



**Human-Centric Debt Resolution Models for Restoring Borrower Sustainability**

# Collectivus

Singapore • Malaysia • Thailand • Philippines • Indonesia • India • Vietnam

# Our Observation



## Context

- Rising retail debt across unsecured lending
  - Post-pandemic income volatility
  - Easy access to unsecured credit
  - Inflationary pressures
- Increasing number of financially distressed borrowers
- Traditional collection model focus on **enforcement over engagement**

## How do we move borrowers from:

- Financial distress
- Avoidance and disengagement

### **Toward sustainable repayment**

## Approach by Collectius

- Human-centric negotiation
- Behavioral analysis
- ADR-driven resolution frameworks

## Desired Outcome

- Rehabilitate to financial **re-entry & sustainability**
- Establish Financial **Stability & Resilience**

# Drivers for Non-Payment

## Common Misuse Behaviors

### Credit Stacking

- Multiple Financial facilities or credit cards simultaneously
- Loss of visibility over total debt exposure

### Cashflow Misalignment

- Short-term credit for non-essential or recurring expenses
- Reliance on future income (materiality risk)

### Minimum Payment Mentality

- Paying monthly minimum due
- Balance accumulation over time

### Intentional Delay / Tactical Non-Payment

- Waiting for late-stage discounts or settlements
- Testing enforcement boundaries before engaging

### Payment Avoidance Behavior

- Ignoring calls and communications
- Delaying engagement due to stress or fear

## External & Situational

### Income Disruptions

- Job loss, reduced hours, or unstable gig income

### Medical or Family Emergencies

- Sudden expenses diverting funds away from repayments

### Rising Cost of Living

- Inflation impacting ability to meet financial obligations

### Overcommitment Across Financial Obligations

- Multiple loans, rent, and daily expenses competing for limited income

### Life Transitions

- Relocation, divorce, or changes in household structure

## Gaps: System & Awareness

### Limited Financial Literacy

- Lack of understanding of interest, penalties, or repayment impact

### Underestimation of Total Debt

- Borrowers unaware of cumulative exposure across platforms

### Missed or Ineffective Communication

- Outdated contact details
- Overlooked reminders

# Human-Centric Negotiation Philosophy

## Collectivus Way of Collection

### Core Principles

**No Shame:** Avoid aggressive or accusatory tone

**No Sympathy:** Maintain objectivity and professionalism

**Empathy:** Listen actively to understand borrower circumstances

### Why It Matters

- Reduces borrower defensiveness
- Encourages honest financial disclosure
- Improves engagement and repayment willingness

Outcome:

Shifts borrower mindset from **avoidance to cooperation**



# Understanding Borrower Behavior

## Collectius Way of diagnosing borrower's intent

### Two Key Dimensions

- Ability to Pay (Capacity)
- Willingness to Pay (Intent)

### 4 Borrower Profiles

	Willing to Pay	Unwilling to Pay
Able to Pay	Cooperative	Strategic Avoidance
Unable to Pay	Financial Hardship	Disengaged

### Key Insight

Each borrower type requires a **different negotiation approach**, not a one-size-fits-all method.

# Behavior-Based Negotiation Strategies

## 1. Able & Willing

### Reason

- Oversight, timing issues

### Approach

- Enable fast payment
- Provide simple, convenient options

## 2. Unable but Willing

### Reason

- Financial hardship, income disruption

### Approach

- Assess affordability
- Offer structured repayment plans

## 3. Able but Unwilling

### Reason

- Prioritization, disputes, delay tactics

### Approach

- Reinforce obligations
- Introduce urgency and consequences

## 4. Unable & Unwilling

### Reason

- Severe distress, avoidance behavior

### Approach

- Maintain engagement
- Escalate progressively when required

**Outcome:** Targeted strategies improve Engagement rates, Repayment success, Portfolio recovery efficiency

# From Collection to Financial Rehabilitation

## Moving Beyond Payment Demands

Traditional collection focuses on:

- Repeated demands for payment

Human-centric models focus on:

- Helping borrowers **understand the consequences of non-payment**

## Emphasizing Consequences, Not Pressure

At Collectius, the approach is to:

- Clearly explain **financial and legal implications of non-payment**
- Provide visibility on **next-stage recovery actions**
- Help borrowers understand the **long-term impact on financial health**

This shifts the conversation from:  
“Pay Now” to “**Make an informed decision before consequences escalate**”

## Why This Works:

- Encourages **responsibility without confrontation**
- Reduces resistance and avoidance behaviour
- Builds **credibility and transparency**
- Drives higher voluntary engagement

**Financial Education** – borrow informed decision, debt management, re-entry to financial end-to-end cycle

# Key Takeaway

Effective debt resolution is not about pressure.

It is about:

- Clarity of consequences
- Respectful engagement
- Guiding borrowers toward sustainable financial decisions

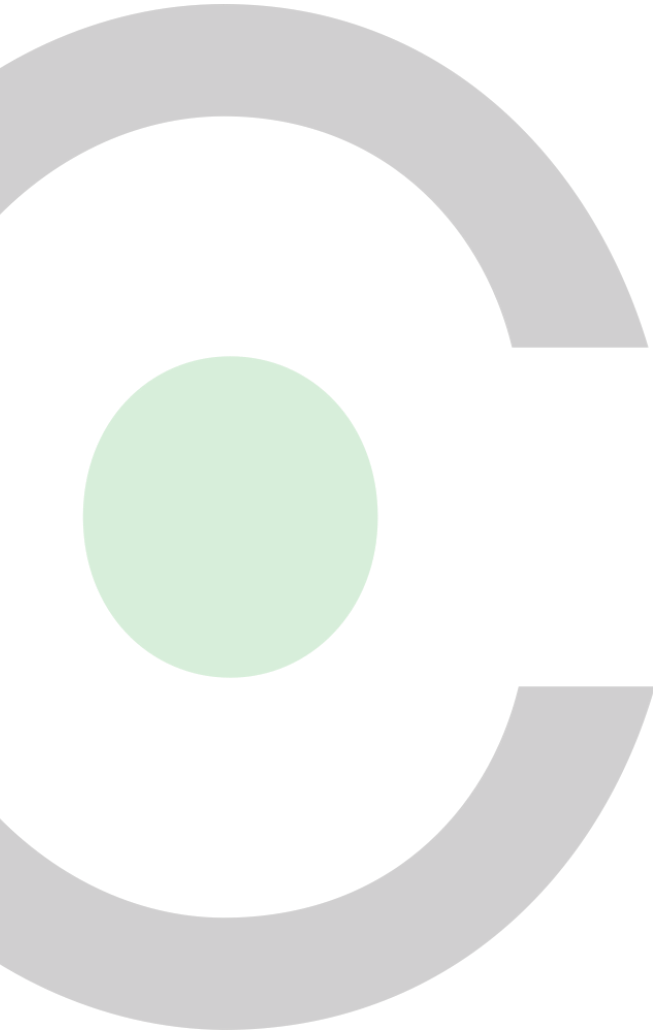
Supporting Financial Rehabilitation

By combining:

- Behavioral negotiation
- Empathetic engagement
- Clear consequence framing

Borrowers are more likely to:

- Take ownership of their debt
- Engage in repayment plans
- Avoid escalation into legal or insolvency processes”



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