

## **FINCOMUN INTRODUCES A “COLLECTIONS WITH DIGNITY” POLICY**

**FinComún’s (Mexico)** “Collections with Dignity” policy was successful in reducing the client default rate by 7% over one year and in improving the FSP’s reputation among clients.

“Collections with Dignity” de-emphasizes collections alone, and it instead promotes listening to clients and discussing repayment solutions. The policy includes several important features:

- It prohibits abusive or coercive collections practices and delineates sanctions for misconduct.
- Internal Audit checks compliance with the FSP’s Code of Conduct and credit manual.
- It prohibits the use of third-party collections agents and requires that loan officers or recovery specialists employed by FinComún carry out all collection's activities.
- It requires that collections staff meet several times with delinquent clients, to look for repayment solutions and maintain the client’s trust.
- Staff are encouraged to refer to clients as “clients with late loans” instead of “delinquent clients” in order to avoid the negative connotations and disdain associated with this word.

Clients are asked to participate in satisfaction surveys, during which they are asked about their experience during the collections process.

In addition to reducing the client default rate, the policy has encouraged more delinquent clients to maintain their relationship with FinComún, such that each month, the collections department returns over 1,000 accounts to the commercial department, each representing a customer who has re-established their good standing with the institution.