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ASOCIAȚIA DE MANAGEMENT
AL CREAȚELOR COMERCIALE

AMCC's mission is to represent its members at national and international level, to promote the concept of credit services management and support it in the national legislation.

AMCC wants to be a **national representative association for debt collection agencies** in Romania and to implement a high standard of quality in the management of receivables.

Since its establishment, AMCC is a full member of FENCA – Federation of European National Collection Associations.

Through AMCC, Romania became the 15th Member of FENCA.

AMCC's scope:

The main purpose of AMCC is to regulate the profession and to **set professional ethical principles to be followed by debt collection companies** in relation to retail and corporate debtors.

*AMCC was founded in 2007 at the initiative of Coface, EOS KSI and Creditreform.
Currently it brings together 17 members.*

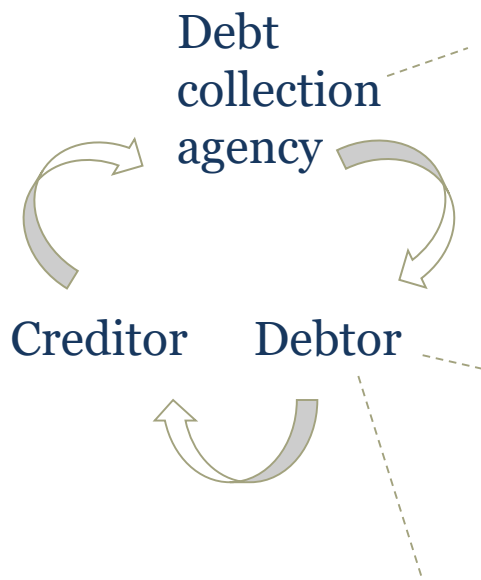


■ What is debt collection?

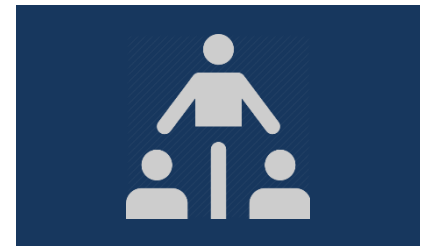
- Debt collection market evolution and trends in 2018
 - Romanian B2C debt collection market:
 - B2C – Serviced debt
 - B2C – Purchased debt
 - Romanian B2B debt collection market
 - International collection
- Continuous improvement measures

Why do companies choose to externalize debt collection?

- A possible answer would be due to legislation (e.g.: prudential rules regarding non-performing loans), cash flows constraints and decisions to increase operational efficiency can lead to debt collection externalization.



- A debt collection agency acts as an intermediary between a debtor and a creditor. It can facilitate a payment schedule for the debtors.



- A creditor can have two categories of clients, B2C and B2B.
- B2C clients are natural persons (e.g. people who have a telecom subscription, etc.)
- B2B clients are legal persons (e.g. companies/NGOs that receive loans from banks, etc.)



- The communication between the collection agents and the debtors is the quickest and easiest way to solve the debt situation under conditions that are favorable to all parties.



Who are the companies (**creditors**) that refer collection of debt?

- **Banking institution**
- **Telecom companies**
- **Leasing**
- **Insurance**
- **FMCG**
- **Universities**
- **Pharma etc.**

How is debt transferred to debt collection companies?

a. Purchase rights for the debt
(Debt purchased)

b. Collection based on success fee
(Debt Serviced)

What does this mean for the **debtor**?

- **Rights** over the **debt** are **referred** to a **debt collection agency** or a **consortium of companies**.
- **Collection** is taken over by the **company** which **owns the rights over the debt**.
- **Rights** over the **debt** are **kept** by the **creditor**
- **Debt collection operations** are **performed** by the **contracted company**, in return receiving a **fee**, according to the **service agreement**.

Who is a **debtor**?

- **Natural persons** (employees, students, etc.)
- **Legal persons** (limited liability company, corporations, etc.)

How is the debtor contacted?

- Phone calls
- E-mail
- Written correspondence
- Field activities

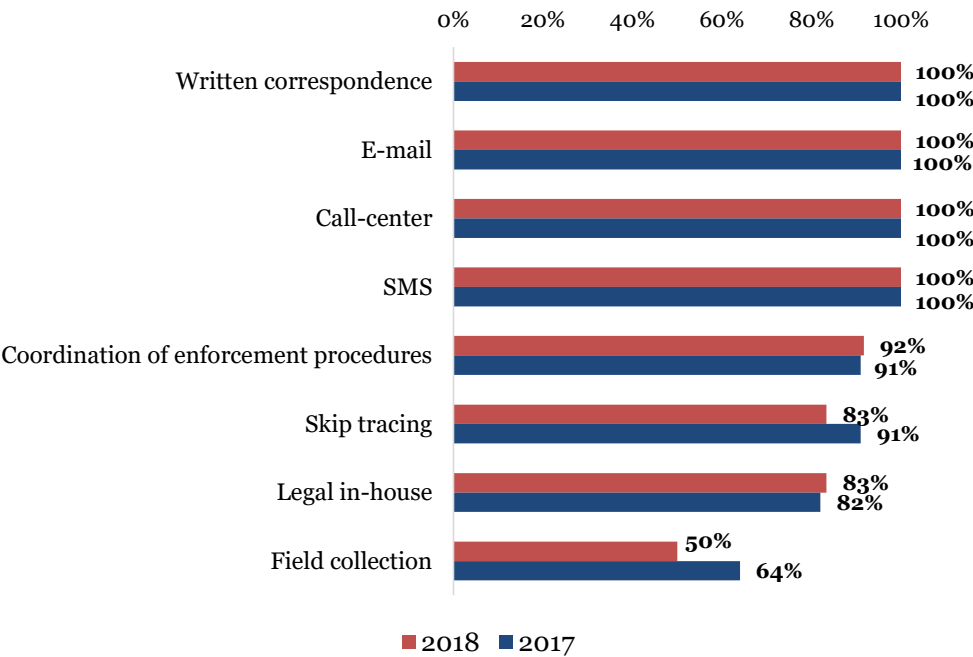
What is the general approach?

- Discussions with the debtor include:
- 1. Identify solutions** for payment of debt;
 - 2. Decide** on the **best option** for both the debtor and the creditor;
 - 3. Agree** and **sign a written agreement** based on previous discussions.

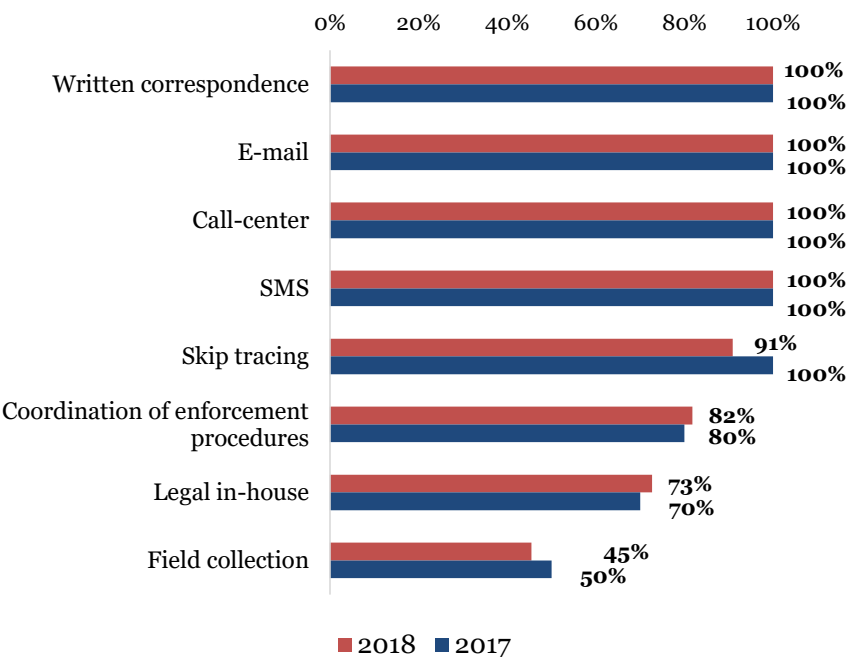
Field collection and legal in-house services are the least used services by the members in 2018

Debt collection services

Type of services offered - B2C
2018 vs. 2017



Type of services offered - B2B
2018 vs. 2017

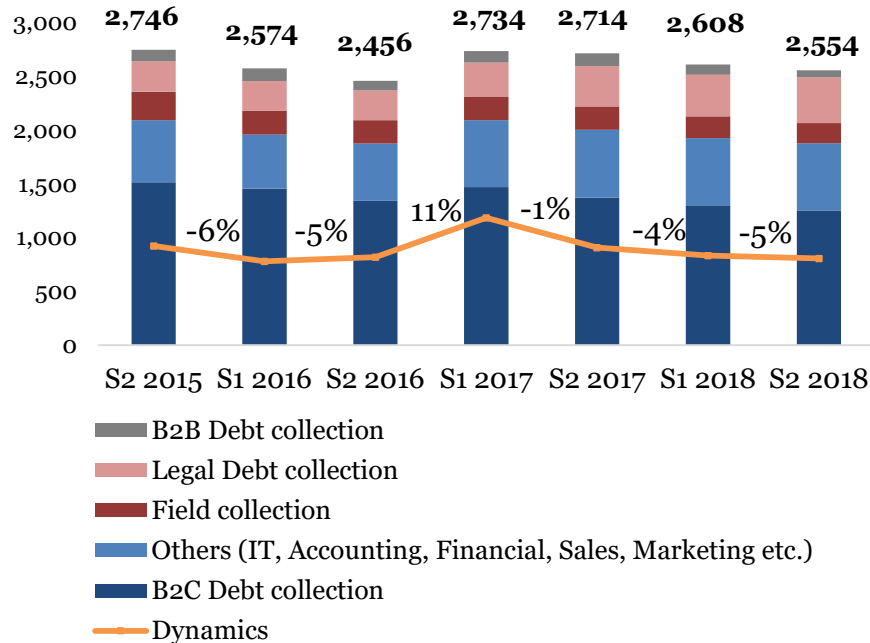


- **Services provided for the B2C sector:** All of the respondents use call-center services, SMS, written correspondence & e-mails to communicate with B2C clients. The least used service is field collection.
- **Services provided for the B2B sector:** Similar to B2C services, written correspondence, e-mails, call-center and SMS services are being used by all respondents. Field collection is also the least used services for B2B collection.

