

Dunning, on the one hand, stands for the procedure of collecting outstanding receivables, and on the other hand, for a part of a company's receivables management unit.

A bank uses dunning procedures to collect overdue amounts its customers owe to the bank. Specific use cases include, for example, outstanding loan instalments or overdue current accounts used for securities trading.

As soon as an overdraft is present, it is an open claim that can be subject to dunning. However, a dunning procedure is usually not initiated immediately. First, after a short grace period, customers are sent a friendly payment reminder. The reminder is usually worded kindly and contains a new payment term. If the new payment term also elapses, the next step is to proceed with an out-of-court dunning procedure. Although a single reminder is sufficient by (German) law to initiate legal proceedings, the out-of-court dunning process usually follows a three-step procedure. If the overdraft is not settled in the meantime, a threat of termination will be issued, and finally the respective customer's collateral will be liquidated and/or the deal terminated.

The application provides banks with a fully automated dunning system for loans and current account overdraft facilities, including:

- an automatic [dunning workflow](#) based on an individual definition of dunning levels and a set of rules for setting and changing dunning levels
- the possibility to manually overwrite dunning levels for individual deals
- generating and printing any dunning document
- changing dunning levels using qualitative and/or quantitative criteria (e.g. minimum dunning amount or number of days past due / overdraft days)
- flexible recording of business events that affect the dunning workflow (e.g. [manual dunning stop](#) or [forbearance measures](#) such as [suspensions](#), [deferrals](#), [interest rate reductions](#), [repayment agreements](#), etc.)