

RBL BANK

Collection Policy

Retail Assets

Collection process – overview

Collection activities will be performed when customers have an overdue on their repayment obligation. The objective of the collections department is to start collection activities in very early stages of the account being overdue and persuade the customer to repay the overdue installments and prevent the customer from going into a state of default. This activity is a major focus area for the portfolio to behave well.

Some of the activity with this team would be:

- Review accounts performance regularly, liaison and follow up with delinquent customers.
- Following up with customers to regularize their over-dues including overdue interest, installment and other irregularities.
- MIS by operations on the overdue bucket
- Initiation and managing the legal process as per the recovery policy.
- Coordinate with law enforcement agencies for recovery of bad loans.
- Coordinate with operations to resolve the operational delinquency and with the customer service team for delinquency which has risen due to customer service issues.

1.1 Objectives

The objective of the collections strategy will be to organize

- **Collection:** follow up coverage for all workable delinquent accounts in a cost effective manner.
- To focus collection resources in the early buckets and on risk accounts, to minimize flow through in turn trying to re-habitat customer showing serious delinquency behavior.
- Control risk from customers with history of serious delinquency.
- Reduce losses from write off portfolio.

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

2. The collection process will be a mix between in-house calling by affiliate officers and field visitations by affiliate officers/Managers and external agency employees. External agencies will be appointed based on guidelines mentioned in the Vendor Management Manual. The stage of delinquency and the amount at risk will largely determine the specific collection strategy.

3. Collection Manager will designate specific officers of the unit for carrying out various responsibilities documented in this manual. These officers will be referred to as Designated Officers in the relevant sections of this manual.

4. Delinquent accounts assignment to in-house & external collectors will be decided by the Collection Managers and will be as per detailed guidelines contained in relevant parts of this manual.

5. There are accounts which fall within the follow-up matrix but which need not be called. These are called "Non Workable" and are defined as per Non workable policy.

6. 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.

7. Specific account: Assignment logic will be done based on strategy considering area, coverage etc.

8. 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.

9. 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.

10. All external agencies 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.

11. Collection units will track capacity requirements on a regular basis as per guidelines in relevant section.

1.2 Policy on Collection Dues and Repossession of Security

Debt Collection Policy of the Bank is built around dignity and respect to customers. 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.

- 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.

1.3 COLLECTION STRATEGY MATRIX

Bucket	Collection Action
Replenishment	Calling done 3 months prior to exhaustion of Cheques.
1	<ul style="list-style-type: none"> • Tele Calling and selective field calling
2	<ul style="list-style-type: none"> • 100% to be referred on field. Field referral continues, with necessary support of legal action U/s 138 Section 138
3	<ul style="list-style-type: none"> • Field referral continues, with necessary support of legal action U/s 138 Section 138
>=4	<ul style="list-style-type: none"> • Field follow-up along with necessary legal action i.e SARFAESI / DRT etc to be initiated as found appropriate once the asset is declared NPA

1.4 General Guidelines:

All the members of the staff or any person authorized to represent 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 residence / business / occupation or at the address/es / places furnished by the customer to the Bank.
- 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. 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 authority letter issued by the Bank upon request.
- 3) Bank would respect privacy of its borrowers.
- 4) Bank is committed to ensure that all written and verbal communication with its borrowers will be in simple business language and the Bank will adopt civil manners for interaction with borrowers.
- 5) Normally, Bank's representatives will contact the borrower between 0700 hrs and 1900 hrs, unless the special circumstance of his/her business or occupation requires contacting him/her at a different time.
- 6) Borrower's requests to avoid calls at a particular time or at a particular place would be honoured as far as possible unless request appears to be mala fide and wilful avoidance to pay dues.
- 7) 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) Inappropriate occasions such as bereavement in the family or such other calamitous occasions will be avoided for making calls/visits to collect dues.
- 9) Bank will not follow policies that are unduly coercive in collection of dues.

1.5 Giving notice to borrowers

While written communications, telephonic reminders or visits by Bank's representatives to the borrowers place or residence will be used as loan follow up measures, Bank will not initiate any legal or other recovery measures including repossession of the security without giving due notice in writing. Any genuine difficulties expressed/disputes raised by the customer will be considered before initiating recovery measures. Bank will follow all such procedures as required under law for recovery/repossession of security.

1.6 Repossession of Security

Repossession of security is aimed at recovery of dues and not to deprive the borrower of the property. The recovery process through repossession of security will involve repossession, valuation of security and realization of security through appropriate means. All these would be carried out in a fair and transparent manner. Repossession will be done only after issuing the notice as detailed above. Due process of law will be followed while taking repossession of the property. Bank will take all reasonable care for ensuring the safety and security of the property after taking custody, in the ordinary course of the business and necessary cost will be charged to borrower.

Retail NPA and Collections Policy

2.1 Objectives and General Principles

- (i) The primary objective of the Bank's NPA management policy will be to maintain its entire loan portfolio as 'Standard Asset', or zero level of 'NPA' as per RBI definition. The bank will endeavour to take measures in a planned and proactive manner, to prevent the 'Standard assets' from slipping into the category of 'Sub-standard Asset' or even 'Watch list asset'. The preventive measures are based on the Early Warning System in accordance with RBI guidelines and the best international practices.
- (ii) A critical component of the Bank's NPA management policy relates to corrective measures to be taken with respect to loan assets that are impaired / classified as NPAs. The main objective of the corrective measures will be to minimize the NPAs level as a percentage of the Bank's total loan assets and contain it within the target set by the Bank, from year to year. The corrective measures include loan up-gradation by debt restructuring/ rehabilitation, exit option, settlement/ compromise, legal recovery action, and write-offs of the NPAs.
- (iii) The overall NPA management policy is based on the following principles:
- Early recognition, identification and reporting of the borrower accounts as per RBI's asset classification.
 - Documenting the primary causes (as distinguished from symptoms) of each of the problem loans and the attendant risks.
 - Taking preventive / corrective steps to effectively mitigate the risk involved in the impaired accounts, with the concurrence / approval of the designated sanctioning authorities.
 - Recovery of the Bank's dues from the borrowers / guarantors / charged assets, or exercising exit option appropriately to minimize the loss to the Bank.
 - Provisioning for the expected loss from default by the borrowers.
 - Writing off – partially or fully – the 'Loss Assets' against the provisions already made.
 - Documenting learning lessons from the typical NPA case studies, using them in the Credit training courses and circulating necessary guidelines for preventing their recurrence.
 - Conducting Staff Accountability Reviews once an account becomes a Loss.

2.2 Early Warning System (EWS)

- (i) The Bank will follow the EWS for early identification of problem loans, as it enables the Bank:
- To take corrective measures before the position becomes irretrievable,
 - To minimize the risk of loss,
 - To improve the prospects of recovery in the event of possible default.
- (ii) The Relationship Manager (RM) and the Business Segment Head concerned with the particular loan would be responsible for:
- Identifying and documenting the primary causes for the decline in the financial position of the borrower,
 - Assessing realistically the borrower's ability to rectify the position within a time frame.
- (iii) The Bank would classify accounts facing deterioration in credit as 'Watch list accounts'. This will include accounts in which the future prospects are in doubt on account of:
- Adverse industry trends on account of any direct/ indirect government policies, sudden threat of substitutes, general weakness in demand of the products, environment concerns, change of technology etc. resulting in a loss of job.
 - Documentation not perfected for a sustained time period, consistent breach of financial or other covenants
 - Any other factor which might result in deterioration of the financials of the account
 - The accounts under 'watch list category' involve high risk and would be monitored very closely by the RM, who would submit a detailed review of the account at quarterly frequency to the Business Head / Head - Credit.

2.2.1 NPA Classification:

RBI has provided the following definitions in terms of non-performing assets:

‘Out of Order’ Status:

An account would be treated as 'out of order' if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit, but there are no credits continuously for 90 days or credits are not enough to cover the interest debited during the same period, these accounts would be treated as 'out of order'.

‘Overdue’:

Any amount due to the bank under any credit facility is ‘overdue’ if it is not paid on the due date fixed by the bank.

Non-Performing Asset:

- An asset, including a leased asset, becomes non performing when it ceases to generate income for the bank.
- A non-performing asset (NPA) is a loan or an advance where;
 - i. interest and/ or installment of principal remain overdue for a period of more than 90 days in respect of a term loan,
 - ii. Asset classification is borrower-wise. Where several facilities have been granted to a borrower, even if one of the facilities is required to be classified as NPA, all the facilities granted to the borrower in the same capacity would also be classified as NPA, even if few of them may be in order. Classification of account as NPA is irrespective of the security available.

Banks are required to classify non-performing assets further into the following three categories based on the period for which the asset has remained non performing and the reliability of the dues:

- i. Sub-standard Assets
- ii. Doubtful Assets
- iii Loss Assets

Sub-standard Assets:

A sub-standard asset would be one, which has remained NPA for a period less than or equal to 12 months.

