

## FACTSHEET

### EMPLOYMENT IN THE DEBT COLLECTION & DEBT PURCHASE INDUSTRY



#### Overview

Much is being written about over indebtedness and the credit crunch. It is true that individuals are more in debt than ever before. Less is currently written about business failures and the causes of that; which is often bad debts and late payment leading to a shortage of cash flow.

Any business giving credit or running credit accounts like utility companies, telecom providers, credit card companies, banks etc or companies supplying goods or services to other businesses on trade credit will suffer from defaults. In terms of numbers these represent many millions of accounts and billions of pounds.

Many will still consider “debt collection” as a niche activity carried out by “tough individuals”. Nothing can be further from the truth as is borne out by the figures given below.

Debt collection and related activities such as the fast growing debt purchase sector require professional service providers with sophisticated IT and telecom facilities. The larger companies employ many hundreds of staff providing opportunities in diverse employment rolls from account handlers and negotiators to team leaders and managers, IT specialists, risk assessors, client service personnel and many others.

There are of course also many small agencies operating in the market place presenting employment opportunities to engaged and committed employees.

Almost 100% of creditor-external debt collection agencies (DCAs) and debt purchase companies are members of either the Credit Services Association (CSA) or the Debt Buyers and Sellers Group (DBSG), or both. The latest estimate (2007) is that members were handling in excess of 17 million cases annually with a face value of £21 billion pounds, and this figure is rising.



#### Scope of this factsheet

Employment for the purpose of recovering unpaid accounts may be with the creditor company itself, or by a third party collection agency employed by the creditor for the purpose of recovering debts or by a debt purchaser who has purchased debt portfolios from creditors and now owns this asset of receivable accounts and wishes to recover it.

The purpose of this factsheet is to highlight employment opportunities in third party (creditor-external) agencies and in debt purchase companies.



#### Operational

There are several strands of business activity.

**Consumer Debt Collection** - collection from private individuals who have not paid money they owe. Consumer debt collection splits into 2 areas, recovery through office routines and recovery by personal visits (Field Collection). In the latter case those employed tend to be part-time.

**Commercial Debt Collection** - also known as business to business (B2B) collection - this involves collecting from businesses who owe money to other businesses.

**International Collection** - This can be for creditors or agencies abroad who wish to collect debt in the UK or for UK companies wishing to collect debts from overseas customers. Debt collectors do not generally travel overseas themselves but work within their offices or use agents abroad.

**Legal Collection** - Once debts pass into the legal recovery stage the process through the courts follows a laid down set of procedures and timetables. Debt recovery actions and direct contact with the debtor has to be within this framework and collectors working in this field must have a good knowledge of court and legal procedures.

**Tracing of absconded Debtors** – The CSA estimates that annually some 8 million traces are carried out by members of the association of “Gone Away” debtors. Tracing, as with all other areas within the credit support industry, is a skilled activity and operators will be working with a multitude of databases. Much of the trace activity is phone based but in higher-value cases field enquires will also be made.

### **Other Credit Support Activities**

There are a range of other services which member companies of the Credit Services Association and its sister organisation the Debt Buyers and Sellers Group provide but this factsheet will concentrate on the above-named activities.



## **Employment in a Debt Collection Agency (DCA) or a Debt Purchase Company**

There are an estimated 20,000 people in either a full or part-time capacity employed by association members.

Dramatic changes in technology have meant big changes in the way the credit industry, and therefore, the prevention and recovery of debt operate. Major databases supply fast and reliable credit information on companies and individuals. Account recovery in large companies has become highly automated, with computers and sophisticated dialling systems; in smaller DCAs the recovery process is more individualistic. Much of the collection process is by post but increasingly by email, SMS and telephone messaging. But there comes a point when human intervention is required.

### **The Collection Professional, the Account Negotiator**

Principally, this is the main stay of any DCA or debt purchaser, being the first contact with the debtor. There are a variety of titles given to this position by companies but the prime function always is to make contact with the debtor, open negotiations for repayment and where repayment has commenced but then defaulted to restart the process and, of course, handle debtor enquiries.

There may be a perception that debt collection work is mostly a male task but this is not so – at least 50% of collection personnel, if not more, is female.

Personal Characteristics required are:

- ⇒ Excellent communication skills in both speech and writing
- ⇒ Enquiring mind
- ⇒ Tact and diplomacy in dealing with people
- ⇒ Ability to be understanding yet be assertive
- ⇒ Good judge of character
- ⇒ Negotiating skills
- ⇒ Numeracy and literacy

- ⇒ Keyboard and computer skills, as records are usually stored on computers
- ⇒ For those working in legal collections a good knowledge of court procedures, company & common law and insolvency is essential

Collection professionals may work within teams, with dedicated team leaders and managers or, if employed in smaller companies, they may work quite independently, directly responsible to a director or agency owner. In larger companies there is the opportunity for promotion which may not exist to the same extent in smaller ones. The work will however always be interesting, challenging and varied, requiring committed individuals.

### Hours and Pay

Whilst smaller companies will work within standard office hours, say from around 8.30 am – 5 or 6 pm, Monday to Friday, the larger consumer-focused companies will work in teams, shift-based and this may include Saturday and Sunday work. This type of environment will suit those that like more flexible hours.

There are no set pay scales or practices – some companies will pay a straight salary, others will pay by salary, commission and bonus and this will be clear from any job advert or job specification given.

### Opportunities and Prospects

Promotion, in the first instance, is usually from account negotiator to senior negotiator, team leader, collection manager, senior collection manager, and possibly, eventually director of an agency or a branch.

Employment in an agency may be the training ground for employment in other areas later on, such as sales, debt counselling, credit management, or bailiff work and some may seize the opportunity to become self-employed, running their own debt collection agency or as a field collection team.

### Field Agents

Where collections are not possible by office routines, or where legal action has failed, 'Field Agents' may be employed to make contact with the debtor and negotiate repayment and in most cases then make regular weekly or monthly collection visits. In terms of the percentage of debts which are collected this way the percentage is very small as field collection is an expensive option – however, given the numbers of total debts handled by the industry the numbers are still sizeable.

Again, unlike the conventional picture of a huge burly man, field collectors are often female. Field collectors are largely self-employed and often have a full-time job in another capacity. They usually work from home and visit debtors in their own homes, having quite often small rounds in their home locality. Many field collectors will work for a number of agencies.

Pay is usually by commission except where field agents are employed as area managers where they may be in full time employment by a DCA.

A driving licence, car & home phone are necessary for those involved in field debt collection.



## Entry and Training

### Collection Professionals and Trace Personnel

There are no minimum academic qualifications required. Employees range from those with no academic qualifications to those with degrees. In international work the knowledge of more than one language will be considered an advantage.

The larger employers will have dedicated and intensive induction training and training for further advancement. In smaller companies training will be more desk-based with additional external training.

The Credit Services Association offers a range of industry specific training and a City & Guilds accredited Diploma. There are plans to introduce E-learning in the near future.

### **Specialist Roles**

As mentioned in the opening paragraphs employment in the credit support industry is much more varied than most imagine and in the larger companies IT specialists, risk assessors, client service and sales personnel and many other support functions will need to be filled. Because of the large variation of such employment it is not possible to cover them in this Factsheet.

### **Good Job Hunting!**

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