CDL FINSERV
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Code of Conduct for Collection and Recovery Agent

Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as amended from time to time, mandates the need of Board approved Code of Conduct for Recovery Agents. In line with these guidelines, Company wishes to adopt the following Recovery Agent's Code of Conduct with the approval of the Board.

1. Definitions and Key terms

Terms	Meaning
Recovery/Collection Agent	Would mean employees on the rolls of CDLFS, entrusted with the responsibility of directly recovering dues from customers and includes agencies engaged by CDLFS (if any) and the Agents / employees of the concerned agencies from the customers of CDLFS. These Agents are also called as collector, Field Executive or feet on street (FOS).
Borrower	Person who has taken loan from CDLFS, also called as customer
PVR	Police Verification Report
CCOC	Collection Code of Conduct
FPC	Fair Practice Code
Disposition Code	Customer interaction feedback updated by the FOS in system

2. Code Purpose and Objective

The primary objective of this Code is based on the principles of dignity and respect for customers and believes in following Fair Practices Code while collecting dues and/or repossession of security thereby fostering customer confidence and long-term relationships. It also ensures that there are no coercive practices followed while collecting the dues.

3. Code Principles

The following are the core principles of code of conduct to be followed by Recovery Agents:

i. Recovery Agent shall strictly adhere to the CDLFS Fair Practice Code and ensure compliance of the same.
ii. Customers must always be treated with dignity. Recovery Agents should always remain professional during both telephonic conversations and in-person visits. Verbal or written threats, abuse or rudeness is strictly prohibited. Recovery Agents should use only acceptable business language at all times, regardless of the customer behavior.
iii. Recovery Agents may refer the customer to supervisor or terminate calls when a customer becomes abusive or threatening. All calls where the customer becomes abusive or threatening should be appropriately documented.

iv. Recovery Agents should always display Digital FOS ID Card issued by CDLFS at the beginning of every conversation with customers or produce the copy of the appointment as collection agency.
v. All collections activities must align with the guidelines outlined in this document. All letters, and other communication must be in the format approved by CDLFS's compliance and/or legal counsel.
vi. Customers should be called a reasonable number of times in the context of the dues, and the feedback is to be updated on the system.
vii. Customers' questions should be answered in full. They should be provided with information requested, given assistance and issues resolved. Accounts with unresolved issues should be escalated to management.
viii. Customer or third-party requests for supervisor names or requests to speak with supervisor should always be honored.
ix. The Recovery Agent shall ensure that they do not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the debtors' family members, sending inappropriate messages either on mobile or through social media, making threatening and/ or anonymous calls for recovery of overdue loans, making false and misleading representations, etc.

4. Responsibilities of recovery agencies and agent towards COC adherence

i. Engagement of Recovery Agencies.

a. CDLFS / Collection Agency should ensure that the due diligence process is followed, before engagement of any Recovery Agent e.g., background checks, residence verification and police verification report etc. Police Verification is required to be conducted during the hiring process of agent and a copy is required to be provided to CDLFS. In exceptional cases, Police Intimation Report of agent may be accepted.
b. The Collection agency should ensure that the due diligence process is carried out by verification of the antecedents of their employees.
c. The Collection agency should ensure that proper checks are conducted, and documentation are maintained for their recovery agents at their end. Post necessary verifications the agency shall share a request to CDLFS with complete documents for issue of ID card to the Recovery Agent. After valid request is received, Digital FOS ID Card will be issued by CDLFS.
d. The collection agency should ensure and refer the latest allocation data for carrying out collection activities.

ii. Hiring and Training of Recovery Agents

The Collection agency/CDLFS should ensure that:

a. Agents / Recovery Agent with prior work experience in a field job like debt collections, sales etc. will be preferred.
b. Agent has good knowledge of the local geography and is able to travel to interiors of the remote villages.
c. Agent is hard working and has good negotiation and Communication skills.

d. Agent is high on Integrity and does not have any criminal or any adverse complaints findings in background checks.
e. Agent is conversant with English or Hindi or any local spoken language/dialect.
f. Mandatory training is provided for the new joiners of CDLFS and regular refresher training to the existing employees of Collection agency
g. Agent undergoes job training and refresher training on the Code of Conduct on a regular basis.
h. An adequate number of Recovery Agents is in place to handle the collectable cases.
i. Fair practice code and collection Code of conduct adherence training are given by the agency supervisor and collection managers on a regular interval to Recovery Agent of outsourced Recovery Agencies.

iii. Intimation to the borrowers about Recovery Agencies

a. The Collection team of CDLFS will regularly communicate via SMS to borrowers, on the allocation of delinquent cases to the collection agency. The SMS sent will also include a reference to the CDLFS website wherein the detailed list of collection agencies is available.
b. The Agent's employed by the recovery agencies should carry either a copy of authorization letter from CDLFS or CDLFS issued identity card. These authorization letters should include the telephone number of the relevant recovery agency.
c. Collection team of CDLFS shall ensure call conversations, content/ text of the calls made by the Company's tele-callers and Recovery Agencies (as may be applicable) to the customers, is being recorded and duly stored.

iv. The right time to Call/Visit

Where to Contact

a. Salaried Customers: always make first contact at their residence. However, contact the customer at their office address if they have given that as the mailing address.
b. Self-employed Customers: always make first contact at their business place. However, contact the customer at their residence if they have given that as the mailing address.