Doubtful Assets:

An asset would be classified as doubtful if it has remained in the sub-standard category for a period of 12 months.

Loss Assets:

A loss asset is one where loss has been identified by the Bank or internal or external auditors or the RBI inspection but the amount has not been written off wholly. In other words, such an asset is considered uncollectible and of such little value that its continuance as a bankable asset is not warranted although there may be some salvage or recovery value. There would be a provision of 100% for loss assets.

2.3 Provisioning Norms

The primary responsibility for making adequate provisions for any diminution in the value of loan assets, investment or other assets is that of the Bank's management and the statutory auditors. The assessment made by the inspecting officer of the RBI is furnished to the Bank to assist the Bank management and the statutory auditors in taking a decision in regard to making adequate and necessary provisions in terms of prudential guidelines.

In conformity with the prudential norms and taking into account the time lag between an account becoming doubtful of recovery, its recognition as such, the realization of the security and the erosion over time in the value of security charged provisions would be made on the non- performing assets on the basis of classification of assets into prescribed categories as per RBI circular.

Following Provisioning Norms Should be adopted for secured and un-secured products.

Provisioning will be done basis Outstanding Balance Amount.

Code of Conduct

The policy on collection outlines minimum requirements that need to be adhered by the RBL 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 RBL Bank. The code is a mandatory requirement for all individuals/persons/vendors/ entities who contact the Customer(s) on behalf of RBL 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 RBL Bank including affiliates and employees/agents of companies that may be retained to collect on consumer debts on behalf of RBL 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 honored.

3.1 Why the Bank may contact a customer?

A customer is to be contacted for debt collection only under the following circumstances:

- When not contacting the Customer may lead to the imposition of an additional cost on the customer or may impact the customer's credit history/rating – e.g. customer spending pattern indicates that the customer may be about to breach his/her credit line;
- When the customer has not paid on payment date (including grace days) and this is likely to impact the customer's credit history and/or is likely to cause a financial loss to the Bank.

When the Bank may contact a customer?

It has been Bank's experience that individuals with full-time employment routinely are awake by 06:00 Hrs in order to be at their jobs at the time required. Accordingly calls must normally be limited from 0700 Hrs to 1900 Hrs. A customer may be contacted beyond 1900hrs till 2100hrs on:

1. Phone, if customer has not been contactable within last 48hrs.
2. On personal visit, if the customer has been non contactable during last two visits.

A customer may be contacted at a time when the call is not expected to inconvenience him/her. In addition, if a mobile number is called and the customer is driving, then the call may be discontinued, in the interest of safety.

Calls either earlier or later than normal hours, while effective in contacting the customer, is also likely to be inconvenient to the customer and could be viewed as harassment. Calls earlier or later than the prescribed time may be placed only under the following conditions:

- When the customer has expressly authorized the Bank to do so either in writing or orally;
- When attempts to contact the customer have resulted in information that the customer is normally only available outside these hours and no alternate telephone number is available to contact the customer.
- When due to nature of customer's employment i.e. working in shifts e.g.: Call Centres, Hotels etc., he/ she is usually available outside these hours.

3.2 Where the Bank may contact the customer?

The first visit /contact with the customer should be at his place of residence/ mobile. However, other telephone numbers like employment may be used.

When the Collection Unit is unable to contact the customer at his residence/ mobile, the customer may be contacted at his/her other address or number/through borrower or referee or guarantor.

3.3 Which language to be used in the interaction?

A Collections Representative should try and use the language with which the customer is comfortable. The Collections Representative must not attempt to force the customer to speak in English if he/she is not comfortable. This may be offensive to some customers. If the Collections Representative is not comfortable with the language spoken by the customer, the account may be referred to another Collections Representative or the conversation should be continued in English/alternate language explaining the reason to the customer. If the customer expresses his inability to understand, then the call must be referred to a supervisor.

3.4 What mode of Address is to be used?

Collections Representative should use the formal mode of address in the language of choice of the customer.

Customers deserve to be treated with dignity. Accordingly, Collections Representative must be a professional. As the situation requires, they may also be assertive and firm. In any event, courtesy and respect are mandatory. Collections Representative **should not** become abusive visibly irritated or demeans the customer in any fashion.

3.5 How often should the customer be called?

The purpose of a collection call is to bring to the customer's notice the obligation to pay and to seek a commitment to pay on a specified date. Once a promise is elicited, a call may be made to serve as a reminder and for confirmation of payment.

In the event a commitment is not forthcoming or has been broken, calls may be made at reasonable frequency, based on amount owed, product, aging of debt and account history. Excessive number of calls or calls closely bunched together in the same day may be construed to be harassment.

3.6 Can the customer's debt obligation be discussed with anybody else?

The Bank respects a customer's privacy. The customer's debt/obligation may normally be discussed only with the customer and co borrower/supplementary cardholder or the co-signatory of the loan agreement, loan guarantor, and the employer in cases of corporate facilitated loans. In certain cases the customer may specifically authorize us in writing to discuss the customer's debt with a particular third party, such authorization should be documented as and when the customer provides it.

As per the terms and conditions customer debt details can be discussed with Regulatory/Law enforcement agencies as well as third party service providers who are contracted with to provide debt collection and support services. Collections Representative may always communicate with a third party about the customer's debt when and to the extent doing so is necessary to enforce a decree obtained in a lawsuit against the customer. In addition in certain circumstances, as explained below, it may be necessary to discuss some parts of the past due obligation with related third parties.

Leaving messages and contacting persons other than the customer at the telephone numbers/addresses provided by the borrower or made available to us as a result of trying to contact borrower

Calls must first be placed to the customer. In the event the customer is not available, a message may be left for the customer to an adult family member. The aim of the message should be to get the customer to return the call.

3.7 Leaving Message criterion for Personal and Auto Loan:

If the customer has not responded to at least one prior message, then it is permissible in follow up calls (placed at customer specified telephone number/address) to include:

- i) The fact that the call pertains to a credit obligation of the customer.
- ii) To state/indicate that the customer is overdue on his loan account
- iii) To state/indicate the amount due and requesting for a payment to be made by the customer.

However, under no circumstance can any third party be asked to make a payment.

3.8 Leaving Message criterion for Mortgage Advances:

Collections can disclose the loan obligations only to the customer, co-borrower or the co-guarantor.

For these loans, even if the customer has not responded to a prior message, it is NOT PERMISSIBLE TO

- i) To indicate that the call pertains to the loan obligation of the customer.
- ii) To state that the customer is overdue on his loan account.
- iii) To state or indicate the amount due or request the customer to make a payment.

Leaving messages and contacting the third party - For customers not available at the provided telephone numbers/ addresses.

Following approach is adopted in the situations mentioned below, where the messages may be left at telephone number/address with an adult family member. Message is on telephone number/ address other than those provided by the customer.

In situations where the customer has alienated the vehicle/ mortgage financed/pledged to a third party and is not making repayments despite recall of loan, the Collection Unit may disclose to such third party the fact, that the customer has an overdue obligation and repossess the vehicle/ mortgage. This should be done after notifying the customer through a letter sent at the address available on the system. If such third party, who is in possession of the vehicle/ mortgage on behalf of the customer, offers to make a payment towards the loan outstanding, then the Collection Unit can receive the payment from the third party.

Collections Representative may communicate with third parties to obtain customer's location information - home address, business address, home phone number and workplace phone number. This may be done when the customer's present location is either unknown or uncertain or the customer is not contactable or a skip. While obtaining such information the Collections Representative must clearly identify himself/herself. In specific cases where it may be difficult to obtain information from third parties regarding customer's whereabouts by identifying the organization along with the name, the Collections Representative may choose not to mention the organization name while identifying himself/ herself, unless specifically asked for the same.

If the customer has provided a financial guarantee from a third party, the third party may be called and the customer's obligations may be discussed. In such a situation, the guarantor may be treated as the borrower. Further, if the customer is deeply delinquent (more than or equal to 2 months behind on his/her repayment) or non-contactable or a skip, then customer's debt/obligation may be discussed with references provided.