The Romanian debt collection industry employs ~2,500 people, more than half of them in the B2C & B2B collection segment

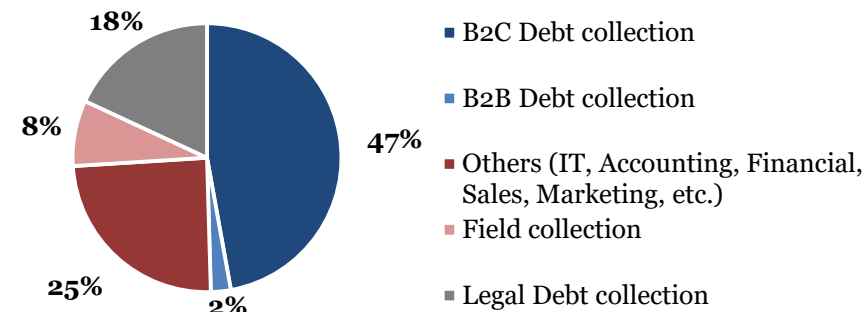
Employee structure

Total number of employees by service performed (full & part time)
2015-2018 evolution

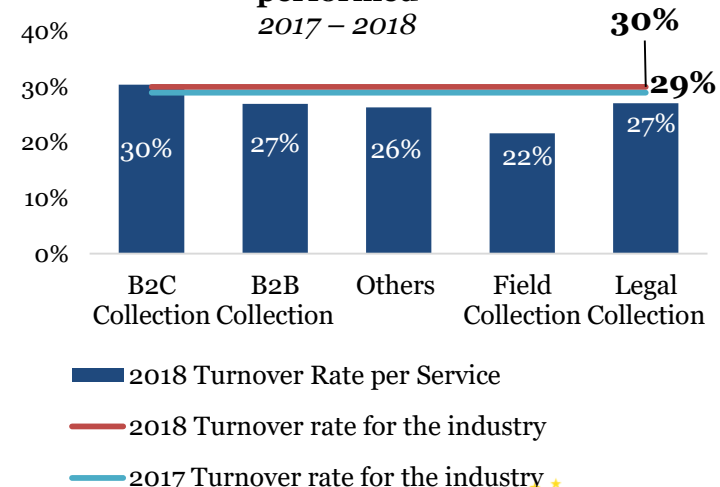


- On a general note, the debt collection sector has registered a slight fluctuation in number of employees, between end of 2015 till the end of 2018.
- This is mainly due to the high employee turnover and debt collectors adjusting their headcount number to the volumes referred.
- B2C debt collection is the most employee-intensive function, accounting for approx. 47% of the total full-time employees.

Full-time employee structure by service performed
S2 2018



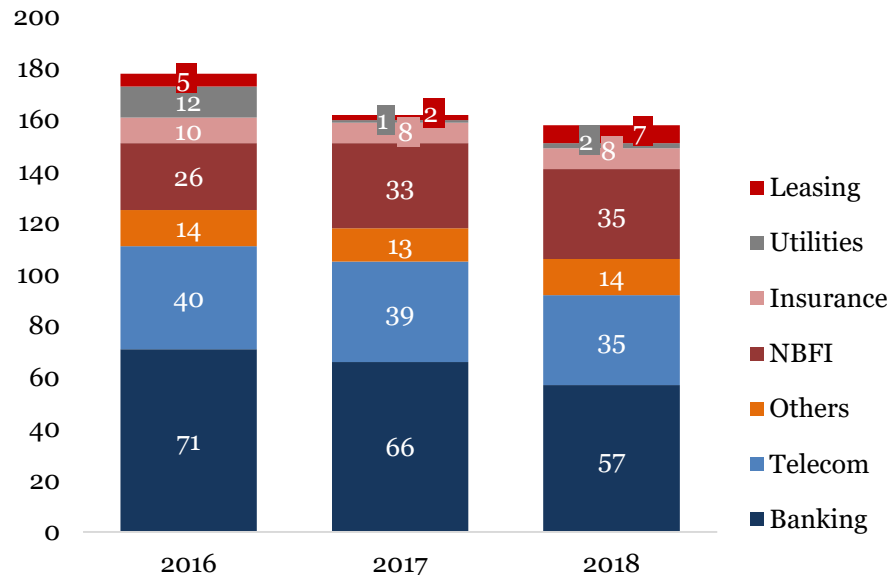
Employee turnover rate by service performed
2017 - 2018



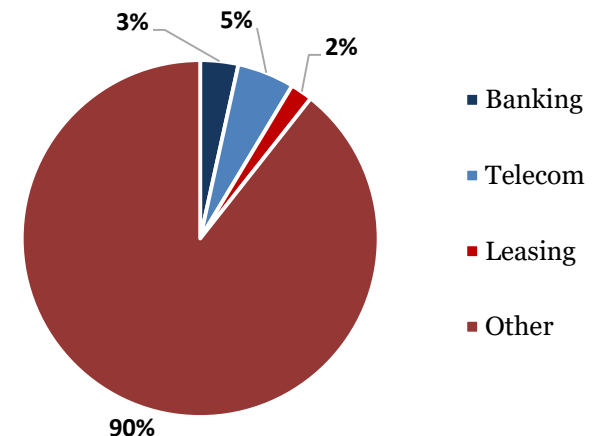
In 2018, the total number of B2C active clients has decreased compared to 2017, with a relatively similar industry structure

Active clients

B2C Evolution of the number of active clients 2016 – 2018



B2B - Active clients by activity sector 2018



- **B2C segment:** The number of active Banking and Telecom clients has decreased in 2018 compared to the similar period from 2017, mainly due to uncertainties in the market regarding new regulations.
- **B2B segment:** Most of the active clients come from other industries such as FMCG, Pharma, IT, Distribution, with a rather limited representation from Banking, Telecom and Leasing sectors.
- In 2018, 68.6% of B2C active clients were from the financial services sector (Banking, NBFI, Insurance and Leasing).

- What is debt collection?

- **Debt collection market evolution and trends in 2018**

- Romanian B2C debt collection market:

- B2C – Serviced debt

- B2C – Purchased debt

- Romanian B2B debt collection market

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Debt collection market in 2018

Romanian B2C debt collection market – Serviced debt.

- In 2018, serviced debt referred increased by 36% in terms of debt value, but decreased by 14% in terms of number of cases.
- The value recovered from B2C cases and returned into the economy by debt collecting companies was ~123 mil EUR, a ~28% increase compared to 2017, mainly thanks to more recoveries from NBFI and Other* sectors.
- Average value per case for serviced debt referred in 2018 was 389 EUR/case, while for debt recovered was 91 EUR/case.
- The most important sector in terms of number of cases referred for 2018 remained, as in 2017, the Telecom sector.

Romanian B2C debt collection market – Purchased debt.

- The value of purchased debt referred decreased in 2018 by ~50% compared to 2017, mainly due to lower number of portfolios available for sale in the Banking sector.
- In 2018, the value of guaranteed debt recovered was about 12% of the total value of B2C Banking debt purchased.
- Average value per case for purchased debt referred in 2018 was 980 EUR/case, while for debt recovered, 173 EUR/case.

Romanian B2B debt collection market – Serviced debt

- In terms of serviced debt referred, the number of cases in 2018 registered a decrease of ~13%, mainly due to lower number of cases in the Banking sector.
- The average value per case for serviced debt referred was 17,673 EUR/case in 2018, while the average recovered value per case was 600 EUR/case.

Romanian B2B debt collection market – Purchased debt

- In 2018, the only sectors active on the B2B purchased debt referred market were Banking and Telecom where the average value/case was 5,057 EUR/case.

Most debt collection players expect an increase in the market in terms of debt collection for 2018, thanks to an increased number of portfolios available for sale and an improvement in operational efficiency.

