

e contents

NOVEMBER

Page 1-6: Industry News:
*Modernizing Record Retention—
Best Practices to Increase Collec-
tions Efficiency*

Page 7-8: Education
CPA Webinars
CRF Webinars
NCS Webinars & Extra Credit

The eCredit News is
produced in partnership with the
NACS Credit Services, Inc.



November Dates To Remember:

- 6th:** Daylight Savings Ends
- 11th:** Veteran's Day
- 24th:** Thanksgiving Day



Modernizing Record Retention – Best Practices to Increase Collections Efficiency

By: Michael Köhler,

Principal Solution Architect, Serrala

As originally published in the Credit Research Foundation's publication, Perspective by CRF (Q1 2021)

Abstract

Your organization can maximize the efficiency of collection efforts by utilizing best practices in record retention. Today's digital technology has made it much easier to organize the large volumes of information that collections teams are required to manage. This article outlines a more strategic and comprehensive approach to information management that will move your company towards a fully optimized collections process.

Continued...

Best-in-class organizations have a variety of methods to maximize the efficiency of their collection efforts: segmentation, different contact channels, new outreach strategies and more. These companies know that it requires the right combination of people, processes and technology to ensure a smooth and professionally managed collections process. Beyond simple efficiency gains, an optimized collections process can limit risk as well as operational costs and enhance customer relations.

One element that they all have in common is their commitment to efficient information management. As traditional, paper-based recordkeeping has become a thing of the past, these organizations were among the first to digitize their collections process from start to finish. Digitization makes it extremely easy for collections managers to search for, view and extract the information they need to chase a past-due invoice, validate a deduction or resolve an invoice dispute. It also makes it easier to organize the large volumes of information they handle. However, these best-in-class organizations go beyond simply digitizing information; they completely modernize their record retention practices so they can take a more strategic and comprehensive approach to collections.

Applying information management best practices to your collections process has many advantages. From an operational perspective, it increases the overall efficiency of the process. For example, the information can be used to intelligently automate many of the simple, rule-based collections tasks that occupy collections managers. Automated payment reminders can be routed to the right individual, the first time, with all the information they require for a speedy resolution. Most importantly, the collections process can be stopped as soon as a payment has been received.

From a strategic perspective, applying information management best practices to collections can help you maximize the value you can extract from the information you retain. Companies can mine the information they have to build more sophisticated outreach and risk models. By analyzing historical payment and collection data, they can estimate when and how much a customer will pay. Then, based on the customer profile, amount and other factors, they can use the best possible approach for that customer. Instead of applying a “one approach fits all” model, they can measure the effectiveness of each approach to increase the chance of a successful resolution.

Collections teams that are ready to modernize their approach to record retention and apply information management best practices should start by analyzing the way they use information. Here are some questions to ask:

1. **What information do you use in your collections process and how valuable is that information to your business?**

Consider the information inputs and outputs you have for each task in the collections process and then determine how valuable that information is to your business. Standardized payment reminders, for example, are less valuable than unique correspondence about billing disputes or adjusted payment terms. While you will need to retain all of this information, your objective should be to make it as easy as possible to find the most valuable pieces of information. Optimize the way you extract, store and access this information, regardless of how you receive it (by email, text, phone call, etc.). This is the first step towards creating a more efficient collections process.

Continued...

2. Are there specific legal or compliance requirements that you need to meet?

Information retention and compliance requirements can differ depending on where your business or your customers are located. Therefore, it's important to know exactly what information you are authorized to keep to support your collections process and how long you can keep it. Retaining personally identifiable or credit card data, for example, is highly regulated. You may need to put controls in place that limit which users can view this information. Review your record retention policies, like your collections policies, regularly to ensure your collections process is fully compliant with any rules or regulations.

3. Who needs to access the information and how will they access it?

As more companies allow employees to work remotely, collections teams need to think about whether they have timely access to the information they need. Collections teams regularly gather data from across the organization (sales, credit, etc.). Are they able to access the information in the various systems and repositories used in your organization, or do they rely on others to provide it to them? If they need to share information with others, can they share it easily and in accordance with your policies and regulations? The recent trend towards remote work has made previously simple information gathering and sharing tasks more complex and fraught with potential security risks. This is why, more than ever, collection managers should consider who needs access to information. By using that data to build an effective information retention and access plan, you will maximize the efficiency of the collections process.