No misleading statements/misrepresentation are permitted

Collections Representative should not –

- Mislead/misrepresent to the customer on the action proposed and consequences thereof;
- Mislead /misrepresent to the customer about their true business or organization name, or falsely represent or imply that the Collections Representative is an attorney (lawyer), government official, officer of any court etc.;
- Threaten with any dire consequences or imprisonment or even mention imprisonment unless legal action planned or currently underway could result in imprisonment;
- Threaten with arrest/detention by the police or prosecution by any court of law

3.9 Precautions to be taken on visits

- **Residence**

Collections Representative should:

- Respect personal space – maintain adequate distance;
- Not to unnecessarily call the Customer prior to or subsequent to the visit to the Customers' residence from an individual mobile phone unless the said call is necessitated for checking on the availability of the Customers or for directions to the location of the Customers' residence or for follow up to the visit to the Customers' residence.
- Not enter the customer's residence against his/her wishes or when they are told the customer is not at home;
- Not restrict the customer's movement or restrain him/her from entering or leaving the house/room;
- Not remain in the customer's house if he/she were to leave for any reason including to collect money from a bank/elsewhere;
- Respect the customer's privacy – do not embarrass the customer in the presence of his/her neighbours;
- Not make visits at the customer's residence if the customer;
 - Expressly forbids in writing such visits and provides suitable alternate address where he/she is connectable during collections working hours;
 - Has suffered a bereavement, or a customer's family member is gravely ill;
 - A social engagement is in progress.
- If the customer is not present and only minors/elderly / infirm are present at the time of the visit, the Collections Representative should end the visit with a request that the customer call back. He should not enter the house unless invited. He should not wait for the customer in the customer's residence unless specifically asked to do so by the customer or family.

• **Workplace**

Collections Representative (CRs) should:

- Not visit the customer in the office unless:
 - The customer has specifically requested the CRs to do so
 - The customer's mailing address is that of the workplace;
- Respect personal space; do not restrict the customer's movement.
- Not to unnecessarily call the Customer prior to or subsequent to the visit to the Customers' work place from their individual mobile phones unless the said call is necessitated for checking on the availability of the Customers or for directions to the location of the Customers' work place or for follow up to the visit to the Customers' work place.

3.10 What is to be done if the customer requests us to stop visiting at the office?

In such a case, the customer should be asked to provide an alternate location where the meeting can take place during the working hours of the Collections Unit.

However, if the customer is not available at this location and attempts have been made to contact the customer, the customer may be contacted at his/her office again.

A Collections Representative should not:

- Offer to assist the customer by driving him/her to the bank/any other spot from where money to repay the debt can be collected;
- Have discussions of a personal nature with the customer – the Collections Representative must maintain a professional distance. Restrict conversation to the debt owed and the customer's proposed repayment plan;
- Use means that are unfair, for example –
 - Collect sums in excess of total debt of the customer;
 - Threaten to take extra judicial action (e.g. physical threat or any unlawful action) to expropriate and dispose of customer assets when no such right exists;
 - Apply payments to other accounts than those indicated by the customer.

3.11 What is to be done if the customer declines to pay?

If the customer declines to pay, the consequences of such a decision may be explained to him/her:

- Impact on credit history;
- Possible inclusion in negative list of Indian Bankers Association;
- Possible legal action and its impact;
- Cost of defending legal action, if such action is contemplated.

Should the customer refuse to pay on the account, then such accounts must be referred to the Supervisor. The Supervisor shall, after discussing with the Agency Manager allocate the account appropriately. Further calls on the customer who communicates in writing his/her refusal to pay may follow an escalation matrix defined by the Bank.

3.12 What is to be done if the Customer disputes the debt?

The account must be referred to the Customer Administration Department for resolution of the dispute through the Supervisor. In the event, the customer disputes only a part of the debt, collection calling may continue for the balance/undisputed part of the debt.

3.13 How should letters & other communication be handled?

Communication to the customer either through mail or through telegrams shall be handled directly by the Bank as appropriate. Mail dunning / telegrams / phonograms shall be in a format approved by Collections Unit of the Bank.

DRAFT OF THE LETTER OF DECLARATION - CUM - UNDERTAKING TO BE OBTAINED FROM THE EMPLOYEES OF THE COLLECTION AGENCIES IN LIEU OF THE DECLARATION'

3.14 Declaration-Cum-Undertaking

Re: Code of Conduct

Dear Sir,

I am working in your company as a _____. My job profile, inter-alia, includes collection of instalments, follow up by telephone calls, service of notice etc. from delinquent and other customers of RBL Bank. In the discharge of my duties, I am obligated to follow the Code of Conduct framed by RBL Bank. I confirm that I have read and agree to abide by the contents of this document. I further confirm that the trainer mentioned below has explained the contents in full to me. I agree to abide by the code of conduct as detailed in this document while collecting debts due to the Clients of RBL Bank in India. In case of any violation, non-adherence to the said Code, you shall be entitled to take such action against me as you may deem appropriate.

Signed on this _____ day of _____

Signature _____ Name _____ Agency _____

Signature of Trainer _____ Name _____ Company _____

Repossessions

Bank's stand on Security Repossession aims at recovery of dues in the event of default and is not aimed at whimsical deprivation of the property. It recognizes fairness and transparency in repossession, valuation and realization of security. All the practices adopted by the bank for follow up and recovery of dues and repossession of security will be in consonance with the law.

Repossession of security is aimed at recovery of dues and not to deprive the borrower of the property. The recovery process through repossession of security will involve;

- (i) Notice period before taking possession
- (ii) Circumstances under which the notice period can be waived
- (iii) The procedure for taking possession of the security
- (iv) A provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the property
- (v) The procedure for giving repossession to the borrower and
- (vi) The procedure for sale / auction of the property.

All the aforesaid procedures would be carried out in a fair and transparent manner. Due process of law will be followed while taking repossession of the property. The bank will take all reasonable care for ensuring the safety and security of the property after taking custody, in the ordinary course of the business.

Valuation and Sale of Property: Valuation and sale of property repossessed by the bank will be carried out as per law and in a fair and transparent manner.

4.1 **Repossessions for Auto**

- Borrower will be given a notice of 7 days to pay the dues before the repossession of the Vehicle. It will be clearly mentioned that in case of non-payment of the dues within this notice period, the Bank will be constrained to repossess the hypothecated vehicle.
- Repossession agencies are responsible for retrieving collateral where self-help remedies are lawful. To ensure sufficient help to load, transport and dispose of property, Repossession agency representatives may visit the customer/custodian at the site of the car in group of 3/5 as required
- Repossession agencies should clearly communicate to the customer / occupant/custodian of the vehicle that the vehicle is being repossessed as per the terms and conditions of the signed contract and as per the notification to the customer. The agency should offer use of their cell phone to get the driver/occupant to call the borrower.
- Repossession agency should neither threaten to nor use physical force to dispossess the customer/occupant of the vehicle. All the relevant points articulated in this document regarding norms of behaviour are to strictly observed while interacting with the customer/occupant /custodian
- The Repossession agencies should ensure that the occupants of the vehicle are escorted to a nearby location, convenient to the occupants. If the above categories of occupants are the only occupants in the car, the repossession should not be done,
- If the car is in motion then the discussion with the custodian /driver/occupant of the car should only be initiated once the car halts at a destination on its own (not at a traffic light). No attempt should be made to block the passage of the car to bring it to a halt; such obstruction will be strictly prohibited and must not be done.
- Repossession Teams must ensure that there is no damage to the vehicle and its contents while conducting the repossession. All contents will be duly recorded in the numbered inventory sheet available in the numbered repossession file.
- Pre and post intimation will be made at the concerned local police station. All documents in the repossession file including 'due diligence/compliance' checklist will be completed by the agency representative conducting the repossession.
- No repossession will be done without an authorized, valid repossession document
- All Repossessions will be conducted between 0700hrs and 1900hrs unless it is impossible to repossess a vehicle during the said time. The reason for repossession outside this time should be documented.

The repossession kit should contain the following documents.

- **Copy of legal notice sent to the customer**
 - **Copy of RC / Proof lien marking in favor of Bank**
 - **Blank Inventory Sheets**
 - **Police pre-intimation letter / post intimation letter**
- Once the vehicle is repossessed same must be taken to the designated yard immediately.**

4.2 Sale of Repossessed Vehicle

After the repossession of the vehicle, a Pre-Sale Notice would be issued to the borrower giving him a timeline of 7 days to make payment of the outstanding dues. In case the borrower makes the payment in accordance with the agreed terms of settlement, the vehicle will be released back to the borrower within 7 days from the realization of the payment.

The Pre-Sale Notice would clearly mention the details of the concerned office and the corresponding contact person for payment and release of vehicle.

The vehicle will be sold by way of auction through e-bay online auction . All the repossessed vehicles would be disposed of within 90days from the date of repossession. However if there are any legal/other issues reported on the said vehicle, it shall not be disposed of. The vehicle will always be sold at the highest quoted price. All the repossessed vehicles will be sold in as is where is basis.

4.3 Repossessions for Mortgages

Repossession of Mortgages shall come into effect post the customer loan becoming a Non Performing Asset (NPA) on the bank's books i.e. the customer's loan is 90 days overdue and all efforts to regularize it have failed.

4.4 Notice

A Notice u/s 13(2) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) will be issued to the borrower, co-borrower and guarantor, with all the relevant details.