Operational performance and market regulations

- **Services offered.** Main services provided by respondents are written correspondence, e-mail, SMS and call-center services. It seems that services such as legal in house have begun to be more and more attractive for clients.
- **Employee structure.** B2C and B2B collection segments are the most employee-intensive sector accounting for almost 52% of total number of employees. A growing employee category within AMCC member companies is the legal in-house segment, which registered an 11% increase in the number of employees in 2018 compared to 2017.
- **Operational improvement.** The respondents' main focus for 2018 was to focus on employee development, while carrying out cost cutting initiatives, in an attempt to prepare the company for future development.
- **Market regulations.** The members are expecting that new regulations will be imposed. In turn they are planning to focus on diversifying their service portfolio and adjust to the new requirements thus maintaining client service level.

Debt collection players have in plan during the next period to continue improving operational efficiency through specific initiatives (e.g. optimize core business processes, clearly define procedures, trainings for employees, etc.) and enhance client satisfaction by providing high quality customized services.

Survey statistics

Total number of respondents: 12, covering a representative estimate of 70% of the total debt collection market (debt servicing and debt purchasing) and 90% in terms of debt servicing market. **The Survey was commissioned by AMCC to Ensign Management Consulting and was prepared in accordance to data submitted by each participating AMCC member.**

Debt referred 2018 (EUR)			Debt recovered 2018 (EUR)			Revenues 2018 (EUR)		
Romanian Market			Romanian Market			B2C Collection	-36%	5,250,372
B2C	-18%	1,609,894,627	B2C	8%	354,474,832	B2B Collection	52%	7,739,284
B2B	9%	1,448,442,839	B2B	24%	65,769,058	Debt purchased	16%	62,974,582
Total	-7%	3,058,337,465	Total	10%	420,243,890	Total	12%	75,964,238

Companies that include in their portfolio of services Debt Collection:

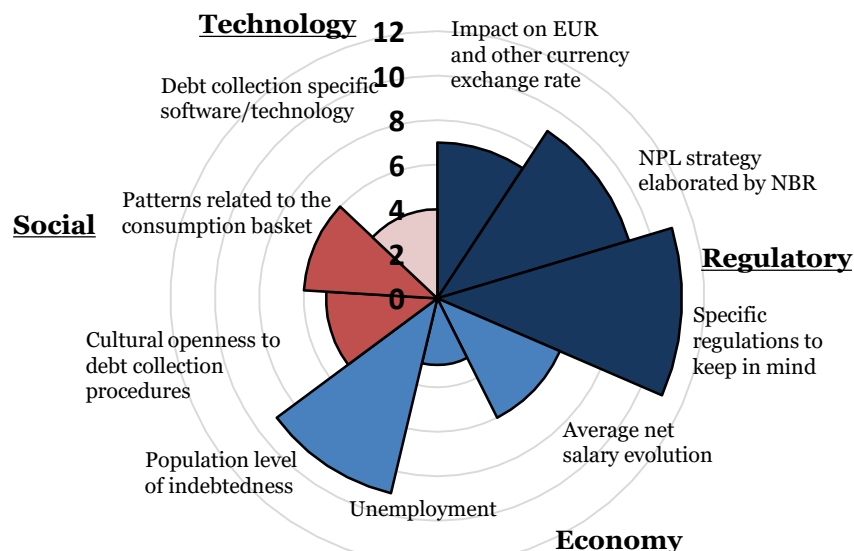
- Intrum Romania
- Creditexpress Romania
- Cycle European
- Firecredit
- KRUK Romania
- Improvement Credit Collection
- EOS KSI Romania

Companies that include, besides Debt Collection, Debt Purchasing:

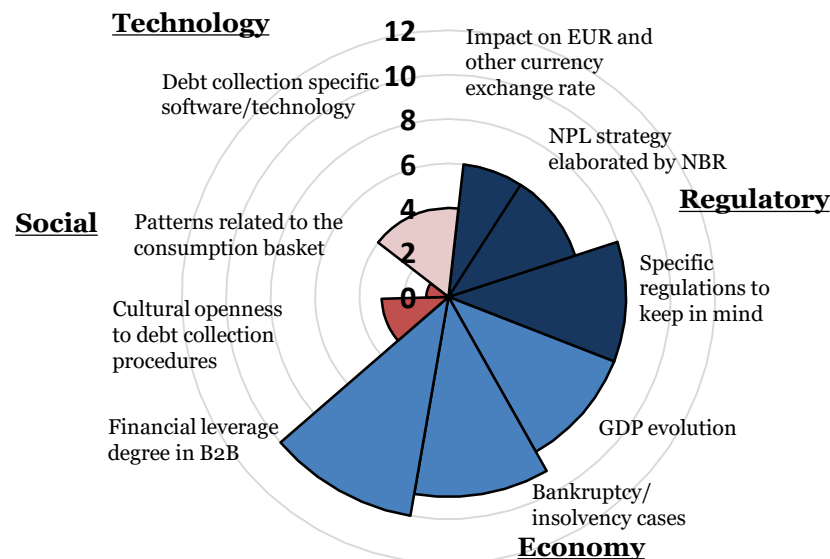
- Debt Collection Agency¹
- Creditexpress Romania
- EOS KSI Romania
- KRUK Romania
- Intrum Romania
- Improvement Credit Collection
- Firecredit
- Cycle European
- Kredyt Inkaso¹
- OTP Factoring¹
- Getback Recovery¹

Debt collection sector expectations for 2019

Major drivers of the B2C Debt Collection market



Major drivers of the B2B Debt Collection market



Major growth drivers B2C.

- Mainly all AMCC members which participated in the survey stated that specific regulatory aspects will be the most influential driver for the debt collection market evolution. Patterns related to the consumption basket registered a growth in importance among members as the industry is trying to increase client satisfaction by providing high quality customized services.

Major growth drivers B2B.

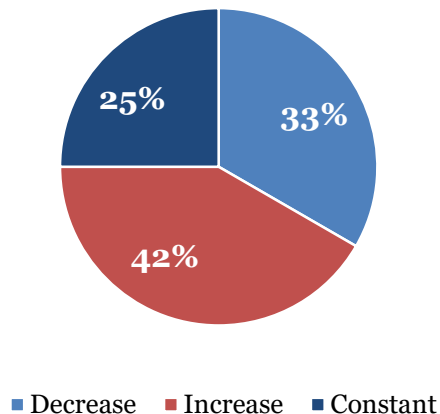
- In 2019, economic (financial leverage degree and bankruptcy/insolvency cases) and regulatory (specific regulations) factors are expected to have a significant impact on the ability of Romanian companies to reimburse debt.

Expectations:

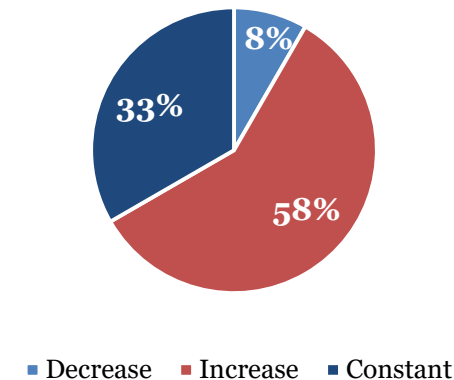
- Factors as population level of indebtedness for B2C or financial leverage degree in B2B will continue to have a high impact in the debtors payment behavior, especially in the current economic context.
- Among AMCC members it is expected that technology will have a more significant role within the process of collection thus improving collection efficiency rates.

