

# Risk, liquidity and customer outcomes: Redefining the role of external partners



**Daniel Taylor MICM CCE**  
**CEO, CCSG Group of Companies**

For too long, many financial institutions and corporates have approached receivables and recovery through a narrow procurement lens. Requests for Proposal (RFP's) are built around commission rates, panel breadth and transactional capability. The outcome is predictable: providers compete on price, margins are compressed and the strategic value of the function is eroded.

Yet, at the same time, executive teams are asking a very different question: "how do we reduce delinquency, improve liquidity and protect customer relationships in an increasingly volatile environment?"

There is a clear disconnect. Working capital and credit risk are strategic priorities, but the way organisations procure external support remains tactical and cost-driven. This gap is now becoming a material risk.

The most progressive financial institutions have already begun to shift their thinking. They no longer view external partners purely as recovery agents. Instead, they see them as an extension of their risk, customer and resilience frameworks. This change in mindset

is delivering measurable improvements in cure rates, customer retention and loss outcomes.

The broader corporate sector is only now beginning to recognise the same opportunity.

## The hidden cost of cheap recovery

The traditional procurement model assumes that lower commission equals lower cost. In reality, this is rarely the case. A provider selected purely on price often compensates through volume-driven processes, limited engagement and lower investment in technology and training.

The result is slower resolution, lower recovery rates and poorer customer experiences. Delinquency persists longer, provisions increase and internal resources are stretched. The true cost is borne through higher write-offs, reduced liquidity and reputational exposure.

In contrast, organisations that partner with high-capability providers often see earlier resolution, improved engagement and

stronger long-term outcomes. The difference is not marginal. In many portfolios, even a small improvement in early-stage cure rates can materially impact profitability and capital allocation.

This is particularly evident in sectors such as auto finance, SME lending and commercial trade credit, where customer relationships and timing are critical.

### Early engagement is not escalation

One of the biggest misconceptions is that involving external specialists early in the customer journey signals a failure of internal capability or represents a premature escalation. In reality, the opposite is true.

Early engagement is a form of risk prevention. It provides access to specialised skills in customer communication, hardship

identification and structured resolution before accounts deteriorate. It allows institutions to stabilise customers, preserve relationships and avoid more costly downstream outcomes.

The financial services sector has demonstrated that this approach improves both commercial and regulatory outcomes. Customers are more likely to engage when conversations occur early, while institutions benefit from improved transparency, governance and defensibility.

*“A provider selected purely on price often compensates through volume-driven processes, limited engagement and lower investment in technology and training. The result is slower resolution, lower recovery rates and poorer customer experiences.”*



For corporates, the opportunity is equally compelling. Many continue to engage external providers only after internal processes have been exhausted, by which time the customer relationship may already be damaged and recovery options limited.

### Rethinking procurement through a risk lens

---

If delinquency is a risk metric rather than an operational inconvenience, procurement frameworks must evolve accordingly. Several practical shifts can help organisations move beyond price-led decision making.

#### **Focus on total portfolio performance rather than commission rates**

Evaluation criteria should include cure rates/ collection rates, speed of resolution, customer retention and the ability to identify early distress. Providers should be measured on their impact on working capital and risk, not simply their unit cost.

#### **Build earlier touchpoints into the operating model**

This may include structured referral triggers based on behavioural signals rather than ageing alone. Technology and predictive analytics now make it possible to identify risk well before traditional arrears thresholds are reached.

#### **Adopt hybrid engagement models**

Rather than replacing internal capability, external specialists should operate as an integrated extension of the organisation. Shared data, aligned governance and consistent customer experience are essential.

#### **Reward innovation and prevention**

Contracts should incentivise improved cure

rates, customer stabilisation and reduced delinquency. This encourages investment in technology, training and advanced engagement strategies.

#### **Embed compliance and customer outcomes as core selection criteria**

Regulatory scrutiny and ESG expectations continue to increase. Selecting partners with strong governance frameworks protects both brand and balance sheet.

### The role of legal and restructuring expertise

---

Another area often overlooked in procurement is the strategic role of legal and restructuring partners. Engaging legal expertise only at the point of enforcement misses a significant opportunity. Proactive legal involvement can improve documentation, support structured repayment programs and reduce disputes. It also strengthens auditability and ensures that organisations can demonstrate fair and consistent treatment of customers.

In complex portfolios, early restructuring advice can prevent insolvency, preserve enterprise value and improve recovery outcomes. This is particularly relevant in the current environment, where many businesses are experiencing temporary liquidity stress rather than fundamental insolvency.

### From recovery to resilience

---

Ultimately, the shift required is cultural. Organisations must move from viewing collections as a cost centre to recognising it as a strategic lever for resilience. This requires alignment between finance, risk, procurement and customer functions.



*“Proactive legal involvement can improve documentation, support structured repayment programs and reduce disputes.”*

It also requires executive sponsorship. When working capital performance is treated as a board-level priority, procurement frameworks naturally evolve to support long-term value rather than short-term cost savings.

The institutions leading this change are building ecosystems of internal and external capability, supported by advanced technology and strong governance. They are focusing on prevention, engagement and stabilisation rather than enforcement.

### A call to action

The question facing organisations in 2026 is not whether they can reduce collection costs. It is whether they can reduce delinquency.

Those that continue to buy recovery as a commodity will struggle to keep pace with rising risk, regulatory complexity and customer expectations. Those that embrace

a more strategic, partnership-driven model will be better positioned to protect liquidity, strengthen customer relationships and navigate uncertainty.

For credit professionals, this represents a significant opportunity to reshape the conversation. By challenging traditional procurement models and advocating for early, specialist engagement, the function can play a central role in improving financial resilience across the economy.

The future of working capital will not be defined by who collects the cheapest. It will be defined by who prevents delinquency in the first place. ◆

#### **Daniel Taylor MICM CCE**

CEO – CCSG Group of Companies

Board Member – Australian Institute of Credit Management