The Notice will be sent to the mortgaged property address and other addresses provided on the application form.

4.5 Possession

Notice Under Sec 13.2 (SARFAESI)

The customer will be allowed 60 days post issuance of the notice to regularize the account or come forward to settle the account.

Notice Under Sec 13.4 (SARFAESI)

After expiry of 60 days notice sent under 13.2 (SARFAESI), we may send notice to customer under 13.4 (SARFAESI) demanding peaceful possession of the securities through our authorized officer. This give ample opportunity to the customer to come forward and pay / settle with the Bank. The Authorized officer of the BANK may visit the customer demanding peaceful possession of the property under notice sent 13.4. In case there is no outcome then we need to approach CMM / DM applying for physical possession of the property.

The physical possession of the property shall be taken in a peaceful manner as per law.

4.6 Voluntary surrender of immovable property

The customer will be requested to sign a surrender letter.

The Panchnama will be signed by the authorized officer, two independent witnesses and the customer.

An inventory list will be made for all the articles found in the mortgaged property. The customer will also have to give a written declaration that all his valuables like jewellery; cash etc. has been retrieved by him. This also needs to be signed by the authorized officer and two independent witnesses.

4.7 Possession of immovable Property

Panchnama will be signed by the authorized officer of the bank and two independent witnesses.

In case the borrower refuses to hand over the property then a complaint will be made before the Chief Metropolitan Magistrate/ District Magistrate.

The Chief Metropolitan Magistrate/ District Magistrate will appoint an officer for taking the physical possession of the property. Before the physical possession of the property the court order needs to be communicated to the local police asking for assistance.

An inventory list will be made for all the articles found in the mortgaged property. The customer will have to give a written declaration that all his valuables like jewellery; cash etc. has been taken by him.

4.8 Sale of Secured Assets

The Bank shall proceed with the Auction of the attached property post 30 days of taking possession of the property, in the event, that the customer does not come forward and settle the loan.

The Bank shall send the customer a letter intimating him, of the venue of the sale indicating date and time of the Auction / Sale.

The bank will consider handing over possession of property to the borrower any time after repossession and before concluding sale transaction of the property, provided the bank dues are cleared in full.

In case of a settlement by the customer, the property documents will be released to the customer within 30 days of the receipt of payment of the total settlement amount.

APPEAL AGAINST THE BANK'S ATTACHMENT: The SARFAESI act gives the customer the right to appeal against a possession order only in DRT.

RECOVERY OF THE BALANCE AMOUNT: The Bank shall move an application before the Debt Recovery Tribunal for recovery of any balance due on the loan account after adjusting dues from the sale proceeds.

REFUND OF BALANCE AMOUNT: Any excess amount obtained after adjusting the dues on the Loan shall be refunded to the borrower within 30 days.

4.9 Paper Publication of Defaulters

Bank at its discretion may adopt the process of Publishing Details of Defaulters in the Newspapers specifically for Wilful Defaulters.

Wilful defaulters, according to the Reserve Bank of India, are those who do not repay deliberately despite having sufficient funds and a solid net worth.

If the borrower does not comply within 15 days bank may even publish the photographs of the guarantors.

This is a tool for banks to recover dues. But this must be used carefully.

CAPACITY PLANNING

Capacity plan serves as a basic mechanism to ensure adequate staffing and collections intensity for the portfolio managed.

1. The Strategy Team will prepare the capacity plan and forward it to the Country Collections Head.
2. The Capacity plan must cover the following portfolios and needs to be prepared on a monthly basis :
 - (i) In-house
 - (ii) External Tele-calling
 - (iii) External Visitation agency
 - (iv) Outstation.

The capacity plan will include written off and non-written off portfolios.

3. The following assumptions will need to be made
 - a. No. of Accounts
 - b. Intensity (Contacts/Accounts)
 - c. No. of working days
 - d. Contact rate
 - e. Attempts/FTE/day
4. The assumptions mentioned in point no. 3 above will be validated on a monthly basis based on the MIS reports
5. A standard spread sheet package will be used to arrive at the capacity requirements, both internal and external.
6. The Capacity Plan must factor the effect of seasonal trends, fluctuations caused by any economic or environmental events, and any large portfolio fluctuations.

NON WORKABLE POLICY

1. The purpose of the Non Workable policy is to identify particular categories of accounts which :
 - ❖ Do not require collection follow up or should not be assigned to external agencies .
 - ❖ Require other specific actions which would lead to closure or abandonment of collection follow up.
2. Presently, the following categories of accounts are considered as Non Workable:

Category	Type of Action required
a)NOC, issued/dues remain	OPS investigation and resolution for closure.
b)Small balance cases	Collection manager to consider cases closure based on follow up done
c) Funds issues	Ops investigation and funds not traceable) resolution for closure
d)Funds collected but not applied from sundry	Follow-up with OPS for application

3. Cases qualifying as Non Workable to be marked on Collection system with scheme name 'NWC' and agencies' name as per type of action required.
4. All closure will be as per the waiver delegation matrix in force.

ALLOCATION

1. All delinquent accounts downloaded to COLLECTION SYSTEM will be allocated to different queues by the Centralised Allocation unit as per account assignment logic signed off by the Collections Manager for the collection cycle. Initial Soft bucket allocation will be for tele calling & hard bucket allocation will be on field.
2. Account assignment logic will divide delinquent accounts in the following broad categories of queues :
 - ❖ Non Workable
 - ❖ Legal
 - ❖ Skip cases
 - ❖ Mature Loan
 - ❖ Outstation
 - ❖ Tele-calling
 - ❖ Agency
 - ❖ Replenishment
 - ❖ Other Special flag account
3. Under each of the above categories there can be more than one queue.
4. Non-workable Queue will be populated with accounts as per non workable policy. These accounts will be essentially those where the accounts need to be closed or not pursued through external agencies.
5. Legal queue will have those accounts where either the customer has filed a legal case or the collection unit is pursuing or has plans to pursue legal recourse. This may exclude those accounts where routine cases are filed for reason of dishonour of cheque. Such accounts will be followed under the pertinent category of queue depending upon loan status.
6. Skip queue will be populated with those accounts where skip tracing action is in progress or is to be initiated as per guidelines on 'Skips' in the relevant section.
7. Mature loans will be based on vintage of maturity and size of outstanding.
8. PDC replenishment queue will be populated with those accounts where the PDC's held with us will be exhausted three months from the date of allocation.
9. Accounts with location codes other than metro location will be assigned to one or more queues depending upon volume and growth and liquidating locations. These accounts will be further sub divided by assigning to appropriate agencies codes based on the area of agency coverage. Cases with metro location code but with current address/ follow up requirement pertaining to other location will be allocated on a case by case basis to the relevant queue/ Agency code.
10. Special flag queues (Skip/Customer expired/SI accounts/Legal) will be based on decision of the Regional Collections Manager. These will be assigned to Tele-calling / visitation /dunning depending upon pre-determined follow-up strategy.

TELECALLING

1. Each Tele-caller will be assigned one or more work lists. Prioritisation of work lists for auto pop-up or manual bring-up will be done by the Tele-calling Unit Head in consultation with the Regional Collections Manager for each region.

2. Prioritisation conditions in the order for action of these work lists will be

- ❖ Delinquency/bucket
- ❖ Principal outstanding
- ❖ Loan status (Mature/Non mature)
- ❖ Point in time of the cycle (calling schedule requirement)

3. Unapplied payment and cheque bounce information will be taken into account before making a collection call.

4. Calling schedule: During a monthly collection cycle, Tele-calling will be carried out in the following broad phases.

DAY OF MONTH	TELECALLING PHASE
1st to 5th	Special calling of previous month cases.
5th to 10th	First Bounce Calling
10th to 31st	Normal Calling based on allocation.

5. Prioritisation of pop-ups during Tele-calling will vary with the requirement of the Tele-calling phases. During the normal Tele-calling period, the aim will be to maximise coverage/contacts, elicit PPs and follow-up on accounts requiring call back. The priority of pop-ups during the period will be:

- cases with no follow-up
- cases with PTPs for the next day
- cases to be called back that day
- cases with no contact
- others

Pop-up priority for first bounce calling will be for cases that move from Bucket O to Bucket I in the month-end system run. Balance priority will be as per the normal calling phase.

6. Trails will be data-entered on-line by the Tele-callers for pop-ups based Tele-calling. In case of status-card based Tele-calling, trails will be notated on DCR, for subsequent formatting and upload.

7. Any supervisory review cases and agency referrals will be auctioned within two working days by supervisor.

8. Daily collector-level Tele-calling productivity MIS will be obtained from COLLECTION SYSTEM along with the bucket-wise flows MIS. These will be consolidated and compiled every month for review by the Unit Head

9. The collections unit must ensure that all Tele-callers have an easy access to all the relevant policies and procedures, in order to enhance knowledge/skills which will help improve collections.

