

A dramatic landscape of volcanic mountains and a river valley under a cloudy sky. The mountains are dark and rugged, with some areas showing signs of erosion and ash. The river valley is filled with water, and the sky is filled with soft, grey clouds. The overall mood is somber and majestic.

# Developing secondary markets for NPL's in a shattered legal landscape

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# Intrum in brief.

**24**

Countries in Europe

**160**

Partner countries

**>10,000**

Employees

**16,0**

Revenue  
2019 (SEK bn)

**~80,000**

Clients

**>250,000**

Calls with consumers on  
daily basis

**Large Cap**

Listed on Nasdaq  
Stockholm

**100**

Years of  
experience



# Highly fragmented regulatory framework



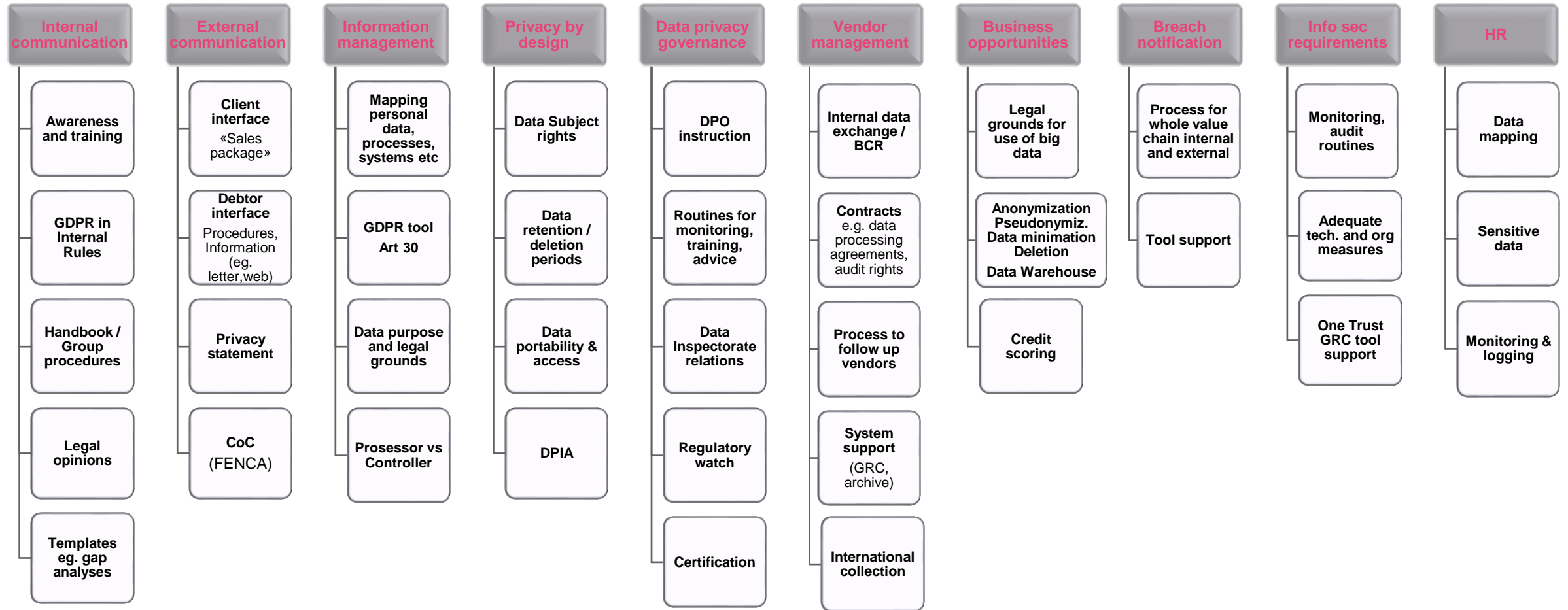
## License requirements

- **Debt Collection licenses:** anything from consumer credit licenses via local FSA's-, Debt collection authorisation via local Data Protection Authority, to authorisation with local police, or simple CEO registration, or actually no requirements at all applicable for debt collection.
- **Licenses for purchasing debts:** anything from a full banking license, Alternative Investment Fund set up, to Special Purpose Vehicles, financial institutions or no requirements at all applicable for purchasing debts.
- **Debt Collection is different from banking** as the business
  - does not involve granting- or setting up the original credit facility
  - is not allowed to receive bank deposits in the meaning of CRD/CRR,
  - debt collection should therefore not be subject to consolidated capital requirements on group level (CRD/CRR)

# Data Protection and Privacy

A woman with long dark hair is seen from the side, sitting at a wooden desk in a dimly lit room. She is focused on her work, with her hands on a silver laptop keyboard. On the desk, there is a white coffee cup on a saucer and a pair of glasses. The background features large windows with a view of a cityscape at dusk or dawn, with soft light filtering through the panes.

