

Human-Centric Debt Resolution Models

Restoring Borrower Sustainability

SINGAPORE • MALAYSIA • THAILAND • PHILIPPINES • INDONESIA • INDIA • VIETNAM

The Rising Tide of Distressed Debt

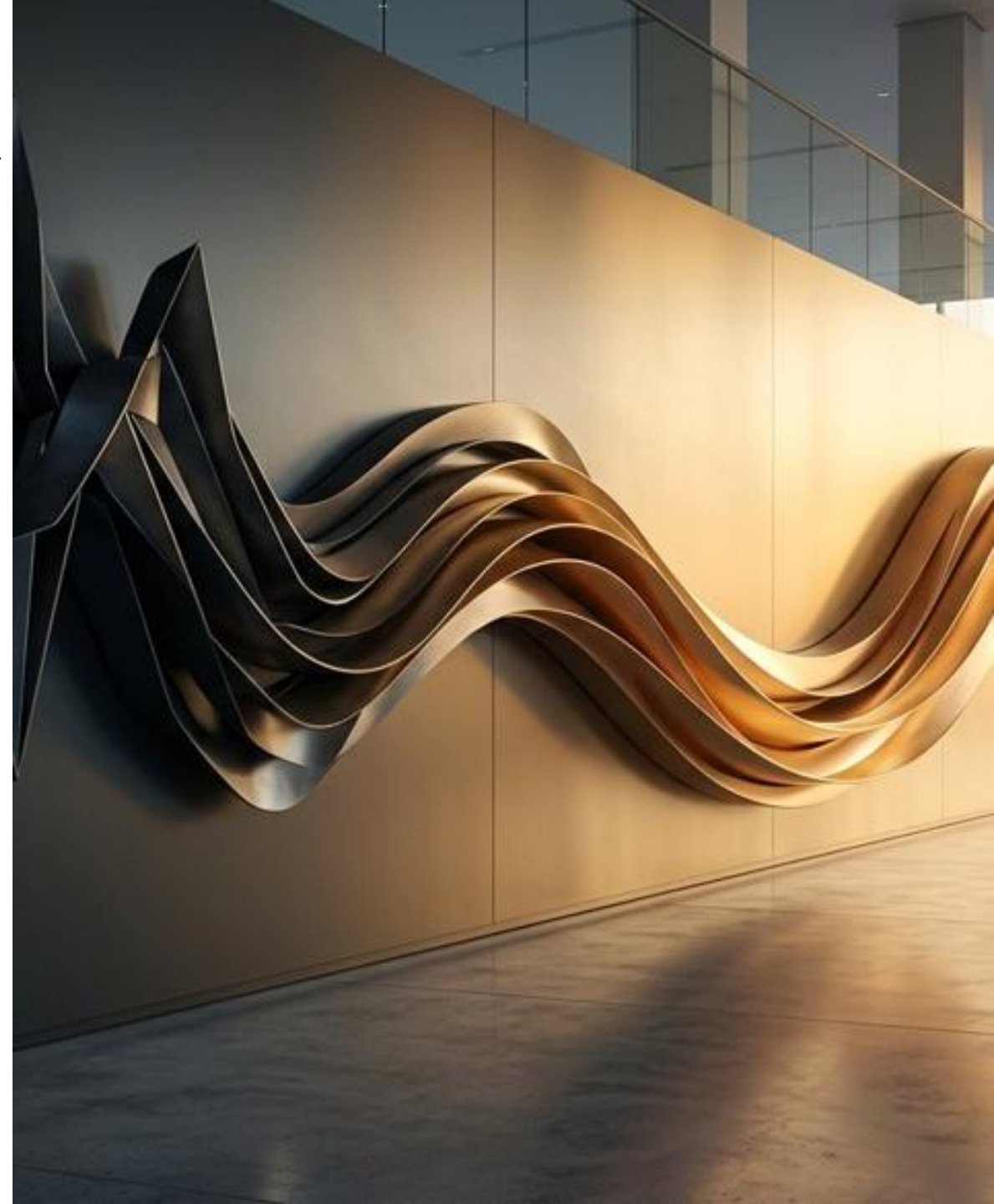
Rising Retail Debt Across Unsecured Lending