10. Tele-calling schedule to be modified by the Tele-calling Unit Head based on capacity and situational constraints. The Tele-calling Unit Head needs to ensure that the Tele-calling team is adequately capacitated.

The ACR (Account-to-Collector-Ratio) of each Tele-caller needs to be monitored and load balancing needs to be done across the unit.

11. Tele-calling Unit Heads of each collection unit must monitor the calls of each Tele-caller (at least once a month). For new employees and those with performance issues the monitoring needs to be more frequent. Feedback needs to be given to each Tele-caller in order to enhance his/her effectiveness.

12. The Tele-calling Unit Head needs to review all productivity indicators (calls, contacts, PPs, PYs, etc.) for each Tele-caller at least once a week. For employees who are new and for those with performance issues, this review needs to be conducted more frequently and counselling and remedial training must be provided if necessary.

13. The Collections Manager may also, from time to time, decide to run contests / motivational programs to

14. Enhance collection effectiveness. A Performance- Incentive-Program is part of the affiliate compensation structure for Tele-callers.

AGENCY HANDSOFF AND MONITORING

1. Allocations will be as per the agency code assigned to accounts in relevant COLLECTION SYSTEM queues. Agency queues will pertain to specific field visitation agencies and in-house field collectors.
2. Any additional cases handed off to agency will be need to have trails in the form of - COLLECTION SYSTEM agency code Updation and/or - a listing of cases
3. Periodic reviews (at least once a quarter) of allocations agency will be carried out by the Unit Head.
- 4 Agency collectors are to notate trails of field contacts on Daily Collector Reports using standard codes. These are to be data-entered and uploaded on COLLECTION SYSTEM within a week so that the collectors have most of these trails on Report-cards for the subsequent cycle and review of agency queues are possible on COLLECTION SYSTEM during the present cycle.
5. Agency performance will be monitored by the agency manager against the targets set at the beginning of each collection cycle. Formal feedback by means of a monthly letter will be provided to the agency for corrective action.
- 6.The agency manager, apart from reviewing agency performance, will also do a monthly review of the agency's adherence to processes with a special emphasis on the Code of Conduct. This review is to be documented. Visitation agencies and RBL Bank officers must ensure full compliance to the code of conduct while meeting customers. The Code of conduct document provides details on rules and norms to be observed while meeting customers.
7. Feedback received from agencies related to address change, disputes, loan closures, PDC swaps, and etc. will be actioned by the agency supervisor. Trails related to such actions will be maintained on file/COLLECTION SYSTEM.
8. The Field Unit Head needs to ensure that the Field collections team is adequately capacitated. The ACR (Account-to-Collector-Ratio) of each collector needs to be monitored and load balancing needs to be done across the unit.
9. The Collections Strategy Unit and Regional Collections Manager may also, from time to time, decide contests/ motivational programs to enhance effectiveness.
10. Any changes/deviations from the above process will need to be approved by the Regional Collections Manager for the region

OUTSTATION AGENCY ALLOCATIONS & MONITORING

1. Outstation Agency COLLECTION SYSTEM queues will be assigned to relevant nodal agencies.
2. The agency can Tele-call field visit the delinquent accounts & update trails in standard codes.
3. Trail details will be sent back by the agency for COLLECTION SYSTEM upload through a soft file every day.
4. Outstation customer issues will be reported by agencies regularly and for small locations, at least once a billing cycle.
5. Agency monitoring will be on the basis of:
 - ❖ Coverage reviews
 - ❖ COLLECTION SYSTEM/ Trails reviews
 - ❖ Case resolution
 - ❖ EMI collection norms
6. Agency capacity evaluation for locations where active sourcing is happening will be done once a month.
7. Agencies will have a formal contract which will be reviewed & renewed based on annual performance appraisal. This will be initiated by the Regional Collections Manager and approved by the Risk Head.

DUNNING

1. Dunning will be used in collection follow up based on certain criteria/ triggers.
2. Dunning matrix will clearly define the scope and triggers for dunning.
3. The dunning matrix is as under.

Category	Type
RISK X	
BKT -1	GENERAL NOTICE
BKT-2	Section 138
BKT-3	Section 138
BKT-4	LRN/U/s 138 / DRT
	SARFESI / SUIT

Supervisory REVIEW PROCESS

1. This covers the guidelines for reviews at the following levels

- Regional Collections Manager.
- Unit Head (Tele-calling / Field)

2. Regional Collections Manager

- ❖ Annual reviews: Agency performance reviews for renewal of agency arrangement.
- ❖ Quarterly Reviews: Effectiveness of case allocation strategy
- ❖ Monthly Reviews/ collection letter inputs:
- ❖ Capacity adequacy as per case allocation volumes
- ❖ Tele-calling/Field Productivity MIS
- ❖ Legal process/ resolution MIS
- ❖ COLLECTION SYSTEM integrity/ exceptions
- ❖ Non-starters follow up/ resolution review.
- ❖ Flows MIS
- ❖ Recovery MIS

3. Field / Tele-calling Unit Head

- daily review of collector wise Tele-calling
- fortnightly review of collector/ agency wise visitation MIS
- fortnightly review of contacts, coverage, promises, etc
- periodic review of agency payment receipts
- agency audits / reviews (monthly)
- Flows MIS (daily)

4. The collections unit should with the help of these reviews, constantly provide feedback concerning changes in customer payment behaviour, specific problematic segments to other parts group of the credit group/team and to the product business manager so that appropriate changes can be made to policies and procedures and to business strategy.

SETTLEMENTS AND LOAN CLOSURES

1. Mature loans/small balance cases.

Mature loans with/without Principal dues may be closed based on collections feedback, signifying utility or disproportionately high cost of further recovery efforts. These may be flagged as Non-Workable' s based on approval from the Banking Collections Manager for the region. Closure of such accounts will be as per the waiver delegation matrix in force.

2. Settlements/Pre-payments

Collections will offer settlements/payment-plans to customers on a case to case basis The conditions under which may be offered are given below:

- Customer Dead and limited payment capacity of legal heir.
- Low capacity to pay.
- No Intentions to pay and limited legal hold on customer.
- Where follow-up costs may be higher than recoverable dues.

While offering a settlement, the following needs to be observed

- Review of De-dupe to check for other relationship accounts.
- Settlement will not be offered in case customer has other existing relationships.
- Approvals required in all cases as per delegation matrix.

Process

1. Request for approval of settlement shall be updated on COLLECTION SYSTEM. Settlements will be approved depending upon the amount to be reversed as per the delegation matrix.
2. Region will maintain record of all approvals taken through mail.
3. COLLECTION SYSTEM will be updated with complete details of the settlement done, mentioning the amount, payment received on etc.
4. For cases where there is a payment-plan in progress, the collections unit may decide co queue them separately in order to track them to closure.
5. The amount forgiven must be written off immediately upon receiving the promised amount from the customer.
6. The Collection Strategy Unit will track the amount / volumes of settlements through monthly principal waiver trends.
7. Post all closures a No Objection Certificate (NOC) will be given released (and the property papers will be released in the Bank's custody. If applicable)

SKIPS

The following criteria must be met if a CM is to be classified as a “skip”

- CM is not available at residence or office address, AND
 - Forwarding address is not available or incorrect, AND
 - CM is not listed in the telephone directory or address is listed incorrectly.
 - Unable to establish contact with CM by way of all means.
2. Agency manager / unit head will need to sign-off to classify borrower as skip after review of loan file follow-up trails and original
 3. The case must be flagged as SKIP on COLLECTION SYSTEM and handed off to the skip-tracing agency for locating CM and following up for payment.
 4. In case the skip tracing effort is successful, concurrent to advising OPS for the Updation of address, the resolved case will be re-allocated by the concerned supervisor as per allocation strategy for the cycle.
 5. Collection Units will ensure that they maintain adherence to skip tracing processes outlined in the detailed process note on Skip Identification and Tracing.

ABANDONMENT AND DEADBEAT

1. As per policy, collection efforts may be abandoned for certain accounts where the chances of recovery are remote and, therefore, collection follow-up need not be pursued from a cost benefit standpoint. This may be done post write - off.
2. The officer managing the collection activity for the account provides the Unit Head/Regional Collections Manager summary background and outcome of follow-up actions, which have led to the abandonment decision.
3. Typically, one or more of the following circumstances may exist
 - Customer follow-up costs far more than recoverable dues
 - Customer had a valid dispute or a settlement and will not pay balance dues
 - Property has collapsed & customer does not intend paying, in which case, we will need to follow up with the insurance company or take legal recourse.
4. Loan closures will be as per the waiver delegation matrix.
5. Any changes/deviations from the policy need to be approved by Risk Head/CRO.

