

## **Summary of company**

[AECSA](#) is a debt collections company in Colombia with over 2,600 employees based in 9 offices throughout the country. The company operates its own call centers and provides various debt collection services to its clients, including administrative collections, debt purchasing, in-person collections, and collections via legal means. Their mission is to offer debt collection solutions to their clients while promoting sustainable development, seeking a positive impact on society and the environment. Their core values are: Respect, integrity, transparency, fairness, equity, belonging, trust, loyalty, honesty, attention to every detail and focus on zero error.

## **AECSA's Policies and Practices**

### ***Consumer Protection Policies and Practices***

AECSA complies with the voluntary best practice guide issued by the Colombian Superintendency of Finance and COLCOB<sup>1</sup>. AECSA has the following policies that seek to address the industry risk of unethical treatment of consumers, particularly those from vulnerable populations:

- A service quality policy that includes a commitment to compliance with legal and regulatory requirements for the satisfaction of customer needs (described above). The policy also includes a stated commitment to the environment, society and stakeholders, of which employees and customers with payment difficulties are acknowledged as being the most important.
- An anti-corruption policy focused on preventing any unscrupulous arrangements between AECSA's employees and debtors.
  - AECSA's ethical collections policy dictates that the collection process is carried out in the most fair, transparent and ethical manner possible.

The following procedures for carrying out the collections process are stipulated in AECSA's formal ethical collection policy:

- Employees are prohibited from treating consumers with payment difficulties in a disrespectful manner.
- Collection management is done only through the recorded media provided by AECSA. Each computer carries modules on call structure and the script which each employee is required to follow (including educational financial tips that are to be provided to consumers in distress).
- Face-to-face meetings for customers with payment difficulties are only conducted at AECSA's premises.

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<sup>1</sup> Superintendencia Financiera de Colombia (2018), *A Best Practice Guide for Collections Management*,  
<<https://www.superfinanciera.gov.co/jsp/Publicaciones/publicaciones/loadContenidoPublicacion/id/10096925/f/0/c/00>>

- Employees are prohibited from contacting consumers from personal telephones or meeting consumers privately outside of AECSA's premises.
- Employees are prohibited from calling their consumers before and after certain hours and if a consumer signals that he/she is not available
- Employees are prohibited from accepting gifts/money from any customer, and forbidden to agree on commissions for portfolio renegotiation
- A formal program focused on generating reconciliation strategies, payment agreements and, in some cases, debt forgiveness for consumers in difficulty of payment who are in conditions such as terminal illness, disability, or extreme poverty.

To support the implementation of these policies and procedures, AECSA has a quality control team that regularly monitors calls for adherence to the code of conduct. Employees are trained during induction and thereon quarterly based on needs highlighted by their monitoring process or by their clients. Customer engagement/satisfaction, presentation of information, and adherence to the code are integrated into employee performance reviews, which follows a 360 degree scorecard, as opposed to only focusing on amount of collections generated by an employee. AECSA's employees are penalized for not abiding to the code.

In addition, AECSA uses a multi-channel approach for contacting debtors consisting of emails, text messages, and calls, which reduces the risks of embarrassment, misunderstandings, intrusion and other problems resulting from person-to-person interaction<sup>2</sup>. AECSA also focuses on settling debts in a pre-judicial manner by offering alternatives like restructuring and refinancing.

AECSA employs technological tools in order to ensure that a given debtor with payment difficulty is not contacted more than once a day. AECSA has an in-house business intelligence platform called AECSASOFT that helps in planning efforts based on customers' ability and willingness to repay and thereby tries to build efficiency in the process of collection. In its communications with consumers, AECSA also provides financial education to individuals with payment difficulty. Collections managers are trained to deliver financial literacy information on basic financial concepts such as savings plans, payment capacity, typical causes of poor financial decision making, types of credit, advantages and disadvantages of using credit, and options for those in debt.

AECSA's complaint and grievance mechanisms enable consumers to provide feedback if they feel mistreated during their interactions. A complaint & suggestions system has

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<sup>2</sup> CGI (2017), Customer Satisfaction, Cost Savings, Performance Improvement: A Clear Case for Moving to Multi-Channel Collections, Retrieved from <<https://www.cgi.com/sites/default/files/white-papers/multi-channel-collection.pdf> >

been established on their website<sup>3</sup>. Additionally, debtors have the option to call, fax, email or write letters to them if they think that any of the callers are acting against AECSA's policy of responsible collection. Further, feedback on the quality of calls is collected regularly wherein consumers are requested for their feedback on 5 attributes: Kindness, Listening & Disposition, Knowledge & Clarity, Communication of Alternatives and Overall Satisfaction & Experience. Additionally, AECSA's clients also conduct surveys with customers to enquire about the quality of service that they received from AECSA.

