



## Workshop notes: Facilitating better practice to support customers in payment difficulty

### Payment difficulty framework implementation review 2022 Better practice program, July–August 2022

The Essential Services Commission facilitated a better practice program with retailers and community service organisations to help support customers under the payment difficulty framework. This program followed the commission's findings report in May 2022 on its payment difficulty framework implementation review.

The program consisted of three virtual workshops in July and August 2022, with the purpose of discussing and sharing practical actions and ideas that can be implemented by retailers to support customers under the framework. Each workshop focused on areas for improvement identified in the findings report.

Date	Workshop details
28 July 2022	Workshop 1: approaches to supporting eligible customers' access to concessions and utility relief grants
11 August 2022	Workshop 2: approaches to enhancing retailer-customer engagement
23 August 2022	Workshop 3: approaches to effectively establishing and reviewing payment plans

The format of each workshop included speakers from energy retailers and community organisations, and then break out groups for discussion. Each break out group was facilitated by a volunteer from either the energy or community sector.

This document provides notes on the discussions from each workshop, and do not necessarily represent the views of the commission.

Some key themes that emerged across the workshops are summarised in the box below.

### **Common themes across the workshops**

**Soft skills are paramount.** Show empathy and understand that it is very hard to ask for help. We heard that the number of people needing assistance is increasing, including many people who have never needed help before.

**Set up systems so people do not need to repeat their story.** Document customers' hardship or trauma on the first call so there is no need to repeat during subsequent contact.

**Build relationships.** Success starts with developing a relationship and building trust with the customer, it is not just about a payment plan or concession.

**Be proactive and tailor the approach.** Set up systems that prompt staff to seek to identify customers potentially experiencing vulnerability, reach out and offer assistance, point out that this is assistance they are entitled to and provide help with applications and/or support. Have auto-prompts to get back in touch and check details for expired information.

**Communicate regularly and through multiple channels.** Do not assume people know about the assistance available. Set up system triggers to regularly remind people to reapply or update their details.

**Troubleshoot.** Be aware of the common pitfalls that prevent successful applications for concessions and grants, step in and help (for example, different names/spellings or when people move).

**Regularly check** if their current application is eligible, lapsed, or whether a top-up is required.

**Use IT systems,** for example, notifications, triggers, checklists to create prompts for contact, reviewing support and engagement.

### **Next steps**

These notes aim to provide practical ideas and actions (as shared by participants from workshops) that could be considered for implementation by retailers and other stakeholders, to better support customers experiencing payment difficulty.

We will reach out to attendees in a few months' time to hear about what practices may have been implemented and how well they have been received by customers. This will also help us evaluate the better practice program, as we consider this type of approach in the future.

# Workshop 1: concessions and utility relief grants

Workshop 1 was held on Thursday 28 July 2022 from 10.00 am to 11.30 am via Zoom and attended by approximately 75 participants. This workshop explored approaches to supporting eligible customers' access to concessions and utility relief grants.

## Summary of discussion themes

- Be proactive and put customers at the centre
- Respond to and pre-empt validation issues for applications
- Target and personalise communication channels and techniques when contacting customers
- Staff training increases positive customer engagement
- Incentivise customer engagement (for example, debt waivers or payment matching)
- Reach out proactively to previous utility relief grant applicants
- Provide information about payment assistance and/or referrals to financial counsellors
- Participate in information and education events for consumers.

## Ideas and examples of good practice

The following notes reflect as accurately as possible the discussions had among participants during the workshop. They do not necessarily reflect the views of the commission.

### Be proactive and put customers at the centre

- **Early intervention is the ideal.** Use records of previous entitlements or anything that prompts the recognition that a customer might need help (like a payment extension, etc.).
- **Make it as easy as possible for the customer.** Put the customer at the centre and walk through the journey together. Assisting customers to complete grant applications directly has helped to greatly boost the number of returned applications. This recognises that there may be issues with literacy, digital literacy and access.
- Explain the benefits, and work together with the customer to access that benefit. Explain the benefits with customers upfront, for example: 'this will take 15 minutes, but you get these benefits...' Taking the time to work through an application with the customer is more likely to result in a grant being received. Data shows when customers are assisted with the application process, there is a 50 per cent greater chance that their application will be approved and

applied to their account, compared with just sending out the form for the customer to complete themselves.

