



How smart councils use digital payment plans to proactively manage arrears

Best Practice Guide

Introduction

Managing payment plans effectively and proactively preventing arrears are crucial. This guide, based on insights from Payble's recent webinar with City of Greater Dandenong, outlines best practices for councils to enhance their payment management strategies.

Prevention is Better than a Cure

Understanding the Changing Landscape

Recent legislative changes (particularly in Victoria) highlight the need for proactive measures in managing arrears. Councils should anticipate similar reforms nationally, driven by rising household budget stress and the need for local governments to manage debt responsibly.

The Impact of Poor Payment Plan Management on Councils



Financial Costs
Average arrears amount to about 7% of rates, leading to significant collection costs.



Staff Time
Manual processes for creating and managing payment plans consume valuable staff time.



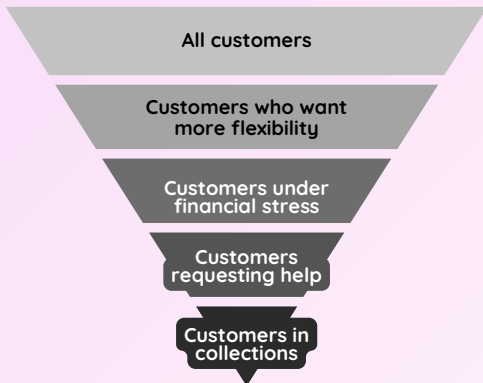
Increased Risk
Mismanagement and uncertainty about customer accounts expose councils to risks.



Interest Costs
Delayed payments result in lost interest, affecting council revenues.

The Payment Experience Pyramid

Best practice means minimising the number of customers who progress down the pyramid.



Focus questions for your council:

- Are you being responsive to changing customer needs around flexibility?
- How much manual work is involved for your team and customer?
- How do you feel about your current support and payment plan processes?

Your customers now expect...

Customers shape their expectations of customer experience based on what they see in the marketplace, such as when they shop online or pay other bills.



Frictionless digital payments, no paper forms



Customer-first flexibility their own payment schedule



Set and forget payments - like Spotify and Netflix



Alerts and reminders in the palm of their hand

The best councils are already responding:



Introduce flexible payments for the whole community



Set and forget automated payments



SMS payment reminders



Enabling direct debit payments from credit or debit cards

5






Enabling pay in 5 steps via scan to pay, rates notice or online

Best Practices for Prevention

- **Proactive Engagement:** Regularly communicate with ratepayers to inform them about payment options and support available.
- **Flexible Payment Options:** Offer payment schedules aligned with ratepayers' income patterns, such as fortnightly or monthly payments.
- **Early Intervention:** Identify at-risk ratepayers early and offer support before they fall into arrears.
- **Community Education:** Raise awareness about the availability of financial support programs and how to access them without feeling judged.
- **Utilising Technology:** Implement digital solutions to streamline payment processes, reducing the burden on staff and making it easier for ratepayers to manage their payments.

Best Practices: Payment Plan Design and Management

Goal: Implement strategies that balance the goals of council to collect revenue compared with ensuring an easy and supportive customer experience for ratepayers

 <p>Should we aim for a 100% self-service system? Enabling self-service and redirection of customers to web-based options in the CX centre</p>	 <p>Should we prioritise collecting an upfront sum from each ratepayer? Paying in installments is now popularised by Buy Now Pay Later platforms</p>
 <p>Are we offering a range of payment options to service the payment plan?</p>	 <p>Should the customer have freedom to select an amount to repay? Or do we support this with auto-calculation & automatically applying an amount to future payments</p>
	 <p>What are best practices around communication? SMS and email updates can be sufficient replacements for manual letters</p>

Key Considerations for Payment Plans



Customer-Centric Approach

Design payment plans that meet the evolving needs of ratepayers, providing flexibility and ease of use.



Automation and Technology

Leverage technology to automate payment schedules and notifications, reducing manual workload and errors.



Regular Review and Feedback

Continuously monitor and refine payment plans based on feedback and performance data.

Effective Payment Plan Strategies

- **Flexible Scheduling:** Allow ratepayers to choose payment dates that align with their income schedules, improving compliance and reducing missed payments.
- **Clear Communication:** Maintain transparent communication about payment obligations, due dates, and support options.
- **Supportive Measures:** Provide access for ratepayers to contact council if further support is needed but in a way that does not overwhelm the internal team with manual requests

Case Study: City of Greater Dandenong

Greater Dandenong's transition from manual to digital payment arrangements showcases the benefits of proactive management and technology integration. By adopting flexible payment options and engaging with their community, they have significantly reduced arrears and improved overall payment compliance.



Across 2023-2024, Payble tracked all customers in arrears. Those with a payment plan facilitated by Payble completed their plan on schedule 85% of the time, with 85% paying off all arrears and their new rates notice by the due date. In contrast, other councils typically see only 50 to 60% of customers achieving this.



Conclusion

By adopting these best practices, Australian local government councils can better manage payment plans and reduce arrears. Proactive engagement, flexible payment options, and the use of technology are key strategies for achieving financial stability and supporting their communities effectively.



Learn more about Payble's solution for digital payment plan creation and management

With Payble, 85% of arrears payment plans are successfully paid in 12 months, compared with 50-60% (the industry average)

With features like:

- Flexible payment plans
- Auto-reconciliation with your ERP (TechOne, Clvica, Infor Pathway)
- Smoothing of overdue amounts into future payments
- Ability for customers to submit installment proposals to council
- Manual plan creation for those who need a custom arrangement

Click here or email elliott@payble.com.au to learn more

[Learn more](#)