AECSA's collection management activities are overseen by its Senior Management, who have a stated responsibility to establish, promote and monitor compliance with the company's policies and procedures and, at the same time, lead the strategic planning process and set specific organizational goals and objectives. Its oversight extends to AECSA's control groups for supervision such as collection management, management of information quality and security, management of training & quality control. Further, AECSA's compliance team operates independently from its collections team and reports directly to the president.

#### ***Data privacy and security policies and practices***

AECSA has several policies that address the issue of data privacy and security:

- A data security policy which emphasizes the protection of data confidentiality, data integrity, and data availability as per applicable laws with the objective of continuously improving and managing risks.
- SIPLAFT: A system designed by AECSA to detect unusual activity by their debtors in a bid to prevent money laundering and funding of terrorism. Their employees are trained to observe any abnormality in volume, frequency, or characteristics of debtors, and then report this unusual activity to the Compliance Officer.
- A confidentiality policy that prevents employees from divulging any privileged information pertaining to the collection process outside of AECSA's premises.
  - Furthermore, personal data devices (tablet, mobile, etc.), pens, paper, etc. are prohibited in the area where the collections process occurs.

AECSA's data security team, which operates independently from the collections team and reports directly to the President, consistently monitors the calls in the operational area. AECSA's information security management systems were ISO/IEC 27001:2013 certified in April 2019.

AECSA only works with reputable banks with whom it has long term relationships, and does not work with companies that purchase debt and then subcontract it to collection agencies. In cases where AECSA purchases debt from banks, there is a two-step verification process to confirm the accuracy of the data prior to commencing the

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<sup>3</sup> El sistema de peticiones, quejas, reclamos y sugerencias <<https://www.aecsa.com.co/pqrs>>

collection process: first data is reviewed internally by the bank, and then by AECSA utilizing platforms like Experian & CIFIN (credit information platform).

The following table describes AECSA's control practices for the collection process against some of the areas outlined in the IFC report<sup>4</sup> on Responsible Debt Collection in Emerging Markets .

	<b>AECSA's practices</b>
COLLECTIONS POLICY - Policy coverage	Corporate social responsibility, reputational risks and customer relationship are viewed on par with collections efficiency
COLLECTIONS POLICY - Top management involvement	Senior Management approves policy
PROCESS MANAGEMENT - Field collections	<ul style="list-style-type: none"> <li>• Low reliance on field</li> <li>• In person collections carried out in AECSA's office premises</li> </ul>
PROCESS MANAGEMENT - Phone collections	<ul style="list-style-type: none"> <li>• High reliance on phone</li> <li>• All calls scripted, call termination protocol</li> <li>• Predictive dialling</li> <li>• Training using call records</li> </ul>
EMPLOYEE SKILL MANAGEMENT - Hours of training a year	<ul style="list-style-type: none"> <li>• 80 hours for new employees</li> <li>• 60 hours for old employees</li> </ul>
EMPLOYEE SKILL MANAGEMENT - Training on ethical collections	<ul style="list-style-type: none"> <li>• More than 35 hours annually on an average dedicated to training on responsible and ethical collection practices.</li> </ul>
EMPLOYEE SKILL MANAGEMENT - Performance evaluation	<ul style="list-style-type: none"> <li>• Balanced scorecards with financial and process elements</li> <li>• Severe penalties for transgressions</li> </ul>
MONITORING SYSTEMS - Phone Collection	<ul style="list-style-type: none"> <li>• Calls are recorded and monitored</li> <li>• Centralized open floor call centers with tight supervision</li> </ul>
PROCESS INNOVATION	Utilization of systematic and analytical tools that help collectors assess borrowers' circumstances and choose approaches aligned to the customers' ability and willingness to repay in order to maximize recoveries while minimizing the chances of mistreatment.

<sup>4</sup> International Finance Corporation (2012), *Responsible Debt Collection in Emerging Markets*, Retrieved from <https://www.ifc.org/wps/wcm/connect/587d25004a9f117795ebfdeec99f439e/Responsible+debt+collection-Final.pdf?MOD=AJPERES>