- Post-pandemic income volatility
 - Rapid growth of unsecured credit
 - Inflationary pressures
-

The Traditional Flaw

As the number of financially distressed borrowers increases, the traditional collection model still relies heavily on **enforcement over engagement**:

- Prioritizes short-term recovery
- Potentially reducing repayment sustainability
- Damaging customer relationships



Moving Toward Sustainable Repayment



From Avoidance

- Financial distress and inability to pay
- Avoidance and disengagement

Approach by Collectius

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

Desired Outcome

- Rehabilitate to financial **re-entry & sustainability**
- Establish financial **stability & resilience**

Decoding Non-Payment

Financial tools are useful, but challenges arise from a mix of behaviors and external pressures.

Common Misuse Behaviors

1

Credit Stacking

- Multiple facilities;
- loss of total debt visibility

Cashflow Misalignment

- Short-term credit for non-essentials;
- reliance on future income

Minimum Payment Mentality

- Balance accumulation over time

Tactical Non-Payment & Avoidance

- Waiting for discounts;
- ignoring calls due to stress

External & Situational

2

Income Disruptions

- Job loss, reduced hours,
- unstable gig income

Emergencies & Rising Costs

- Medical expenses diverting funds
- Inflation impacting ability to meet obligations

Overcommitment & Transitions

- Multiple loans, rent, daily expenses competing
- Relocation, divorce, household changes