- Once concession details have been provided, ensure the customer does not have to provide details repeatedly.
- Proactive checks help build relationships with customers.
- Online applications suit people who have the digital literacy and skills to apply themselves, so provide this as an option.
- **Do not assume that customers know they might be entitled to concessions or utility relief grants:**
  - Make sure all customers are informed about possible entitlements, not just a particular group of customers. Vulnerability can affect us all and increasing numbers of people are facing hardship, many of whom never thought they would be in this position.
  - For customers who already have an extension and/or payment plan, talk to them about accessing utility relief grant and concessions.
  - As vulnerability is getting more widespread, make sure all new customers are informed about entitlements. Use bulk/group SMSs and generic information to share the benefits. Ask ‘Do you know you are entitled to this? Please contact us if you are interested.’ or ‘This resource is available for you if you need it.’
  - Online applications are useful. Ask customers to complete them or help them if they are not digitally literate.
  - Put messaging about ‘access to concessions and utility relief grants’ on any outgoing communications about payment assistance, hardship prompts or long-term payment plans.
  - Offer concessions and utility relief grants through multiple channels: email, website, phone, my account portal. Ensure customers have access or the ability to access these channels.
  - If a customer is experiencing vulnerability and facing barriers to paying for their energy, it is useful to notify them that this type of assistance is possibly available in other sectors (for example, water).
- **Offer self-service options** to customers to check their payment assistance eligibility. This could allow customers to apply for assistance via their account on their retailer’s online portal. For some customers, empowering them to manage their accounts can be less stressful than phone calls.
- **Check whether a customer had previous concessions** as a way of confirming current concession eligibility. If the customer had previous concessions, they may still be eligible for concessions now.
- **Set up systems with auto-prompts** that let retailer staff know about the expiry of a customer’s concessions in the last 18 months and prompt them to update customer concessions’ details. Check identification, ask ‘Do you think you might be entitled to concessions?’ and update expired information.

## Respond to and pre-empt validation issues

- **Regularly check whether customers' current applications for concessions or utility relief grants are eligible**, lapsed, or if a top-up is required.
- Have information listing the common pitfalls that prevent concessions being applied, for example inconsistencies with name (for example, 'the government knows me as William, but my name is Bill.'). When dealing with low English skills, looking out for name-matching is important.
- **Validate concessions immediately** over the internet or phone using Centrelink Confirmation eServices. Means you can fix up issues like name mismatch straight away.
- Often validation issues are minor discrepancies (like postcodes or names), so crosscheck and use common sense to adjust as required.
- For **expiry issues**, introduce validation every month on concession expiry. If there is a previous expiry, the system pops up a reminder for the retailer's customer service consultant to proactively contact the customer.
- Sometimes when customers move properties, there can be data mismatches. Ensure that customers are receiving all eligibility concessions after they move home.
- If concessions do not pass validation, follow-up and correct rather than cancel entitlement. Give the customer the benefit of the doubt for very typical issues or discrepancies. Allow some leniency, update accordingly, and validate. Recognise the risk of not getting the concession and liaise with the Department of Families, Fairness and Housing to rectify these anomalies.
- It is better for customers to receive their concessions straight away if they are entitled to them. Backdating means cancelling and reissuing bills. This can become confusing and also lead to debts accruing.

## Target and personalise communication channels or techniques

- **Ask customers what their preferred mode of communication is.**
- SMSs get good engagement and success rates. For example:
  - send a customer an SMS saying we will call in the next-half hour and specify that it is about the utility relief grant. They are more likely to pick up if they know it is a 'friendly' call about a benefit they are entitled to. Some retailers have seen better engagement as a result.
  - send an SMS to the customer to let them know the status of their application/s, and/or that they need to provide certain information for their application to get it through.
- **Use personalised communications and plain English.**
- **Older people may not engage comfortably with technology** and still rely on letters and mail/post. Consider sending letters to customers above pension age.
- **Customise/personalise the contact** for each customer. Steer away from standard email and letter templates. Even adding emojis can help.

- For customers less likely to engage, you need specific engagement. Try using the word 'entitled' to **let the customer know they are 'entitled'** to something – it is a powerful word. Use it and send specific and separate communications to the customer.
- Customers going through trauma often do not read the bill beyond the dollar amount. Having information about utility relief grants and concessions may not be effective. Sending out SMSs is a terrific incentive but may be overwhelming.
- Emailing customers individually can reopen these conversations. Customers seem more comfortable reading and responding to emails in their own time. Talking on the phone can be a barrier for people to get assistance.
- Once the conversation is opened up, you can talk about entitlements. This engages the customers further and they move on to talking about capacity to pay.
- Often concessions and utility relief grants are paired together in communications. However, customers can get utility relief grants even if they are not eligible for concessions, so consider this when tailoring customer communications.