Market trends for the second semester of 2018

**Members perspective –
Indebted population**
Evolution in the next 6 months

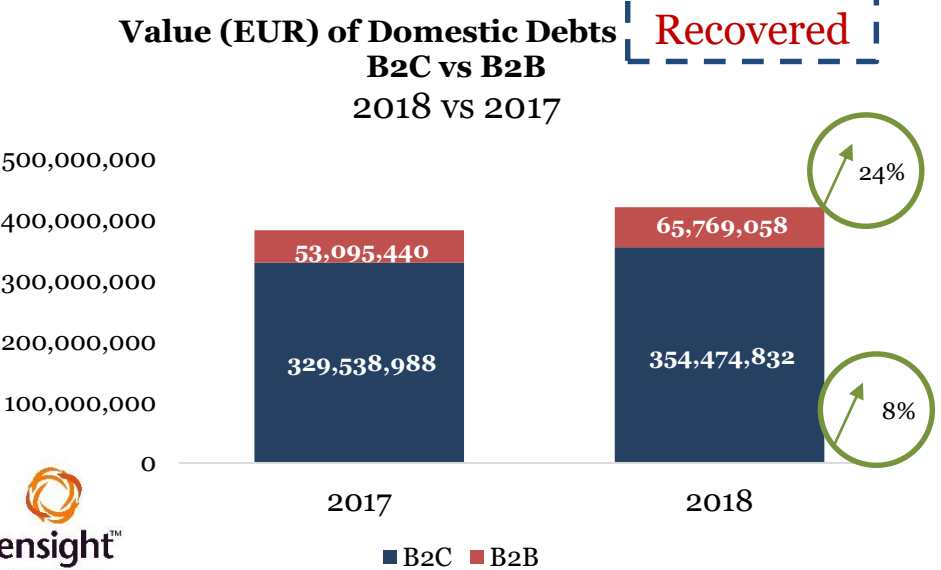
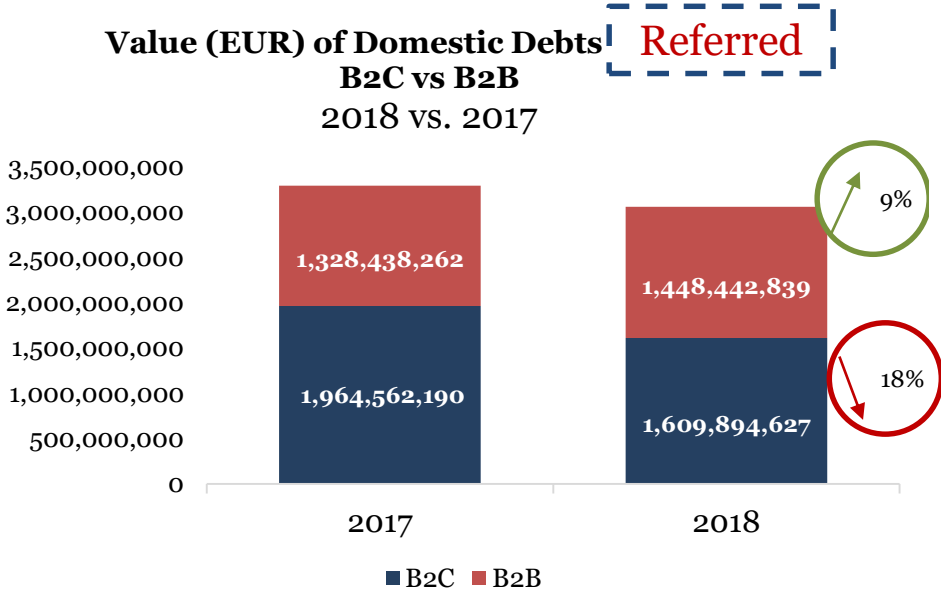


**Members perspective –
Number of customers with repayment
difficulties**
Evolution in the next 6 months



- **Indebted population:** Expectations regarding indebted population level is considered to be on a growth trend, because of increasing consumption. NBR's new law that limits to 40% the indebted level of a natural person will be in force in 2019 and is expected to slightly decrease this trend in the next years to come.
- **Customers with repayment difficulties:** The increase of interest rates will have an impact on the payment capacity of the population, as seen in the respondents' general perspective. Thus, most of the respondents expect that the number of customers with repayment difficulties will increase mainly due to higher interest rates and the devaluation of the national currency vs. foreign currencies.

Sector evolution in 2018 vs. 2017



Sector evolution. B2B debt referred sector has registered a significant decrease in terms of value of debt referred in 2018, compared to 2017. The decrease is mainly due to debt portfolios serviced from the Banking industry.

Trendlines developed among AMCC members:

- Standardizing operational processes.
- Improving people performance on the job.
- Process automation for first level contact.
- Legal in-house to have a more important role.

Market evolution until the end of the year.

The respondents expect the market to be highly influenced by new regulations that are pending, as clients that refer debt will also wait on the outcome of these new regulations.
The market is expected to stagnate as regulatory uncertainties will temporary affect the current growth.

The respondents also anticipate repayment issues as interest rates will rise do to monetary policy.

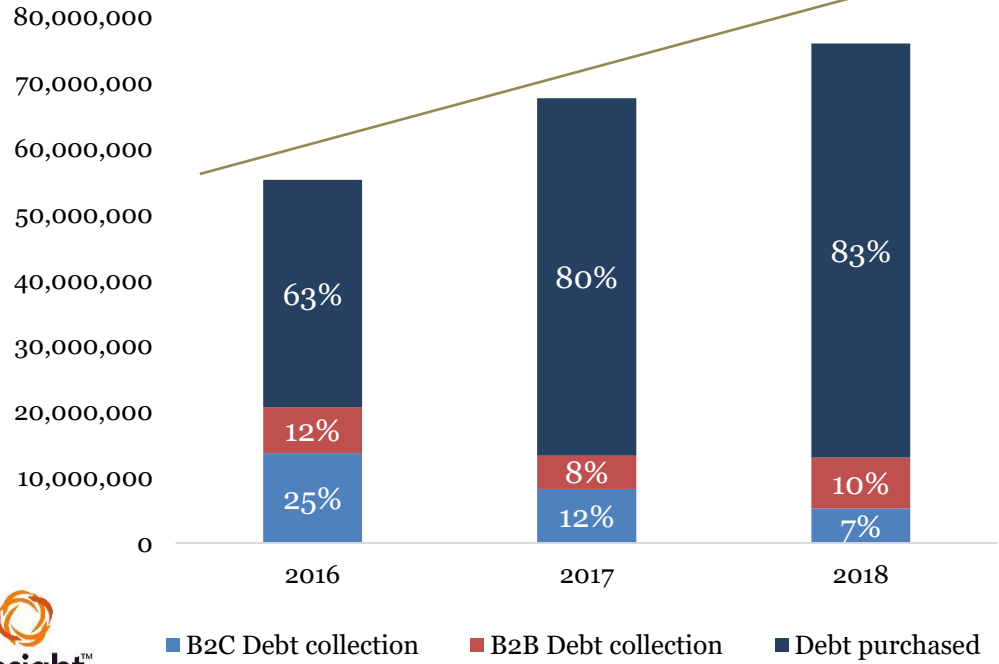
Increase of revenues in 2018 was due to B2B debt recovered and debt purchase revenue streams

Revenues

2017/2018	Revenues (EUR)		Dynamics
	2017	2018	
B2C Collection	8,217,545	5,250,372	-36%
B2B Collection	5,101,206	7,739,284	52%
Debt purchased	54,356,788	62,974,582	16%
Total	67,675,539	75,964,238	12%

▪ **Volume.** The reported revenues for 2018 reached ~76 mil EUR, an increase of 12% when compared to 2017.

Revenues (EUR)
Evolution 2016 – 2018

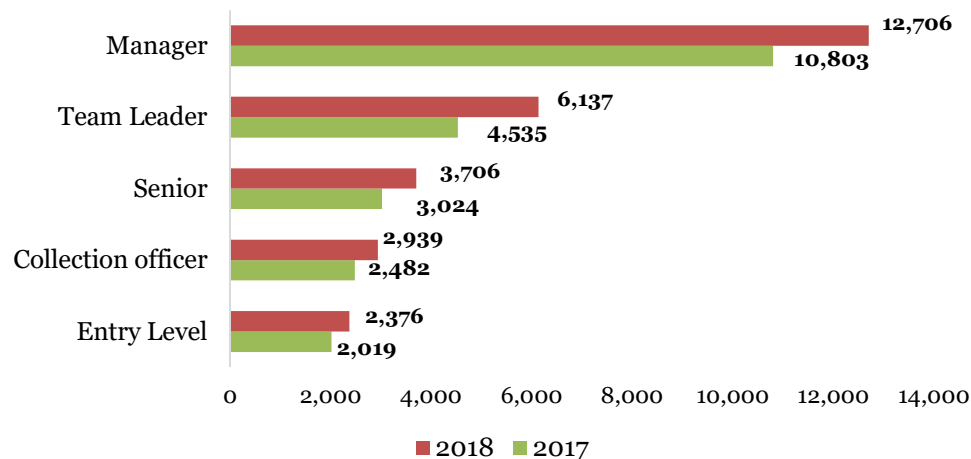


- **Revenue split:** Around 83% of the revenues from 2018 originated from debt purchase.
- Compared to the similar period from 2017, revenues coming from purchased debt kept a positive trend in 2018.
- Revenues from B2C debt recovery registered a decrease in 2018 compared to 2017 of -36%.

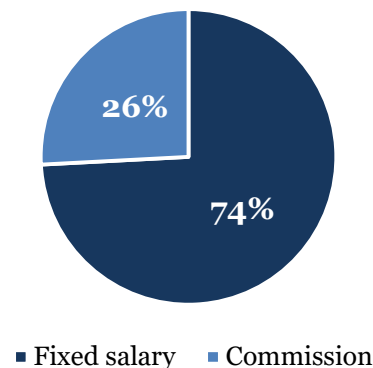
Salaries in the debt collection sector have followed the same increase trendline as the general market

Salaries

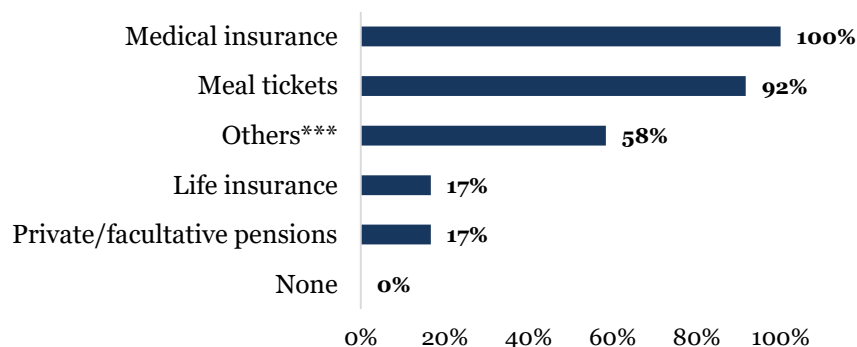
Monthly salaries (Gross)*
RON, 2017**** vs. 2018



Share of fixed salary and commission in monthly salary**
RON, 2018



Employees benefits offered by AMCC members (% of total members)



- **Salaries.** The share between fixed salary and commission has changed in 2018 in favour of more contribution from the commission part, compared to 2017, fixed salary accounting for ~74% of the total wage (~81% in 2017). When compared to similar periods from 2017, in 2018, all salaries have increased between 18-35%.
- **Employees benefits.** All of the 12 respondents offer medical services coverage and the majority of them extend the benefits to meal tickets and life insurance as well.

