

★★★★★

A man with dark hair and a beard, wearing a dark suit, white shirt, and patterned tie, is smiling at the camera. He is in the foreground, slightly to the left of the center. In the background, three other people are visible but blurred: a woman on the left, a man in the center, and a woman on the right. They are all smiling and appear to be in a professional setting with large windows in the background.



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 15 members.*

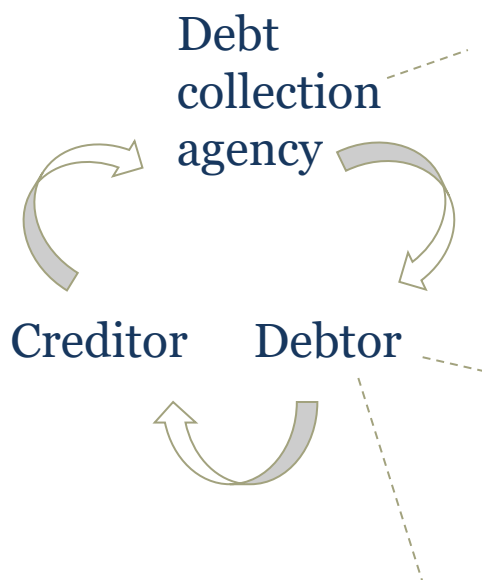


■ What is debt collection?

- Debt collection market evolution and trends in 2019
 - Romanian B2C debt collection market:
 - B2C – Serviced debt
 - B2C – Purchased debt
 - Romanian B2B debt collection market
 - Debt collection market for international clients
- Macroeconomic environment
- 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?

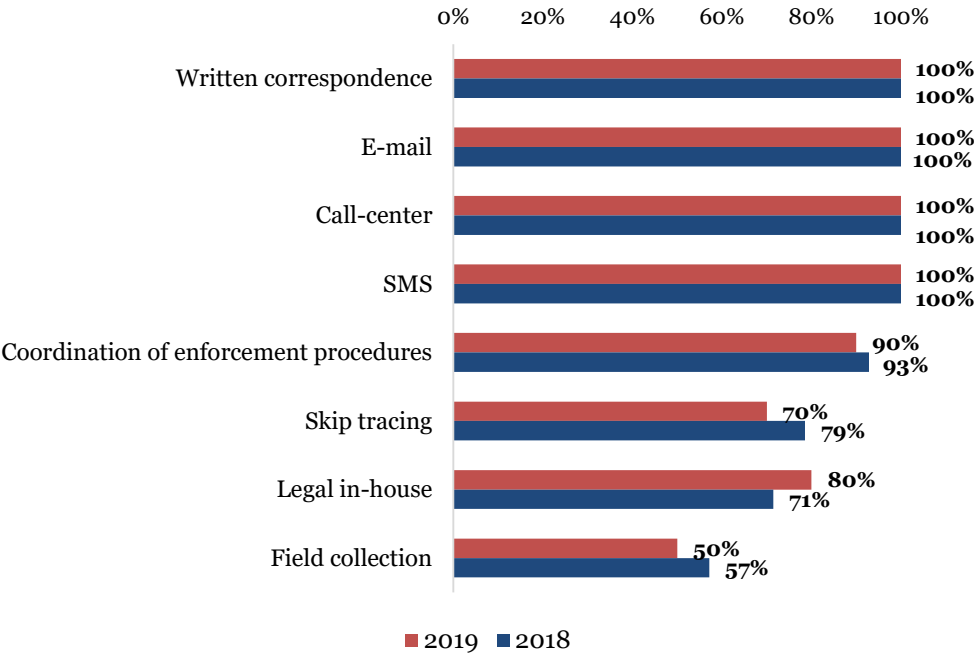
- Phone calls
- E-mail
- Written correspondence
- Field activities

What is the general approach?

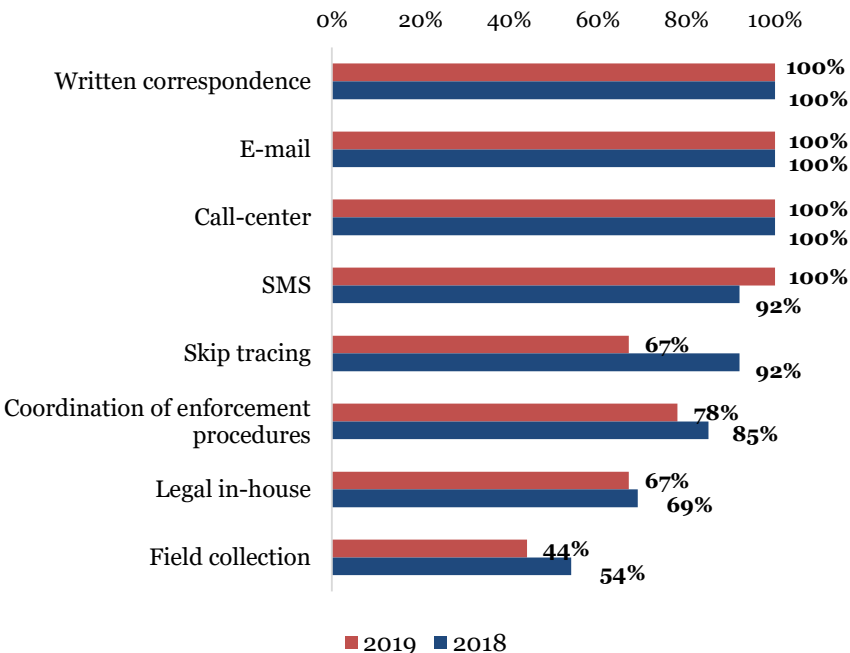
- Discussions with the debtor include:
- 1. Identify solutions** for payment of debt;
 - 2. Decide** on the **best option** for both the debtor and the creditor;
 - 3. Agree** and **sign a written agreement** based on previous discussions.

Debt collection services

Type of services offered - B2C
2019 vs. 2018



Type of services offered - B2B
2019 vs 2018

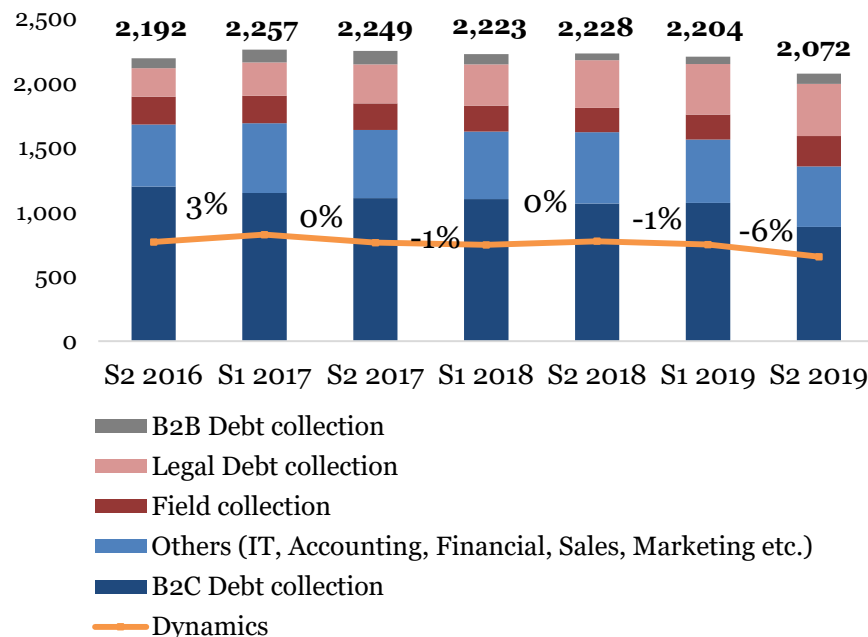


- **Services provided for the B2C sector:** All of the respondents use call-center services, SMS, written correspondence & e-mails to communicate with B2C clients.
- **Services provided for the B2B sector:** Similar to B2C services, e-mail, written correspondence services, call-center services and SMS are being used by all respondents. As in 2018, field collection is among the least used services for B2B collection.

