



CASE STUDY



The debt collection customer experience

Improving the response rate for debt recovery letters

A market-leading debt management operation requested support from Fairbanking's Advisory Services team to improve response rates from customers in the debt collections and recovery process

Many customers do not take any action upon receipt of letters and it was recognised that this was not in their own best interests. New messages were tested based on evidenced approaches from behavioural economics. The proposed messages were based on those used in academic research and other contexts, such as HMRC chasing people to pay their tax.

Response rate improvement from 23% to 57% exceeded expectations and led to rapid live implementation

One of these was a version with a clearer message but this only achieved a marginally improved response rate of 2%. **We also looked to incorporate three messages used in different combinations,**

which used social norms, an appeal to the customer's ego and salient information to act as a trigger to action. The motivational letters achieved a significant response rate improvement (ranging from 23% to 57%) and the improvement in "promises to pay" was even greater (ranging from 25% to 102%).

Debt collection performance has moved ahead of its peers, entirely attributed to the change in the letters

These results are of wider interest as they illustrate the power of using a behavioural approach in this context. It is important to note that the results are robust for this letter and provide indications of what should be done on other letters.

Given the success of this piece of work, the debt recovery provider has used more than one of the successful letters in its operations. Not only has the live environment outperformed the results of the test, but also the debt collection performance has moved ahead of its peers, entirely attributed to the change in the letters.

The Fairbanking Foundation's Advisory Services team would be happy to discuss how the above application of behavioural economics techniques could improve your debt collection customer experience and recovery rates. For further details please contact:



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