Once you gather your information requirements, you can begin to improve your record retention practices. As every company has its own unique set of challenges, the specifics of your plan will differ greatly. It will depend on your current business conditions, your unique process and technology features and limitations, and your goals for increasing process efficiencies.

Prioritize improvements that will deliver the greatest value to your organization in the least amount of time. Remarkably, even small changes in the way you manage information can increase process efficiency. For instance, simply storing information in a central cloud repository can make the information gathering process easier, improve access for authorized users and reduce potential security risks. Set realistic goals for change and measure the results so that the return on investment is evident to others in the organization. This will make it easier to get buy-in from others and authorization to make additional improvements in the future.

The following are five information management best practices to consider as you build your own records retention plan for collections.

1. Centralize Collections Information

Centralizing collections information is the most fundamental way to improve process efficiency. There are many ways to do this. Ideally, use a single software solution to manage your collections activities. This eliminates the need for your team to manage emails, spreadsheets and other assets separately throughout the process. There are many software solutions that enable seamless management of collections activities, including the initial information gathering, customer communications and necessary risk assessments, as well as workflows to review and approve key decision points. Solutions that can integrate with other areas of the business, including sales and accounting as well as banks, will provide the most comprehensive view of the collections process.

Continued...

Storing your collections information in a centralized repository will also make it easier to lift and shift work across team members. That way, critical information is not buried in personal email inboxes or on local file servers, and other members of the team can access the information and take over a task if someone is unavailable. Cloud storage provides a secure, cost-effective and highly scalable option that is ideal for storing potentially sensitive collections information. It also makes it much easier to share information across a distributed team or with other departments. Pairing a centralized software solution with a centralized cloud storage solution will significantly accelerate the collections process.

2. Go Digital to Improve the Speed and Accuracy of Information Capture

One of the biggest changes that any team can make to improve process efficiency is to eliminate paper and go digital wherever possible. Requesting electronic copies of collections documents will make it easier to store and distribute information across the team and extract the important information contained within.

Today's automated information capture and extraction technology improves on older OCR technology and is extremely fast and accurate. It prevents your collections team from having to manually validate or enter information into your collections system. For the best extraction results, ask to receive documents in a native digital format. A spreadsheet or PDF are much easier to extract information from than a scanned document or image. Digital files are also easier to index, which makes them easier to search for and find after they are captured. To minimize process complexity, try to limit the file formats that you accept (e.g., XML, XLS, PDF). One way to do this is to set up a customer portal so your customers can submit collections information online. This would also help streamline communications.

To illustrate the benefits of digital information capture, let's examine debit notes. In times of economic downturn, companies generally see an increased number of debit notes. Customers tend to push deductions, which they may or may not be unauthorized to take. For consumer goods companies that sell their products to wholesalers or retailers, the right to take a deduction can depend on a very complex matrix of contracts and promotional programs, as well as other issues such as short shipments or rejected items. When unauthorized deductions are taken on a subset of line items on a bill that includes thousands of items, it can be very time consuming for collections to gather the necessary details to validate the deduction.

Collections teams must initiate a dispute whenever they receive a debit note. They must capture the information on the debit note and then retain the related documents for future reference. With digital information capture, it is possible to intelligently automate this entire process. Information on a debit note can be automatically extracted and transformed into a dispute file. The system can quickly highlight disputed items and match them to the relevant contracts or promotions, making it faster and easier for the collections team to investigate. Additionally, customers can receive a complete digital audit trail of the dispute, with the relevant supporting documents attached, so it can be resolved quickly with proper payment.

Continued...

3. Follow Retention Policies Carefully

In the digital age, information is “the new oil”, a precious commodity for the companies that collect it. However, in Europe and elsewhere there are many regulations that govern what information can be kept by companies and for how long. Failing to meet data privacy regulations, such as GDPR, can result in hefty fees. Companies, therefore, should always ensure that their collections information complies with these retention rules. In fact, the ability to manage collections information according to retention requirements is now common in any request for proposal seeking collections software or services.

Yet, there are many other reasons why companies should put broader retention policies in place. Sensitive information, such as customer pricing and billing details, credit card details or healthcare information should be protected from unauthorized access. Some data also needs to be retained according to legal or fiscal requirements. Remittances, for example, are subject to GAAPP accounting principles and should be retained for the mandated length of time.