### Staff training increases positive customer engagement

- **Utility relief grant applications are about soft skills**, making sure agents inform customers and encourage them to go through the process so it is a kind experience and customers want to complete the application. For some agents there is a source of pride in having all the applications they help submit approved. This improves customer outcomes and retailer performance.
- Participants recommended training to improve empathy skills and learn how to get customers to open up that their team and frontline agents took. Once staff knew how to show empathy, they improved their engagement with customers.
- **Use positive language.**
- Focus on monitoring and coaching agents so they can support customers and resolve issues without needing to go to the Energy and Water Ombudsman of Victoria.
- Inform call centre staff about available government assistance and community services so they can advise customers. Taking on the role of broader information sharer means they are able to provide more information to customers. Incentivise customer engagement
- Debt waiver programs relieve customer anxiety and develop better long-term relationships.
- Incentivised payment plans where the retailer matches the customer's instalment have the same effect as a debt waiver, but it increases the chance the customer will engage long-term with them.

### Reach out proactively to previous utility relief grant applicants

- Generate a report that lists customers who have previously received utility relief grants and may be eligible again. This is a helpful way to re-engage customers and also provides an opportunity

to check in with customers who might need their payment arrangement refreshed or tailored assistance.

- It is important that all agents are aware of these options at different stages of support, always talking about utility relief grants even if not a concession card holder. This generates conversation from any point of reference and provides constant reminder pieces. For those customers with \$25+ overdue balance, early intervention is a main tool.
- If an outcome is pending further information, send an SMS explaining to customer they may have received a letter from the Department of Families, Fairness and Housing requesting more information and that they should contact the retailer or the department.
- Consider having dedicated resources for completing utility relief grants applications.
- One retailer has piloted putting utility relief grant information into all collections communications, upskilling frontline staff, and updating user interface systems to give retailers' customer service consultants information about when a grant is expiring. This is proactive and doing applications over the phone (rather than just sending applications to the customer) has led to a 30 per cent increase in success rates.
- One water retailer reported high customer engagement for utility relief grants. Once they do one for a small grant, they immediately book in the next catch-up. This type of support is especially helpful for culturally and linguistically diverse clients.

### **Provide information about payment assistance and/or referrals to financial counsellors**

- Add payment assistance and utility relief grants information on all customer communication.
- Send out a payment difficulty framework brochure with reminder notices.
- Customers may benefit from referrals to financial counselling outside retailer to support them manage broader hardship issues, but should not be framed as a pre-condition for retailer support.
- Customers may benefit from help from the credit team with how to apply for concessions.
- Sometimes it is a referral for assistance with a non-energy service that indicates that customers may have payment difficulty with other services, for example, water provider.

### **Participate in information and education events**

- Teach customers about energy and energy efficiency. Partner with other organisations or government roadshows, for example, 'bring your bills' days.
- For customers experiencing vulnerability, low trust, low/no access to technology and financial or English literacy may be barriers. To build trust, work with community groups and participate in grassroots activities to build that trust. Use these forums to let them know that this support is broadly available.
- Community groups reaching out to older customers can be helpful.



## Workshop 2: enhancing retailer-customer engagement

Workshop 2 was held on Thursday 11 August 2022 from 10.00 am to 11.30 am via Zoom and attended by approximately 67 participants. This workshop explored approaches to enhancing retailer-customer engagement.

### Summary of discussion themes

- Believe people when they ask for assistance
- Empower and support customers to manage their energy accounts
- Early intervention and building rapport with customers are critical to achieving positive outcomes
- Tailor support to individual customers
- Staff training increases positive customer engagement
- Customer engagement requires using different techniques and approaches
- Implement the right policies and procedures
- Target and personalise communication channels and techniques when contacting customers
- Use data and research to improve your ability to meet customers where they are

### Ideas and examples of good practice

The following notes reflect as accurately as possible the discussions among participants during the workshop. They do not necessarily reflect the views of the commission.

#### Believe people when they ask for assistance

- People can experience vulnerability at different stages in life. They may go to great lengths to avoid asking retailers for help, sometimes forgoing essentials such as food to pay bills.
- **Customers rarely lie and if they feel doubted, they will generally not approach the retailer for help again.** They may feel emotions including shame, fear and embarrassment, which create barriers to accessing support.
- **It is important to believe people** when they express their vulnerability and ask for support. Believing them and not asking for evidence is essential for building trust and increasing



engagement. It is also less traumatic for staff and customers when they are not required to tell or re-tell their stories of hardship and vulnerability.

- Increased engagement and better outcomes are possible when people can access support without needing to prove their hardship.
- Training and participation with community organisations and programs can help retailers build connections and gain insight into the circumstances of people experiencing vulnerability.
- For some clients, affordability will always be an issue given current cost of living pressures. In these cases, having payment supports in place can be really important.
- Encourage people to take up payment plans and payment matching options, which enable customers to lower their ongoing bill.
- A number of participants noted an increase in first time users of support services due to increased cost of living.