The Romanian debt collection industry employs over 2K people, almost half of them in the B2C & B2B collection segments

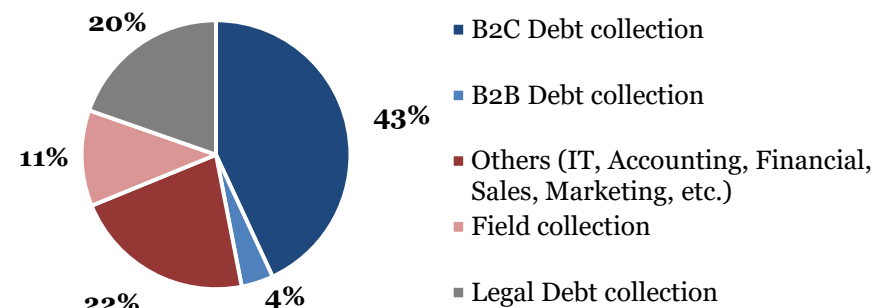
Employee structure

Total number of employees by service performed (full & part time)
2016-2019 evolution

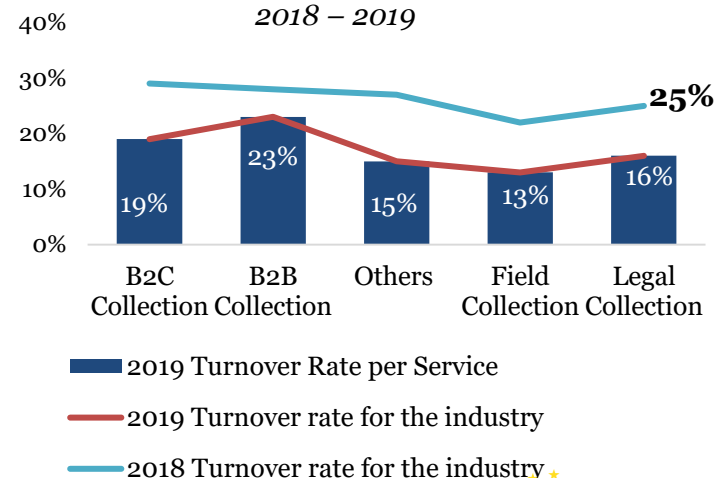


- On a general note, the debt collection sector has registered a slight fluctuation in number of employees, between end of 2016 till the end of S1, 2019, with a drop in S2 2019.
- This is mainly due to the high employee turnover and debt collectors adjusting their headcount number to the volumes referred.
- B2C debt collection is the most employee-intensive function, accounting for approx. 43% of the total full-time employees.

Full-time employee structure by service performed
S2 2019



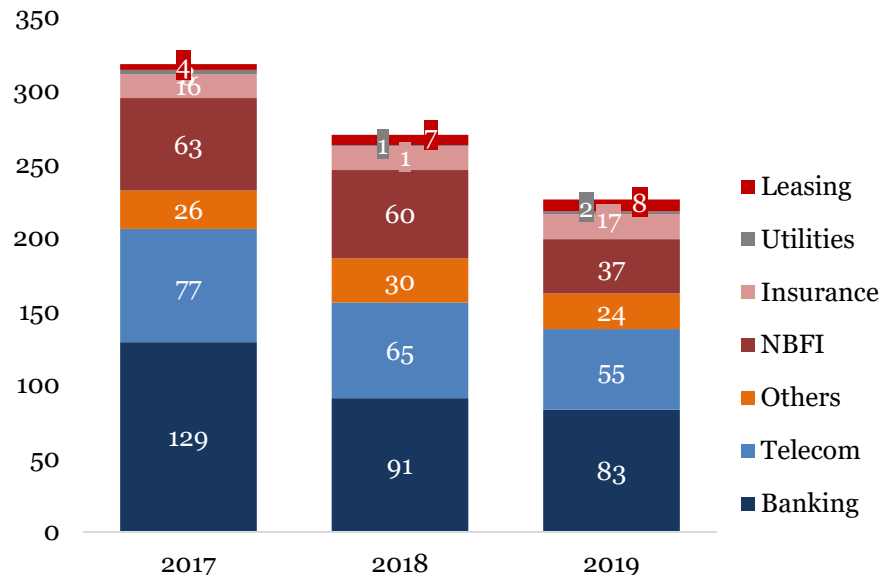
Employee turnover rate by service performed
2018 – 2019



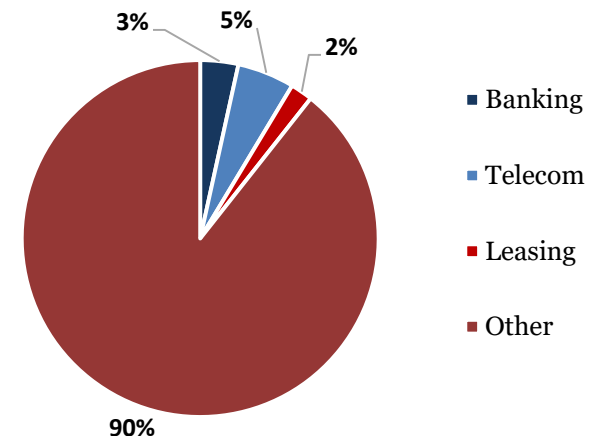
In 2019, the total number of B2C active clients has decreased compared to 2018, with a relatively similar industry structure

Active clients

B2C Evolution of the number of active clients 2017 – 2019



B2B - Active clients by activity sector 2019



- **B2C segment:** The number of active Banking and Telecom clients has decreased in 2019 compared to 2018, 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 2019, 64% 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 2019**

- Romanian B2C debt collection market:

- B2C – Serviced debt

- B2C – Purchased debt

- Romanian B2B debt collection market

- Debt collection market for international clients

- Macroeconomic environment

- Continuous improvement measures

Debt collection market in 2018

Romanian B2C debt collection market – Serviced debt.

- In 2019, serviced debt referred increased by 8% in terms of debt value.
- The value recovered from B2C cases and returned into the economy by debt collecting companies was ~170 mil EUR, a ~37% increase compared to 2018, mainly thanks to more recoveries from the Utilities sector.
- Average value per case for serviced debt referred in 2019 was 147 EUR/case, while for debt recovered was 20 EUR/case.
- The most important sector in terms of number of cases referred for 2019 remained, as in 2018, the Telecom sector.

Romanian B2C debt collection market – Purchased debt.

- The value of purchased debt referred increased in 2019 by 4% compared to 2018, mainly due to higher number of portfolios available for sale in the Telecom sector.
- In 2019, the value of guaranteed debt recovered was about 0.2% of the total value of B2C Banking debt purchased.
- Average value per case for purchased debt referred in 2019 was 565 EUR/case, while for debt recovered, 182 EUR/case.

Romanian B2B debt collection market – Serviced debt

- In terms of serviced debt referred, the number of cases in 2019 registered a decrease of ~85%, mainly due to the average value of the cases in the Banking sector.
- The average value per case for serviced debt referred was 2,494 EUR/case in 2019, while the average recovered value per case was 811 EUR/case.

Romanian B2B debt collection market – Purchased debt

- In 2019, the only sectors active on the B2B purchased debt referred market were Banking and Telecom where the average value/case was 3,031 EUR/case.

Most debt collection players expect an increase in the market in terms of debt collection, given economic hardships and legislative changes.

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 continued to prove increasingly 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 66% increase in the number of employees in 2019 compared to 2018.
- **Operational improvement.** The respondents' main focus for 2019 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.

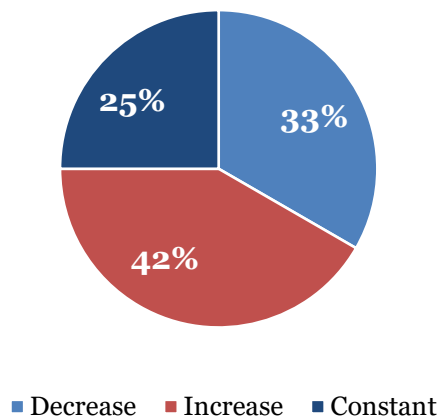
The Survey was commissioned by AMCC to Ensign Management Consulting and was prepared in accordance to data submitted by each participating AMCC member.

