

COVID-19 Interview with Darryl D'Souza

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(some editing for clarity)

Tim Paulsen: (A.K.A. Doctor William Pashdew)

I'm speaking today with Darryl D'Souza and I thank you very much for joining us. You're the author of a book on collections, very interesting one, and you have experience in a number of different parts of the world. But first, before we talk about the UAE, you're currently living in the Toronto area. Am I correct?

Darryl D'Souza:

That's right.

Doctor Bill:

So, give us a quick update for the folks on how COVID-19 is affecting you and your family.

Darryl D'Souza:

It is a pretty challenging time actually. It's different from any previous situations. Self-isolation as a family is interesting, but when it lasts for a long time, a lot of challenges come with it. It is a good way to reduce the spread but it's difficult to see whether there is ever going to be a time when everything's going to be back to normal. I would guess that would be only when there is a vaccine created, which looks like it's going to be in the next 18 to 24 months. So until then I guess we should hope and pray that everything goes well.

Doctor Bill:

Darryl, your experience starts in India, then to the Middle East, Canada and in Romania. But in particular, if I may, I want to address your expertise for the UAE. What do you think people should do or be considering putting into place in dealing with credit and collections in this time of COVID-19 in the UAE?

Darryl D'Souza:

That is an interesting question. The UAE has a population of approximately 9.9 million people, out of which 85% of them are expatriates. This 85% is a significant number, given the fact that work has been stopped for a period of 60 days now and gradually the government is trying to get people back to the offices but they have put in a restriction where only 30% of people can go to work. The balance have to either work from home or stay unemployed. So it is a challenging situation. However, there's a new governor of the central bank (Mr. Abdulhamid Saeed), who was appointed in April of 2020, that's about four weeks ago. He has come up with a AED100 billion stimulus package. The Targeted Economic Support Scheme includes Dh50bn from Central Bank funds through collateralized loans at zero cost to all

banks operating in the UAE and Dh50bn funds freed up from banks' capital buffers. The coronavirus, the biggest challenge to the global economy since the 2008 financial crisis, has disrupted trade, the travel industry and wiped nearly \$20 trillion from stock markets worldwide. In the UAE, with 85% expats means if people don't work, they don't get paid. And the stimulus that the U S government or the central bank of UAE has put in is toward the banks and not specifically towards individuals which is different from what Canada has done. The Canadian government has actually put money in individual's pockets, but that's not happened in the United Arab Emirates. However, banks are looking at doing something to help people. Like for example, some banks have given a loan customer a clean month interest free and fee free or penalty free payment holiday. It is helpful, but not all banks are doing that. And again, there are some banks that have allowed auto loans and mortgage customers to apply for one month off or payment holiday which will be then transferred to the end of the car loan or mortgage term.

Doctor Bill:

It will be tacked onto the end, not skipped of course?

Darryl D'Souza:

It's not skipping one or installment waived of course. But the Bank won't charge a penalty for not paying for one month. This installment will be added onto the end of the loan term.

Doctor Bill:

For auto and mortgages, one month?

Darryl D'Souza:

Yes, for one month.

Doctor Bill:

Do you think that's going to do it?

Darryl D'Souza:

That's not going to work because at the end of the day, people have already been out of office for the last 60 days. They will be out of office for another 60 – 90 days because as on today, the UAE government has allowed just 30% of the workforce to go to the office. The balance, 70% would either work from home or not be working. So it is a challenge.

Doctor Bill:

Of that 70% who are not allowed to go to the office and 'could' work from home, how many do you think are actually working?

Darryl D'Souza:

I would say out of the 70% people who are productively given a home office with the equipment to work from home would be around 35%.

Doctor Bill: Okay. So we're really talking 50% of the workforce, not working, no income coming in, no real social net to speak of and I wouldn't think that their medical costs are covered either. Are they?

