



EFFECTIVE PAYMENT COLLECTION.

How Automated Reminder Systems Boost your credit management performance.

**THE LESS AGGRESSIVE
APPROACH TO DEBT
COLLECTION**

DISCOVER HOW »

THE LESS AGGRESSIVE APPROACH TO DEBT COLLECTION

The days when companies passed over unpaid invoices immediately to external debt collectors are fading.

Spurred on by tighter consumer protection legislation and changes in consumer attitudes, businesses are seeing the benefits of gently reminding their customers of their financial obligations at a much earlier stage in the debt collection cycle.

Of course, there will always be customers who cannot or will not pay, so debt collection agencies (DCAs) still have their place. But, to make the collection process appear less threatening for consumers, companies are starting to value DCAs more as a last resort and less as a first resort.

Not convinced that customers appreciate a reminder?

Apparently, 90% of American consumers are more likely to do business with companies that send them reminders. That's not just Millennials. It's across the generations,

according to the [2016 Remind Me Generation Report](#) by Nuance Communications.

It seems that customers really do appreciate a kindly and timely payment reminder, especially if it's delivered through their favourite communication method. After all, who wants a late payment fee or have their insurance coverage discontinued because they forgot to check their bank account balance or mislaid their bill?

The trend is clear: companies are seeking a **softer, less aggressive and more timely approach to consumer debt collection**. Couple this with the latest technological advances, and it's easy to see why automated service reminder systems are becoming increasingly popular.

8% of European companies admit having no standardised debt collection processes

Source: EOS Group, "[European Payment Practices 2017](#)"

REDUCING THE RISK OF NON-PAYMENT

Sending gentle reminders as soon as an invoice has become overdue is key for customer satisfaction.

In an era of information overload, it's easy for any of us to overlook the odd invoice or two. In Europe, [49% of private customers say they didn't pay a bill on time because they forgot.](#)

But well-timed reminders serve another purpose.

By opening a dialogue with customers, they allow companies to identify potential payment problems at an early stage. Encouraging

customers to make contact if they have a query about an invoice or problems paying, means a company can take suitable action sooner rather than later. This inevitably reduces the risk of non-payment and avoids court action.

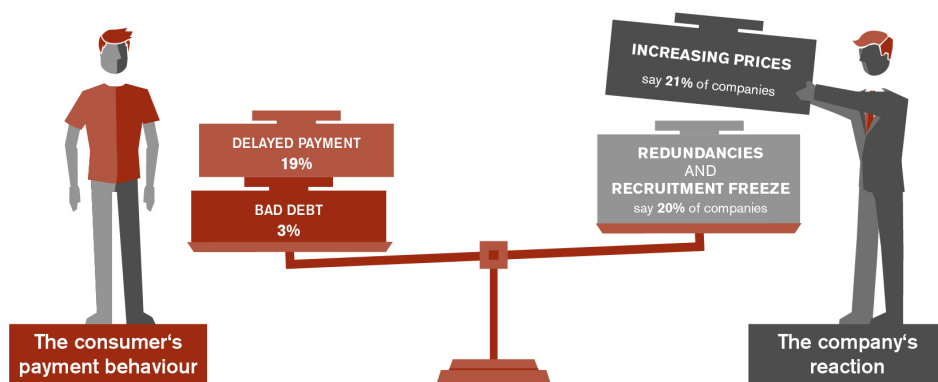
It's a win-win situation.

Customers feel looked after and reward you with continued business, and companies improve their customer service and reduce their days sales outstanding. This in turn avoids the need to cut personnel or raise prices as a response to outstanding payment receipts.

The ups and downs of payment behaviour: consumers harm themselves

CUSTOMERS PAY LATE OR NOT AT ALL

COMPANY IS MISSING THE MONEY THE CONSEQUENCES:



Source: EOS Survey 'European Payment Practices'
EOS / Kantar TNS 2017

PERSONALISED REMINDERS VIA VIDEO, VOICEMAIL, EMAIL AND TEXT

Developing an effective reminder strategy for your company not only helps simplify your collection methods but also gets your money in more quickly. Automated service reminder systems play an essential role in this.

By sending your customers a personal message in good time, you maximise your chances of getting paid and you reduce your collection costs.

The main automated reminder channels are voice, email, text, WhatsApp, interactive video and QR codes. Let's look at those in more detail.

1. Voice payment reminders

Most automated systems can send thousands of voice reminders in under an hour. A call centre agent, on the other hand, can only make around 25 calls an hour (after dealing with invalid numbers, busy signals, no answers and hang-ups).

