

TELECOM BILLING - CREDIT CONTROL

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All the operators provide their services and collect revenue from the end customers to survive in the business. There may be two possible ways to charge an end customer:

- **In-Advance:** An operator charges the customers in advance before providing the service. This leads to less customer satisfaction but operator is more secure from revenue point of view.
- **In-Arrears:** An operator pushes himself on risk and charges the customer at end of every month after providing required services. This leads to more customer satisfaction but operator is on a risk of collecting less revenue.

There is always a threshold up to what an operator can tolerate revenue loss associated with a particular customer; same time, there is a threshold of risk an operator can take with a particular customer.

For example, if a customer's income is 10,000/month, then operator can provide him their services very easily upto 1000 - 2000 but for the same operator it would be difficult to provide him a service, which would cost almost 10,000/month because in such situation, it would be difficult for the customer to make monthly payment.

Keeping the same concept, operators define different credit classes, which they use to classify their customers and associate different credit and collection actions.

Credit Classes:

The credit class defines a category of the customer and associated risk of revenue can be taken with that customer. A credit class also defines which collections schedule is to be applied to the customer, should its owner fail to make the *undisputed* payments that are due.

All the Billing Systems provide facility to define various credit classes, which can be assigned to different customers at the time of adding them into the system. Following are few examples of credit classes:

- **VIP Credit Class:** This can be assigned to VIP customers and would have very high value of credit limit.
- **General Public Class:** This is the most common credit class and would have almost 100 or 200 credit limit.
- **Segment Specific Class:** These classes can be defined based on different segments like police, military or bank officers, etc. Operator can define credit limit based on their comfort.

There could be infinite number of credit classes defined based on the requirements and category of the customers.

Credit Control:

There are mainly two stages where credit can be controlled for a particular type of customer category:

- **Un-billed Usage Based:** This is rating time control which is done by the Rating Processes. Here, customer's usage and total charges are checked against the assigned credit limit, and if customer starts approaching towards the assigned credit limit, customer is informed about the same and after breaching the credit limit an appropriate action can be taken.

There are operators, who would like to bar *i. e.*, temporarily stop the services if customer is breaching the credit limit and they would be unbarred once the payment is done.

For example: Customer having a credit limit of \$200 will be informed on 80% of usage by a mean of SMS, on reaching threshold of 90% might be informed by mean of a reminder call, etc., and when 100% credit limit has been reached, then outgoing might be barred.

To control the credit, operators like to bar only outgoing calls in case of Voice and SMS usage, but in case of data download, customer would not be able to perform any data download.

- **Billed Usage Based:** This is usually done after sending the invoices and more related to revenue collection process, which we would discuss in next chapter.

To control the credit at rating time, it is important to keep rating as real time as possible. If usage is not being captured in real time and it is being rated after a long gap, then there is a possibility that customers would have crossed their credit limit and legally customer may not be able to pay the amount beyond their assigned credit limits, but this varies from country to country and operator to operator.

Deposits:

There are billing systems, which support deposits to be held against accounts. Deposits are held alongside the account balance and cash can be transferred between the two.

There could be different level of deposits to provide different kinds of services, which can be maintained against an account.

Deposits help operators to cover their revenue in case customer is not able to make their payments.

What is Next?

Hope you have some idea on how to control credit given to the different classes of customers. Still there would be various customers, who would not pay on time even after giving them a credit within their capacity. There are various customers, who do not pay at all after using the services.

Next chapter will explain how revenue we define different revenue collection processes and schedules to collect the revenue for the services provided.

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