*Values represent weighted average between the salaries from 10 respondents, based on hierarchical level.

**Weighted average is based on percentages provided by the respondents, between 60/40% and 100/0% fixed salary/commission).

***Other benefits consist in: Transportation, benefit cards, monthly performance bonus, special occasions bonus, etc.

****The salary in 2017 was adjusted to the 2018 contributions.

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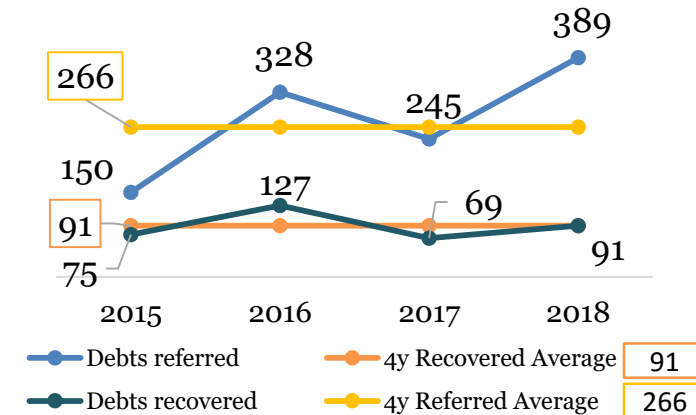
Romanian B2C serviced market has registered a decrease (-14%) in terms of number of cases, but the unit value increased (+59%)

Romanian B2C debt collection market – Serviced debt

Serviced debt	Number of cases		Value in EUR		Avg. Value in EUR/Case	
	2017	2018	2017	2018	2017	2018
Debt Referred	2,968,435	2,549,714	728,609,788	992,789,638	245	389
Debt Recovered	1,401,870	1,353,292	96,763,742	123,691,423	69	91

- **B2C by category split.** In terms of number of cases, serviced debt referred represents in 2018 roughly 80% of the Romanian B2C debt collection market. While serviced debt recovered accounts for 50% in 2018 of the total cases of Romanian B2C debt recovered.
- **B2C market dynamics.** The B2C serviced debt referred in 2018 increased by 36% in terms of value managed, mainly thanks to a significantly higher value per case referred.
- **B2C market volume.** The total value of serviced debt recovered increased by ~28% from its 2017 value, to ~124 mil EUR in 2018, while the average value per case was 91 EUR/case.

Debt serviced referred and recovered - Average value (EUR)/case



Telecom and Banking serviced debt represent together 85% of the total B2C service debt referred cases in 2018

Romanian B2C debt collection market – Serviced debt

Number of cases					Values (EUR)				Avg. Value in EUR/Case			
Serviced debt	Debt Referred		Debt Recovered		Debt Referred		Debt Recovered		Debt Referred		Debt Recovered	
	2017	2018	2017	2018	2017 ('000)	2018 ('000)	2017 ('000)	2018 ('000)	2017	2018	2017	2018
Sectors												
Banking	511,793	416,949	523,992	480,298	414,252	611,369	62,036	64,443	809	1,466	118	134
Telecom	2,093,283	1,737,699	755,583	609,145	224,969	214,361	24,638	22,702	107	123	33	37
Leasing	94	2,737	65	2,326	107	5,744	49	4,056	1,141	2,099	758	1,744
NBFI	221,715	304,081	96,991	224,540	56,174	116,394	7,632	25,407	253	383	79	113
Insurance	487	290	1,689	1,476	296	139	236	374	607	478	139	253
Utilities	13,473	2,468	3,512	390	1,246	782	415	84	92	317	118	216
Other*	127,590	85,490	20,038	35,117	31,565	44,002	1,758	6,626	247	515	88	189
Total	2,968,435	2,549,714	1,401,870	1,353,292	728,610	992,790	96,764	123,691	245	389	69	91

- **Guaranteed/Non-Guaranteed debt.** Guaranteed serviced debt referred in 2018 represents ~47% out of the total Romanian Banking debt referred in terms of value, while guaranteed recovered debt accounts for ~11% of the total value of recovered Romanian Banking debt.
- **Sector split.** The most active sector in terms of number of cases referred remains the Telecom sector with 68% of the total number of cases B2C debt serviced referred. In terms of serviced debt recovered, the sectors with the highest number of cases successfully finalized in 2018 are Telecom and Banking with ~45% and ~35% respectively.

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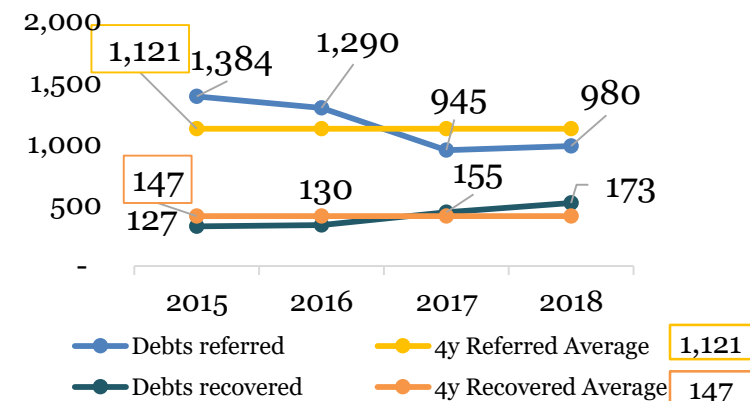
The value of purchased debt referred has registered a decrease (~50%) compared to 2017, reaching ~617 mil EUR

Romanian B2C debt collection market – Purchased Debt

Purchased debt	Number of cases		Value in EUR		Avg. Value in EUR/Case	
	2017	2018	2017	2018	2017	2018
Debt Referred	1,308,365	629,995	1,235,952,402	617,104,988	945	980
Debt Recovered	1,498,641	1,334,836	232,775,247	230,783,409	155	173

- **B2C by category split.** In 2018, purchased debt referred accounted for ~20% of the total Romanian B2C debt referred (serviced and purchased) in terms of number of cases. Debt recovered accounted for ~50% of the total number of cases of B2C debt recovered (serviced and purchased).
- **B2C market dynamics.** In 2018, the number of cases of purchased debt referred decreased by ~52%, compared to 2017. Mainly due to lower number of portfolios available in the market.
- **B2C market volume.** The value of purchased debt recovered increased to ~231 mil EUR in 2018 compared to 2017, while the average value per case was 173 EUR/case.

Debt purchased referred and recovered - Average value (EUR)/case



In terms of purchased debt referred, ~87% of the value was acquired from the Banking and NBFI sectors

Romanian B2C debt collection market – Purchased Debt

Purchased debt	Number of cases				Values (EUR)				Avg. Value in EUR/Case			
	Debt Referred		Debt Recovered		Debt Referred		Debt Recovered		Debt Referred		Debt Recovered	
	2017	2018	2017	2018	2017 ('000)	2018 ('000)	2017 ('000)	2018 ('000)	2017	2018	2017	2018
Sectors												
Banking	155,891	89,483	1,097,765	1,035,106	782,187	424,374	198,918	194,919	5,018	4,743	181	188
Telecom	631,070	437,261	150,692	150,112	177,620	74,985	9,906	9,874	281	171	66	66
Leasing	11	-	-	4	40	-	-	-	3,651	-	-	109
NBFI	410,380	100,658	194,548	112,084	185,911	109,750	18,341	19,405	453	1,090	94	173
Insurance	76,238	2,593	42,641	36,984	82,412	7,996	5,341	6,531	1,081	3,084	125	177
Utilities	17,376	-	10,936	-	3,168	-	79	-	182	-	7	-
Other*	17,399	-	2,059	546	4,615	-	191	53	265	-	93	98
Total	1,308,365	629,995	1,498,641	1,334,836	1,235,952	617,105	232,775	230,783	945	980	155	173

- **Guaranteed/Non-Guaranteed debt.** Guaranteed consumer debt in 2018 was ~21% out of the total value of Banking purchased debt referred. While recovered guaranteed purchased debt was ~12% of the total value of recovered Banking debt acquired, as previously acquired portfolios area reaching maturity.
- **Sector split.** In terms of number of purchased cases recovered, the most active sectors are Banking with 78% and Telecom with 11%, while in terms of value, Banking tops at 84% share, with Telecom and NBFI at 4% and 8% respectively.

*Other sector: FMCG, Services, etc.