The beauty of automated voice reminder systems is that they free up staff to answer incoming calls and handle more complicated issues like invoice queries or payment plans. Since there's no need to set aside time to make routine reminder calls, staff can concentrate fully on serving customers.

Of course, not all automated voice systems are created equal. Some use computerised voices.

Others, like those used by Mi-Pay, employ high-definition human voices.

These natural voice messages are not only more pleasant to listen to (and therefore more likely to be effective) but also flexible enough to match your company's style and the stage of the collection process. So, you can make a first reminder message sound warm and friendly and a final reminder grave and formal. The choice is yours.

The better automated systems will customise and personalise each message. Mentioning the customer's name, the amount owed, the nature of the debt and the date it should have been paid prompts the customer to act immediately by either calling back or making that payment.

In a survey of 1,002 U.S. consumers, 33% said late payment fees could have been avoided if companies had contacted them.

2. Email payment reminders

Automated email reminders can be dispatched in their thousands almost instantaneously and—in terms of speed and cost—they beat traditional reminder letters hands down.

But the advantages don't end there. You can schedule email reminders to arrive automatically a certain number of days after the payment date (say, three days after the due

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date) and at a time your customers are most likely to check their inbox.

This is particularly useful for making sure customers spot your reminder among all the other emails filling up their inbox.

The best times and days to send your emails depends greatly on your target audience. If you determine that your customers are most likely to open their emails after they've finished work, for example, you can arrange for delivery to be made at 6.00 pm on a weekday.

This will ensure your email is sitting at or near the top of bunch of emails to be read when the customer is ready to check incoming mail.

In 2017, 55% of emails were opened on a mobile device, compared to just 29% in 2012.

Source: Return Path, "[The Email Client Experience](#)"

Smart, eh?

Just like voice reminders, emails can be personalised. They can also be designed with your own corporate logo and colours, and be sent from your own domain, so they won't look as if they're coming from a third party. This is important from a customer relationship perspective and avoids your email being labelled as spam.

One of the best things about email reminders, however, is that they can include a secure pay

link. A pay link lets your customer see their invoice and make the payment in just a couple of clicks, whether they're on a desktop, tablet or smartphone.

A premium service like ours can even integrate the payment stage with your familiar front-end designs, giving your customers a seamless experience.

And, because the payment amount and reference are pre-filled, errors are reduced and it's super easy for both customer and company to check if the payment has been made.

3. Text messaging payment reminders

Text messaging (SMS) as a means of communication has been extremely popular in recent years, even among the older generations. It's no surprise, therefore, that sending payment reminders by text is being adopted by many companies around the world.

Automated text reminders work in a very similar fashion to email reminders. Thousands can be sent out instantaneously, and they can all be personalised.

And—just as with emails—they can include a secure referenced payment link.

Banking apps are readily available on smartphones, which makes paying bills a breeze. And when you consider that [more than half the world now uses a smartphone](#), it's safe to assume that a large proportion of your customer base are smartphone owners.

5. Interactive video

A video reminder is an interactive and personalised video, that uses clear animations and understandable text to remind debtors of an outstanding payment.

Various contact options and solutions are also offered alongside the video. For example, debtors can immediately opt for making a payment arrangement, pay the full amount at once or object to the request.

Video reminders are quite versatile and can be sent via SMS, email, WhatsApp or included in a letter as a scannable QR code.

A major advantage of interactive video is that it's a great tool for engaging customers with low literacy. For many, opening and reading complicated, threatening letters, is a daunting task. An interactive video animation, on the other hand, is a lot easier to understand.

6. QR codes

Quick Response codes are an effective way of guiding customers to a specific landing page. Instead of asking customers to memorize a specific URL and type it in themselves, make it easy for them by printing a unique QR code and including it in a personalised letter.

Upon scanning the code with a smartphone, the customer will be guided to a personalised web page with a clear explanation of the situation and the available payment options. QR codes have been around for over a decade and continue to gain in popularity.

7. Combining letters, email, text, WhatsApp, QR codes, video and voice reminders

All of these channels can be used in isolation. But for a truly effective reminder strategy, it's best to use a mix. Factors that will determine the way you combine the channels include:

- ▶ your preferences and those of your customers
- ▶ the need for a follow-up reminder
- ▶ the urgency of the message
- ▶ the payment collection stage
- ▶ segmentation based on age, gender, invoice type, invoice amount, etc

For same-day reminders, you may decide that text or WhatsApp messaging is the way to go. For bill alerts and slightly overdue accounts, perhaps an email or QR code is more suitable. For significantly overdue accounts, you may consider a voice or video reminder to be more effective.