### Empower and support customers to manage their energy accounts

- **Provide customers with information to help reduce energy costs** (for example, to reduce their energy consumption). Some customers who are unable to pay also use a lot of energy and can benefit from being educated about reducing consumption and empowered to take control. Retailers have a role to play in educating customers.
- **Direct customers to different external supports**, such as **Victorian Energy Compare**, to improve their situation.
- Some customers accept payment plans beyond what they can afford so make sure what is agreed with them is realistic and will build their capacity and relationship with you.
- It is better to help customers than to pester them with collections.
- It is important to equip customers with knowledge before they reach a state of distress.
- Provide online services for payment difficulty support that are easy to find and navigate for all groups including the elderly and culturally and linguistically diverse. There should be options for different customer segments.
- Ways to close the gap between what customers can afford and their ongoing costs:
  - It is important to develop trust and then over time 'close the gap' by either getting a little more money from customers or helping them reduce their costs.
  - Pushing for more money is rarely successful. If another utility company accepts what the customer can afford, then the customer will pay them and not you.
  - Inform the customer of the outcomes of their decision for example 'if you pay \$10 per week but use \$20 per week your next bill will be even higher.' This openness is helpful but only after the customer starts to trust you.

## Early intervention and building rapport with customers are critical to achieving positive outcomes

- If retailers can build trust with customers before they need help, it is easier to help them later.
- In all communications, inform customers of what is available before they are in financial hardship so they can access support when the time comes.
- For effective early engagement and intervention, retailers must ensure contact details are up to date and customers have access to information about entitlements.
- When new customers are joining, there may be triggers that they need support. Provide intervention at the point of sale where customer give hardship indicators. However, even if they do not give early indicators, proactively offer pre-payment options to customers based on estimated future costs.
- One retailer's 'knock before you disconnect' program produced a significant improvement in outcomes and engagement.

## Tailor support to individual customers

- Tailor support based on the best option for each individual person rather than a portfolio of cases.
- More effective results are obtained when the customer says how much they can pay rather than having the retailer decide for them.
- Internal data and analytics have been used successfully to determine the next best step for the customer which may involve changing the communication channel or managing team.
- Customers can access additional assistance by referral to the One Stop One Story hub. It is a world-first, cross-sector digital platform connecting people within the community to support programs in a simple and easy way.

## Staff training increases positive customer engagement

- **Listen deeply.** Avoid asking customers to repeat their stories and who/what/why/where questions.
- Manage call flow. Do not want customers to feel rushed or like we are not listening.
- Use empathic language from the first call as this might be the only call.
- Build trust and work with the customer, not against them.
- Tick everything off on the first call and get it all done on this call. Encourage agents to offer solutions straight away without handing the customer over to someone else. This has produced positive engagement outcomes and relief for customers.
- Provide sufficient support at first point of contact based on what they share with you and avoid probing into a customer's situation.

- Treat all customers in difficulty the same way. Offer the full range of supports available from the organisation and promote other types of external supports available (for example Victoria Energy Compare).
- Customers who receive standard assistance engage with us. The issues we have are around customers who do not engage. What can we do to improve engagement and outcomes with these customers? Currently, when customers do not take our calls, customers are placed on hardship assistance with possible collection activity. This approach is not working, and we are looking to change it.
- **Community organisations can help with communication and vulnerability training for frontline staff.**
- There can be an 'us versus you' attitude between customers and energy retailers, which has been difficult to change. **We want energy retailers and customers to have a partnership.** To encourage a partnership approach, include changing the language used, for example:
  - Communicate that energy hardship is focused on forming a partnership with the customer.
  - Reframe conversations and language from 'disconnections and debt' to 'affordability and arrears'.
- Ask if customer has enough knowledge to do an energy efficiency check.

### Customer engagement requires using different techniques and approaches

- **A real barrier to connection between customers and retailers is the waiting time for support.** Retailers need to engage with customers quickly in order to build trust. It is important to avoid long phone calls.
- Have a dedicated team to manage customers experiencing vulnerability, where one staff member is managing the case and can provide all support actions. Customers receive the support they need in the first interaction without being handed off or needing to explain their situation multiple times.
- **Build relationships with community organisations** so you can find customers who may not wish to engage with retailers. Customers will go to community organisations before their retailer as they do not see retailers as a source of support and can find dealing with retailers daunting. Retailers can build relationships with community organisations to capture low-engagement customers. Community organisations have also worked with retailers to smooth the process to connect, especially for community workers helping customers get the support they need.
- Additional support for customers from retailers can include:
  - appliance replacement to give customers things that actually work, for example replacing a fridge. Sometimes it is the first new thing they have had in their lives.
  - repairing gas pipes.