Retention policies also ensure that information is purged when it reaches its end of life. This reduces the risk from possible data breaches and protects companies from providing unnecessary information in future audits. As an added bonus, purging information also reduces the volume of information in your systems, which improves system performance and lowers your total operating costs. Data that needs to be retained for long periods of time, such as financial data, should be archived regularly. Archiving ensures that the information is frozen and not modifiable as of a specific point in time. It also provides an additional layer of protection against possible fraud or information tampering. The archived information can be moved into a separate, secure and low-cost archive repository, which will further reduce costs and improve information security.

4. Improve Search Capabilities and Access to Information

Once collections information is digitized, software can help the team provide a centralized view of all collection activities in one place. Users should be able to view information based on their role and filter the information by a wide range of criteria so they can quickly identify and respond to any pending items. Digitized information can feed new reports and dashboards that make it easier for users to monitor the status of cases and drill directly to a specific customer or case file to accelerate processing. Intelligent virtual assistants are the latest technologies that can help improve access to information for collections teams. These assistants can help users execute common searches quickly or suggest next best steps during workflows based on the latest information.

5. Ensure Information is Easy to Share

Your record retention strategy should always include plans to share information with others inside and outside your organization. Gathering the necessary documents to support a collections case can be cumbersome, even if a centralized solution, if they are scattered across different transactions. With the right record capture and storage elements in place, collections teams can enable advanced full-text searches to find relevant documents and output them according to your requirements. For example, users should be able to search for documents by customer, case number or date range, and then send that information in an email or a PDF to others. The ability to quickly gather and share information is especially important if an account or a case enters legal action.

Continued...

By using these best practices for record retention, your organization can maximize the efficiency of your collection efforts. Today's digital technology has made it much easier to organize the large volumes of information that collections teams manage. Taking a more strategic and comprehensive approach to information management will move your company towards a fully optimized collections process that limits risk and operational costs, and enhances relations with customers and with other areas of your organization.

About the Author:

Michael Koehler is a Principal Solution Architect with Serrala, a global B2B Fintech, creating more secure global payments capabilities for every enterprise. Michael has been working in the credit risk management field since 2009. His present and previous roles have given him unique insight into best practices in managing credit and compliance risks, as well as collections operations for businesses of various sizes and industries. Michael has led and delivered a number of complex international solution implementation projects for global corporations around the world. In his current role with Serrala as a Solution Architect, Michael's main focus is on analyzing organizations' needs around credit risk, compliance, and collections management and translating them into software solutions that are both user-friendly and aligned with the trends in an ever-changing environment.



NOVEMBER WEBINARS

Credit Professionals Alliance has been working hard to provide our clients with the most up-to-date webinars concerning today's challenges in the credit field. Watch your email for upcoming registration information on all of the following webinars.

- November 9th:** The Small Business Reorganization Act: What Creditor's Need to Know
- November 17th:** Digitizing Payments and Best in Class Credit Card Process to Support Your Company's Sales Objectives
- November 29th:** Credit Risk Mitigation—A New Perspective, Starting with the Credit App

Be sure to check out our website www.nacskc.com/education.html for additional educational opportunities as these are constantly being updated.



NACS Credit Services an industry leader in National Credit Exchange Group's is here to assist you. Are you looking to join a Credit Exchange Group, move an existing group or would like to get one started?

Contact us today at (913) 383-9300 or email us at nacskc@nacskc.com. We are here to help you with all of your credit needs.

**Educational Update:
Credit Research Foundation Webinars**

NOVEMBER 2022

CRF offers a variety of educational programs: Proctored Courses, On-Demand Courses as well as webinars.

November 7-9, 2022 CRF November Forum—Phoenix, AZ

It is very simple to participate: Go to <http://www.crfonline.org> and click on the Education.

Now offering a Certificate Program!

For additional information go to <http://www.crfonline.org/events/current.asp>

**The following webinars are being offered by NCS Credit
to register for these go to: www.ncscredit.com/education-center/webinars**

November 1, 2022

Webinar: An Advanced Look at the UCC Process

November 8, 2022

Webinar: An Advanced Look at the Lien and Bond Claim Process

November 15, 2022

Webinar: Implementing a UCC Program: Overcoming Obstacles

November 29, 2022

Webinar: Implementing a Lien/Bond Claim Program: Overcoming Obstacles