

# Code for collection of Dues and Repossession of Security

Date: June 24, 2017.  
Version: 1



## Table of Content

1. Introduction.....	2
2. Objectives.....	2
3. Policy on Collection Dues and Repossession of Security .....	3
4. General Guidelines .....	3
5. Code of Conduct.....	4

## 1. Introduction

The debt collection policy of the bank is built around dignity and respect to customers. Bank will not follow policies that are unduly coercive in collection of dues. The policy is built on courtesy, fair treatment and persuasion. The bank believes in following fair practices with regard to collection of dues and repossession of security and thereby fostering customer confidence and long-term relationship.

## 2. Objectives

Collection strategy shall ensure that the above objectives are accomplished without disrupting the service quality standards and conform to all legal, regulatory and internal policy requirements.

1. The collection process will be a mix between in-house calling by affiliate officers and field visitations by collection officers/Managers and external agency employees (in future). The stage of delinquency and the amount at risk will largely determine the specific collection strategy.
2. Collection Officer/Manager will designate specific officers of the unit for carrying out various responsibilities documented in this manual. These officers will be referred to as Collection Officers in the relevant sections of this manual/policy.
3. Delinquent accounts assignment to in-house & external collectors will be decided by the Collection Managers/Head and will be as per detailed guidelines contained in relevant parts of this manual/policy.
4. Collection cycle, for each month, in terms of key event dates, will be circulated at the beginning of each month. This will be monitored for compliance by the Collection Manager & reasons for any exceptions will be documented.
5. Specific account: Assignment logic will be done based on strategy considering area, coverage etc.
6. In-house collectors (both field/ Tele-callers) can refer accounts for visitation on a case by case basis through the supervisor. Cases may be referred for field follow-up for the following reasons.
  - To establish contact in a no-contact case
  - To accelerate / intensify follow-up etc.
  - To follow up on a Promise to Pay or Broken Promise
7. For certain defaulting accounts, if other collection efforts are not successful or not advisable, due to sensitivities of relationship or adverse publicity, the Collection Manager will consider initiating legal action as per guidelines contained in relevant parts of this manual.

8. All external agencies (in future) will carry out collection follow-ups based on Status Cards which provide customer details such as Address, Account Status, amount due, etc. and the follow up details will be uploaded on system either by the agency / or the file can be sent to concerned collection manager for necessary upload on system.
9. Collection units will track capacity requirements on a regular basis as per guidelines in relevant section.

### **3. Policy on Collection Dues and Repossession of Security**

1. The repayment schedule for any loan sanctioned by the Bank is fixed taking into account paying capacity and cash flow pattern of the borrower.
2. Bank explains to the customer upfront the method of calculation of interest and how the Equated Monthly Instalments (EMI) or any other mode of repayment will be appropriated against interest, other charges and principal due from the customers. Repayment could also be by equated quarterly instalments or at fixed instalments of varying periodicity, interest being repaid separately or bullet repayments as per the terms of the facility.
3. Bank would expect the customers to adhere to the repayment schedule agreed to and approach the Bank for assistance and guidance in case of genuine difficulty in meeting repayment obligations.
4. Bank's Security Repossession Policy aims at recovery of dues in the event of default and is not aimed at whimsical deprivation of the property.
5. The policy recognizes fairness and transparency in repossession, valuation and realization of security.
6. All the practices adopted by the Bank for follow up and recovery of dues and repossession of security will be in consonance with the laws of land / practices and procedures of Banking Industry

### **4. General Guidelines**

All the members of the staff or any person authorized to represent our bank in collection or/and security repossession would follow the guidelines set out below:

1. The customer would be contacted ordinarily at the place of his/her choice and in the absence of any specified place, at the place of his/her residence and if unavailable at his/her residence, at the place of business/occupation.
2. Identity and authority of persons authorized to represent bank for follow up and recovery of dues would be made known to the borrowers at the first instance. The bank staff or any person authorized to represent the bank in collection of dues or/and security repossession will identify himself/herself and display the ID card (which includes due authorisation of the Bank) issued by the bank upon request.

