The Differences Between **Outbound IVR and Conversational Voice AI for Debt Collections**

When one hears about call automation for debt recovery, two technologies typically come to mind: telephony systems (call center platforms like Genesys, RingCentral, 8×8, and Five9) and IVR (interactive voice response). While telephony platforms are still crucial, in recent years, IVR systems have become outdated; voice automation has significantly evolved with the emergence of conversational Voice AI, which is a more sophisticated technology. Let's unpack the main differences between IVR and Voice AI. Learn the main differences between IVR and Voice AI.

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What Is IVR?

Interactive Voice Response is a technology that allows a pre-recorded voice to interact with humans, primarily by inputting DTMF tones from the phone keyboard.

The pre-recorded voice typically greets the user and offers a variety of options. For example, a common option in customer service is: "For hours of operation, press 1." Options may include account information, making a payment, or speaking with a representative. IVR is built as a tree that the user navigates through DTMF inputs.

Single-level IVR	Multi-level IVR
The most simple form of IVR allows users to add a single layer to the call flows. The single-level IVR is ideal for simple use cases, in which one input is enough to connect the user with an agent or trigger an informational message.	When a single-layer IVR offers too many options, it can get complicated, negatively impacting the user experience. A multi-level IVR is an IVR within an IVR. Once the user selects an option, the IVR offers additional, specific options; it is built like a tree. Using multiple layers of IVR in the call flow helps streamline the process.

The Challenges of IVR:

IVR systems can be tricky. If they are not designed well, they are likely to frustrate the users and result in call drops. Additionally, if the IVR transfers the user to a live agent and the wait time is too long, it can be damaging to the business. IVR is notoriously difficult to navigate especially when a business has many products and services or targets different sets of consumers.

Voice-enabled IVR:

To improve self-service, many IVR providers have turned to voice-enabled IVR, which allows callers to provide voice input when engaging with the system. Based on keyword matching, the callers are redirected to the correct node. While this feature was designed to improve containment, callers often end up using it to reach a live agent, as they do not know the exact keywords needed for each query.

Outbound IVR

An IVR system can also be used for outbound calls, namely for consumer outreach, data collection, and — in our case — debt collection calls. In the ARM industry, its usage is limited to reminders due to its mainly unidirectional nature.

Below are a few limitations of an outbound IVR:

1   **Unidirectional Communication:** Outbound IVRs are limited to unidirectional communication and have a rather restrictive DTMF (keypad-based) feedback mechanism.

2   **Low Engagement:** Outbound IVRs have extremely low engagement rates due to their non-conversational communication style.

3   **Right-party contact:** Outbound IVRs are incapable of capturing conversational inputs and running verifications for right-party communication. Inadvertently sharing debt-related information with the wrong contact is a breach of privacy and debt collection regulations.

4   **Lack of ability to capture important dispositions:** Outbound IVRs can't capture meaningful dispositions and debtor behaviors that can be used downstream, such as:

- Promise-to-pay, expected payment date, and payment method
- Refusal to pay and reason
- Debt dispute and reason
- Willingness to pay partially and offer of payment arrangement
- Ability to capture call-back dates and times for busy customers

5   **Lack of insights for segmentation:** Inability to segment the pool of consumers based on disposition to help the collection agency make strategic decisions.

6   **Inability to contact consumers at their preferred time:** Since the IVR cannot capture the consumers' availability, it cannot call them back at their preferred time or arrange a call-back from a live agent.

7   **Payment assistance and goal completion:** Robocallers cannot help or guide the willing consumer to make the payment on-call.

8   **Live agent dependence:** For a large segment of calls, a live agent is needed to complete the task.

9   **Compliance adherence:** Since every call campaign is triggered manually, compliance is in the hands of the operator handling the campaign.

10   **Customer experience:** IVRs are impersonal and typically fail at ensuring a satisfactory CX.

Voice AI (or Voicebots)

Commonly known as a voicebot, Voice AI enables companies to handle calls with customers from start to finish without requiring the involvement of a human agent. In recent years, Voice AI SaaS platforms have become more affordable and easier to deploy. AI-enabled Digital Voice Agents are capable of handling intelligent conversations with users. The technology not only understands what the user says but also the semantics of the conversation.

Automating Collection Calls: A large part of the expenses of a debt collection agency involves the collectors' salaries. Even then, collectors are often unable to cover all of the agency's accounts. With Voice AI, collection agencies can automate collection calls, with the Digital Voice Agent engaging with consumers and recovering payments on-call, covering up to 70% of call volumes.

The Difference with Voice Assistants: Think Siri or Alexa—but for collections. However, while voice assistants can only handle one or two turns of conversation, a Digital Voice Agent is designed to address issues that require many more turns of conversation. Just like humans need to gather the context before they can solve a problem, a Digital Voice Agent might ask multiple questions before offering a resolution.

Outbound IVR vs. Voice AI (Digital Voice Agent)

ISSUE	OUTBOUND IVR	VOICE AI (DIGITAL VOICE AGENT)	IMPACT
Human-like, complex conversations	Largely unidirectional communication	2-way conversation	Unparalleled customer experience and positive collection outcomes
Nature of communication	Keypad-based inputs (DTMF)	Voice conversation	Better engagement, ability to capture data points and complete task
Engagement rate	Low	High	A Digital Voice Agent can hold a human-like conversation, answer questions, and take answers
Ability to capture payment disposition	Minimal (limited to numbers)	Very high	A Digital Voice Agent can capture consumers' inclination to pay or the reason for their inability to pay
Right-party contact (RPC) identification	Minimal	Every single call	DTMF inputs are not user-friendly for self-identification
Insights from calls	None: limited to payment reminder	Rich insights	A Digital Voice Agent can segment the customers based on their propensity to pay and can resolve cases end-to-end

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