- payment matching plans where retailers match customer contributions.
- Suggested approaches to deal with customers who are not engaging:
  - It is vital to engage at the right time with the right support and the right skillset. Using data to inform approach is important; this helps understand what is working and what is not.
  - Soft language is really important when communicating with customers. Customers will not engage with aggressive language.
  - Congratulate customers for being brave enough to ask for help. Sometimes need to disconnect services to get attention and start engagement. Even then people will not speak to you directly but will contact digitally or face-to-face.
  - Advise them of the payment difficulty framework via email with a read receipt. This strategy has produced high engagement.
- Analysis of statistics shows that people will reach out to banks first.

### Implement the right policies and procedures

- Participants noted that they had the following policies in place, or has the following suggestions about policies:
  - Ensure that support is provided to customers without requiring proof of payment difficulty.
  - All customers who are late have access to the same range of support. A customer that is one day late has access to the same support as a customer that is 1000 days late.
  - Offer payment matching and highlight this when creating payment plans with customers.
- Further consider current regulations, policies and programs:
  - Consider further opportunities for the way utility relief grants are allocated, or to streamline processes for utility relief grant and concession applications.
  - Minimise scripts for customers experiencing vulnerability, which has been seen by some retailers as a requirement to comply with regulations. These long scripts are a barrier for some customers.
  - Retailers need flexibility to tailor their support for customers with different circumstances.
- Customer feedback frameworks are important for times when we get it wrong.

### Target and personalise communication channels and techniques when contacting customers

- **Use a non-threatening approach to in-person visits and provide advance notice through multiple communication channels.** It is important to focus on the approach to engagement and improving the quality of interactions.

- Messages should be positive and not overly focused on debt collection. They should include personalised language, show empathy and aim to build a connection.
- Use a friendly approach. Cut out corporate language. Let customers know what they are entitled to. There has been a better response with improved letter writing.
- Understand the core needs of each person. Focus on empathy.
- Key elements of contact in engagement with customers are building trust, targeting affordability and making sure communication is respectful.
- **Do not rush the customer, instead take the time to have a conversation.**
- It is important to provide multiple engagement channels for customers and allow them to engage through their channel of choice.
- Provide an easy read guide to understand bills and notices for customers with poor literacy.
- Using interpreters and multilingual staff to make initial contact builds trust. Using SMS then calling has great success.
- Changing wording of letters (copied UK version) increased engagement by 40 per cent.
- **Provide access to payment support information in all communications to customers.** Website links are provided in SMS, attachments are included in emails and an additional page is included in letters.
- One retailer is developing a digital platform for self-service as it has recognised that some customers are uncomfortable or have difficulty speaking on the phone. It launched a COVID-19 support service and found that 90 per cent of customers engaged through the digital channel while only 10 per cent made contact via their call centre.
- Use proactive SMS:
  - Text customers prior to contacting them directly, which enables them to prepare for the call and gather necessary information. Send the customer a text a few days in advance of the engagement and another text on the day with a specific time. This works well particularly with family violence customers.
  - Send proactive and contextual SMSs (not spam) with information that customers can benefit from. This approach avoids spam calls and alerts customers that they will be rung by the energy company.
  - One retailer noted that the roll out of proactive SMSs produced a 20 to 25 per cent increase in contact rate for those most vulnerable. It is also used to motivate customers to reach out in the lead up to disconnection (as a last resort). This has driven strong engagement.
  - After learning from the experiences of other retailers, one retailer started sending messages to customers prior to calling them back. Daily response rate from customers increased from one per cent to four per cent after implementing this strategy.
- Make communications uplifting.
- Provide information about all available support services in Victoria on website and include QR codes on bills to access services.

- Regularly update contact centre scripting to ensure it remains accurate and easy to understand.
- A retailer reported that they experienced positive outcomes by advising customers that the retailer was available to provide support. During the Covid-19 pandemic, people with no income and who were unable to pay anything contacted this retailer. In the short-term, the retailer educated these customers to reduce their energy consumption. The customers resumed paying once their circumstances improved.
- Need to unpack ways to connect different customer demographics and circumstances and understand how to turn the 'no contact' mindset around in a person who has endured bad past experiences. Ideas shared include:
  - There is no silver bullet.
  - A negative experience may have occurred with a different business.
  - Need a strongly empathetic approach.
  - Listen really closely for signals.
  - Acknowledge the difficulty front line staff can experience connecting with the team who have the delegation to accept the affordable payment plans or debt waiver (once detected).
  - Barriers to good engagement are the need to repeat lengthy stories already told, time to repeat the process when they have kids and other factors that need their attention. Systems can play a big role in this.
  - Explore how to replicate the empathetic conversation in writing. Community partners can assist with this.
  - Hold an energy efficiency advice seminar with financial assistance incentive.
- Android phones list some numbers as spam if reported. Report to Android that it is actually a financial assistance number and listed as such (brand new).
- Having contact centre scripts and tailored letters for customers has increased the response rate.
- Issues with readability online. Can use an application with screen readers but then content changes and it does not work.