Debt referred 2019 (EUR)				Debt recovered 2019 (EUR)				Revenues 2019 (EUR)			
Romanian Market				Romanian Market				B2C			
B2C*	21%	▲	1,081,929,081	B2C	16%	▲	388,156,233	Collection	251%	▲	18,410,471
B2B*	-23%	▼	307,843,917	B2B	11%	▲	72,475,489	B2B	7%	▲	8,252,944
Total*	8%	▲	1,389,772,998	Total	15%	▲	460,631,721	Debt purchased	10%	▲	51,534,657
								Total	30%	▲	78,198,072

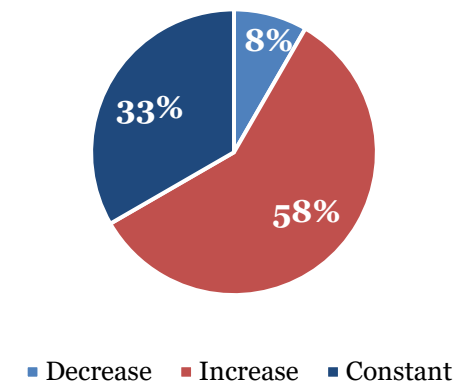
- Debt referred B2C increased in 2019 with 21% while debt referred B2B dropped with -23%.
- Debt recovered continued its positive trend both for B2C and B2B services with a total uptrend of 15%.
- Revenues increased in 2019 compared to 2018 with 30% in total.

Market trends

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

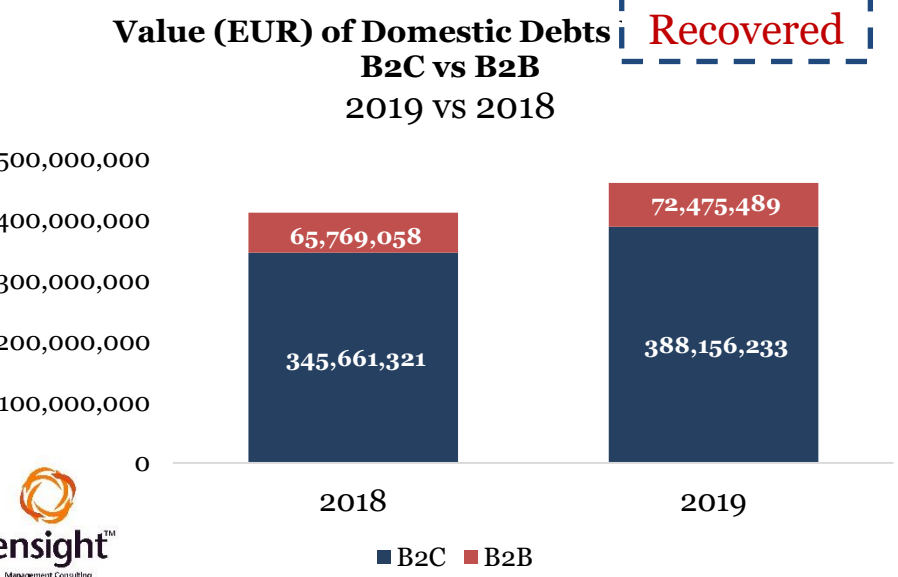
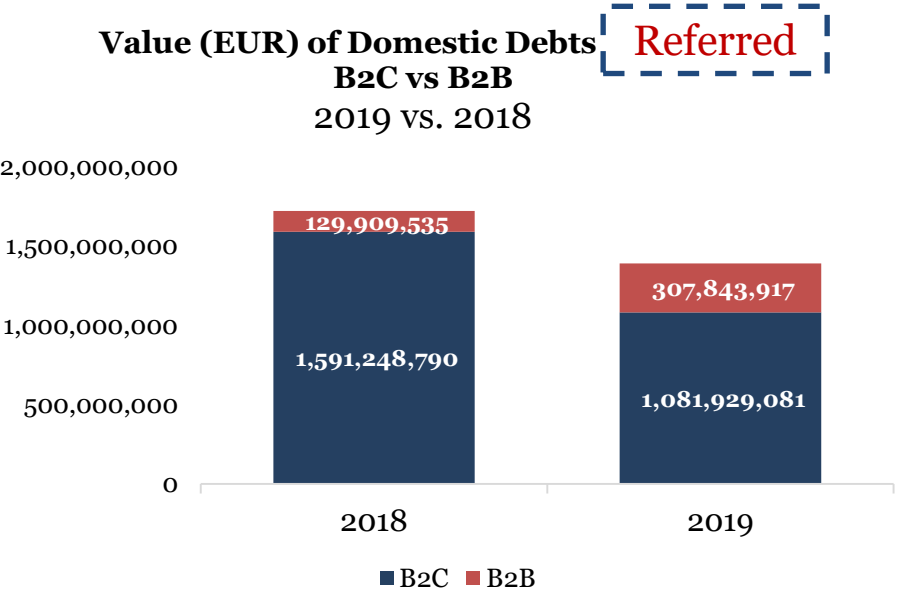


**Members perspective –
Number of customers with repayment
difficulties**
Evolution in the next 6 months



- **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 2019 vs. 2018



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.

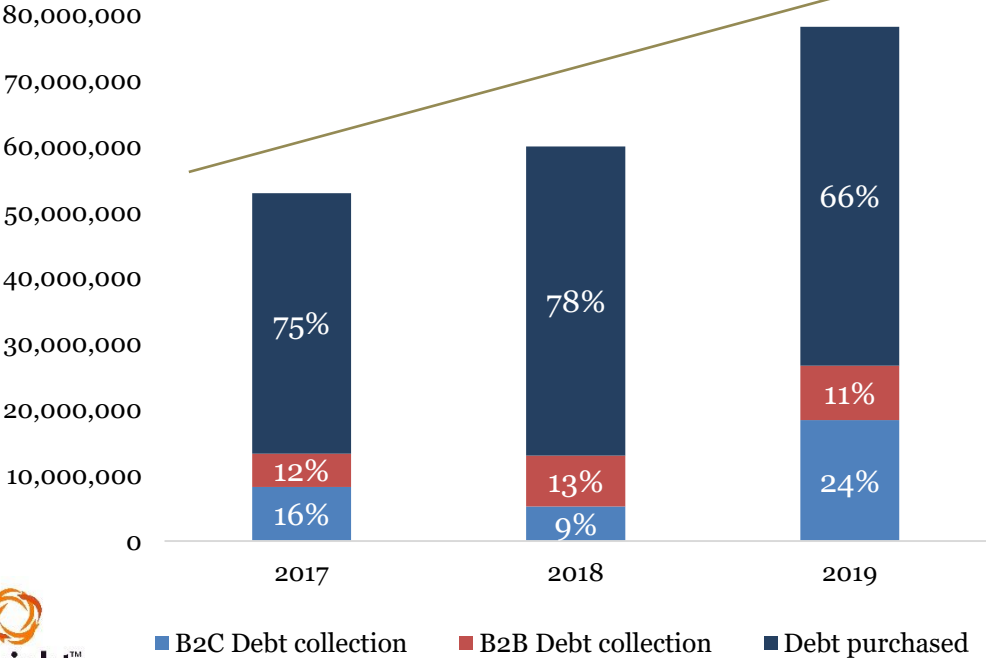
Increase of revenues in 2019 was due to B2B debt recovered and debt purchase revenue streams

Revenues

2018/2019	Revenues (EUR)		Dynamics
	2018	2019	
B2C Collection	5,250,372	18,410,471	251%
B2B Collection	7,739,284	8,252,944	7%
Debt purchased	47,008,217	51,354,657	10%
Total	59,997,872	78,018,072	30%

- **Volume.** The reported revenues for 2019 reached ~**78 mil EUR**, an increase of 30% when compared to 2018.

Revenues (EUR)
Evolution 2016 – 2018



- **Revenue split:** Around 66% of the revenues from 2019 originated from debt purchase.
- Compared to the similar period from 2018, revenues coming from purchased debt kept a positive trend in 2019.