When to Contact

For Micro Finance customers, the collection staff of the Agency shall not call or persistently call the borrower before 9:00 a.m. and after 6:00 p.m., unless there is specific customers' consent.

v. **Residence**

Recovery Agent should

a. Respect personal space – maintain adequate distance.
b. Not enter the customer's residence against his/her wishes.
c. Not restrict the customer's movement or restrain him/her from entering or leaving the house/room.
d. Not visit in large numbers – i.e. not more than one Recovery Agent may visit with supervisor if required under exceptional circumstances i.e. cases having disputes or having large balances etc.
e. Not remain in the customer's house if he/she were to leave for any reason.
f. Respect the customer's privacy – do not embarrass the customer in the presence of his/her neighbors.

Recovery Agent should not:

a. Make visits at the customer's residence if the customer –expressly forbids such visits and provides suitable alternate address where he/she is contactable during collections working hours.
b. Contact a customer who has suffered a bereavement, or a customer's family member is gravely ill; A social engagement is in progress.
c. Contact customer, If the customer is not present and only minors/elderly/infirm are present at the time of the visit. The Recovery Agent should end the visit with a request that the customer for call back.

vi. **Workplace**

Recovery Agent should not:

a. visit the customer in the office unless, the customer's mailing address is that of the workplace.
b. visit in large numbers. Recovery Agent may visit with supervisor if required under exceptional circumstances i.e. cases having disputes or having large balances.
c. discuss the customer's debt where others can overhear the conversation.
d. Offer to assist the customer by driving him/her to the CDLFS /any other spot from where money to repay the debt can be collected.
e. Have discussions of a personal nature with the customer – maintain a professional distance, restrict conversation to the debt owed and the customer's proposed repayment plan
f. Use means that are unfair, for example –
    - Collect sums more than the 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 received (in case the customer has multiple debts) to accounts other than those indicated by the customer.

vii. **Initiating a Conversation**

a. Always begin the conversation by introducing yourself and mention that call is made on behalf of CDLFS.

b. Speak to the customer in a language he/she is most comfortable with.
c. The purpose of the call or visit is to first understand why the customer is not paying.
d. Always remain polite and professional during telephone conversations or visits

viii. **Handling Inabilities to Make Payment**

Employees and external representatives must take the matter very seriously if the customer breaks the Promises to Pay (PTP's) or refuses to pay. In such situations, the recovery agent must:

a. Increase the number of calls/visits. The number of calls/visits depends on the amount owed, product, ageing of debt and account history.
b. Update the borrower's trails / feedback log of call / visit details on the system regularly.

ix. **Handling Requests to Stop Calls**

If a customer requests not to be called on / visited at his place of work, then the same should be stopped and customer should be asked to provide suitable alternate address/telephone number in writing. Recovery Agent should act accordingly and inform CDLFS about the new details.

x. **Contacting an Unreachable Customer**

a. If the customer is not contactable, visit the customer directly at their residence or mailing address. If the customer is not available, the following message may be left for the customer to return the call. "Sir / Ma'am (Your name) from/on behalf CDLFS had visited. Please call me back on (phone number).
b. If the customer is not present and only minors or any female or an elderly or infirm/handicapped individual is present, do not enter the house or wait for the customer to return. Simply leave a message for the customer to call back and leave.
c. Customers have the right to confidentiality, so do not discuss customer accounts and loan repayment with third parties.

xi. **Handling an abusive customer**

If the customer refuses to pay and becomes abusive, explain the consequences of non-payment, like.

a. It will impact credit history and bureau score
b. Their name will be included in the Credit Bureau as a defaulting customer
c. It could mean possible legal action and its impact including costs and inconvenience, but do not indulge in abuse behavior.

xii. **Collecting and Depositing Dues**

CDLFS's employees and representatives should always be ethical, while collecting and depositing dues from the customers:

a. Do Not accept gifts from customers or bribes of any kind
b. Do Not use the customer's payment for any other purpose other than to credit to borrower's loan account.
c. Do Not collect more than the amount overdue from customer.
d. Always carry the receipt book/ Mobile to generate e-Receipts

e. In case of manual receipts, fill in the receipt completely with all the details and get the customer/depositor to sign it and hand it over.
f. Give the receipt to the customer/depositor, and make sure that he/she countersigns the receipts
g. In case of Mobile e-Receipts, fill in the complete details accurately in the app and then generate the e-Receipt.
h. Ensure that the money is deposited with the relevant branch authority
i. Ensure that it is deposited within 48 hours, or next working day (excluding holidays)
j. Do not advise or provoke the customer to make payments directly to any recovery agent's personal bank account and or personal digital wallet including employee and their family and friends and vendors and their employees.

