

Occupational Outlook: Bill and Account Collectors

Significant Points

- About 1 in 5 collectors works for a collection agency; others work in banks, retail stores, government, physicians' offices, hospitals, and other institutions that lend money and extend credit.
- Most jobs in this occupation require only a high school diploma, though many employers prefer workers with some postsecondary training.
- Faster-than-average employment growth is expected as companies focus more efforts on collecting unpaid debts.

Nature of the Work

Bill and account collectors, called simply *collectors*, keep track of accounts that are overdue and attempt to collect payment on them. Some are employed by third-party collection agencies, while others—known as “in-house collectors”—work directly for the original creditors, such as department stores, hospitals, or banks.

The duties of bill and account collectors are similar in the many different organizations in which they are employed. First, collectors are called upon to locate and notify customers of delinquent accounts, usually over the telephone, but sometimes by letter. When customers move without leaving a forwarding address, collectors may check with the post office, telephone companies, credit bureaus, or former neighbors to obtain the new address. The attempt to find the new address is called “skip tracing.” New computer systems assist in tracing by automatically tracking when customers change their address or contact information on any of their open accounts.

Once collectors find the debtor, they inform him or her of the overdue account and solicit payment. If necessary, they review the terms of the sale, service, or credit contract with the customer. Collectors also may attempt to learn the cause of the delay in payment. Where feasible, they offer the customer advice on how to pay off the debts, such as by taking out a bill consolidation loan. However, the collector's prime objective is always to ensure that the customer pays the debt in question.

If a customer agrees to pay, collectors record this commitment and check later to verify that the payment was indeed made. Collectors may have authority to grant an extension of time if customers ask for one. If a customer fails to respond, collectors prepare a statement indicating the customer's action for the credit department of the establishment. In more extreme cases, collectors may initiate repossession proceedings, disconnect the customer's service, or hand the account over to an attorney for legal action. Most collectors handle other administrative functions for the accounts assigned to them, including recording changes of addresses and purging the records of the deceased.

Collectors use computers and a variety of automated systems to keep track of overdue accounts. Typically, collectors work at video display terminals that are linked to computers. In sophisticated

predictive dialer systems, a computer dials the telephone automatically, and the collector speaks only when a connection has been made. Such systems eliminate time spent calling busy or nonanswering numbers. Many collectors use regular telephones, but others wear headsets like those used by telephone operators.

Working Conditions

In-house bill and account collectors typically are employed in an office environment, while those who work for third-party collection agencies may work in a call-center environment. Workers spend most of their time on the phone tracking down and contacting people with debts. The work can be stressful as some customers can be confrontational when pressed about their debts, although some appreciate assistance in resolving their outstanding debt. Collectors may also feel pressured to meet targets for the amount of debt they are expected to recover in a certain period.

Bill and account collectors often have to work evenings and weekends, when it usually is easier to reach people. As a result, it is not uncommon for workers to work part time or on flexible work schedules, though the majority work 40 hours per week.

Training, Other Qualifications, and Advancement

Most bill and account collectors are required to have at least a high school diploma. However, employers prefer workers who have completed some college or who have experience in other occupations that involve contact with the public. Workers should have good communication skills and be computer literate; experience with advanced telecommunications equipment is also useful.

Once hired, workers usually receive on-the-job training. Under the guidance of a supervisor or some other senior worker, new employees learn company procedures. Some formal classroom training also may be necessary, such as training in specific computer software. Additional training topics usually include telephone techniques and negotiation skills. Workers are also instructed in the laws governing the collection of debt as mandated by the Fair Debt Collection Practices Act (FDCPA), which applies to all third party and some in-house collectors.

Workers usually advance by taking on more duties in the same occupation for higher pay or by transferring to a closely related occupation. Many companies fill supervisory positions by promoting individuals from within the organization, and workers who acquire additional skills, experience, and training improve their advancement opportunities.

Employment

Bill and account collectors held about 456,000 jobs in 2004. About 1 in 5 collectors works for a collection agency. Many others work in banks, retail stores, government, physician's offices, hospitals, and other institutions that lend money and extend credit.

Job Outlook

Employment of bill and account collectors is expected to grow faster than the average for all occupations through 2014. Cash flow is becoming increasingly important to companies, which are now placing greater emphasis on collecting unpaid debts sooner. Thus, the workload for collectors is expected to continue to increase as they seek to collect not only debts that are relatively old, but ones that are more recent. Also, as more companies in a wide range of industries get involved in lending money and issuing their own credit cards, they will need to hire collectors, because debt levels will likely continue to rise. In addition to job openings from employment growth, a significant number of openings will result from the high level of turnover in the occupation. As a result, job opportunities should be favorable.

Hospitals and physicians' offices are two of the fastest growing industries requiring collectors. With insurance reimbursements not keeping up with cost increases, the health care industry is seeking to recover more money from patients. Government agencies also are making more use of collectors to collect on everything from parking tickets to child-support payments and past-due taxes. Finally, the Internal Revenue Service (IRS) is looking into outsourcing the collection of overdue Federal taxes to third-party collection agencies. If the IRS does outsource, more collectors will be required for this large job.

Despite the increasing demand for bill collectors, employment growth may be limited due to an increased use of third party debt collectors, who are generally more efficient than in-house collectors. Also, some firms are beginning to use offshore collection agencies, whose lower cost structures allow them to collect debts that are too small for domestic collection agencies. Contrary to the pattern in most occupations, employment of bill and account collectors tends to rise during recessions, reflecting the difficulty that many people have in meeting their financial obligations. However, collectors usually have more success at getting people to repay their debts when the economy is good.

Earnings

Median hourly earnings of bill and account collectors were \$13.20 in May 2004. The middle 50 percent earned between \$10.87 and \$16.28. The lowest 10 percent earned less than \$9.22, and the highest 10 percent earned more than \$20.10. In addition to a basic rate of pay, many bill and account collectors earn commissions based on the amount of debt they recover.

Related Occupations

Bill and account collectors review and collect information on accounts. Other occupations with similar responsibilities include credit authorizers, checkers, and clerks; loan officers; and interviewers.