3. The bank would respect privacy of its borrowers.
4. The bank is committed to ensure that all written and verbal communication with its borrowers will be in simple business language and bank will adopt civil manners for interaction with borrowers.
5. Normally the bank's representatives will contact the borrower between 0700 hrs and 1900 hrs, unless the special circumstance of his/her business or occupation requires the bank to contact at a different time.
6. Borrower's requests to avoid calls at a particular time or at a particular place would be honored as far as possible.
7. The bank will document the efforts made for the recovery of dues and the copies of communication sent to customers, if any, will be kept on record.
8. All assistance will be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
9. Inappropriate occasions such as bereavement in the family or such other calamitous occasions will be avoided for making calls/visits to collect dues.
10. The Bank will also adhere to the extant regulatory guidelines on Fair Practices Code for Lenders, Outsourcing of Financial Services, Code of Bank's Commitment to Customers and Recovery Agents engaged by Banks.

## **5. Code of Conduct**

The policy on collection outlines minimum requirements that need to be adhered by the Fincare Small Finance Bank authorized representative when contacting a customer for due payments. These requirements are also aligned to the minimum standards of banking practices for banks set by BCSBI (The Banking Code and Standards Board of India).

Besides the Bank, other Third Party Vendors may also contact Customers on behalf of Fincare Small Finance Bank. The code is a mandatory requirement for all individuals/persons/vendors/entities who contact the Customer(s) on behalf of Fincare Small Finance Bank.

All Customers (including Customers who are late in paying or in default) must be treated with respect, dignity, courtesy and fairness in debt collection efforts. The Bank believes this is not only the right thing to do, but also the most effective.

It is imperative that all persons involved in collection related activities follow this policy. All concerned personnel must strictly agree to abide by this policy described below prior to beginning collection activities with respect to the Customers. This policy applies to all employees of Fincare Small Finance Bank including affiliates and employees/agents of companies that may be retained to collect on consumer debts on behalf of Fincare Small Finance Bank.

The following are the core underpinnings of the collection process. These are an extract of the

## Bank collection values.

1. Customers deserve to be treated with dignity. Collections Representatives should always remain professional during telephone conversations and visits. No written or verbal threats, abuse or rudeness is permitted. Collections Representative should use only acceptable business language, even if the other party does not.
2. Collections Representatives deserve to be treated with dignity. They may refer the customer to management, or end calls when a customer becomes abusive or threatening. Customers should be informed prior to termination of such calls. All calls where the customer becomes abusive or threatening should be appropriately documented.
3. All calls being made to the Customer(s) must be recorded as per requirements of the Code of Conduct stipulated by the Reserve Bank of India. Collections Representatives should always identify themselves and the company/entity that they represent at the very beginning of every interaction with customers and the Customers must be informed that the call is being recorded.
4. Customers are entitled to privacy. Privacy policies apply to all conversations with third parties, as stipulated in this document.
5. All collection activities should be consistent with the guidelines provided in this document and in compliance with the Code for collections of dues stipulated (from time to time) by the Reserve Bank of India. All letters, telegrams and other communication must be in the format approved by credit administration and/or Bank legal counsel.
6. Customers should be called only between 0700 Hrs and 1900 Hrs unless exceptional circumstances described in this Code warrant deviation from this timeframe. Under no circumstances, customer can be called beyond 2100hrs.
7. Customers should be called no more often than is reasonable in the context of the debt, and the conversations logged on the system and the convenience of the Customer(s) to talk, should be enquired at the beginning of each call.
8. Customer requests that calls/visits to place of work be stopped are to be honored if he/she provides a suitable alternate where he/she may be reached during collection working hours. Such customers should be asked to provide an alternate address/phone number where they may be reached.
9. Customer's questions should be answered in full. They should be provided with information requested, given assistance and issues resolved. Accounts with unresolved issues are to be escalated to management.
10. Customer or third party requests for supervisor names or requests to speak with supervisor should always be honoured.