

## Adapting To The New Normal

The impact of the coronavirus pandemic has been unprecedented, accelerating a number of trends in technology, regulation, governance and corporate social responsibility that will transform the next decade.

As our resilience is tested – at industry, organisation and individual level – those quickest to adapt to the “new normal” will find many new opportunities within this fast-moving environment.



## So how prepared is your organisation as the economy reopens?

And how has your business adapted to the cultural shift of what your consumers have come to expect as the “right channels to engage on”? Perceptions have leaned towards demographics being pigeon-holed into groups – older generations not being as tech savvy, for example. But this has been turned on its head. That very demographic has had to adapt to digital only interactions over the last 12 months due to physical closures of sites, and phone lines having unprecedented wait times. Stats show **c.65%** of that very same demographic will continue to use the digital channels that were forced on them.

As a Tsunami of Debt approaches, the credit and collections industry is about to take centre stage, revealing just how much your business has adapted over the last 12 months. Debt sales are lining up, as businesses are gearing up to recoup losses.



**The time for lenders to prepare is now.**

# 1. Embracing Digital Transformation

The coronavirus pandemic has been a story digital transformation as many organisations have adapted whilst others have struggled with a sudden acceleration of change.

2020 was the year parish council meetings went online, online grocers and delivery networks doubled their market share and remote working became the new normal for businesses up and down the country.

It was also a year where businesses that were slower to adapt risked closure with Debenhams and Arcadia among long-established retailers falling into administration as their business models were exposed overnight.

While digital transformations have been a priority in recent years, **over 80%** of senior executives surveyed by **BCG** say they plan to accelerate their efforts as a result of these trends becoming even more important as a result of Covid-19.

This is critical knowledge for every industry. As customers adapt to a new normal, those who fail to plan for a digital future, even in the most traditional industries, will run the risk of being overwhelmed by the relentless pace of change.



# 2. Anticipating Regulatory Change

One of the outstanding features of the **past 12 months** has been the rapid, proactive and comprehensive invention of government to support businesses, households and individuals in a way that has been unprecedented in peacetime.

Regulators and trade associations have also stepped up to the mark, agreeing moratoriums on debt collection activity and new regulatory standards including the Breathing Space debt respite scheme, which came into force last month. Most lenders have responded to these regulatory changes quickly and worked proactively to ensure that their collections and recoveries programmes not only fully compliant but agile enough to anticipate and respond to further regulation.

Understanding the impact of regulation is vital, especially in highly sensitive sectors including the utility sector where Ofwat and Ofgem have worked proactively to ensure affordability, consumer choice and environmental sustainability.

Ensuring your business is compliant with the latest regulation is just the first step. The regulatory agenda is fast-moving and falling short of the competition could mean reputational risk, litigation or significant regulatory penalties.

At Just, we lobby for proactive change in the collections and recoveries sector, recognising that independent regulation is now an inevitability, given the poor public perception of the debt collection sector.

This is an important consideration. As the economy reopens, we will see which organisations are proactive and which fall short of the expected standard of conduct.



### 3. Rebuilding Balance Sheets

Governments around the world have responded to the pandemic with unprecedented financial support, helping to support jobs at a time when balance sheets are under pressure as never before. As the economy reopens and support tapers, creditors will be looking to rebuild balance sheets quickly, relieving the overwhelming pressure on finances that many have faced over the past 12 months.

However, **with 1 in 4 households now at risk of vulnerability**, a one-size-fits-all approach to collections and recoveries will apply pressure to those who can least afford to pay at the time they are most at risk

Customers who simply cannot pay will withdraw from the process if they do not feel that their needs are being met, that they are not being listened to, or that your bill is simply not a priority. Unresponsiveness from the customer leaves you with a rapidly narrowing selection of options for debt recovery, few of which are conducive to the long-term relationship with the customer. But this can be prevented by gathering more information about your customers' current circumstances and needs.

Surveys are ideal; not open-ended questions, as most likely you do not have the time to review every case individually, but simple Yes/ No questions, which solicit valuable feedback, and importantly, be grouped and aggregated so that you can identify groups of customers experiencing similar challenges.

Several of Esendex's financial service provider customers have leveraged SMS surveys to great effect during the pandemic, to better understand the impact of the crisis on their customers. In one survey it was found that 85% of respondents were continuing to feel the impact of the Coronavirus and their ability to keep up to date with payments, three months after the initial lockdown.

This is critical knowledge for a lender, because it should determine the timing, content and nature of the strategy you implement to get each customer engaging with the repayment process.

## 4. Promoting Diversity, Inclusion & Wellbeing

2020 was a year of profound societal change and as the world begins to 'build back better' from the pandemic, individuals, organisations, regulators, and governments are looking at issues of diversity and inclusion with a sharper focus.

Triggered by the worldwide response to the death of George Floyd, organisations of every size and every industry are looking at ways to promote greater diversity in the workplace and ensure an inclusive working environment.

A strong diversity and inclusion strategy can help your organization attract top talent and drive innovation. There are also financial benefits as collective efforts to promote a diverse workforce would result in a **£24 billion boost for the economy**, according to Diversity UK

The pandemic has also underlined the importance of a healthy workforce – both physical and mental – as lockdown restrictions have taken a toll on our personal and professional wellbeing, prompting business leaders to act.

According to the Lancet, mental health trends suggest the pandemic has resulted in higher incidence of anxiety disorder, depression and psychological stress as individuals and organisations respond to lockdown restrictions, rolling news coverage and an uncertain economy future.

Responding to this dynamic, organisations including Liberty Global are taking steps to promote greater physical, mental, social and wellbeing in the workplace and shaping their benefits package accordingly to invest in workplace wellbeing.

As the economy reopens, building a supportive workplace culture can be a tactical advantage in the war for talent – not just in attracting new hires but also to ensure that your existing staff are not poached away by a more nimble and compassionate competitor.

### Just.

**Just** provide responsible debt recovery, litigation and enforcement for utility firms, litigators and UK government. Founded in 2019, our deliberately different approach incorporates data, analytics and insight to drive positive outcomes for creditors.

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### esendex.

**Esendex** support the UK Collections and Enforcement sector with market leading omni-channel messaging tech - designed to take the friction out of business processes, and supplement this with multi-award winning bespoke solutions to help make self-service a reality.

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