TLSC) provides first-party delinquency management to minimize loan loss by managing early-stage delinquency. TriVerity and TLSC's broad spectrum of collection resources and extensive training programs help financial institutions manage and mitigate loan delinquency rates. Our agents work under the direction and procedures of financial institution collection departments.