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■ Romanian B2B debt collection market

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The total value of B2B debt referred in 2018 increased (~9%) to ~1,448 mil EUR, thanks to an increase in value of Banking portfolios

Romanian B2B debt collection market

Serviced debt	Number of cases		Value in EUR		Avg. Value in EUR/Case	
	2017	2018	2017	2018	2017	2018
Debt Referred	91,284	79,858	740,976,291	1,411,329,259	8,117	17,673
Debt Recovered	79,046	62,133	43,006,353	37,282,540	544	600

Purchased debt	Number of cases		Value in EUR		Avg. Value in EUR/Case	
	2017	2018	2017	2018	2017	2018
Debt Referred	17,931	7,339	587,461,971	37,113,580	32,762	5,057
Debt Recovered	5,975	10,026	10,089,088	28,486,518	1,689	2,841

- **B2B by category split.** In 2018, in terms of value, serviced debt referred accounted ~97% of the total Romanian B2B market. As the number of B2B debt portfolios for sale has decreased significantly, compared to 2017, mainly due to the market that lacked big volumes in 2018, while creditors have adjusting to the new regulation imposed recently.
- **B2B market dynamics.** In 2018, the total number of cases referred (serviced & purchased) has decreased by ~20% mainly due to lower numbers of cases of purchased debt. The total number of cases recovered (serviced & purchased) has also decreased, by ~15% to ~72k cases.

The most important sector in terms of value for B2B debt serviced referred is Banking (~89% share)

Romanian B2B debt collection market – Serviced Debt

		Number of cases				Values (EUR)				Avg. Value in EUR/Case			
Serviced debt		Debt Referred		Debt Recovered		Debt Referred		Debt Recovered		Debt Referred		Debt Recovered	
		2017	2018	2017	2018	2017 ('000)	2018 ('000)	2017 ('000)	2018 ('000)	2017	2018	2017	2018
Sectors													
Banking		12,759	5,097	26,420	21,120	695,549	1,366,484	27,485	23,172	54,514	268,096	1,040	1,097
Telecom		42,440	38,880	29,637	25,920	25,070	21,099	5,081	5,228	591	543	171	202
Leasing		2,694	3,851	1,528	2,891	4,771	5,112	2,687	1,836	1,771	1,328	1,758	635
NBFI		-	325	4,988	-	-	888	432	-	-	2,732	87	-
Insurance		30	5	36	34	141	7	97	92	4,708	1,348	2,686	2,716
Utilities		-	-	-	-	-	-	-	-	-	-	-	-
Other*		33,361	31,700	16,437	12,168	15,445	17,739	7,224	6,954	463	560	440	571
Total		91,284	79,858	79,046	62,133	740,976	1,411,329	43,006	37,283	8,117	17,673	544	600

- **Guaranteed/Non-Guaranteed debt.** Guaranteed B2B serviced debt referred in 2018 has reached 39% out of the total Banking B2B serviced debt referred in terms of value, and 12% out of the total Banking B2B serviced debt recovered value.
- **Sector split.** The most active sector in terms of number of B2B serviced debt referred cases is the Telecom sector with ~49% of the total number of B2B serviced debt referred cases in 2018, followed by Other* with ~40% share. In terms of value, B2B Banking serviced debt referred in 2018 registered the highest share (97%) among Romanian B2B debt referred, with a value of approx. 1,370 mil EUR.

The main source of B2B debt acquired in 2018 (89%) was a Banking portfolio with a total value of ~33 mil EUR

Romanian B2B debt collection market – Purchased Debt

		Number of cases				Values (EUR)				Avg. Value in EUR/Case			
Purchased debt	Sectors	Debt Referred		Debt Recovered		Debt Referred		Debt Recovered		Debt Referred		Debt Recovered	
		2017	2018	2017	2018	2017 ('000)	2018 ('000)	2017 ('000)	2018 ('000)	2017	2018	2017	2018
Banking		7,421	657	1,397	2,555	567,472	33,156	9,318	27,762	76,468	50,466	6,670	10,866
Telecom		10,421	6,682	4,236	7,262	10,793	3,957	609	559	1,036	592	144	77
Leasing		81	-	-	5	1,503	-	-	2	18,559	-	-	428
NBFI		8	-	342	200	7,694	-	161	161	961,728	-	471	805
Insurance		-	-	-	-	-	-	-	-	-	-	-	-
Utilities		-	-	-	-	-	-	-	-	-	-	-	-
Other*		-	-	-	4	-	-	-	2	-	-	-	380
Total		17,931	7,339	5,975	10,026	587,462	37,114	10,089	28,487	32,762	5,057	1,689	2,841

- **Guaranteed/Non-Guaranteed debt.** 33% of Banking purchased debt referred in 2018 was guaranteed, and 63% of Banking purchased debt recovered was guaranteed.
- **Sector split.** The Banking sector has accounted for a large share, in terms of value, (~97%) of the B2B purchased debt recovered in 2018, registering an average value of ~11 kEUR/ case.

- What is debt collection?
- Debt collection market evolution and trends in 2018
 - Romanian B2C debt collection market:
 - B2C – Serviced debt
 - B2C – Purchased debt
 - Romanian B2B debt collection market
- **Debt collection market for international clients**
- Continuous improvement measures

The international debt referred and debt recovered markets were dominated by a single, new, internationally focused player

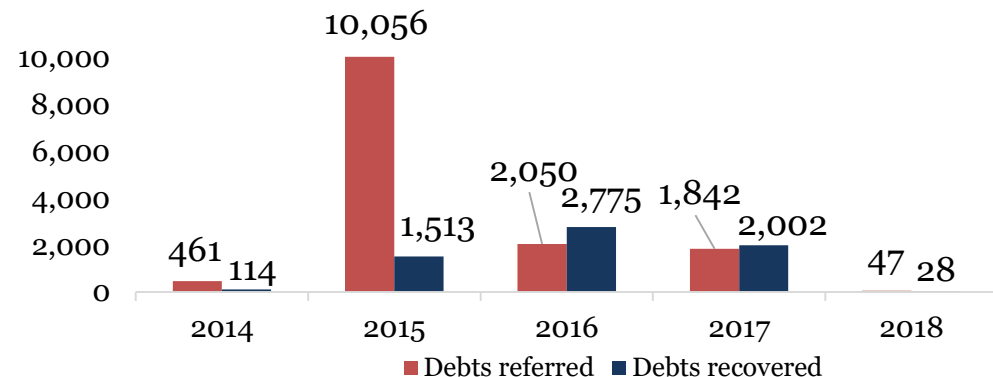
Collection market for international clients – Debts referred & recovered

International debt referred	Number of cases		Value in EUR		Avg. Value in EUR/Case	
	2017	2018	2017	2018	2017	2018
B2C	1,230,652	36,535,732	2,295,880,481	1,685,194,554	1,866	46
B2B	52,421	54,448	67,078,426	29,696,149	1,280	545

International debt recovered	Number of cases		Value in EUR		Avg. Value in EUR/Case	
	2017	2018	2017	2018	2017	S2 2018
B2C	559,914	32,795,984	1,142,323,293	890,478,485	2,040	27
B2B	24,696	37,037	27,777,643	12,925,038	1,125	349

- **B2C by category split.** In 2018, international B2C debt referred accounted for 99.8% of the total market in terms of number of cases.
- **Market dynamics.** The numbers of international debt referred and debt recovered B2C & B2B cases have both increased dramatically compared to 2017, however the average values per case have decreased by a large amount, from ~1,842 EUR/case and ~2,002 EUR/case respectively, to ~47 EUR/case and 28 EUR/case respectively.

International debt referred and recovered - Average value (EUR)/case (B2C & B2B combined)



The most important sectors for 2018 in terms of number of international debt referred cases are Telecom and Leasing

Collection market for international clients – Debts referred & recovered

	Number of cases				Values (EUR)				Avg. Value in EUR/Case			
Internatio nal debt	Debt Referred		Debt Recovered		Debt Referred		Debt Recovered		Debt Referred		Debt Recovered	
	B2C	B2B	B2C	B2B	B2C (‘000)	B2B (‘000)	B2C (‘000)	B2B (‘000)	B2C	B2B	B2C	B2B
Sectors												
Banking	4,376,300	4,718	2,162,416	2,249	1,539,798	704	855,966	357	352	149	396	159
Telecom	11,750,153	25,074	321,143	2,056	122,160	11,776	18,182	368	10	470	57	179
Leasing	12,670,214	1,346	7,498,212	802	7,252	5,934	4,498	3,680	1	4,408	1	4,589
NBFI	2,567	403	991	44	499	106	168	15	195	263	169	348
Insurance	-	-	-	-					-	-	-	-
Utilities	7,734,940	21,566	6,551,788	18,728	14,857	9,527	11,559	8,306	2	442	2	444
Other*	1,558	1,341	425	524	628	1,649	106	198	403	1,229	249	378
Total	36,535,732	54,448	16,534,976	24,403	1,685,195	29,696	890,478	12,925	46	545	54	530