Gaps: System & Awareness

3

Limited Financial Literacy

- Lack of understanding of interest, penalties, or impact

Underestimation of Total Debt

- Borrowers unaware of cumulative exposure across platforms

Ineffective Communication

- Outdated contact details
- Overlooked or missed reminders

The Collectius Way of Collection

A Human-Centric Negotiation Philosophy



No Shame

Avoid aggressive or accusatory tone
to reduce defensiveness



No Sympathy

Maintain objectivity and
professionalism without judgement



Empathy

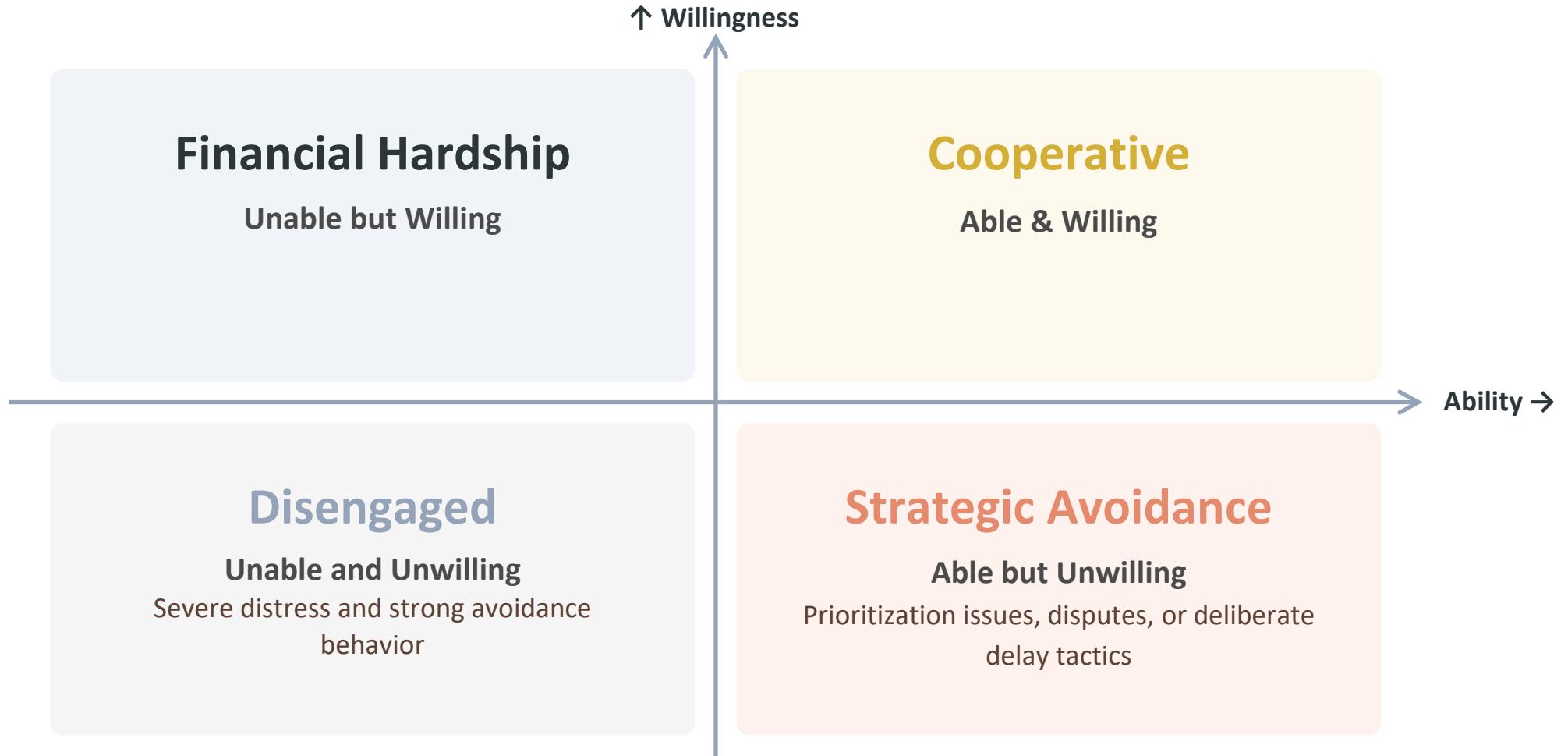
Listen actively to understand
borrower circumstances and intent

Why It Matters?

- Reduces borrower defensiveness.
- encourages honest financial disclosure.
- Improves overall engagement and repayment willingness.
- **Outcome:** Shifts borrower mindset from **avoidance** --> **cooperation**.

Diagnosing Borrower Intent

Two Key Dimensions: Ability to Pay (Capacity) vs. Willingness to Pay (Intent)



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

Tailoring the Approach

Behavior-Based Negotiation Strategies - **distinct, targeted negotiation approach.**

1. Able & Willing

Reason: Oversight or timing issues.

Approach: Enable fast payment with simple, convenient options.

2. Unable but Willing

Reason: Financial hardship or income disruption.

Approach: Assess affordability; offer structured & realistic repayment plans.

3. Able but Unwilling

Reason: Prioritization, disputes or delay tactics.

Approach: Reinforce obligations; introduce urgency and clear consequences.

4. Unable & Unwilling

Reason: Severe distress and avoidance behavior.

Approach: Maintain engagement & escalate progressively when required.

Outcome: Targeted strategies improve engagement rates, repayment success, and portfolio recovery efficiency.

Beyond Payment Demands

Shifting from **traditional** collection to **financial rehabilitation**

Traditional Focus

- ◆ **Repeated Demands**
Focuses strictly on collection
- ◆ **Confrontational Tone**
Drives resistance and fear

"Pay Now"

Vs

Human-Centric Focus

- **Explain Implications**
Financial and legal consequences
- **Provide Visibility**
Next-stage recovery actions & Long-term financial impact

"Make an informed decision"

Builds credibility and drives engagement

Why This Works?

- Encourages responsibility without confrontation.
- Reduces resistance & builds credibility.
- **Outcome:** Drives higher voluntary engagement through financial education.

Key Takeaway

Effective debt resolution provides a clear path to relief, not a cycle of pressure.

By combining **behavioral negotiation**, **empathetic engagement**, and **clear consequence framing**, borrowers are more likely to:

1. Take ownership of their debt
2. Engage in repayment plans
3. Avoid escalation into legal processes