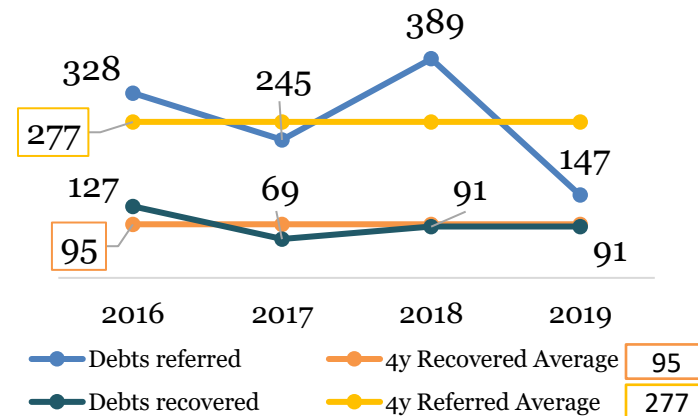
- What is debt collection?
- Debt collection market evolution and trends in 2019
 - Romanian B2C debt collection market:
 - **B2C – Serviced debt**
 - B2C – Purchased debt
 - Romanian B2B debt collection market
 - Debt collection market for international clients
- Macroeconomic environment
- Continuous improvement measures

Romanian B2C debt collection market – Serviced debt

Serviced debt	Number of cases		Value in EUR		Avg. Value in EUR/Case	
	2018	2019	2018	2019	2018	2019
Debt Referred	2,549,714	2,992,478	992,199,495	440,217,802	389	147
Debt Recovered	1,353,292	1,863,584	123,691,423	169,391,205	91	20

- **B2C by category split.** In terms of number of cases, serviced debt referred saw an increase of 17% over the year.
- **B2C market dynamics.** The B2C serviced debt referred in 2019 decreased by 55% in terms of value managed, mainly because of a significantly lower value per case referred.
- **B2C market volume.** The total value of serviced debt recovered increased by ~36% from its 2018 value, to ~169 mil EUR in 2019, while the average value per case was 20 EUR/case.

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



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		
	2018	2019	2018	2019	2018 ('000)	2019 ('000)	2018 ('000)	2019 ('000)	2018	2019	2018	2019	2019
Sectors													
Banking	416,949	326,718	480,298	347,418	611,369	139,053	64,443	65,815	1,466	426	134	189	
Telecom	1,737,699	1,209,529	609,145	482,084	214,361	146,569	22,702	15,899	123	121	37	33	
Leasing	2,737	3,453	2,326	5,848	5,744	6,750	4,056	9,739	2,099	1,955	1,744	1,665	
NBFI	304,081	211,528	224,540	169,987	116,394	36,959	25,407	17,511	383	175	113	103	
Insurance	290	385	1,476	580	139	130	374	109	478	339	253	188	
Utilities	2,468	1,155,054	390	828,520	782	102,869	84	57,531	317	89	216	69	
Other*	85,490	85,811	35,117	29,147	44,002	7,885	6,626	2,784	515	92	189	96	
Total	2,549,714	2,992,478	1,353,292	1,863,584	992,790	440,217	123,691	169,391	389	147	91	91	

- **Guaranteed/Non-Guaranteed debt.** Guaranteed serviced debt referred in 2019 represents 10% out of the total Romanian Banking debt referred in terms of value, while guaranteed recovered debt accounts for ~13% 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 ~40% 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 2019 are Banking and Utilities with ~62% and ~22% respectively.

- What is debt collection?
- Debt collection market evolution and trends in 2019
 - Romanian B2C debt collection market:
 - B2C – Serviced debt
 - **B2C – Purchased debt**
 - Romanian B2B debt collection market
 - Debt collection market for international clients
- Macroeconomic environment
- Continuous improvement measures

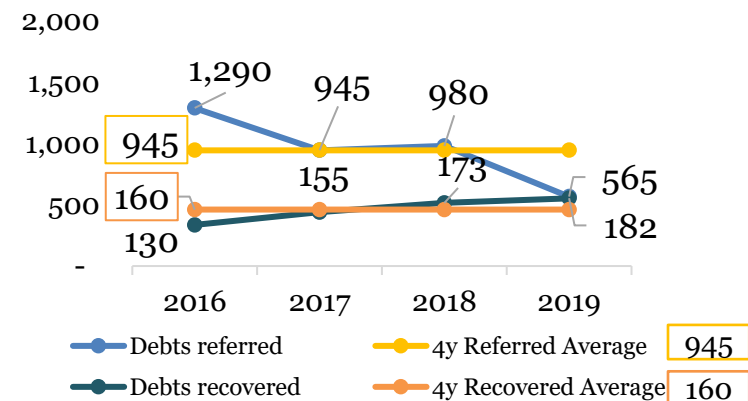
The value of purchased debt referred has registered an increase (~4%) compared to 2018, reaching ~641 mil EUR

Romanian B2C debt collection market – Purchased Debt

Purchased debt	Number of cases		Value in EUR		Avg. Value in EUR/Case	
	2018	2019	2018	2019	2018	2019
Debt Referred	629,995	1,136,110	617,104,988	641,711,278	980	565
Debt Recovered	1,334,836	1,203,204	230,783,409	218,765,028	173	182

- **B2C by category split.** In 2019, purchased debt referred accounted for ~27% of the total Romanian B2C debt referred (serviced and purchased) in terms of number of cases. Debt recovered accounted for ~13% of the total number of cases of B2C debt recovered (serviced and purchased).
- **B2C market dynamics.** In 2019, the number of cases of purchased debt referred increased by ~80%, compared to 2018, mainly due to a decrease in the average value per case.
- **B2C market volume.** The value of purchased debt recovered decreased to ~219 mil EUR in 2019 compared to 2018, while the average value per case was 182 EUR/case.

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



In terms of purchased debt referred, ~69% 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	
	2018	2019	2018	2019	2018 ('000)	2019 ('000)	2018 ('000)	2019 ('000)	2018	2019	2018	2019
Sectors												
Banking	89,483	142,757	1,035,106	884,188	424,374	370,846	194,919	178,400	4,743	2,598	188	202
Telecom	437,261	925,110	150,112	104,607	74,985	194,588	9,874	7,061	171	210	66	68
Leasing	-	-	4	5,840	-	-	-	-	-	-	109	-
NBFI	100,658	67,612	112,084	175,793	109,750	74,246	19,405	26,417	1,090	1,098	173	150
Insurance	2,593	631	36,984	32,339	7,996	2,029	6,531	6,867	3,084	3,216	177	212
Utilities	-	-	-	-	-	-	-	-	-	-	-	-
Other*	-	-	546	437	-	-	53	17	-	-	98	40
Total	629,995	1,136,110	1,334,836	1,203,204	617,105	641,711	230,783	218,765	980	565	173	182

- **Guaranteed/Non-Guaranteed debt.** Guaranteed consumer debt in 2019 was ~2% out of the total value of Banking purchased debt referred. While recovered guaranteed purchased debt was ~8% 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 81% and NBFI with 12%, while in terms of value, Banking tops at 87% share, with Telecom and NBFI at 9% and 3% respectively.

*Other sector: FMCG, Services, etc.

- What is debt collection?
- Debt collection market evolution and trends in 2019
 - Romanian B2C debt collection market:
 - B2C – Serviced debt
 - B2C – Purchased debt

■ **Romanian B2B debt collection market**

- Debt collection market for international clients
- Macroeconomic environment
- Continuous improvement measures

The total value of B2B debt referred in 2019 decreased (~84%) to ~213 mil EUR, given the decrease in the average case value

Romanian B2B debt collection market

Serviced debt	Number of cases		Value in EUR		Avg. Value in EUR/Case	
	2018	2019	2018	2019	2018	2019
Debt Referred	79,858	85,291	1,411,329,259	212,691,891	17,673	2,494
Debt Recovered	62,133	60,188	37,282,540	48,823,807	600	811

Purchased debt	Number of cases		Value in EUR		Avg. Value in EUR/Case	
	2018	2019	2018	2019	2018	2019
Debt Referred	7,339	31,393	37,113,580	95,152,027	5,057	3,031
Debt Recovered	10,026	2,952	28,486,518	23,651,681	2,841	8,012

- **B2B by category split.** In 2019, in terms of value, serviced debt referred accounted ~69% of the total Romanian B2B market. The number of B2B debt portfolios for sale has increased significantly, compared to 2018.
- **B2B market dynamics.** In 2019, the total number of cases referred (serviced & purchased) has increased by ~43%. The total number of cases recovered (serviced & purchased) has decreased, by ~12% to ~63k cases.

