

Occupational Profile of Collection Agencies

Collection agencies are an important factor of the framework of the lending industry. They function as an external enforcement agency after the respective creditor has sent dunning letters to no avail but offer the advantage of out-of-court enforcement so that the courts can be avoided for the time being. They therefore constitute an important sector of the economy.

The activities of collection agencies include not only the sending of dunning letters but also the following actions as early as the placement of a collection order:

- Review of the debtor's data and of the legal bases for the order at hand.
- Investigations about the debtor's personal information (internal files, external investigations).
- Various forms of interventions (in writing, over the phone and in person).
- Handling of various correspondence and measures for the settlement of contested claims.
- Even international activities and the handling of correspondence in the most important business languages for foreign claims.

If all of these activities, which themselves include many details, are performed to no avail then it is reviewed whether legal enforcement of the claim concerned can be recommended to the creditor. A review of the commercial and legal aspects is carried out for this.

If the creditor chooses to pursue legal enforcement then the collection agency normally continues to remain involved to provide its collected information during the subsequent legal enforcement as well.

Another branch is constituted by what is known as the collection of uncollectibles, meaning the continued pursuance by the collection agency of claims that are unrecoverable in court. In this situation it is often the case that instalment plan agreements can be reached with the debtor and the creditor's claim can finally be collected despite its inability to be recovered in court.

Austrian collection agencies handle at least a million orders per year, whereby the activities of the collection agencies recover 60-80% of the claims in the amount of billions out of court.

This shows the significance of collection agencies to the national economy in particular because the number of cases handled by the collection agencies enables the same number of legal proceedings to be avoided. This is an extensive relief for the otherwise overloaded Austrian courts, which is surely a considerable factor for the national economy.

The activities of collection agencies not only involve the enforcement of claims but also the clarification of these claims and the financial situations of the individual debtors. Sometimes the success of a credit institute consists solely in the fact that it identifies circumstances relating to the debtor that make it senseless to continue to pursue the claim (even in court).

Globalisation has led to most collection agencies having a good understanding of international regulations and these collection agencies also maintain contacts abroad so that an Austrian creditor does not have to wrangle with foreign statutory provisions and potential language problems, for instance. Naturally Austrian collection agencies also work in Austria for foreign clients. Collection agencies therefore also play an important role in accelerated cash flow in Europe.