

The hidden cost of manual collections



African banking is growing fast. Access to formal financial services is expanding, and the share of adults in Sub-Saharan Africa with a bank or mobile money account **has risen from 34% to 58% between 2014 and 2024.**

In Ghana, more than **81 million registered mobile money accounts** process billions of dollars in transactions every month, making digital wallets a core part of everyday financial life.

The opportunity is significant. So are the operational challenges sitting behind it. More accounts mean more delinquencies. As customers increasingly transact across mobile channels, these delinquencies are more complex to manage than ever before. Manual collections operations weren't built for this environment, and the gap between what they can deliver and what the market demands is widening fast.

This whitepaper sets out what the future of collections looks like for African banks, and how a modern, automated approach helps manage these changes at scale.

Why manual collections can't keep up

In many banks, the core collections operation still runs on phone calls, field visits, and spreadsheets. The inefficiencies and costs associated with this model are significant, and they increase as the portfolio grows.

Structural limits and rising cost

The first problem is structural. When your collections workflows depend on individual team members making calls and visiting customers, capacity scales with headcount rather than technology. More accounts require more staff. More branches require more supervisors. More customer segments require more siloed processes which rarely connect.

This puts a hard limit on what the function can do. Even a disciplined manual operation can handle only a finite number of accounts per agent per day. Prioritization happens through personal judgment instead of a shared, data driven view of risk and propensity to pay. Follow up timing varies widely between agents and branches. Account histories are scattered across core banking screens, email threads, paper files, and handwritten notes.

The economic impact is significant. Servicing a delinquent loan is **nearly nine times more expensive** than servicing a performing one. Repeated contact attempts and field visits add up fast. Other costs never appear as a single line item. Instead, they show up instead in slower cure rates, higher write-offs, and a collections function that gets more expensive to run as the portfolio grows.

9x

more expensive to service a delinquent loan than a performing one.



Risk and governance blind spots

The second problem is governance. Manual, branch-driven collections make it difficult to demonstrate how your strategy, treatment decisions, and outcomes are controlled consistently at an enterprise level.

With each branch running its own version of the process, strategies vary in practice even if the policy on paper is the same. Some customers receive early and frequent contact; others hear nothing until they're deep into arrears. Restructuring and hardship decisions depend heavily on the preferences of individual managers. Consistency is more aspiration than reality.

From a supervisory perspective, this is increasingly problematic. The Bank of Ghana's consumer protection and recourse guidelines set clear expectations around fair, transparent, and well-documented treatment of retail customers. When collections activity is driven by individual agents working without centralized oversight, it becomes very difficult to demonstrate whether customers are being treated fairly and in line with your stated policy.

Untapped data and missed customer signals

A manual collections operation also wastes one of the most powerful levers you have to improve cure rates and customer experience: data.

Personalization has a well documented impact on customer behavior. Broader financial services research shows personalized financial messaging can deliver **double digit improvements in revenue and marketing ROI**. When it comes to collections, the stakes are even higher. The difference between a generic reminder and a message sent on the right channel, at the right time, with the right tone can be the difference between cure and default.

Manual processes can't support this level of precision. Agents work from static contact lists and high-level case notes. There's no reliable way to segment by behavior at scale, no shared logic for selecting the next best action, and no systematic feedback loop showing which contact sequences, channels, or offers are actually working. Each agent builds a personal playbook. Outcomes differ by individual, by team, and by branch instead of being driven by a coherent strategy.

Why this is especially acute in African markets

These weaknesses exist in every market, but in Africa, they carry additional weight.

Many borrowers are thin-file or have informal income streams, which increases the value of early behavioral data. Legal recovery and collateral realization can be slow and expensive, too, raising the premium on preventing accounts from slipping into deep arrears in the first place.

At the same time, mobile and digital channels are becoming central to how households and small businesses move money. These platforms generate a rich, continuous stream of behavioural signals about customer engagement and financial activity. A manual collections setup can't use those signals effectively. The result is a growing disconnect between how your customers live and transact, and how your bank attempts to manage delinquency.

These are the challenges a modern collections approach is designed to address.