Final Authority Structure would be Head Collections.

- Collection Manager would recommend such cases to the RCM.
- RCM would review the cases and accordingly recommend to Head Collection for final Approval.

LEGAL PROCESS

1. For certain defaulting accounts, if other collection efforts are not successful or not advisable due to sensitivities of relationship or adverse publicity, the Collections Manager may initiate legal action.
2. For carrying out legal activity, the Collections Manager will designate an officer to be in charge of the legal activity.
3. For legal action, specific approved lawyers will be identified.
4. Legal action may be initiated under Civil/DRT and/or Criminal procedure code as appropriate to the facts of the case.
5. The collection unit may use the option of sending legal Conciliation letters/ Loan Recall Notices to specific customers given the stage of delinquency and feedback from Tele-calling/ field.

The following legal strategy will be used for customers

>=60 DPD - Send notice under Section 138 of Negotiable Instruments Act (Check Bounce).
Once declared NPA initiate proceedings DRT / SARFESI etc.

However, there may be instances where the unit may not file legal cases under Civil / DRT. These will be

1. All cases where account; balance is low.
2. Where payment has been received in the last three months .
3. Where there is a settlement / negotiation in progress.

6. Legal activity will be monitored and reported through monthly reports giving:

- Fresh cases filed in the month
- Cases resolved in the month and therefore
- Cases in progress

The report will also indicate the amount recovered in the resolutions obtained in the month.

7. The report will be reviewed by the Regional Collections Manager. The legal officer should also review progress of cases by lawyers and by type of cases.
8. In view of the differing court procedures in various locations, it is recommended that procedure details be maintained at each location by the legal cell in-charge.
9. Legal action will be initiated under Sec 138, Civil/Criminal procedure codes based on the following parameters viz bucket, principal outstanding, check amounts and collection history.
10. The collections unit may also send Conciliation letters to specific customers who threaten to declare bankruptcy or who, because of a life event (eg: illness/divorce/ loss of job, etc.), no longer have the financial capacity to pay their debts. The collections unit may use Conciliatory proceedings to provide credit counselling to such customers.

WRITE-OFF POLICY AND PROCESS

1. Delinquent Accounts (Days-Past-Due)

Accounts are considered delinquent if any instalment & other charges are not paid when due.

2. The following is valid for Retail loans

Secured Assets / Un-Secured

Moveable / Immovable Assets

3. Mortgage Immovable Property Appraisals for accounts that cross 90 +DPD – Valuation of Mortgaged Immovable Property needs to be done once every 3 Years for the assets which are declared NPA. In case the appraised value is less than the principal outstanding, the difference will need to be immediately written off. The appraisal must be done by a Bank approved appraiser and must be based on site inspection or recent sale compares. (Where O/s Balance is Rs.2.00 Lacs & above needs to be done by approved valuator & In Case of NPA's where O/s Balance is below Rs.2.00 Lacs Branch Manager will assess the value of the security.)

4. Recovery efforts will continue even after the account has been written off .

PAYMENT PROCESS

1. In the last week of the month, PDCs / ECS are processed for presentation by OPS.
2. In the first week of the month, the PDCs / ECS presented by Clearing Units through Cash Management arrangement is carried out.s
3. "Standing Instructions" are completed by the system and customer accounts are debited ECS (Electronic Clearing System) payments are also routed through NOC.
4. From the next working day, after presentation, bounced cheque / ECS bounced are received back by the Clearing Unit . The same is shared with the collection unit for further follow-up.
5. First re-presentation is done after the normal presentation, which is followed with second re-presentation if required as per the business requirement.
6. Funds are applied to relevant customer accounts by OPS accordingly.

CONTROL (Validation of PAYMENTS & SETTLEMENTS DONE)

In the process of collection payments / settlements it is very essential to check and control there are no malpractices happening in order to have a control on the same following activities will be carried out to keep a tab on the same.

1. Random calling will be done on the payments collected during month end & cases settled during the month in the subsequent month.
2. Calling can be done by the Tele-calling team or Control Team as found appropriate to check whether the payments collected are genuine.
3. Customers will be contacted / if required visited by the RCU team wherever required in order to cross check / verify / authenticate the payments are collected / paid by the customer only .
4. Where ever the feedback received is negative or different from what information we have same needs to be highlighted to the concerned RCM to take it appropriately with its team and revert with necessary feedback. If found genuine same needs to be closed out, in case of any suspicious activity found this needs to be further investigated and appropriate action needs to be taken against the concerned person.
5. This is a monthly activity and needs to be carried out month on month as a part of control process.

BORROWER DISPUTES/ CORRESPONDENCE

1. If a dispute of a delinquent borrower is brought out through a collections follow-up, the Unit Head will ensure resolution of the dispute.
2. All queries are forwarded to the Regional Service unit for resolution.
3. The queries that require Operations referral are:
 - a. Proof of payment cases - generally this referral is done internally based on collector feedback and appropriate proof being collected & checked.
 - b. Payment not credited/wrongly credited.
 - c. Loan closure
4. Customer correspondence related to dispute / resolution or clarifications may be sent to the Customer correspondence unit at the Bank for resolution.

Vendor Management Manual

(Debt Collection Agency – DCA)

Introduction

The DCA (Debt Collection Agent) is expected to deliver quality service while collection on debt obligation for clients of RBL BANK LTD. Service delivery parameters essentially cover the following aspects.

- Collection activity should be strictly in accordance with the agreed “Code of Conduct”.
- Collection of portfolios allocated must meet or exceed the minimum acceptable standards of performance as set by RBL BANK LTD.
- Adherence to process guidelines.

The following pages will further guide on the detail various processes that are to be followed.

The DCA (Debt Collection Agent) proprietor / Supervisor will be responsible for management of day to day activities including tele-calling, field activities, pickups, data collation, data entry, payments hands-off and general administration.

The DCA (Debt Collection Agent) must ensure that adequate infrastructure (Space, Computers, Fax, Phones etc.) and capacity is maintained at the DCA at all times.

The Designed Collection Officer from RBL BANK LTD will support the DCA.

20. SECTION - 1-DCA hiring Process

The DCA hiring process needs to be initiated by the respective Collection Officer in the Location / Branch.

The request will be placed by the Collection Officer to the concerned Regional Collection Manager by filling up the DCA Evaluation form along with DCA Profile.

Application form and DCA evaluation forms are required to be filled up by the respective collection DCA and Collection Officers respectively duly signed .

After that the DCA Application Form and Evaluation Forms along with other relevant documents needs to be forwarded to Regional Office for necessary verification, checks and final approval .

Required Documents are given.

Post that the Backend team will initiate necessary series of checks that needs to be conducted for a DCA.

Post completion of the verifications and completions of required documents, the DCA file will be kept for approval of Head Collections.

Post approval from Head Collections the concerned collection officer will initiate necessary action to getting the agreement signed by the vendor and the bank. The DCA needs to obtain Cash in Transit Insurance and Fidelity Insurance finally to secure our remittance and collections collected from customers on behalf of the bank.

The accounts will be allocated only post signing the agreement with the DCA and issuance of receipt book. Vernacular declaration is required in case of Authorized Signatory of agreement signs in any other language than English. Please refer for Vernacular declaration form. In case the DCA is a partnership concern, Partners Authority Letter is required to be provided. Please refer For Private Ltd Company case, Board resolution for Authorized Signatory and Memorandum and Articles of Association is required.

Prior to assignment of accounts to the DCA, a DCA manager has to be designed for the DCA and it is the responsibility of the DCA manager to ensure that the DCA and all collectors working on our portfolio are adequately trained and informed about our processes and the collection code of conduct.

The DCA proprietor and all collectors working at the DCA for the bank portfolio should have necessarily undergone the collections code of conduct training and the signed declarations should be filed also they need have DRA certified collectors.

20.1 Annual Vendor Evaluation.

The DCA agreement is signed for a period of 1 Year.

- To review the performance of the Agency for the Year and recommendation to renew / discontinue the agency.
- Audit Report / Rating for the respective DCA for the year and corrective action plan wherever required.
- Annual Review of the operational condition of the DCA to assess its ability to continue and meet collection obligations.

20.2 DCA termination Process

The DCA agreements are for a period of 1 year, however RBL BANK LTD retains the right to terminate the services of the DCA due to the following possible reasons.

- Non-adherence to standards of performance set for the DCA.
- Non-adherence to collection code of conduct / violation of any of the clauses mentioned and accepted at the time of DCA appointment.
- If the bank chooses to terminate the DCA same needs to be proposed to Head Collections with proper supporting and reason for such recommendations. After according necessary approval from Head Collections the same needs to be communicated to the DCA through concerned collection officer who is managing the DCA.

If the DCA request to exit out of the relationship, they need to submit a formal letter / communicate and needs to be filed with remarks of Head Collections.