# The GDPR Program set up – project activities



# Highly fragmented regulatory framework

## Data Protection



**Data controllers:** Intrum is deciding on means for processing, such as which data shall be processed and for how long to arrive at a certain result, in most countries our core knowledge on how to perform the services makes us controllers for many of our services (eg supported by local debt collection law), this has also been confirmed by e.g. Swedish law.

**Cross border data transfers:** in some member states banking laws do not allow data transfers, centralised EU storage and processing should be allowed.

**Scoring:** scoring methodologies provide greater accuracy and increase chances that debtors pay, clarification is required so that personal data can be used for portfolio evaluation and scoring, NB: The scoring does not create any legal impact on data subjects, hence not subject to GDPR art 22 (this has been supported e.g. by Swedish law).

**Legal grounds:** it is important that debt collection may lean on its own legal ground to enable our industry to collect and store personal data, in Sweden this is already the case as debt collection is seen as a "task carried out in the public interest", in other countries, processing is based upon "legal obligation" or "legitimate interest", GDPR art 6.1.



**Treating Customers Fairly**

# The first pan-European debt collection policy on Treating Customers Fairly

- **Confidentiality:** ensure that contact is established with the right individual and that all dealings with debtors are treated with confidentiality , bank secrecy requirements also apply to third party loan servicers.
- **No undue pressure to be put towards debtors:** equal treatment of debtors, avoid contacting or calling excessively, no calls during late nights, sundays or national holidays, no tolerance for harassments or threats!
- **Special care and attention to vulnerable categories of debtors:** special trained employees to deal with e.g. disabled or ill debtors, consider implementation of quality controls and follow up procedures
- **Ensure that there is a legitimate claim behind the demand** and that accurate and updated information is provided to debtors
- **Costs, fees and interest levels to be reasonable:** non-excessive and proportionate to the claim
- **Implementation of complaints procedures for debtors:** to ensure that we always improve!





# Impact of Covid-19


## Ethical guidelines (produced 16 March)

- Customers impacted by Covid-19 should be treated as vulnerable!
- The above includes hospitalized, unemployed, forced to close business or customers taking care of loved ones due to Covid-19
- Payment plans and interests to be frozen minimum 30 days, up to 6 months
- Avoid field collection and cash/office payments, promote digital channels
- Always consider specific instructions from Clients and/or regulatory authorities

## By-weekly report on compliance moratoria

- Customer moratoriums
- Corporate/SME moratoriums
- Restrictions in amicable collections
- Court restrictions
- Bailiff/field collector restrictions
- Mortgage restrictions
- Branch organisation recommendations
- Other local restrictions affecting collection operations

### COUNTRY RISK ASSESSMENT:

- Scale impact: 1-4 of areas above + the total impact
-  Declining trend (average score 2,29 beginning of April to 2,03 end of June).

# Anti-money laundering












## Trade sanctions management



# Main money laundering and sanctions risks in debt collection

- **Servicing of clients with fictitious or suspicious business, including clients involved in the tax evasion**
- **Collection of fraudulent or fake invoices**
- **Suspicious patterns in debt settlements – large one-time payments, immediate settlement of the debt etc.**
- **Third party payments where the third party does not have any relation with original debtor**
- **Provision of the debt collection services to sanctioned entities**
- **Collection of funds from sanctioned debtors**

# Applicability of the national AML laws in debt collection

Country	AML law applies to debt collection	AML law applies to debt purchase	AML law applies to servicing of bank loans	AML law applies to purchase of bank loans	KYC requirements apply to end customers (debtors)
 Italy	X	X	X	X	X
 Romania	X	X	X	X	X (IF THE CASE EXPOSURE EXCEEDS EUR 15 000)
 Greece			X	X	X
 Czech Republic		X		X	X
 Finland	X	X	X	X	
 Latvia	X	X	X	X	
 Slovakia	X	X	X	X	
 Hungary		X	X	X	
 Germany	(X)*		(X)*		
 Poland		X		X	
 Norway		X		X	

\* The debt collection companies are no more subject of the German AML law (GWG) as of 1 January 2020.

# Countries, where AML laws do not apply to debt collection

Country	
	Austria
	Belgium
	Denmark
	Estonia
	France
	Ireland
	Lithuania
	Netherlands
	Portugal
	Spain
	Sweden
	Switzerland
	United Kingdom

- In several EU countries, national AML laws are not applicable to the debt collection.
- Some countries apply AML laws only to cash transactions, requiring debtor identification or limiting transaction amounts. Limits vary between EUR 1 000 and EUR 3 000.
- Cash transactions are not widely used for settling the debts. Most countries have developed alternative means of settlements enabling cashless payments and thus decreasing the risk of money laundering via cash transactions.



# Intrum and the European Union

# Intrum's main focus on four EU initiatives:

**NPL Directive**

**1**

**NPL Platforms  
Asset Mgmt  
Companies**

**2**

**Consumer Credit  
Directive**

**3**

**Anti-money  
laundering Action  
Plan**

**4**

**intrum**