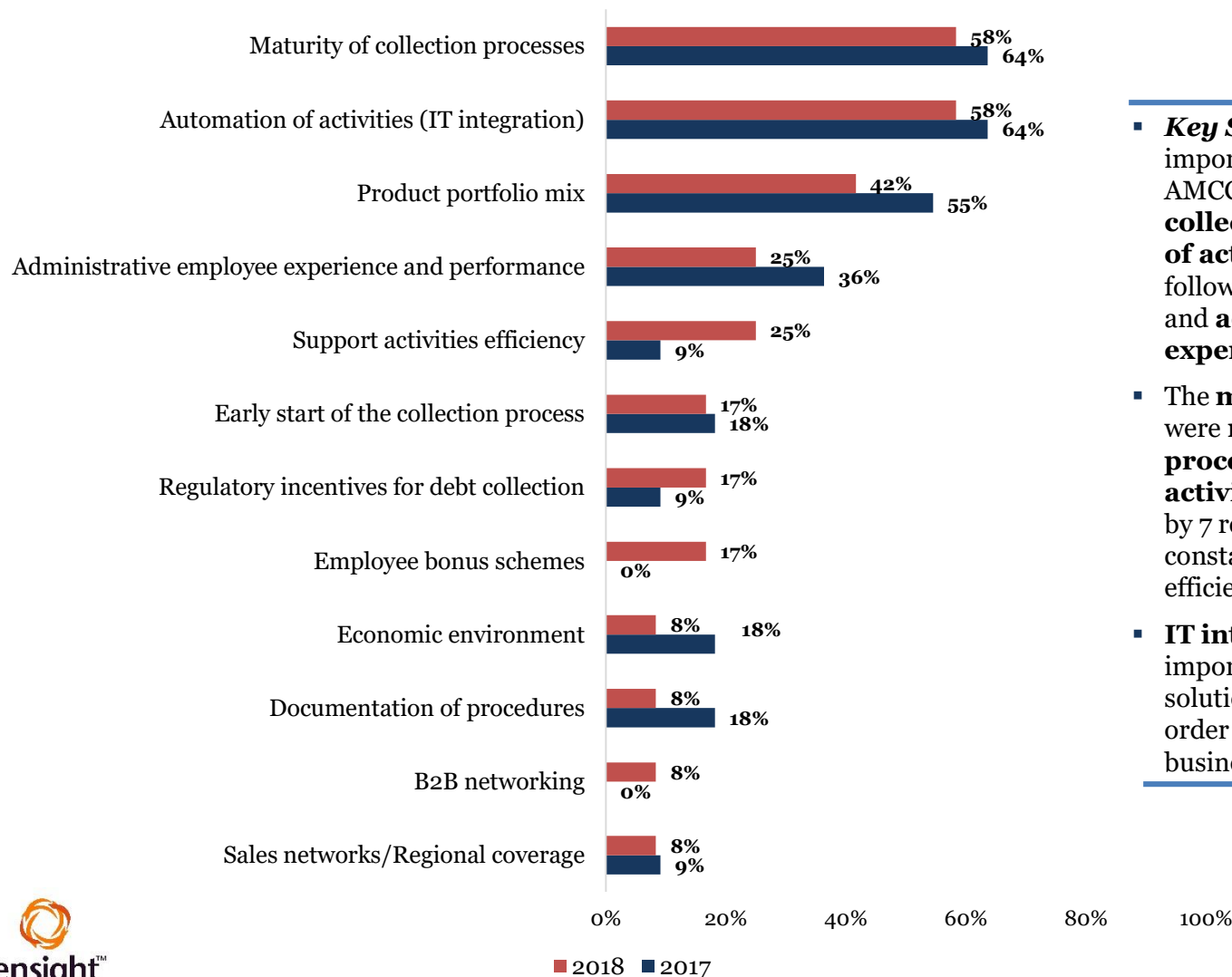
- **Guaranteed/Non-Guaranteed debt.** No guaranteed consumer debt was referred or recovered in 2018.
- **Sector split.** Banking (12%), Telecom (32%), Leasing (35%) and Utilities (21%) account for 100% of the total B2C number of cases referred in 2018.

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■ Continuous improvement measures

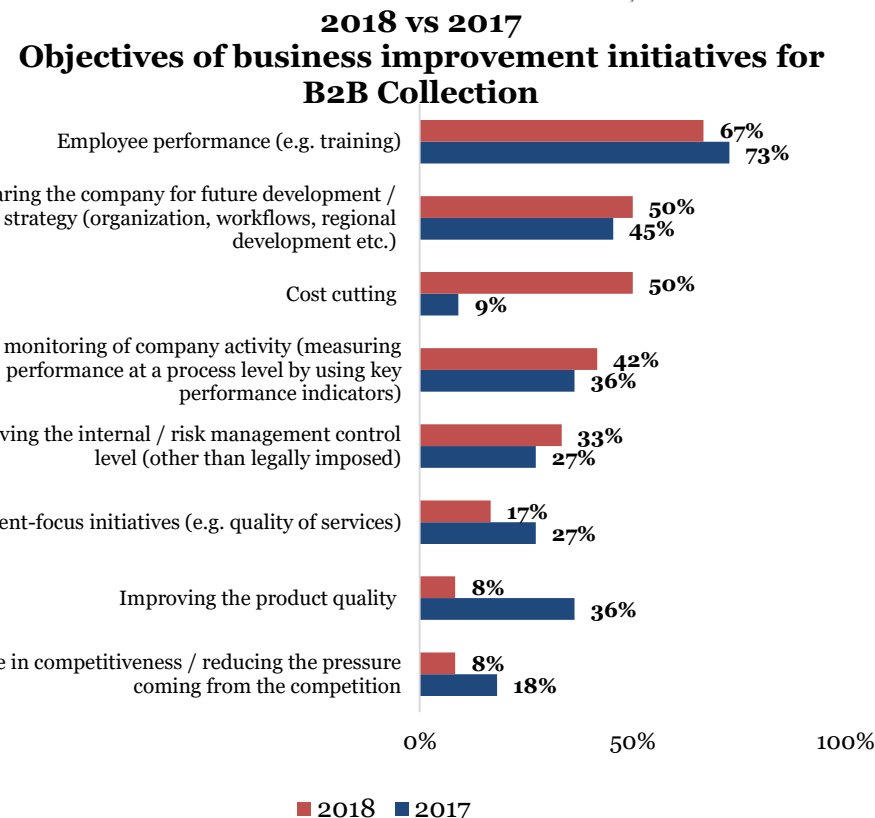
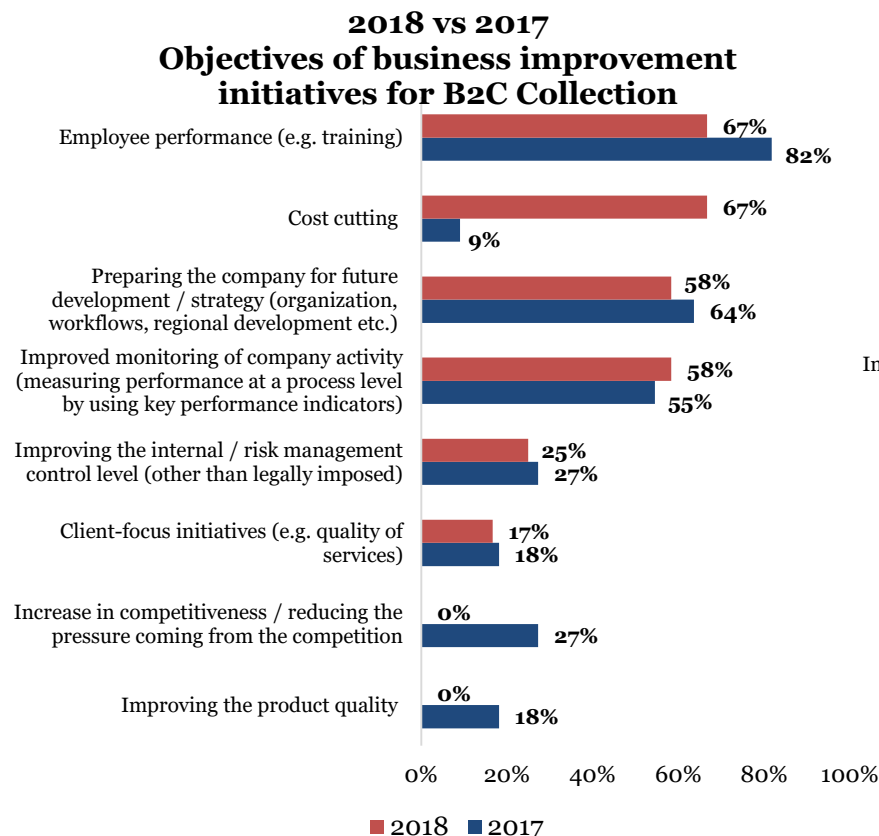
Key Success Factors and Process Maturity

Key Success Factors



- **Key Success Factors.** The most important KSFs in 2018 according to AMCC members are **maturity of collection processes, automation of activities (IT integration)** followed by **product portfolio mix, and administrative employee experience and performance.**
- The **most selected** key success factors were **maturity of collection processes and automation of activities (IT integration)**, selected by 7 respondents, as each member is constantly striving to obtain the most efficient processes.
- **IT integration** increased lately in importance for debt collectors as IT solutions are improved constantly, in order to support the regulatory and business environment.