### **Use data and research to improve your ability to meet customers where they are**

- Explore which technology will work best such as SMS prompts or App prompts.
- Data-led insights are important as they help retailers understand what not to do and what to do more of. Can use trends and data insights to inform approach both pre- and post-interaction.
- Retailers can learn from previous experiences by making records of the work they have completed and the outcomes it produced.
- Other observations shared included:

- One organisation engaged with 130 participants with lived experiences of hardship to gain first-hand insights into vulnerability. The experiences and stories helped inform development of its consumer vulnerability policy and improved protections for family violence survivors.
- Customers tend to have larger electricity debts than gas or water.
- Mental health issues can be a barrier to contact.
- COVID-19 pandemic arguably drove some disengagement because of the pause on disconnections.



## Workshop 3: effective payment plans

Workshop 3 was held on Thursday 23 August 2022 from 10.00 am to 11.30 am via Zoom and attended by approximately 55 participants. This workshop explored approaches to effectively establishing and reviewing payment plans.

### Summary of discussion themes

- Be proactive and identify customers who may need assistance.
- Create sustainable payment plans that are aligned with what the customer can afford.
- Understand a customer's experiences when setting up a payment plan.
- Actively monitor and make regular efforts to keep in touch with the customer if assistance is not working.
- Point out to the customer the possible effect of different payment amounts, such as leading to the accrual of more debt or effectively helping to reduce their debt.
- When a customer sets their own amount or frequency of payment, they are more likely to adhere to the payment arrangement.
- Train agents to be able to recognise vulnerability and to have the skills to work with customers from diverse backgrounds.
- Educate customers about their energy use and how they can reduce costs through more efficient use.
- Use systems, for example notifications, triggers, checklists to create prompts for contact and engagement.

### Ideas and examples of good practice

The following notes reflect the discussions had by participants during the workshop as accurately as possible. They do not necessarily reflect the views of the commission.

#### Be proactive and identify customers who may need assistance

- Keep an eye on customers who have been managing until now but may have become vulnerable. With the rising costs of living, there has been an increase in customers experiencing payment difficulty.

- Start by asking probing questions aimed at understanding if a customer is experiencing vulnerability or payment difficulty. Notice possible signs, and call to see if support may help regardless of state of account, for example, customer is using a payday lender.
- When assisting a customer who has had extensive arrears on a previous account, be proactive with the customer by setting up:
  - a new account to get them straight onto payment plan.
  - regular reviews every three to five months.
- Be proactive both at the point where arrears are identified and at earlier points — for example, letting them know at sign-up who to contact should they ever experience difficulty. It is important to make regular efforts to engage with customers and provide any assistance that is available.

### Effective payment plans can be supported by maintaining customer engagement

- Focus on the first call. If genuine assistance is offered during the first point of contact, you are more likely to get continued engagement.
- When talking to customers, understand trigger points. What is beneath the surface — pick up on the subtle cues. All this lends to ongoing engagement.
- At the time of reviewing a customer's payment plan, it is likely that customers are more comfortable to engage.
- **Keep conversations positive.** Do not focus on the debt/negative things.
  - In conversations with the customer, frame it as 'what can we offer you' in terms of the range of support options available, including concessions, assistance measures and utility relief grants, government grants, incentives and other methods to assist customers.
- **Use a variety of communications** – SMS, email, phone. When customers are not engaging, follow-up and use a range of communication channels.
  - Telephone calls can be a challenging method. For some customers, calling back through the call centre can be a barrier and so leaving a message to call back is not so effective.
  - Text messages identifying the call seem to be well received and can be seen as a more friendly bridge for contact.
  - Field visits — leave a letter in the mailbox that is not intimidating and says we want to engage with you and help you.
  - Use personalised communication to tailor the payment plan and encourage customers to engage with agents to discuss a payment plan.