What a modern collections operation looks like

In a modern collections model, agents are one of several channels executing a centrally defined, controlled, and data-driven strategy. Routine tasks are automated, treatment paths are designed in advance, and agents focus on the accounts where human judgment genuinely adds value.

This starts with clear portfolio segmentation. Accounts are grouped by risk, balance, age of arrears, and behavioral indicators including contact responsiveness and past payment commitments. Rather than treating every overdue account the same way, the model recognizes some customers will self-cure with a single reminder, while others need early escalation into more intensive collections or field activity. The goal is straightforward: reduce the effort required per cured account while improving the speed and quality of the outcome.

Automation as the baseline

Automation provides the backbone for this operating model. It handles the tasks that don't require human judgment consistently and at scale.

An automated collections solution can:

- Trigger the right communication when a payment is missed or a promise to pay is broken.
- Route accounts into different queues based on rules, including risk tier, balance, and days past due.
- Apply standard treatments for common scenarios, including a first missed payment or a broken arrangement.
- Escalate exceptions that don't fit standard rules to experienced agents.

The impact is operational and financial. Workflow automation reduces time spent on low-value tasks, cuts duplicate effort, and makes the function easier to scale as the portfolio grows. It also creates a complete audit trail of what was done, when, and under which rule set, which is increasingly important for internal audit functions and Bank of Ghana supervisory requirements.

Centralized decisioning and control

Centralized decisioning is what transforms automation from a collection of disconnected rules into a controlled and coherent strategy.

Rather than each branch deciding independently how to treat its delinquent accounts, treatment logic sits in a single decisioning layer covering the full portfolio. This layer defines:

- Which customers receive which sequence of contacts.
- Which accounts are eligible for restructures, settlements, or payment arrangements.
- When and how accounts are escalated to field collections, legal, or write off.

Centralization doesn't mean every customer is treated the same. It means differences in treatment are deliberate and transparent, rather than accidental. Risk, compliance, and collections leaders can see how strategies are performing, change rules centrally, and be confident that those changes are applied consistently across branches and regions.

Digitally enabled field collections

Field collections is a key part of the toolkit in many markets. Rural borrowers, informal businesses, and some SME clients still respond best to in person engagement. The challenge is connecting those visits to the rest of the collections strategy in real time.

In a digitally enabled setup, field officers work through a mobile application fully integrated with the central collections system. Before a visit, the officer sees current account status, recent contact history, and the recommended treatment path. During the visit, they can record promises to pay, capture notes, and take payments using digital channels. After the visit, the outcome synchronizes automatically with the central system, which adjusts the next steps accordingly.

This approach removes much of the friction existing today. It reduces the risk of duplicate visits or inappropriate follow up. It shortens the time between a customer engagement and an updated view of risk. It also improves safety and transparency, since payments are recorded instantly rather than moving in cash outside the system.

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Case study:

10% annual revenue boost for
State of Maryland



Maryland

Challenge

The State of Maryland's Central Collections Unit struggled to manage a growing volume of over 5.3 million accounts with a paper-intensive legacy system.

Solution

The team partnered with C&R Software's Debt Manager to centralize workflows, automate routine contact activity, and give collectors a real time view of account data.

Outcome

The department is projecting a 10% annual revenue boost, handling significantly higher volumes without a proportional increase in headcount.

The value of a connected collections operation

Ultimately, the value of digital collections isn't in any single component. It's in how the pieces work together.

Automated workflows generate consistent, timely outreach. Centralized decisioning ensures this outreach is appropriate, prioritized, and aligned with your strategy. Field tools extend this digital capability to borrowers who are best served in person. All of it feeds into a single system making performance visible, measurable, and improvable over time.

This is the shift from manual to digitally enabled: not a larger workforce doing the same things, but a smarter operation doing them better, at any scale.

C&R Software provides end-to-end debt collections solutions for banks and financial institutions worldwide. Debt Manager manages more than \$8 trillion in active accounts across 60+ countries, giving collections teams the automation, decisioning, and field capability they need to perform at scale.

If your bank is ready to close the gap between how your customers live and how you manage delinquency, we would welcome the conversation.

Visit crsoftware.com or speak with one of our specialists to find out how C&R Software can support your collections transformation.