Darryl D'Souza:

Every employer normally has an insurance policy for all its employees. So it's a mandatory insurance policy or medical insurance, for every employee and 85% of the workforce or the population are expatriates who would be covered under this policy.

Doctor Bill:

So thoughts recommendations for people collecting in Telcos, credit cards, banks for auto loans and mortgages. We are going to have to change some other policies and procedures there too.

Darryl D'Souza:

Oh, absolutely. Banks need to relook at their collections policies and processes that they have in place. And I would suggest that from a collector perspective or the collections team perspective, they need to change their attitude and their style of collections. So what my thought process would be is, they need to most importantly look at classifying their customer first and foremost as soon as they get onto the call. And when I say classifying the customer, it means the four categories of customers that come into a delinquency. So you have the willing and able customer, the willing and unable customer, the unwilling and able customer and the unwilling and unable customer. The willing and able customer would have forgotten to pay, the unwilling and able customer has an issue with the bank, the unwilling and unable customer is bankrupt or deceased. The customers you have to work with are the willing and unable customers.

Doctor Bill:

I think you would agree, Daryl, would you not, that because of COVID-19, there's a big increase in one of those four categories

Darryl D'Souza:

Which is the willing and unable. Absolutely. But what needs to be done from my thought process would be active listening, which involves concentration and acknowledging the message from the customer. Bridging the conversation should take place whenever we feel or hear an emotional reason for not paying. So in this situation, the customer being past due, understand the customer, show empathy, creating a win-win result and gaining trust of the customer. Most importantly, what the collector and the institution needs to do is ensure quality in debt collection.

If there is no quality and if these steps are not followed, they lose the customer and they won't be able to collect.

Doctor Bill:

By quality, Darryl, may I define that as being aware, if the customer doesn't have the money right now, your communications are good enough so that they will pay you in the future if they do have it.

Darryl D'Souza:

Absolutely. At this point in time the customer is in a situation and has given you an emotional reason for not being able to pay his or her debt. If you don't understand the situation and bridge the conversation and show empathy, which are all part of your quality index in collection. If you don't follow these processes strictly, you end up losing the customer, making the customer angry and pushing the customer away from you.

Doctor Bill:

You are going to be looking to for changes in policies for partial, minimum or in some cases, no payment, over a period of time and still try to keep that communications open. Am I correct?

Darryl D'Souza:

Absolutely Right. Banks will need to be proactive. What they have done so far is to ask customers to call in, if they cannot pay. They haven't proactively gone out and said, we are giving all our customers a payment holiday of one month or two months or three months. So they've left the onus on the customer to call the bank and request for that, deferment of payment, which I don't think is, the right thing to do at this point in time because it is a dire situation.

Doctor Bill:

But, you're going to have some customers who are able to pay and can, you know, it may not be a big percentage, but I don't think we want to assume because there's COVID-19 that nobody can make a payment.

Darryl D'Souza:

Absolutely. You don't need to assume. But if you put in that proactive approach where you have a 85% workforce, which is expatriates. The situation changes. It is unlike other countries. For example, there are 150,000 individuals that have enlisted to get back to their home country (India). Because of COVID-19, 150,000 Indians want to return to their home country. Travel has been stopped. There will be special planes and ships at some point in the future to take these people home and I can guarantee you that at least 80 to 90% of these people will have debt (credit cards, personal loans, auto loans). In 2008, the last major financial crisis, the parking lot at the airport was filled with cars, abandoned by people who drove to the airport, parked and flew home. Banks lost a significant amount of money by not being proactive in the 2008 crisis.

Doctor Bill:

Darryl, I thank you very much for the information that you were sharing with us today and if I may, I hope to be able to get back to in maybe a month or a few weeks time, whether it's in Toronto or

perhaps the travel thing situation has changed and you'll actually be in the UAE and can give us an update on how COVID-19 impact on collections may be taking place short term.

Darryl D'Souza:

I'd be glad to do that.

Doctor Bill:

Your thoughts have been great and I appreciate you taking the time to speak with us today.