The most important sectors in terms of value for B2B debt serviced referred are Other* (~56% share) followed by Telecom (~31%)

Romanian B2B debt collection market – Serviced Debt

		Number of cases				Values (EUR)				Avg. Value in EUR/Case			
Serviced debt	Sectors	Debt Referred		Debt Recovered		Debt Referred**		Debt Recovered		Debt Referred		Debt Recovered	
		2018	2019	2018	2019	2018 ('000)	2019 ('000)	2018 ('000)	2019 ('000)	2018	2019	2018	2019
Banking		5,097	3,405	21,120	14,715	1,366,484	155,087	23,172	29,345	268,096	45,547	1,097	1,994
Telecom		38,880	26,230	25,920	18,267	21,099	11,851	5,228	4,461	543	452	202	244
Leasing		3,851	3,301	2,891	3,323	5,112	12,214	1,836	2,990	1,328	2,147	635	900
NBFI		325	138	-	82	888	1,337	-	106	2,732	9,689	-	1,301
Insurance		5	-	34	-	7	-	92	-	1,348	-	2,716	-
Utilities		-	57	-	-	-	210	-	-	-	3,699	-	-
Other*		31,700	47,485	12,168	23,801	17,739	31,989	6,954	11,919	560	674	571	501
Total		79,858	85,291	62,133	60,188	1,411,329	212,691	37,283	48,823	17,673	2,494	600	811

- **Guaranteed/Non-Guaranteed debt.** Guaranteed B2B serviced debt referred in 2019 has reached 35% out of the total Banking B2B serviced debt referred in terms of value, and 32% 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 Other* sector with ~56% of the total number of B2B serviced debt referred cases in 2019, followed by Telecom with ~31% share. In terms of value, B2B Banking serviced debt referred in 2019 registered the highest share (73%) among Romanian B2B debt referred, with a value of approx. 155 mil EUR.

The main source of B2B debt referred in 2019 (70%) is the Banking sector with a total value of ~67 mil EUR

Romanian B2B debt collection market – Purchased Debt

	Number of cases				Values (EUR)				Avg. Value in EUR/Case			
Purchased debt	Debt Referred		Debt Recovered		Debt Referred		Debt Recovered		Debt Referred		Debt Recovered	
	2018	2019	2018	2019	2018 ('000)	2019 ('000)	2018 ('000)	2019 ('000)	2018	2019	2018	2019
Sectors												
Banking	657	855	2,555	2,581	33,156	66,576	27,762	23,591	50,466	77,868	10,866	9,141
Telecom	6,682	30,541	7,262	266	3,957	28,575	559	23	592	936	77	87
Leasing	-	-	5	-	-	-	2	-	-	-	428	-
NBFI	-	-	200	99	-	-	161	30	-	-	805	312
Insurance	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-	-	-	-
Other*	-	-	4	6	-	-	2	5	-	-	380	972
Total	7,339	31,396	10,026	2,952	37,114	95,152	28,487	23,651	5,057	3,031	2,841	8,012

- **Guaranteed/Non-Guaranteed debt.** 57% of Banking purchased debt referred in 2019 was guaranteed, and 93% of Banking purchased debt recovered was guaranteed.
- **Sector split.** The Banking sector has accounted for a large share, in terms of value, (~70%) of the B2B purchased debt recovered in 2019, registering an average value of ~9 kEUR/ case.

- What is debt collection?
- Debt collection market evolution and trends in 2019
 - Romanian B2C debt collection market:
 - B2C – Serviced debt
 - B2C – Purchased debt
 - Romanian B2B debt collection market

■ Debt collection market for international clients

- Macroeconomic environment
- Continuous improvement measures

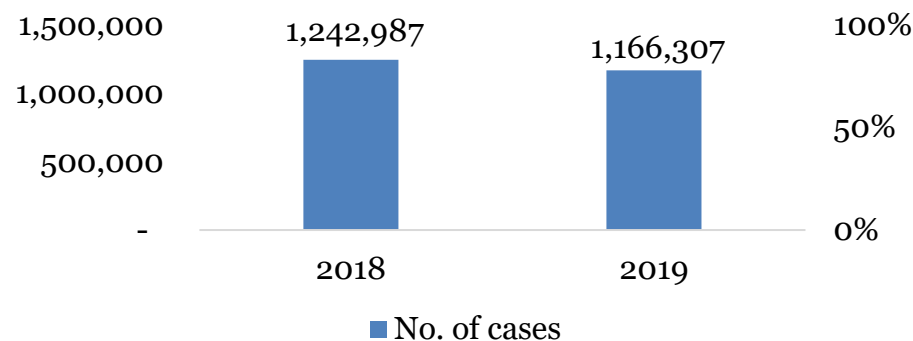
Collection market for international clients – Debts referred & recovered

International debt referred	Number of cases		Value in EUR		Avg. Value in EUR/Case	
	2018	2019	2018	2019	2018	2019
B2C	1,188,539	1,107,329	1,685,194,554	1,408,164,309	1,418	1,272
B2B	54,448	58,978	29,696,149	36,141,185	545	613

International debt recovered	Number of cases		Value in EUR		Avg. Value in EUR/Case	
	2018	2019	2018	2019	2018	2019
B2C	536,328	507,479	890,478,485	710,280,262	1,660	1,400
B2B	24,403	28,507	12,925,038	15,192,590	530	533

- **B2C by category split.** In 2019, 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 recovered B2C & B2B cases have both seen a decreased compared to 2018, however the average values per case have increased in the debts recovered part, from ~28 EUR/case to ~42 EUR/case.

International debt – B2C & B2B total number of cases referred



The most important sectors for 2019 in terms of number of international debt referred cases are Banking and Telecom

Collection market for international clients – Debts 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 2018	B2B 2018	B2C 2019	B2B 2019	B2C (‘000) 2018	B2B (‘000) 2018	B2C (‘000) 2019	B2B (‘000) 2019	B2C 2018	B2B 2018	B2C 2019	B2B 2019
Sectors												
Banking	309,686	2,249	298,729	261	855,966	357	686,182	200	2,764	159	2,297	766
Telecom	157,753	2,056	137,938	3,038	18,182	368	14,882	326	115	179	108	107
Leasing	675	802	668	1,096	4,498	3,680	5,261	7,125	6,664	4,589	7,876	6,501
NBFI	2,139	44	2,755	895	168	15	546	23	79	341	198	26
Insurance	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	66,075	18,728	67,032	22,651	11,559	8,306	12,112	7,351	175	444	181	325
Other*	-	524	357	566	106	198	367,534	167	-	378	-	295
Total	536,328	24,403	507,479	28,507	890,478	12,925	710,280	15,193	1,660	530	1,400	533

- **Guaranteed/Non-Guaranteed debt.** No guaranteed consumer debt was recovered in 2019.

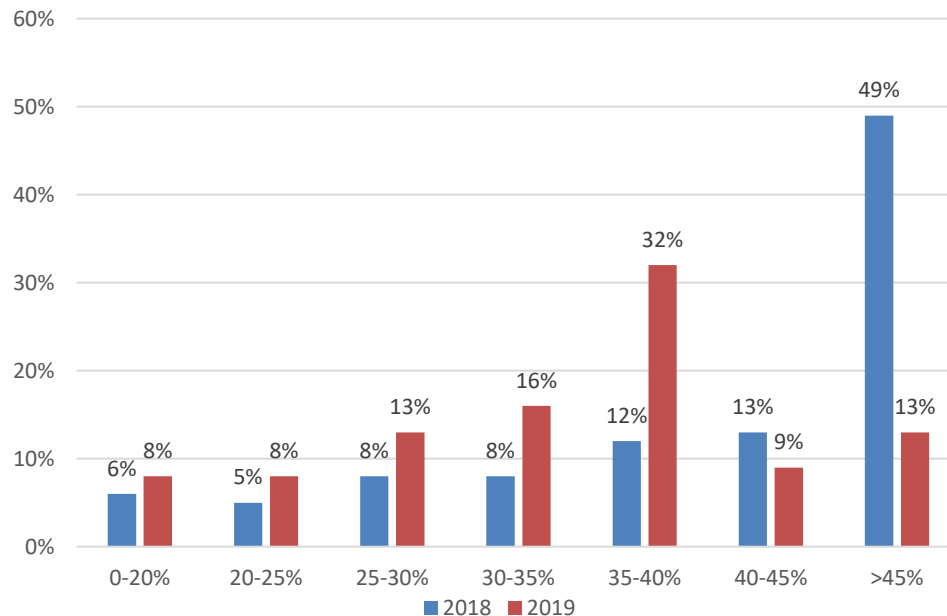
- What is debt collection?
- Debt collection market evolution and trends in 2019
 - Romanian B2C debt collection market:
 - B2C – Serviced debt
 - B2C – Purchased debt
 - Romanian B2B debt collection market
 - International collection