Before a DCA can be terminated the following activities needs to be done.

- Receive back all data assigned to the DCA soft copy of data to purged and confirmed by the concerned collection officer.
- All receipt books to be returned, reconciled and audited.
- All ID cards needs to be collected back and reconciled.
- All of this activity needs to be done before the last bill for the vendor is processed.
- The billing team has to be notified about the termination of the services of the vendor.
- No dues certificate needs to be obtained from the DCA before the last due payment is handed over to the DCA.
- In the event of termination of Agreement, this should be publicized so as to ensure that the customers do not continue to entertain the concerned DCA.

1.1 Within the Agreement period, RBL Bank may choose the DCA to provide their services in some other locations / branches apart from the existing locations. Based on the performance of DCA and existing setup at the proposed locations, DCA may be requested to extend their services at proposed locations.

21. SECTION - 2-Collector Hiring Process

It is the responsibility of the DCA owner to ensure appropriate staffing based on volumes are provided to ensure effective work is done, the recommended profile of COLLECTOR is given below.

1. Matriculate SSC qualified with prior work experience in a field job like debt collections, recovery etc.
2. Good knowledge of local geography.
3. Good negotiation skills.
4. Good communication skills.
5. Integrity no adverse findings in background checks.
6. Should be conversant with Hindi or local language as per requirement.

The number of collectors for a DCA will be driven by the requirement as state in the cap plan and the concerned collection officer will assess the number of collectors required by bucket as per the cap plan and ensure they are provided by the DCA and the same should also reflect in the DCA billing.

DRA TRAINING

-As per RBI Guidelines every collection / recovery agent has to undergo a 100/50 Hours training on completion of such training he needs to appear for the exam conducted and obtain a certificate from the training institute for the purpose of doing collection / recovery activities for the bank.

Objective of Such Training.

-To improve functional knowledge in the area of banking products, policies, processes and procedures.

-To develop competence and soft skills for collection through fair practices.

The training aims to bridge the knowledge gap of Debt Recovery Agents about the bank products / policies / procedure and to sharpen the skill sets in collection, recovery, repossession of securities etc as well as inter personal behavioural areas.

21.1 Background Checks

Agencies must ensure that COLLECTOR employed to collect on debts must have a sound reputation and not have any criminal background. Agencies must follow guidelines detailed below for conducting background checks.

RCU Checks

COLLECTOR must provide the information like Residential Address, Previous employment address, minimum two references, educational qualification with necessary supporting documents will be verified by HO RCU Team before appointment of the COLLECTOR.

DCA employees who do not get positive references and RCU checks are not to be allowed to do any Bank related work. Deviation Approval needs to be taken from Regional Collection Manager with proper justification in case such collector needs to be hired.

21.2 Identity Cards issuance

All DCA employees working our Bank portfolio must be issued with identity cards from the DCA and endorsement cards from RBL BANK LTD.

The identity cards issued by the DCA, should be shown to the customer as per his / her request to establish the bonafide of the COLLECTOR. A DCA identity card should not carry the name of the logo of RBL BANK LTD.

Both the identity cards and endorsement cards will be valid for one year.

While renewing / reissuing the identity cards and the endorsement cards, the old cards must be taken back from the COLLECTOR. The old endorsement cards must be returned to RBL BANK LTD.

DCA Proprietor / Supervisor must

- Ensure that all COLLECTOR have been issued with an identity card and an endorsement card.
- Periodically check to ensure that these cards are carried by the COLLECTOR while visiting customer for debt collection.
- Retrieve and account for identity cards carried by COLLECTOR who have left the DCA.
- The old endorsement cards of COLLECTOR have to be sent back to RBL BANK LTD.
- Finally, due diligence of COLLECTOR to be accounted for who are collecting on behalf of the BANK.

In case BANK endorsed card is lost, the DCA should write as indemnification letter and request for a new endorsement card.

21.3 COLLECTOR TRAINING.

The Concerned Collection Manager will be responsible for the training of COLLECTOR. Every collector who joins must undergo training on product, process, communication and negotiation skills and code of conduct. As part of induction, new COLLECTOR must also be sent on joint visits with senior COLLECTOR prior to doing independent skills. No COLLECTOR should go to field without completion of training. Each COLLECTOR has been trained and signed off the training record before going on filed with receipt book.

21.4 COLLECTOR Docket

Collection Agencies must ensure that following documents are maintained at their offices for COLLECTOR working on our BANK portfolio.

- Bio-data along with reference checks.
- Application form duly filled up and signed, stamped by the DCA.
- ID and residence proofs
- Photograph
- Copy of RCU check
- Copy of identity card issued by the DCA.
- Copy of training declaration.
- **DRA Training Certificate / Enrolment for DRA Training.**

22.SECTION - 3-allocation of accounts

Cases will be allocated to the DCA in the form of an electronic file Following steps must be followed by a DCA after receipt of the cases.

22.1 Allocation to DCA

The cases are allocated to the DCA in the form of an electronic file i.e soft copy. The DCA should receive the said file as soon as the BANK receives the bounces for pick-ups / follow-up on filed etc.

The soft data of bounces allocated to the DCA will be along with necessary customer information i.e Address / L.No / Dues, POS etc.

On receipt of the same the DCA supervisor should cross check for any missing information and inform accordingly.

22.2 Allocation to Collectors.

Once data checks are completed, the DCA supervisor must allocate accounts to the collectors immediately. The allocation of accounts to collectors as a general rule should be based on following.

- Calendar Month
- Geographical territory
- Delinquency Bucket
- Product Type
- OD Amount.

The DCA supervisor must ensure 100% allocation of accounts to their collectors, at no point of time any case should remain unallocated.

23. SECTION - 4-Customer interaction process

Once the customer accounts are allocated to collectors. The collection calling / visits commence. The DCA has to ensure that their customer interaction is strictly to the code of conduct at all times.

All Collectors/ Supervisors / Proprietors are required to adhere to the COC.

Reviews should be carried out by the DCA proprietor / Supervisor to ensure COC is adhered with. Same can be done by way of daily observation / talk-offs and reporting discipline. Talk-offs should be monitored by listening in on customer calls (telephone) and through joint visits by the DCA manager / supervisor.

Customer complaints of collector's conduct that would appear to violate the COC must be escalated to the concerned Collection Manager immediately who will investigate the matter and if necessary take corrective action as deemed appropriate.

Any letters / queries / complaints from customers received by the DCA must be immediately forwarded to respective collection officer for further action. Under no circumstances DCA should communicate directly with the customer .

No email correspondence must be done directly with the customer by the DCA.

24. SECTION - 5-productivity / performance tracking

24.1 Productivity Tracking.

Once the customer accounts are allocated to the collectors the collector action on these accounts start, it is very important to monitor the productivity and performance of the collectors / DCA as this directly impacts the portfolio managed. The supervisor should take daily update from the collectors.

24.2 Collectors Targets

The targets received by the DCA will be further divided among the collectors based on the portfolio they are managing.

24.3 Feedback and review process

The supervisor needs to take daily update from the collector for the cases allocated to them and based on the feedback need to initiate following step where ever required.

- Guide the collector how to negotiate effectively.
- Re-assign the case to senior collector if the account is considered difficult to crack.
- Escalate the case to collection manager in case he finds it sensitive.

Broken Promises

Supervisor must review all cases where customer have made commitments to pay and schedule these accounts in the collector work list accordingly to the promise to pay (PTP) date. A review of broken promises would help a DCA supervisor in highlighting non-converted PTP's and to discuss and recommend a course of action.

Not attempted Accounts.

Not attempted accounts are those where the collector despite allocation has made no visits. The supervisor must ensure that all the accounts are visited within 5 working days from allocated.

Focus List Review

The Focus list is a listing of the 25% accounts in descending order of principal outstanding. DCA supervisor must ensure that they have the focus list with them at all times. This list ensures focus on the accounts with high POS having a disproportionate bearing on the DCA performance.

Fraud Feedback

Agencies are expected to play an important role in identifying Fraud cases in their portfolio. A Fraud feedback sheet should be used by the DCA to report fraudulent activity discovered by their collector while following up on the allocated accounts.

On suspicion of Fraud, the account should be immediately highlighted to the collection manager who shall visit and confirm the same and escalate for necessary action immediately.

Skip Feedback

Identifying Skip is also of significant importance, from a portfolio standpoint, for the DCA. Once account is identified as "Skip", the DCA should intimate the Collection Officer for appropriate action. The collection manager will initiate necessary process for such skips identified.

It is the responsibility of the DCA supervisor to ensure that only genuine skip are forwarded to collection manager after doing proper due diligence.

Once such cases which are identified Skip needs to be churned with other agencies to check and authenticate and see for any possible contractibility.

Daily Feedback Upload.