## Aim to set up affordable payment plans

- **Aim to setup payment plans that are aligned with what the customer can afford:**
  - Ensure concessions and utility relief grants are discussed before payment plans are set up. Complaints about unaffordable payment plans often turn out to be because payment plans were calculated before concession or utility relief grants are considered.
  - Build trust and understanding between retailer and customer. Allow the customer to set the terms and amount of their payment plan and confirm that is what they can afford (without necessarily asking about other expenses in their life). When a customer sets their own payment amount and/or frequency, they are more likely to adhere to the payment arrangement.
  - One retailer uses an affordability checklist where, if a customer suggests a payment amount, the agent uses the checklist to establish if plans are affordable. The aim is to check whether the customer should be paying less (rather than setting up an unaffordable plan that will get cancelled).
  - Ensure that customers are aware of exactly what they are agreeing to, so their bank account does not get overdrawn and everything becomes worse.
- One retailer shared that it has a measure in agent performance scores called ‘fulfillment rate’. This refers to the number of payment plans that are actually completed. It makes agents accountable for creating sustainable payment plans and monitors their success in resolving issues.
- Consider offering a three-month payment plan as a minimum, with the opportunity to review after that to see if arrangement needs to be changed (more support if customer is in further trouble or higher payments if customer situation has improved).
- One retailer is launching a tool on their website where customers can design their own payment plan. The retailer is exploring ways to ensure customers are aware of their entitlements and monitoring the tool to see if there is increased engagement.
- Work on closing the gap between the customer’s ongoing bill cost and what they can pay. Focus on energy usage rather than trying to get a customer to pay more. Customers on fixed incomes will not ever be able to increase their capacity to pay, so focus on energy use to lower the ongoing cost of energy. One retailer has a portal where customers can see their energy usage. They demonstrate this tool to customers and show they can influence their costs.
- Most customers prefer a payment plan that aligns with their pay or benefit cycle (for example, fortnightly). Combining this with bill smoothing can add more impact.
- Consider setting up payment plans when a new customer joins a retailer rather than when they reach arrears so that the customer can avoid having a debt-based plan.

## Understand a customer's experiences when setting up a payment plan

- If a customer is in arrears, there are usually several other life circumstances happening at the same time. It can be a scary situation going through debt and telling your retailer.
  - Treat all customers as if they want to pay their energy debt down, even if their circumstances or capacity might not allow them (positive framing from staff).
  - Recognise that sometimes there are debts that cannot be closed or reduced due to factors outside of the customer's control, such as housing stock, appliances, other tenants, etc.
  - Sometimes it is just not feasible to reduce energy usage to levels that match payment. Try to work with customers to get the best possible outcome.
- Recognise that people can be incredibly stressed (particularly if they are engaging with the retailer about payment assistance). Dealing with an operator on a call who may not be sympathetic to the concerns, is incredibly stressful.
- Research has found a high percentage of customers do not know their usage levels and therefore cannot make informed decisions on their ability to repay.
  - For existing customers, review the customer's prior energy usage history to map out future use and set payment plans.
- Customers often have difficulty with financial literacy. Research found that a high percentage of customers do not know their financial capacity, this makes it difficult to set up something effective.
  - **Educate customers on how their debt will change over time with a certain payment plan.** Focus on making sure debt is not increasing first, then work to pay down. Aim to get out of arrears. Show the customers how long it will take for them to pay their debt off with different amounts or how the debt will increase so they do not get a shock after six or 12 months. Also look at reducing past debt through other methods.
  - Having a conversation with customers about accessing financial advice is an effective way of shifting the conversation.
- One retailer noted that there are customers who incurred debt during the coronavirus pandemic, who are struggling and may never be able to catch-up. The retailer worked with people with reasonable outstanding amounts and made payment arrangements with great success.

## Early detection of underpayments in payment plans is vital for avoiding negative outcomes

- Use a proactive approach to see if plans need reassessment before it gets too dire.
- Most retailers conducted reviews after three-to-six months:

- One retailer advocated for a longer gap between reviews, particularly for people on fixed incomes where their circumstances are not changing much. It also suggested implementing a case-by-case approach to setting review periods and noted that review periods associated with text messages and phone contacts may lead to customer stress.
- Another retailer contacts a customer at around the five-month mark (for customers who can pay for their usage). This allows the customer to receive one bill on the payment plan. On this call, they determine potential risk for customer and support they need, and this informs the payment plan length. Depending on length, the system will send a trigger two months before the plan is set to end, which reminds them to engage with the customer before the plan ends.
- Tailor review periods to the customer's circumstances. If customer says, 'I'm in last stages of looking for a job and might have one in a month', then set-up a reminder to call in one-and-a-half months to see if they can increase their payments. No hard and fast rule. Think it is about regular touchpoints.
- Generate a notification if the customer misses two instalments. If the standard payment cycle is monthly, offer options of weekly or fortnightly. If people are having trouble paying, show them how to monitor their usage.
- One retailer recently introduced usage monitoring. If there is more than an 11 per cent change in usage in a billing period, an outbound call to the customer will be triggered. Retailer can check customer's circumstances and adjust the payment plan, if required.
- Quarterly billing: every time a new bill is generated, assess if the payment arrangement is in line with customer's current usage and send them additional communications about this.
- One retailer is piloting an approach with a subset of customers who have a direct case manager. The case manager checks the account at each payment frequency, for example, monthly or weekly. If anything changes (for example, Centrepay amount dropped or a missed payment) they will follow up with the customer. This approach is proving quite successful, better than an overdue letter or reminder or automated call. When customers have a particular case manager and trust has been built, they are highly responsive with 68 per cent of calls answered. Customers are provided with the direct overall number and extension ID. This retailer is also using data analytics to alert for changes such as payment method.