Advanced automated reminders systems will also allow you to use either of these channels as alternative methods. If, for example, the reminder system can't leave your customer a voicemail after several attempts, it can follow up automatically with a reminder text or email, according to your customer's preference.

By using all six channels to send out payment reminders, your customers will find you hard to ignore.

HOW AUTOMATED REMINDER SYSTEMS WORK

There are a variety of reminder systems out there so it's important you understand which features are available and what level of service is provided before you make your choice. Our best advice is to make a thorough needs analysis before you start shortlisting service providers.

Automated reminder systems at the lower end of the market are most suitable for small businesses because they offer fewer features and a restricted number of data fields. Customer data is uploaded to the reminder system using a generic file format, which you may well have to configure yourself. What's more, there's no ability to personalise the message.

At the upper end of the market are systems designed for medium and large businesses that have a big customer base and send out thousands of invoices. Many of these advanced systems can be fully integrated with your company's accounts receivable (sales ledger) and collection services, which streamlines your internal processes, shortens your DSO and improves the quality of the customer journey.

Reminders are processed in batches, and thousands can be sent in just an hour. All messages are personalised and variable fields like invoice number, amount and due dates are filled in automatically, based on the data uploaded from your in-house system.

Data is uploaded from your company's internal accounting system via an encrypted portal or an SFTP connection. This keeps your data secure, but it also means there's no need to enter or configure data manually.

Other features of premium automated reminder systems can include:

- ▶ real-time transactional reporting to analyse the effectiveness of your reminders
- ▶ business intelligence data to help you monitor and adjust your reminder strategy
- ▶ a user-friendly dashboard and customizable reports
- ▶ pay links that take customers to your own branded payment applications
- ▶ automatic reconciliation of all payment transactions to your accounts receivables
- ▶ multi-lingual facility so messages can be sent in the customer's preferred language
- ▶ open dialogue options (for the customer to call, text or email the company back)

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- ▶ ability to comply with the company's national laws on debt collection records (depending on your country and its legislation)
- ▶ fast processing speed and 100% uptime, even during peak periods
- ▶ control of starting and stopping the outgoing payment reminders.
- ▶ data tool that finds the phone numbers of those customers with incomplete Your needs analysis should identify which of these features would benefit your company.

CLOSING THOUGHTS

As all finance directors sagely tell their sales colleagues, "A sale is not a sale until the customer pays up".

Getting customers to settle their accounts within their credit terms can be easier said than done, however. Some forget, some are drowning in debt, a few don't pay on purpose.

Yet there's a growing recognition among companies that sending customers a gentle payment reminder at an early stage and in the communication channel they prefer reaps many benefits.

Customers get a chance to resolve the situation before the next stage in the debt collection process is reached. Most simply pay up immediately. A smaller but significant percentage call customer service or start a live chat session to dispute the invoice or arrange a payment plan. Either way, the reminder encourages action.

Companies, meanwhile, avoid the expense of issue resolution and drive up their DSO. In addition, they're doing wonders for customer retention and brand reputation.

Mi-Pay: helping companies recover lost revenue

Our automated voice, email and text reminder systems send out around €100 million payment reminders every month, helping companies improve their cashflow and staff productivity. If you're ready to diminish payment delays and avoid write-offs, **call us today on +31 10 7989 501** to schedule a free consultation. For more insights into the payment and collection challenges that companies face, visit www.mi-pay.com/



About Mi-Pay

Mi-Pay is a global partner in all top up, reminder, dunning and payment challenges. We just hate missed revenue.

With that in mind, we offer a unique full service payment solution and 100% fraud protection. We turn complex payment challenges into simple solutions for our partners.

Mi-Pay is your global partner in all top up, reminder, dunning and payment challenges. We just hate missed revenue. That's why we offer a unique full service payment solution and 100% fraud protection. We have been turning complex payment challenges into

simple solutions for over more than 15 years. As such, we supported many (international) utility providers, telecommunication companies, financial institutions, housing associations and insurance companies.

Thanks to our 100% payment guarantee you don't have to worry about any fraud risk any more. Our solutions boost your revenue, bring maximum customer satisfaction and increase loyalty. Plus, we deploy a business model where your success is our success. Once you decide to use our endorsed branded products & services, we can have them up and running within weeks.



About the author

My name is Daniël Schurr and I'm Product Owner of our Reminder services and head of Support and Operations at Mi-Pay's parent company, Alphacomm.

What I really like at Mi-Pay is that we take on complex challenges that force us to stay on top of our game.



It is rewarding to see how amazed customers are when they notice the instant added effect of our services, whether it's time saving, revenue or profit increasing or both.