All follow up details done by the DCA needs to be update on system, this can be done at the agencies itself or can be sent to the concerned manager to upload the same on system.

25 SECTION-6-Receipt Book Process

25.1 Receipt Book Issuance.

Each Collector must be issued a separate receipt book. DCA Supervisor has to ensure there is no sharing of receipt books. A buffer stock of receipt books must be maintained at the DCA based on number of collectors in the DCA.

Request for receipt book is sent to HO Backend team keeping the concerned collection manager in the loop. Such request for receipt book must be on the letter head of the DCA and must be signed by a designated signatory for the DCA. The list of designated signatories along with their specimen signature must be forwarded to HO team through respective collection manager. Request for receipt book signed by a designated signatory will be entertained.

Used receipt book must be returned to HO Backend team. New receipts books issued will not exceed the number of receipt books returned. In case of cancelled receipts all the ply's needs to be enclosed with it without which receipt book will not be despatched. In case additional receipt books are required over and above the approved nos, same needs to be approved by the concerned RCM.

In case receipt book is lost, the DCA should lodge and FIR for the same. A copy of the FIR and indemnity letter from the DCA should be sent to respective collection officer.

Once the request for book is received the same will be dispatched with 48 Hrs TAT to the concerned agency and the concerned agency needs to acknowledge receipt of the same.

25.2 Receipt Book Control

Upon receiving the receipt books, the DCA supervisor must record details of the receipt book received in the receipt book control register. Only approved formats of receipt book control register is to be used. The DCA supervisor must first ensure that

all the files in the receipt books are available as required along with the carbon copies and that there are no serial number / printing errors. In the event of any discrepancy, the receipt must not be used and must be returned to the BANK .

The DCA must at all point of time maintain an up-to-date receipt book control register issued by the BANK.

Receipt books are to be allocated to collectors with an acknowledgement / sign-off in the receipt control register. The receipt book is non-transferable without specific written approval by the RCM. A possible transfer of receipt book between collector can happen only if the original users quits leaving more than 20 Plies blank. In such situation, the decision of the RCM will be final. In case the DCA manager decides not to transfer the receipt books, the blank ply's must be scored off with the words "Cancelled" printed or written on the block capital across the face of each blank ply and returned back to HO Backend Team.

Before returning the receipt books to BANK the DCA supervisor must ensure the following.

- Match all payments collected with the receipt issued.
- Ensure that the payment register is updated
- Ensure all Bank Plies are there in the book.
- All the plies in case of cancelled receipts are to be returned along with all copies.

25.3 Receipt issuance process

Receipt must be issued for all payments collected, irrespective of whether it is

CASH, CHQ (Not For Post Dated), DD etc.

The receipt must be filled complete with all necessary details . Nothing else should be written on the face of the receipt.

In case the customer is paying Rs.50000.00 or more in cash, the customer PAN Number or Form 60 needs to be taken and noted in the respective section of receipt.

It must be ensured that both the collector and the customer sign on the receipt at the time of payment being collected and the original copy is handed over to the customer. Where a customer is not available we need to mention the relationship of the customer to the person who is making payment on behalf of the customer with proper authority letter from the customer for making payment on his behalf.

In case CHQ / DD received in mail by the DCA, receipts needs to be issued with remark received in mail in the space provided for customer signatures.

No "Self" Cheques are to be taken from customers under any circumstances.

The DCA can store cash / financial instrument with it overnight. All instruments and cash stored overnight at the DCA must be accorded due care and protection. The same must be deposited with the BANK within 24 Hrs. i.e Any payment collected today must be deposited the next day with the bank.

26 SECTION-7 Payments

26.1 Collector Hands-off to DCA

All payments instruments collected by the collector in a day must be handed over to the DCA backend supervisor at the end of the day. At the point of hands off the DCA supervisor must scrutinize each receipt for correctness of deposit. The officer must ensure that the original receipt has been handed over to the customer and all the signatures are present. The carbon copies must not be overwritten in ink under any circumstances. Once the supervisor is satisfied with the validity of the receipt issued he / she should update the payment control register, with the details of the payment.

DCA must ensure that receipts are issued serially and there is no break in series. Any such discrepancies must be highlighted to collection officer immediately.

The DCA must maintain ply-by-ply register that contains details of payments received by the DCA.

Collection officer will do a review of both the stock control register and payment register as part of month end audit.

26.2 Payment deposit process

For all the payments collected in a day, the DCA must deposit the cash with BANK the next day. All CHQ / DD's collected by the DCA needs to be deposited with the BANK with proper acknowledgement, record of which needs to be filed at the DCA.

Recon of all the payments collected / deposited with necessary details needs to be sent to the central team for tracking and coordinating with OPS for applying the funds to respective accounts.

This should be a regular and on-going activity, and to be initiated every day.

26.3 Receipt Audit.

Any discrepancies will be highlighted by the BANK to agencies based on monthly receipt audit conducted of all receipts / payments received and DCA need to respond for the same immediately.

All agencies receipt reports should be sent every month to the HO backend team.

The concerned collection manager will ensure all discrepancies raised with the agencies are closed on priority.

27 SECTION-8-Special Account Handling

27.1 Dispute Handling Process

Dispute relating to increase in bounce cheque charges.

In case a customer dispute regarding the increase in CBC the collector is needs to communicate and explain him the same, in case the customer is still dis-satisfied despite explanation, the customer needs to be directed to the collection officer.

Dispute relating cheque presentation after pre-closure.

In case of pre-closure happening after 20th of the month , the customer is specifically instructed to issue a stop payment on the subsequent months PDC. Meanwhile, efforts are made to stop presentation of the CHQ, but however if the said EMI chq is presented and cleared the excess amount received by us is refunded to the customer.

Cheque Swap Related Dispute

In case where a customer issues fresh PDC's in lieu of the ones held by the bank, the old PDC's are sometimes presented. The talk-off for this is to same as one of the previous one.

Complaints against Enforcement and Recovery Agents.

Usually a customer will approach the call centre for any complaint against enforcement and recovery agents (i.e Defaulting Customer). Call Centre will forward all such complaint request to the concerned collection officer, who will look into such complaint and revert with his findings.

Based on which the Call Centre will address the customer.

In case it is found that there has be lapse on the part of the recovery agent appropriate action needs to be taken against such agent by the concerned collection officer.

All cases of complaints against the Enforcement and Recovery Agents and action taken will be discussed in Customer Service Committees.

27.2 Sensitive Account Handling.

Following are some of sensitive account.

- Where the customer is deceased
- Where the customer is not ready to talk and wants to proceed legally.
- Specific Segments (Army / Retired Police Officers / Journalists etc.

All such cases should be highlighted to the collection officer.

27.3 Settlements.

While collecting, the DCA may come across customers who would want to pay off by getting some discounts and waiver which is normally termed as settlements.

In case the customer talks of settlements, please inform the customer there is no such term as "Settlement" and give him details of his outstanding.

Inform the customer the disadvantages of entering into settlements.

- End of relationship with customer and the BANK.
- No other product of BANK available to him
- Credit bureau and information sharing

The collector must not commit anything to the customer on this issue. The settlement be forwarded to collection officer through the DCA supervisor for further action.

All settlements must be duly approved as per delegation authority in force before communicating to the customer.

A settlement letter in the approved / standard format can be given to the customer signed by the authorized person any settlement letter without signature will be treated as null and void.

Acknowledgement copy of the same with customer's signature needs to be taken and filed.

The payment of an account of settlement can be collected only after the approval and at the time of handling the settlement letter to the customer. Only approved cases settlement letter can be issued to the customer.

The soft copy of settlement cases to be recorded and tracked and monitored in settlement tracker.

28 SECTION-9-Information Security

The DCA needs to ensure of all tangible and intangible information obtained / developed or disclosed including all documents, data, papers, statements, any business information, trade secret and process of RBL BANK LTD.

The DCA needs to ensure safeguard of all information provided to them and should action to protect it against misuse, losses, destruction, alternations or deletions.

28.1 Segregation of premises

The DCA is required to carry out BANK activities in a uniquely demarked area in agencies office premises, which should be clearly segregated from other business.

28.2 Encryption of data

The DCA needs to ensure that all customer data sent over the internet is encrypted / GPG / Winzip package / Password protected.

28.3 Soft data purging

All soft data received from RBL BANK LTD during the month should be purged at the end of the month.

28.4 Email

DCA cannot send any email or any written communication directly to the customer.

Agency Audit Checklist

- Agency Performance Report
- Receipt Book Audit.
- Documentation pertaining to hiring of collectors.
- All Collectors having DRA Certificate / enrolled for DRA Training
- Ensure all DATA received from the Bank is purged for the previous month.
- All collectors should have valid ID card
- Regular Training to Collectors
- Payment Hands-off / Deposition.

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