■ Macroeconomic environment

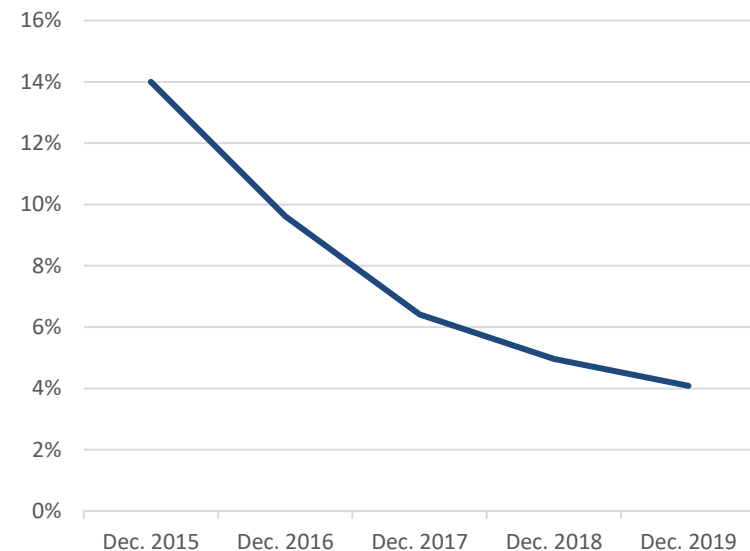
- Continuous improvement measures

Non-performing loans strongly decreased and NBR is taking even more measures to combat over indebtedness

**Indebtedness distribution level (new credits)
as % in net income 2018-2019**



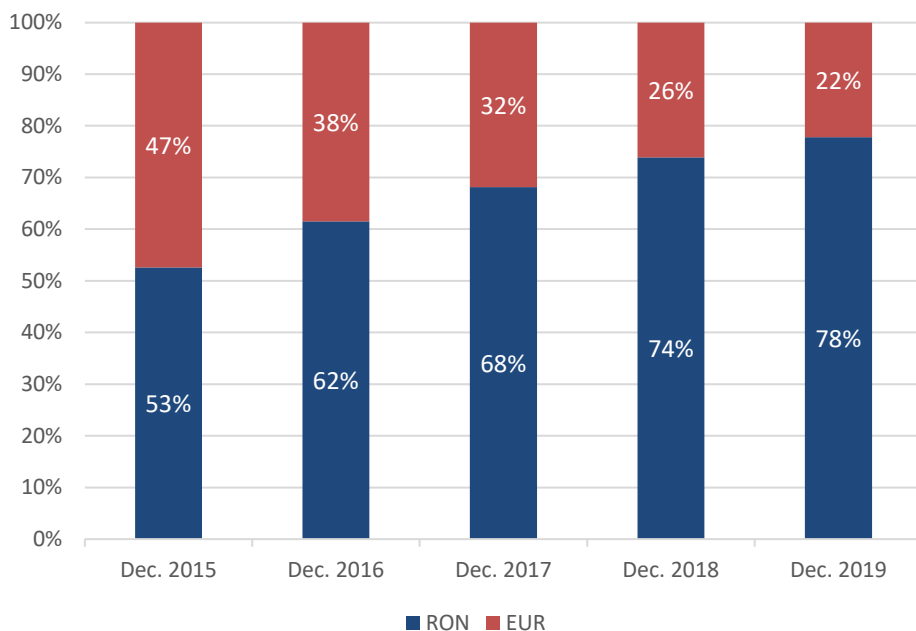
**Non-performing loans %
Evolution 2015-2019**



- From 1st January 2019, BNR modified the maximum indebtedness level to be **40% from the net income for credits in RON and 20% for credits in hard currency (45% is allowed for first home credit)**.
- As the graphic suggests, in 2018 half the borrowers were having a debt level of more than 45% of their net income level whereas in 2019, after NBR's measure, only 13% are in that category.
- These measures are supposed to encourage a sustainable credit activity performed by banks and ensure a protection level for low and medium income population.
- Non-performing loan rate is constantly dropping as banks clean their balance sheet off bad debt and the retail and corporate debtors become more self-sustainable as the economy grows.

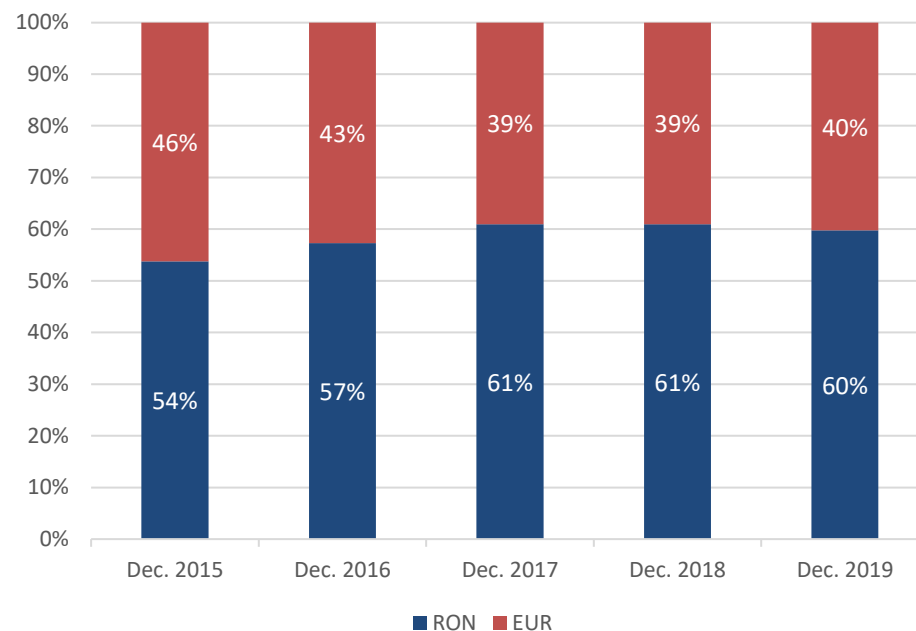
However, there is an increasing number of retail and corporate clients preferring to borrow in RON

Retail credit split evolution
Evolution 2015-2019



- In the past years, NBR strongly supported the credits in the national currency and as a result, credits to retail in RON are approaching 80% of total credits to retail in 2019.

