

Key collections challenges and opportunities in Malaysia



The world of collections and recovery is changing fast. That's especially true in Malaysia, where rapid loan growth, evolving consumer expectations, and tighter liquidity are reshaping the landscape for banks and their collections teams.

Ultimately, the fundamentals remain the same: maximize recoveries, manage risk, and protect the bank's reputation. But the tools, expectations, and regulatory environment have shifted. This guide explores how digital-first engagement, AI-driven analytics, automation, and robust compliance are setting a new standard for collections and recovery.

Digital-first collections

Nearly every Malaysian is online. By early 2025, internet penetration in Malaysia reached an impressive 97.7%, with **34.9 million people connected**. This widespread digital adoption is reshaping how consumers interact with businesses and financial institutions, turning digital engagement into the new standard.



For collections teams, this means meeting customers where they already are: online. Leading institutions are deploying digital communication strategies, integrating SMS, WhatsApp, email, and self-service portals. Their 24/7 accessibility is transformational in a region where payment activity often happens outside traditional business hours.

84%

of customers use
online banking
(Deloitte)

72%

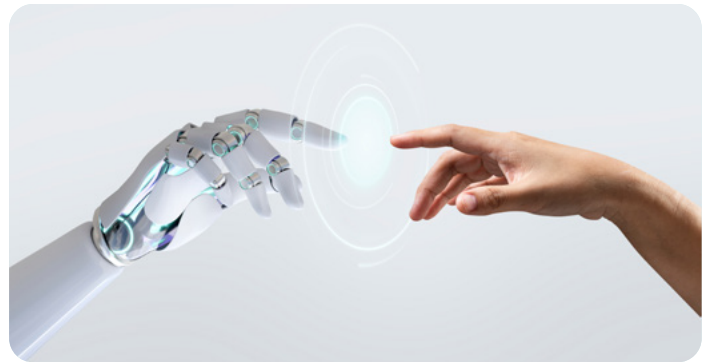
use mobile apps
to reach their
primary bank
(Deloitte)



Efficiency without sacrificing the human touch

Malaysia's household debt is among the highest in the region, hitting 84.2% of nominal GDP **by the end of 2023**. With more cases to handle every day, collections teams are automating routine tasks to manage their workloads more effectively.

But automation alone isn't enough. The best results happen when technology combines with human expertise. Tasks like sending payment reminders, managing documents, and generating reports are now handled by software, freeing up agents to focus on the tougher, more sensitive cases. It's a better customer experience from start to finish, and it's leading to better outcomes from collections teams and their customers.



AI, analytics, & precision targeting

On top of rising household debt, Malaysia's collections landscape is growing even more complex as consumers turn to personal loans—which totaled RM8.82 billion by early 2025—and BNPL plans, with balances hitting **RM2.8 billion by late 2024**. In this environment, a one-size-fits-all approach to collections simply doesn't work.

Targeted, data-driven methods make all the difference. Segmentation and predictive analytics focus collections efforts where they'll have the most impact. AI-powered platforms analyze local payment patterns and customer behaviors to predict delinquency risk and recommend the best outreach strategies. By segmenting accounts by risk profile, product type, or behavioral cues, banks can tailor their engagement, boost response rates, and improve recovery outcomes.

75%

won't purchase from a company they don't trust with their data
(Cisco)

Regulatory compliance and reporting

Across the globe, institutions are facing higher expectations around how they treat their customers. Malaysia is no exception. The introduction of the Consumer Credit Act is set to heighten regulatory scrutiny in debt collection, providing clear standards on fair treatment, transparency, and accountability at every stage of the process.

To keep pace, automated compliance checks and integrated reporting dashboards have become essential. The most effective solutions log every action to provide instant visibility for audits. By quickly adapting to regulatory changes, banks reduce the risk of penalties and build lasting trust with their customers.

Security, data governance, and customer trust

As digital engagement grows, financial institutions are facing stricter requirements for data protection and transparency. With major amendments to Malaysia's PDPA set to take effect in June of 2025, banks must find ways to comply with mandatory breach notifications and new data rights for consumers.

But it's not just about following the rules. It's about doing what's right. A full **73% of Malaysians** worry about the privacy of their personal data when dealing with companies. Using robust access controls, layered security, real-time monitoring, and incident response, banks build the kind of trust that really matters to their customers.

87%

said they would not do business with a company if they had concerns about its security practices
(McKinsey)



Setting a new standard for collections and recovery

When it comes to collections, legacy strategies are no longer enough. Today's environment demands digital agility, data-driven precision, and a nuanced understanding of each individual customer to achieve the best results.

C&R Software offers a comprehensive solution for the realities of collections and recovery in Malaysia. Trusted by leading organizations in over 62 countries worldwide, including 3 of Singapore's 4 leading digital banks, Debt Manager provides the configurability, flexibility, and ease-of-use needed to keep pace with the latest industry developments.



Unified Data & Advanced Analytics

Debt Manager aggregates all customer and collections data for precise segmentation and AI-driven risk assessment. Predictive models guide teams to the right accounts at the right time, maximizing recovery and minimizing effort.



Digital-First, Customer-Focused Engagement

The solution supports seamless communication across SMS, email, and self-service portals, empowering customers to resolve debts on their terms while keeping teams efficient and responsive.



C&R Software

Credit Risk Management



Automated Compliance & Reporting

Every action is logged, every document is tracked, and real-time dashboards provide instant oversight for both internal management and regulatory audits. The solution evolves with regulatory requirements to maintain ongoing compliance with BNM and the Consumer Credit Act.



Efficiency Meets Empathy

By automating the routine and surfacing actionable insights, Debt Manager helps skilled collectors to focus on what matters most: building relationships, resolving complex cases, and supporting vulnerable customers.



Security at the Core

With multi-layered security, encrypted data, and strict access controls, Debt Manager protects sensitive information and builds trust with both customers and regulators.



Interested in learning more? Reach out to inquiries@crsoftware.com to connect with our team of regional specialists.