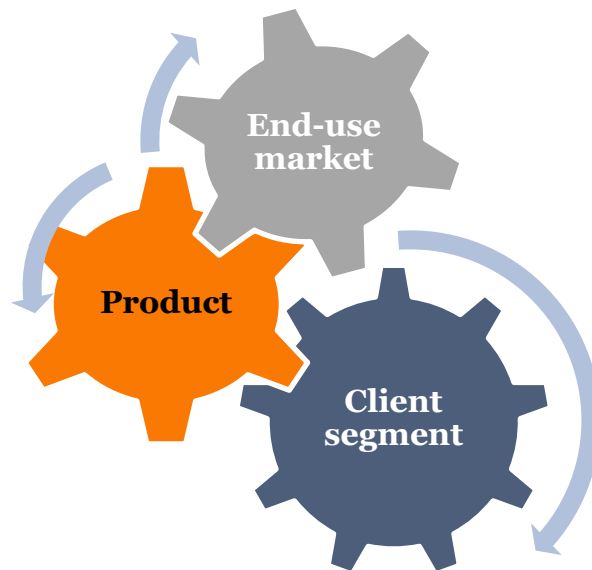
2018 business improvement initiatives



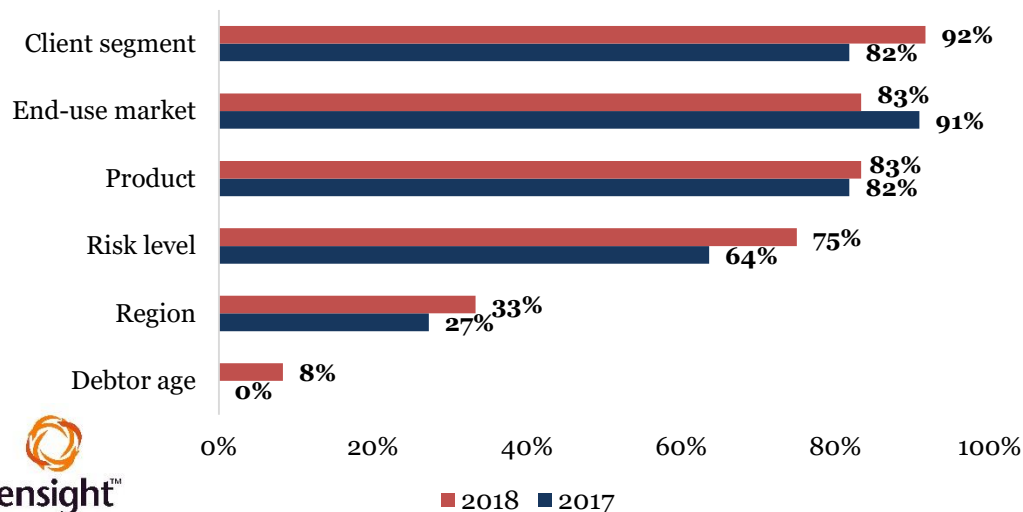
- **B2C business improvement.** In 2018 the focus remained on employee performance (67%), with companies investing in trainings (internal & outsourced) for employee development, negotiation skills and on-the-job learning. In order to adapt to market requirements, debt collectors in 2018 have launched cost cutting initiatives to prepare the company for the new market regulations.
- **B2B business improvement.** The main business initiative mentioned by the respondents is employee performance which is used to increase the quality of services. Preparing the company for future development/ strategy, improved monitoring of company activity and cost cutting are also seen as important improvements for the B2B sector.

The most utilized segmentation criteria is segmentation by client (used by over 92% of members)

Market segmentation criteria



Segmented approach to market by criteria



- **Segmentation criteria.** Most utilized criteria is the client segmentation (over 92% of players are using this criteria in managing their client portfolio), while the second are end-use market and product segmentation (over 83%).
- Risk-based segmentation has emerged as an important criteria for market segmentation purpose, selected by over 75%. All players are using at least one segmentation criteria.
- Generally, the regional factor was not selected by many members, as currently it is not perceived as a significant benefit booster.
- One of the players has proposed segmentation by debtor age, however this criteria has not yet been adopted by other respondents.

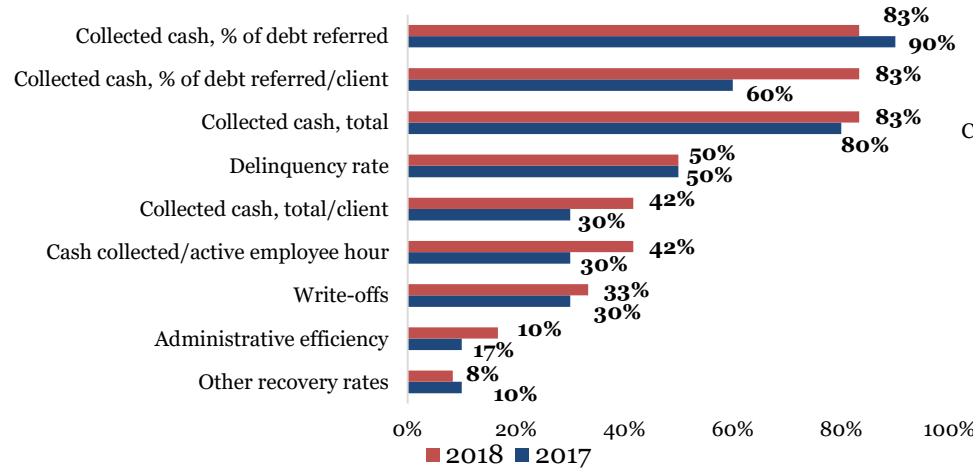
Number of criteria used

One criteria	0%
Two criteria	17%
Three criteria	25%
More than three criteria	58%

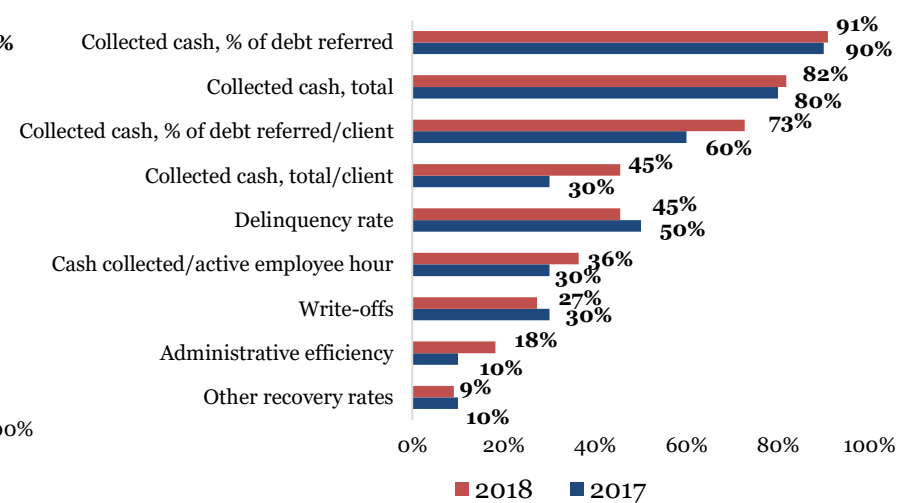
Most frequent KPIs are set together with the client and main focus remains on the level of collected cash

KPI methodology & IT areas covered

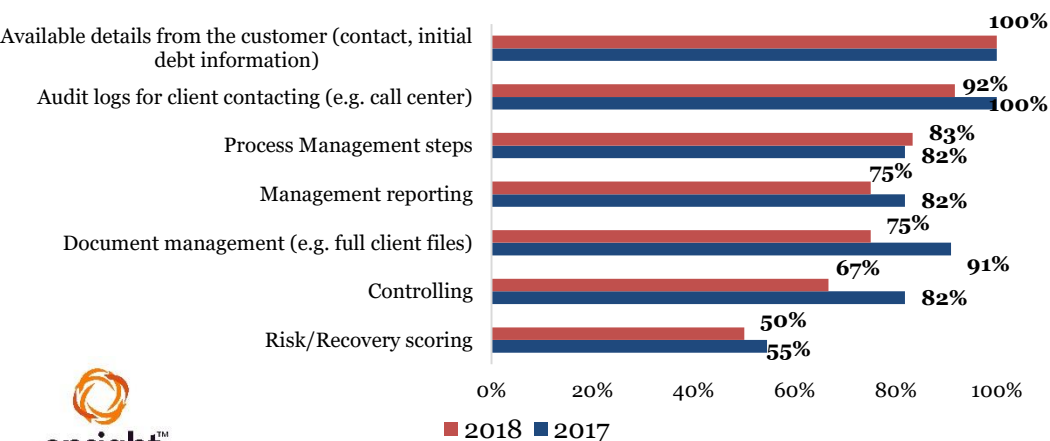
Major KPIs utilized in the B2C Collection process



Major KPIs utilized in the B2B Collection process



Areas covered by internal IT support or subject to automation



- **B2C KPI.** In 2018 collected cash is still leading in terms of utilized KPIs, as the average number of KPIs used by a member is 4.
- **B2B KPI.** Similar to B2C, collected cash is the most utilized KPI, with 91% collected cash, % of debt referred being the most frequent. The average number of KPIs used by a member is 3.
- **IT support and automation.** Most members already have various initiatives in progress for process automation and/or software updating. The main objective would be as stated by them to automate the customer information process.

Thank You!

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