Corporate credit split evolution
Evolution 2015-2019

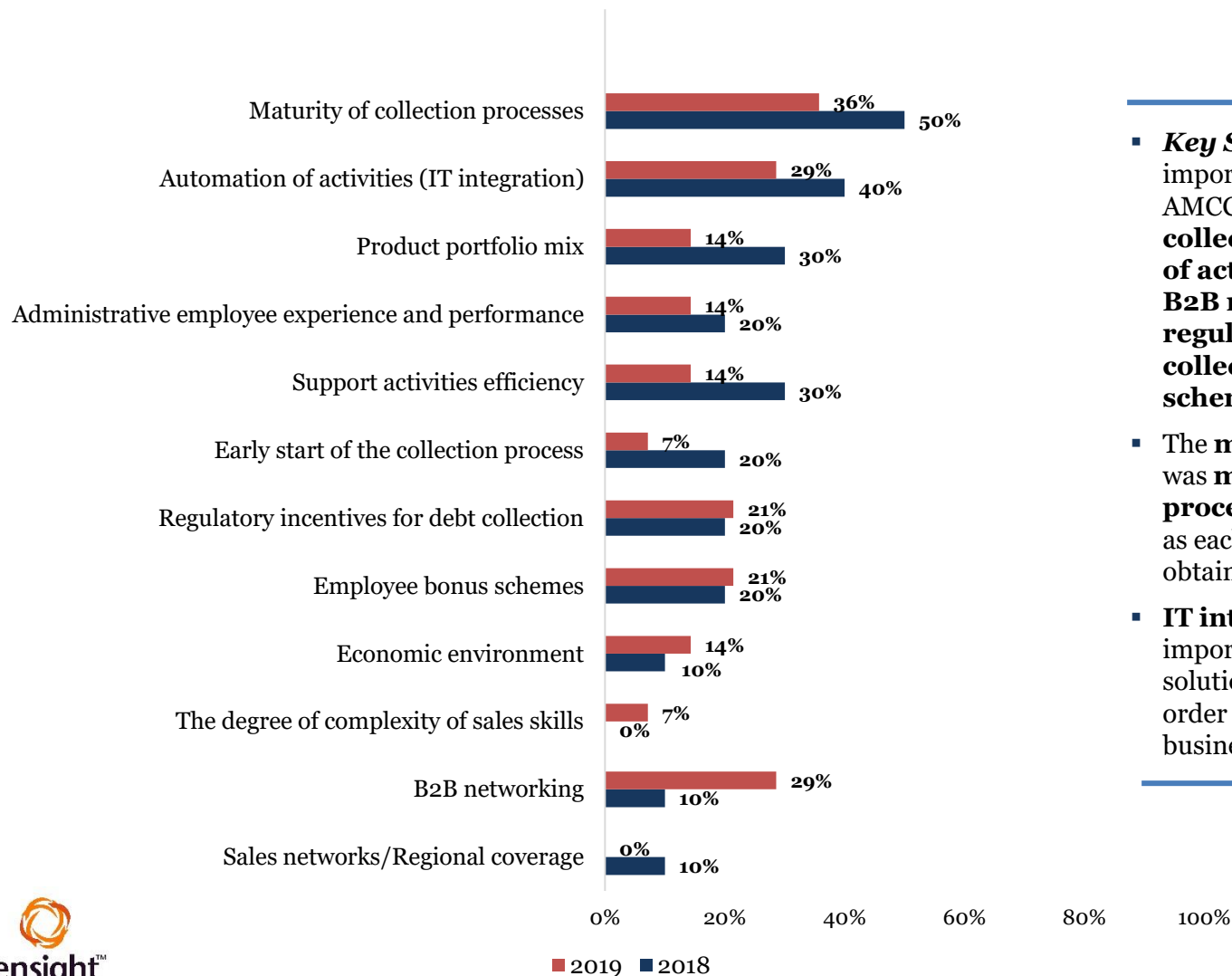


- Corporate credits in RON had a positive trend, however not as important as credits to retail. 60% of credits were in RON in 2019 whereas 40% of companies still prefer the hard currency.

- What is debt collection?
- Debt collection market evolution and trends in 2019
 - Romanian B2C debt collection market:
 - B2C – Serviced debt
 - B2C – Purchased debt
 - Romanian B2B debt collection market
 - International collection
- Macroeconomic environment
- **Continuous improvement measures**

Key Success Factors and Process Maturity

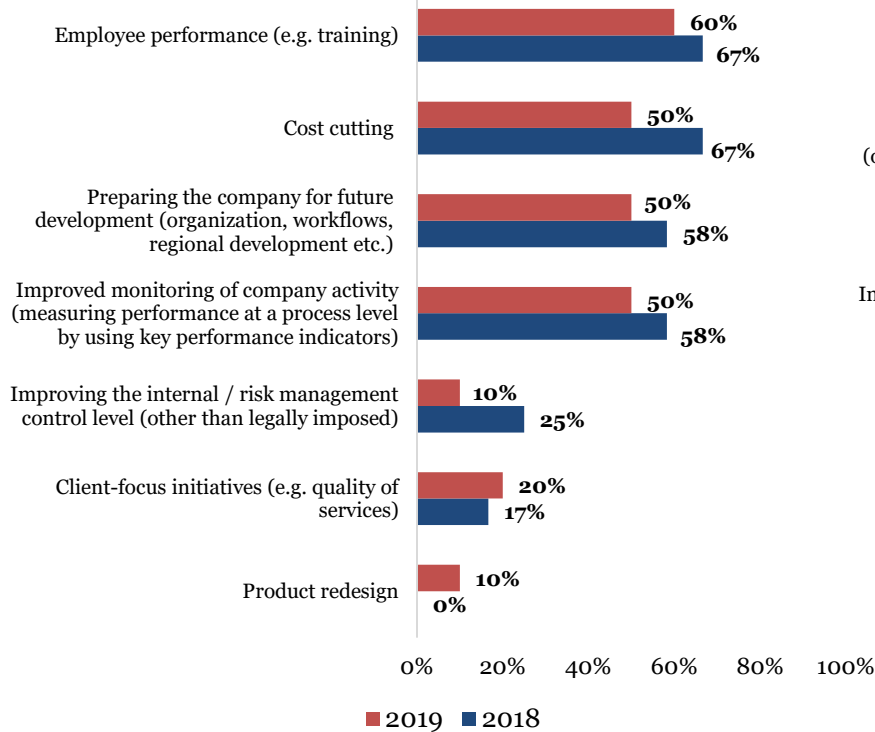
Key Success Factors



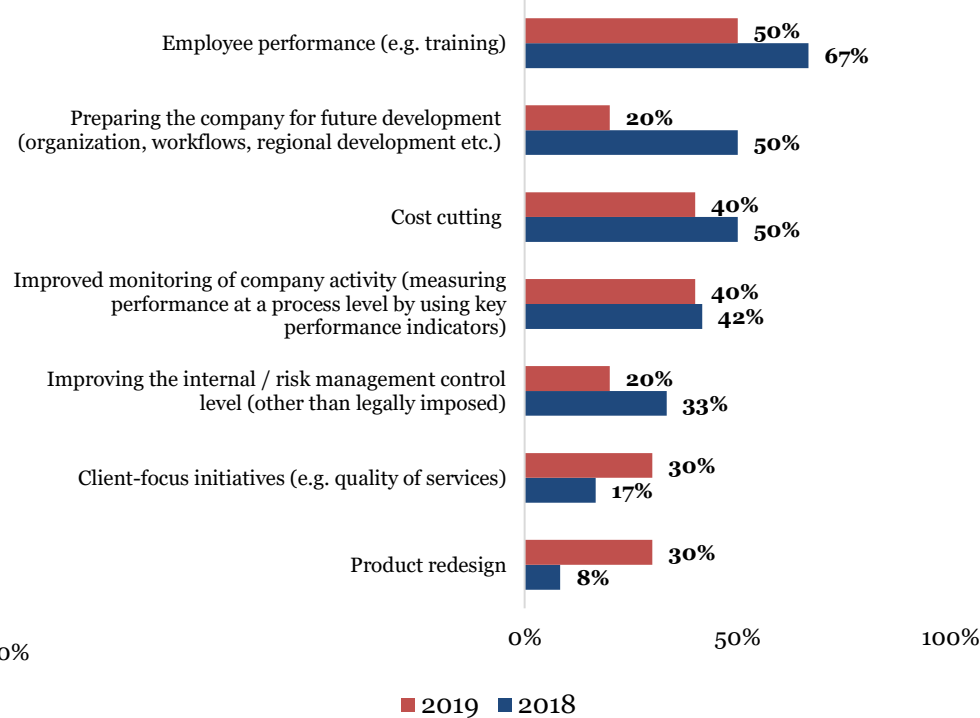
- **Key Success Factors.** The most important KSFs in 2019 according to AMCC members are **maturity of collection processes, automation of activities (IT integration) and B2B networking**, followed by **regulatory incentives for debt collection and employee bonus schemes**.
- The **most selected** key success factor was **maturity of collection processes**, selected by 5 respondents, as each member is constantly striving to obtain the most out of the processes.
- **IT integration** retained its importance for debt collectors as IT solutions are improved constantly, in order to support the regulatory and business environment.

