

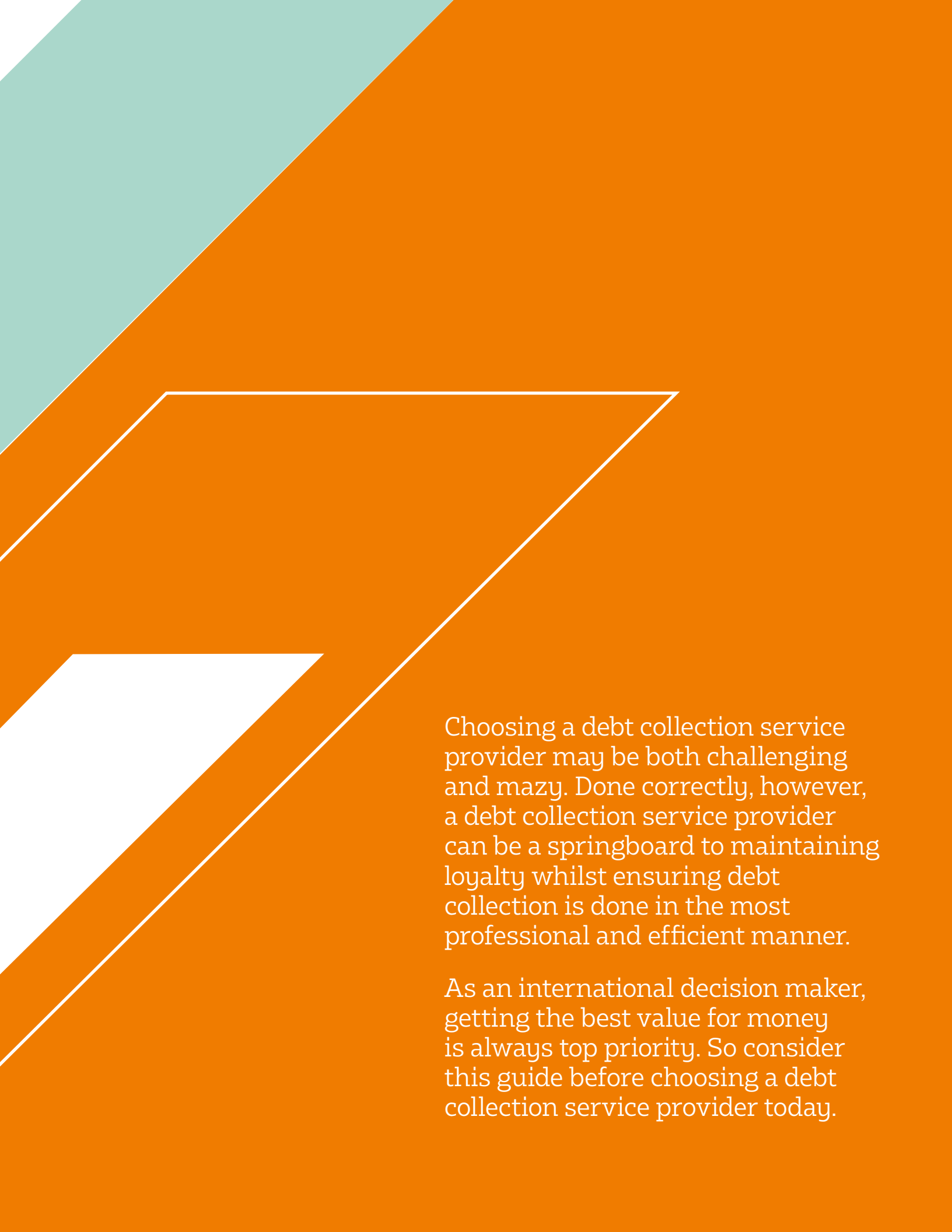


A GUIDE TO

CHOOSING A DEBT COLLECTION SERVICE PROVIDER

FOR DECISION MAKERS IN INTERNATIONAL COMPANIES
5 MIN READ

The logo for ODDCOLL, featuring the word "ODDCOLL" in a teal, sans-serif font. The letter "O" is stylized with an orange circle around its left half.



Choosing a debt collection service provider may be both challenging and mazy. Done correctly, however, a debt collection service provider can be a springboard to maintaining loyalty whilst ensuring debt collection is done in the most professional and efficient manner.

As an international decision maker, getting the best value for money is always top priority. So consider this guide before choosing a debt collection service provider today.

LOCAL COVERAGE IS KEY

Ensure your debt collection service provider is able to carry out their service in your customers' countries.

HERE'S WHY THIS IS IMPORTANT:

Compliance with laws and regulations:

Laws and permits for debt collection are always subject to national regulation in the debtor's country. To ensure legal compliance and swift debt collection, you want to hire a debt collector with in-depth awareness of the legal dynamics in the home country of your customers/clients.

Fosters good customer/client relationship

This is also vitally important. Your debt collector has to be fluent in the local language spoken by your customer/client. Language discrepancies can hinder effective communication and galvanize poor customer relationship. Ensure to work with a debt collector that can relate seamlessly with your customer, is acutely familiar with the prevailing business climate and knows what actions are appropriate in maintaining a good working relationship with your customer/clients.

When escalating legal actions

While often undesired, legal actions may be a last resort if initial measures by your debt collector are futile. Legal actions must, as a rule of thumb, be initiated in the country where the debtor is domiciled. This means that your debt collection provider must be an expert on the procedural rules in the debtor's country.



Geographic location of debtor assets affects enforcement

Enforcement is only impactful when done in the country where your customer's assets are based. No country's authorities can initiate enforcement actions in another country's territory. This is quite, understandable as no state would allow for external meddling in its internal affairs. Done outside the country where assets are located, debt collection efforts will, at best, only be futile.

Increased claim efficiency

An expert with fluid integration with the local business environment, language and debt collection laws increases the chances of making successful debt claims. This is obviously not true for a foreign-based service provider, whose services and expertise may differ markedly than is required to drive successful claim collection in another country. Debtors are more likely to feel the urgency and legal consequences when a local Law firm or Debt Collection Agency comes knocking, as against payment requests from external service providers.

TIPS ON PRICING

Make sure to use a Service with the pricing “No Win No Fee”. Your Debt Collector should have the same incentive as you to collect the claim. You do not want to end up paying a lot of money for half-hearted failed recovery efforts. This also means that you should avoid paying administration fees for the cases you assign. It can be a lot of money you essentially pay without the Debt collector does anything in return.

A common approach adopted by international companies is to use a debt collection agency in their country of operation. There are obvious caveats with this strategy, though. For example,

“national” debt collection agencies often lack extensive coverage in the debtors’ countries. However, choosing a debt service provider in a company’s home market fosters familiarity and safety.

Sometimes these agencies work in synergy with a network of debt collectors in multiple countries. Debt collection agencies in your own country may initiate the claim process but will eventually outsource the job to a debt collector in the home country of your debtor should the need arise. Hence, you will be required to pay for the services rendered by both debt service providers.

CONCLUSION

On the whole, a best practice would be to consider hiring a debt collection service provider domiciled in your customers' countries. This way, you ensure compliance with local laws and regulations and swift enforcement of legal actions while retaining good customer relationship. You also want to stay clear of exorbitant administration charges, hidden fees and multiple payments that can become costly in the long run.

With that, we hope this guide will come in handy when choosing your next debt collection provider. And if a debt collection service provider with extensive coverage in European countries fits the bill, please contact us today.

Visit us at

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