### **The importance of soft skills and staff training for customer engagement**

- It is important to treat people with respect. Take the customer experience at face value, believe what they say, and this will help build trust.
- Train your agents to be able to recognise customers experiencing vulnerability:
  - Customers might face particular difficult circumstances, such as losing their job. Having staff from diverse backgrounds with the right training can help retailers understand customer

circumstances, for example, having people trained to work with people experiencing family violence or from diverse backgrounds.

- Soft skills can make a big difference with engagement. Retailers' soft skills have improved. Tone of voice is critical.
- Reassure customers that the retailers can help can make a difference.
  - A key focus should be on what is available to customers, for example, rates, grants, etc.
  - Ensure that all operators are familiar with what support is available from the retailer to the customer.
- Customers can be better off when they are not transferred to other staff.
  - One retailer shared that when credit/hardship staff struggle to engage with a customer they utilise sales staff as well. They see that other calls or emails are ignored but the sales agent is able to get through because sometimes sales staff have already established a good relationship with the customer.
- One retailer said it was more effective to be more human and empathetic up front, with firmness increasing over the following four or five contacts.
- Adjust the conversation as required, for example, the coronavirus pandemic put a lot of people who had never previously struggled into debt and needing payment plans.
- Acknowledge that most customers do not want to provide details of their financial situation. Collaborate with financial counsellors or a support person who they are willing to open-up to and trust.
- Empower the customer to set a small amount, even if it does not include ongoing usage. People in vulnerable circumstances have a lot going on and feel disempowered. Hopefully, with time, they will be able to pay higher instalments.
- When a customer provides reasons why they cannot make payments, the retailer has an obligation to accept that.

### Utilise external supports when working with customers

- Work closely and collaborate with financial counsellors:
  - Retailers can help with information on energy use and ways to reduce the debt on the account and financial counsellors can provide a trusted bridge with the customer.
  - But note that financial counsellors can be underfunded and understaffed, and it may take a few weeks to get an appointment.
  - Be mindful there is a risk of customer disengagement due to customer feelings of shame.
- Use community groups to educate staff and get feedback:

- Note the work done by the Sydney Alliance and Energy Consumers Association. This program worked with communities using a train-the-trainer model, to help train agents to provide advice to customers. Another round of training will also be run.
- Be aware of other financial initiatives relevant in your area, and informing the customer about grants for other utilities, such as water.

### Other ways for retailers to assist customers

- Bill cycles are a useful tool. Customers could be placed on a default billing cycle when they sign up, which is monthly and dictated by smart meter.
- Re-price to assist customers who may previously have been able to afford their energy but are now struggling to keep up.
- Send notifications of good times to use energy.
- Help customers manage their overall budget. For example, there are online user-friendly budgeting tools.
- Provide payment matching incentives:
  - Payment matching and debt waiver relieve the stress and create a sense of practical support so that people feel their efforts are acknowledged. It also can be used to incentivise stronger engagement.
  - One retailer used to do payment matching after 10 payments. They now do this for every payment so that people can see payment matching each week.
- During natural disasters, one retailer used messages to help customers navigate assistance they needed.
- Bill smoothing options: paying regular amounts in advance of bills empowers customers and often results in achieving credit. Means that bills are consistent amounts, which is helpful.
- Provide energy-saving advice:
  - Review ongoing usage and seasonal patterns. Lots of data available to agents to help customers understand their usage sources and opportunities to reduce it.
  - Heating and cooling devices are usually the main energy users. The message to customers is not 'don't use heating and cooling', it is educating them on the cost of just 1°C more on the thermostat.
  - Let the customer know that there are inexpensive things you can buy (for example, door snakes, heat packs) that can make a big difference.
  - Collaborate with community support groups to identify new energy saving technologies and devices to send out to customers to complement support services.
  - Consider energy-efficiency options, like what might be offered under the Victorian Energy Upgrades, such as energy-monitoring products and tools.



- Encourage customers to monitor their energy use via their smart meters and see the impact of their changed behaviours. Help them assess what tools are available to understand what they are using and behaviours they can change (for example, timing laundry, cleaning AC filters).