

Credit Education Can Turn Collectors Into Advisers, Not Accusers

By Trevor Carone

In a series of “confessions” compiled by CNN Money, nearly all of 10 former debt collectors said they quit the industry because they considered it a “scary experience.” Many cited debtor harassment, including physical threats.

Without expressing it, these former bill collectors made it clear that learning more about consumer credit and counseling could have helped them interact better with debtors. One found it satisfying when she would “try to come up with solutions,” while another acknowledged, “We don’t have to have a black heart.”

Continuing education in a particular field benefits everyone. Undoubtedly, learning more about consumer credit and credit scores would benefit many of the nation’s estimated 157,000 collectors. The most basic educational requirement for employment is simply a high school diploma. What’s more, many collectors have credit issues of their own.

Once hired, collectors usually get a few months of on-the-job training, often focusing on making their quota of collections. It’s the “sink or swim” perspective rather than quality training, and this approach to education hasn’t changed much since the industry’s earliest days. It contributes to the excessively high annual turnover rate among debt collectors.

Advanced Career Training Online Can Help

What’s the answer? Further education - and this means more than just phone etiquette. Additional education should comprise several elements, including learning more about consumer credit, credit report analysis, quality-assurance tools, listening skills and negotiation techniques. Collectors also must stay apprised of compliance matters or face potentially serious legal and ethical consequences.

The underlying purpose of this advanced education is to deliver the most helpful customer experience and also to make the job more satisfying. The additional courses can deliver that, especially on the technology front. Communication between customer and collector is switching more and more to email and Web-based channels instead of the phone.

Most of the education classes are available online. One service even provides a 20-minute one-on-one telephone-based credit education session with a trained agent. Before the session, participants get a copy of their own personal credit report and credit score.

The agent then explains each section of the credit report, teaching participants how to read a credit report, how items may affect their credit score, how a credit score is compiled and what score factors most influence their current score.

Helping Collectors Understand Their Own Credit

The sessions can help collectors understand their own credit situations, which will help them better counsel consumers. In testing, participants who used credit education showed initial indications of score improvement and signs of using the education they had received in less than six months after completing it. Members of a control group who didn’t take the course, on the other hand, did not improve and in some instances saw their credit scores decline.

In addition, the educated group saw their credit balances increase only 6% over time, while the control group’s balances climbed 17%.

Further education also helps collectors be more resilient, dedicated and task-oriented. They also are better able to work independently and learn how to foster positive customer relationships.

From these sessions (which a collector’s firm might even help underwrite), collectors can gain a better understanding of the circumstances of past-due consumers so they can provide them with a more positive experience.

Education helps them recognize that debt-troubled consumers often may just need a plan to start moving in the right direction. Armed with a much better understanding of consumer credit, collectors are in a better position to make suggestions for improvement. Often, they will simply say, “So you can’t pay this bill. Let’s go through your monthly income and bills and see where you can make a small payment each month to pay off this debt.”

More credit education helps in another way. Collectors constantly are trying to help determine a consumer’s capacity to pay in addition to his or her willingness to pay. Their increased knowledge puts them in a better position to make that determination and have a more meaningful conversation. This allows collectors to develop a plan that gets a past-due consumer on track, taming the compounding nature of debt. That’s critical since a typical debt-collection call lasts less than two minutes.

Do advanced education and training pay off? Collection agencies themselves say their educated collectors are in a better position to counsel consumers.

Today’s debt-collection world concentrates intensely on results - getting past-due consumers to pay something. An investment in further education by collectors - consider it professional development - can help them get better results. In the process, it also may help offset any negative perceptions consumers have about the industry.

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