



**The Institute of Banking and Finance of Trinidad and Tobago**

## **DEBT RECOVERY & DELINQUENCY MANAGEMENT TRAINING**

### **Two (2) Day Training Workshop Outline**

#### **OBJECTIVE:**

The focus of this workshop will be to provide participants with an overview of the skills necessary for effective debt collection. At the end of the workshop participants would be better equipped to identify problem accounts, conduct a financial means assessment, develop and execute strategies for debt collection, workout and debt restructuring.

#### **The workshop will include the following topics:**

#### **INTRODUCTION:**

An overview of bad debts and its financial impact on the organization. Why collection of bad debts is necessary.

#### **IDENTIFICATION OF PROBLEM ACCOUNTS:**

This section will cover method of identifying which accounts are delinquent and explore the early warning signs of accounts that are at risk of becoming delinquent.

#### **RECOVERY ANALYSIS PROCESS:**

This section will explore the course of action after problem accounts are identified. Topics will include:

- Data collection and verification
- Analysis of credit foundations; industry dynamics, financial condition, management quality.
- Developing a recovery strategy



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### **QUALITIES AND ATTRIBUTES OF AN EFFECTIVE PROFESSIONAL COLLECTOR:**

This section will deal with the key personal qualities needed to succeed in debt collection in a financial institution.

- Salesmanship
- Investigation Skills
- Confidence and Trustworthiness
- Interviewing and Listening Skills
- Good Instincts
- Creative Problem Solving Skills
- Optimism

### **KEY ACTIVITIES AND RESPONSIBILITIES OF A COLLECTOR:**

This section will examine the key components of the debt collector's job including but not limited to:

- Maintain debtors records to ensure debt status is accurate and provides useful management information.
- Monitor clients in arrears and those with frequent late payments.
- Adhere to the organisation's policies and procedures.
- Contact debtors and negotiate and implement repayment schedules and terms.
- Obtain necessary information for legal action.
- Follow legal requirements during debt collections to avoid legal issues.
- Maintain security and confidentiality of organisation information and debtors information.

### **STRATEGY AND IMPLEMENTING THE COLLECTION PROGRAM:**

This section will focus on how to choose an appropriate strategy to be implemented based on the debtor financial profile, character and credit worthiness. Strategy options will also be examined and discussed.



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### **STEPS TO AN EFFECTIVE COLLECTION CALL**

This section will focus on guidelines for the collection call; from identifying the debtor and yourself, asking for payment, identifying the problem, getting past excuses, finding a solution, and documenting collection efforts.

### **PRE-CALL PLANNING AND THE IMPORTANCE OF PREPARATION:**

This section will focus on the preparation for the difficult collection call:

- Collector self preparation: Physical, mental, voice, tools.
- Debtor information checklist: Past history, assessing intent, ability to pay, market, industry, competition analysis, situation.
- Call strategy.

### **LEGAL REMEDY**

This section will focus on the steps necessary to pursue legal action when a feasible workout arrangement cannot be achieved. Will include:

- Writing and issuing a demand letter.
- Engaging attorneys
- Preparation for litigation

### **DEBT RESTRUCTURING**

This section will focus on the restructuring option, topics include:

- Defining debt restructuring.
- Identifying restructuring alternatives and evaluating possible choices i.e.; reducing interest rate, increasing term, waiving late fees, amending conditions.
- Treatment of covenant breaches and setting appropriate covenants and reporting requirements for the restructure to succeed where the original debt failed.
- Evaluating business and operational decisions required to put the borrower on a better financial foundation.



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- Obstacles to restructuring; legal, social, regulatory, credit policy, operational and financial challenges that arise when a borrower is in distress.

**CONCLUSION AND WRAP UP:**

Close with a brief summary recap of the topics discussed and an open floor question and answer session.

**METHODOLOGY:**

This workshop is meant to be interactive; participants will be encouraged to share their personal collection experiences on the field and will form part of the group discussion and analysis sessions.

There will be a mix of discussion type explanation of concepts and methods and practical working and analyzing of business and financial information. Mini-cases, scenarios and role playing methods will be used in teaching and learning.