2019 business improvement initiatives

2019 vs 2018
Objectives of business improvement initiatives for B2C Collection



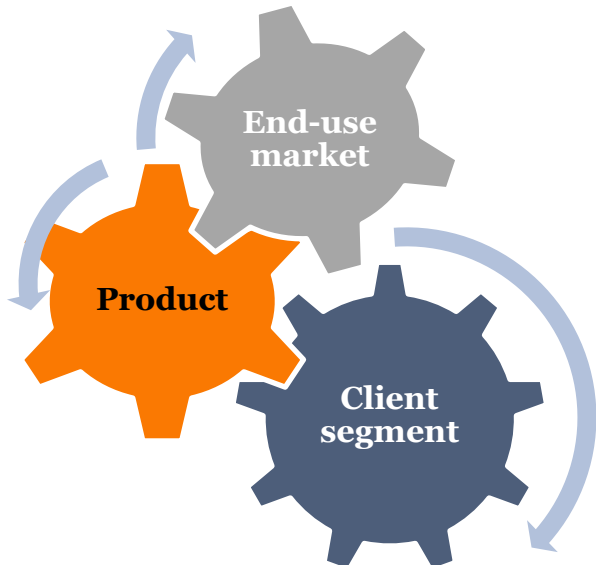
2019 vs 2018
Objectives of business improvement initiatives for B2B Collection



- **B2C business improvement.** In 2010 the focus remained on employee performance (60%), 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 2019 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, improved monitoring of company activity and cost cutting are also seen as important improvements for the B2B sector.

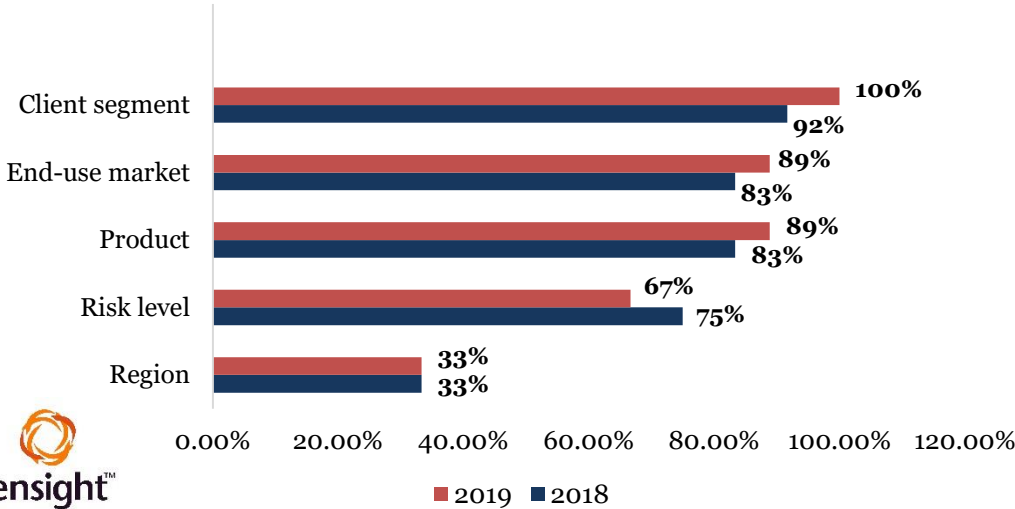
The most utilized segmentation criteria is segmentation by client (used by 100% of the members)

Market segmentation criteria



- **Segmentation criteria.** Most utilized criteria is the client segmentation (100% of the players are using this criteria in managing their client portfolio), while the second are end-use market and product segmentation (over 89%).
- Risk-based segmentation has emerged as an important criteria for market segmentation purpose, selected by over 67%. 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.

Segmented approach to market by criteria

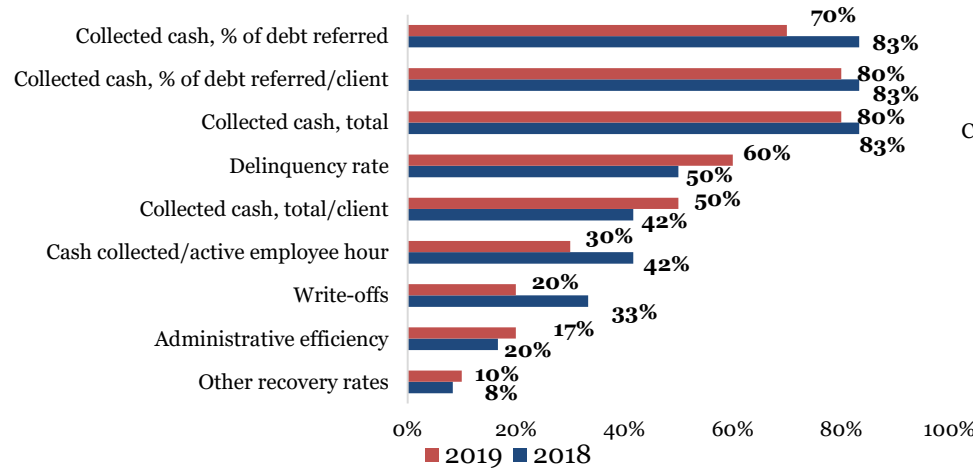


Number of criteria used	
One criteria	0%
Two criteria	0%
Three criteria	56%
More than three criteria	44%

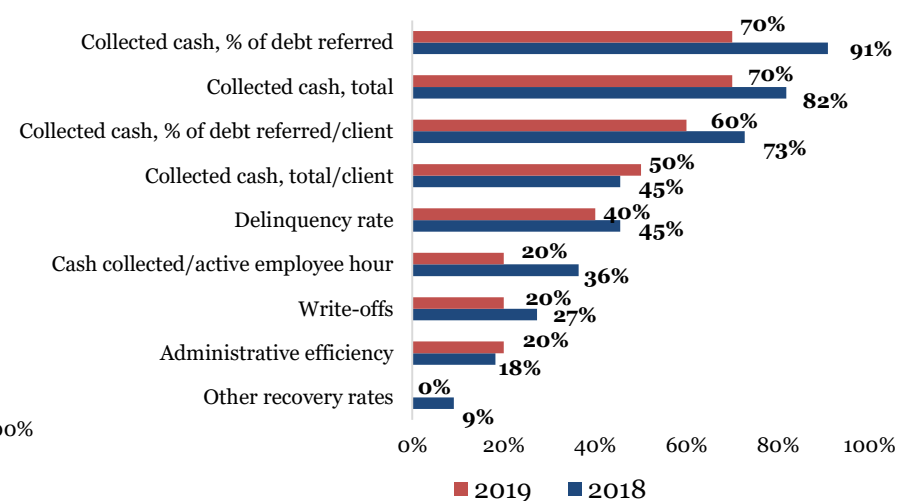
Most frequent KPIs are set together with the client and main focus remains on the level of collected cash

KPI methodology & IT areas covered

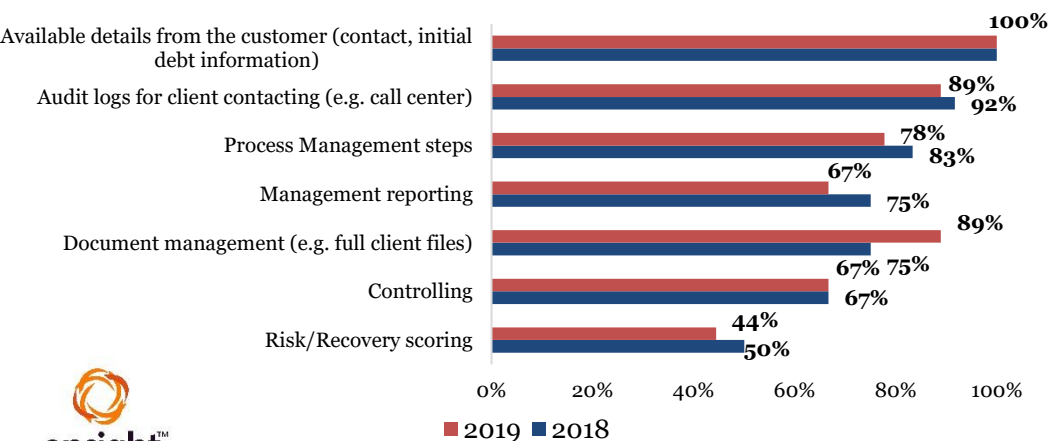
Major KPIs utilized in the B2C Collection process



Major KPIs utilized in the B2B Collection process



Areas covered by internal IT support or subject to automation



- **B2C KPI.** In 2019 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 and % of debt referred are the most utilized KPIs, reaching 70%. The average number of KPIs used by a member is 4.
- **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!

AMCC - Asociația de Management al Creațelor Comerciale

Website: www.amcc.ro

E-mail: office@amcc.ro; ana.donea@amcc.ro

Marketing & Communication: Ana Donea, 0722 214 920

Studiu de piata comisionat catre Ensign Management Consulting

Website: www.ensight.ro