Background:

The intervention concerns itself with a global banking company's personal loans division and specifically the Collections department. This global bank offers people a Personal Loan program which is geared to meet people's financial needs in just 48 hours.

This loan program helps people meet their personal needs such as plan a trip to a dream destination, expand their business further or any personal requirements. This loan is available for salaried individuals and self-employed professionals.

Overview of business issues/challenges:

This program, designed for Relationship Managers (collections) from the personal loans departments, is a unique intervention in many ways. It not only helped NIS Sparta to undertake a detailed study into the unique challenges of the role of relationship managers in the Collection departments; it was also the basis for creating a unique model for making collection calls that stresses empathizing with the customers and customizing their approach for different situations.

Let us begin by understanding the role of the Relationship Manager (RM). The bank provides each of its loan seekers with a RM who not only helps the customers find the right type of loan but also assists them throughout the period of loan repayment with counselling, advice and answers to their queries pertaining to their current engagement. The relationship manager has several key responsibility areas, such as:

1. Meeting loan targets from their customers (reducing delinquent customers)
2. Vendor management (external agencies that help in payment collection)
3. Customer management
4. Handling escalation from their teams
5. Reporting and coordination with their superiors, peers and juniors

The RMs, as shared by the client representatives, need to handle collections through independent collection agencies wherein they have to ensure that the team leaders, customer assistance specialist (CAS) and telecallers in the agency follow the process of the company, adhere to the code of conduct and follow RBI guidelines. A key part of the role is to be able to influence the customers and negotiate a deal that is acceptable to both parties. NIS Sparta was requested to help improve the effectiveness of the relationship managers in meeting their loan targets by reducing defaulting loan-payers and increasing collections.

NIS Sparta started with analyzing the key role areas of the relationship managers, the support system around them and the challenges faced by them. Experts from NIS Sparta observed the role-holders at work and accompanied them on their meetings with the defaulting customers along with the team-leaders on agency roles. Our experts observed that the key factors that were impacting the relationship manager's effectiveness were not only concerning skills but also attitudinal:

As a result collections were being affected in the following manner:

1. Unprofessional handling of the customers (especially if they were intentionally defaulting) made them further adamant, thus making them avoid paying the balance amount.
2. Collection boys were not self-reliant, and always depended on the RM; leading to crucial waste of time for the RM.
3. Lack of win-win negotiation skills were leading to customer not paying even the principal amount at times, thus resulting in loss for the company.
4. Lack of rapport building with customers was affecting the collection process and diminishing any chances of reviving situations especially where intent-to-pay was not an issue.

NIS Sparta

BUILDING COMPETENCIES...
INNOVATIVELY

NIS Sparta's Solution:

Our experts conducted a extensive field visits to understand the following:

1. The dynamics of the role that the RM plays
2. The various skills and behaviours
3. The different types of customers that the RM and their agency teams had to deal with.
4. Top 10 types of defaulting profiles and their reasons for defaulting (using the 80/20 principle to base the solution on)

After analysing the data about the customers, NIS Sparta experts realised there were two qualifying features of each situation: (1) ability and (2) intent of the customer to pay. Based on this analysis, the team created an ability and intent matrix to categorise customers and derive best practices for dealing with each type.

Further to this, each of the four broad categorisation were mapped to ten different scenarios that the customers faced, such as overleveraged, temporary lack of funds, deliberate evasion etc. Our experts then went ahead and collected best practices from the sample set of relationship managers about how they were dealing with each of these scenarios currently and the challenges that they were facing.

Next logical step was to understand if the managers were using a standard and qualified procedure to approach and conduct themselves the customer. NIS Sparta proposed the PARTNER model for conducting collection calls. This model would not only help them customise the contents of calls based on type of the customer (qualified based on the ability and intent matrix profiles) but also influence the customer and negotiate for win-win outcomes.

After the model was created, another field visit was made to verify the efficacy of the model and to:

1. Observing behaviours exhibited in a good collection call
2. Observing/analysing successful behaviours
3. Comparing the theoretical Vs. the practical model

The verified model, classification of customers and the ability and intent matrix were used to create a comprehensive two-day training program for the relationship managers. In addition to the core skills of handling collection calls successfully (both through self and collection agencies), the program equipped the managers with probing, negotiation, and grooming skills. They were also given an understanding of the legal norms for different situations.

The program did not end with classroom training alone. To ensure a long-term impact, the best practices shared by the participants during the programs are regularly collated and converted into a reference document. As part of the agreed deliverables, these were presented to the client to be converted into job aids and shared with the teams.

The results: what has been achieved so far?

The programs have been much appreciated. 16 programs were conducted in four metros and over 200 RMs were trained, with plans to organize more programs.

NIS Sparta
BUILDING COMPETENCIES...
INNOVATIVELY