xiii. No misleading statements/misrepresentation are permitted. The recovery Agent should not –
a. Mislead the customer with the action proposed and consequences thereof.
b. Mislead the customer about their true business or organization name, or falsely represent or imply that the recovery agent is an attorney (lawyer), government official, officer of any court etc.
c. Cheat customers by personation or by pretending to be some other person or by knowingly substituting one person for or another or representing that he or any other person is a person other than him or such other person really is.
d. Threaten legal action when none is expected to be taken.
e. Threaten repossession of pledged assets when such action is not immediately planned.
f. Threaten with imprisonment or even mention imprisonment unless legal action is planned or currently underway that could result in imprisonment.
g. Threaten with arrest/detention by the police unless, prima facie, the customer's actions indicate criminal intent that could lead the police to arrest/detain – for example, if a customer has sold the automobile financed or has falsified documents at the time of application, the customer may be prosecuted leading to arrest/detention.

xiv. **Gifts or bribes**

Recovery Agent should not accept gifts from customers or bribes of any kind. If any Recovery agent comes across such situations he must report to his / her Manager and the Central Collection team.

xv. **Taking possession of mortgaged property /any other asset**

The recovery of loans or seizure of assets funded should be carried out only through legal means and the management of CDLFS also rely on remedies available under the relevant statutes of law while enforcing security interest with/without intervention of the Courts. CDLFS may use the forum of Online Dispute Resolution Mechanism (ODR).

Complaints against Recovery Agencies Complaints against any recovery agencies or their employees are tracked by the customer service unit. The borrower's grievances are addressed with appropriate replies and necessary root cause analysis is done. Necessary action will be taken against the recovery agent for breach of collections code of conduct.

5. Document Custodian

Collection Head

6. Document review and approval

Annual Review

7. Annexures

Annexure 1

Do's and Don'ts of Recovery Agent.

	Do's of Agent towards Borrower	Don'ts of Agent towards Borrower
When and where to Call or Visit	First call at officially registered contact number with CDLFS.	Do not make the first call at office or residence
	Call between 9 am to 6 pm for Micro Finance portfolio	Do not call (without consent) before 9 am and after 6 pm for Micro Finance portfolio.
How to start and continue the call or meeting.	Introduce yourself and the company	Do not use false identity to get through to the borrower.
	Ask for reasons for non-payment of EMI / Dues.	Do not abuse, threaten or use muscle power or misrepresent or present information to threaten the borrower.
	Stay professional, use the language the borrower is comfortable with.	Even if the borrower abuses or gets abusive, do not abuse or threaten.

	Borrower's privacy should be respected.	Inappropriate occasions such as bereavement in the family or such other calamitous occasions should be avoided for making calls/visits to collect dues.
	Update the conversation with the borrower in the trails on the accounts in the collection system	Do not visit the borrower in large groups or accompany unknown persons. Do not intimidate or harass borrower either verbal or physical. Do not humiliate publicly or intrude upon the privacy of borrower's family members or friends.
	If the borrower refuses to pay update her / him of the consequence – E.g. negative credit history, difficulty of future borrowing etc.	
	Send letters or telegrams or any written communication in the approved format.	Do not discuss the borrower's debt/ overdue amount with spouse, children, parents, family, relatives, friends, neighbours, colleagues and any other party unless authorized by the borrower.
	Stay professional, and do not abuse even if the borrower is shouting/ abusive. If required leave the borrowers place immediately if the borrower is threatening.	Do not discuss personal matters.
		Do not accept bribes or gifts from the borrower.
When collecting and depositing	Issue and give the receipt to the borrower for the correct amount collected	Don't include additional charges other than what is mentioned in the CDLFS system / data
	Deposit the collections at the branch timely.	Do not pocket the borrower's money for personal use or use to fund another borrower's EMI. Do not advise to send money on personal digital wallet
		Do not advise or provoke the borrower to make payments directly to any personal bank account and digital wallet including employee and their family and friends and vendor and their employees. Do not raise settlements on securitized pool.
If borrower is non contactable e	Leave a message with the adult member of the family asking the borrower to call back	Do not discuss overdue amount or status of the borrower with any other person.
	Ask when and where the borrower can be contacted.	Do not threaten the family members or shout outside the borrower's house to embarrass them.
		Do not send any written communication to borrower over messages/WhatsApp/email until and unless the same is authorized by Legal/Compliance

If PTP's are broken	Highlight consequences (impact on credit history, inclusion in CIBIL, cost of legal route) to borrower. Intensify collection visits and update trails on Collection system	Do not shout or issue written or verbal threats