



DEBT COLLECTION COMPANIES IN ALBANIA
(Case study IUTE CREDIT)

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(Case study IUTE CREDIT)

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DEBT COLLECTION COMPANIES IN ALBANIA (Case study IUTE CREDIT)

ABSTRACT

Recently may have been contacted by a debt collection agency for the first time, or you are worried that a debt collection agency will contact you immediately after you are late to pay your bills unclear and you will understand that you are concerned about how the agency will act to collect your debt.

This research will provide valuable information on the Albanian debts business in order to understand the debt collection agency's prospects for action. This information provides a better insight into what motivates debt collection agencies and what are the incentives that can help relieve your interactions with debt collection agencies and make the process more acceptable.

The study focuses on the development of the debt collection activity that this company operates and how people find themselves in this company because this work is very stressful and there is constant pressure every day as many clients refuse to pay their debt

The study development tool is a questionnaire that contains 22 questions and was used to interview Iute Credit's employees. The data analysis method is consistent with collecting data from the questionnaire and collecting them by means of a questionnaire and analyzing them for each question in the graph and in the table showing the percentages of the results for each of the questions.

Study conclusions are impressive because it seems that how these companies operate in the Albanian market and how these companies treat their employees as these are the two most important aspects of a business organization.

Key words: Debt, Debt Collection, Financial Performance

KOMPANITË E MBLEDHJES SË BORXHIT NË SHQIPËRI

(Studimi i rastit IUTE CREDIT)

ABSTRAKT

Kohët e fundit mund të keni qenë kontaktuar nga një agjenci për mbledhjen e borxheve, për herë të parë ose jeni të shqetësuar se një agjenci për mbledhjen e borxheve do t'ju kontaktojë menjëherë pasi të jeni vonë për të paguar faturat tuaja të jeni shumë të paqartë dhe do të kuptoni se jeni i shqetësuar se si agjencia do të veprojë për të mbledhur borxhin tuaj.

Ky hulumtim do të ofrojë informacion të vlefshëm për biznesin e borxheve shqiptare në mënyrë që të kuptojmë perspektivat e veprimit të agjencisë së mbledhjes së borxheve. Ky informacion jep një pasqyrë më të mirë në atë që motivon agjencitë e mbledhjes së borxheve dhe cilat janë stimujt që mund të ndihmojnë në lehtësimin e ndërveprimeve tuaja me agjencitë e mbledhjes së borxheve dhe të bëjnë procesin më të pranueshëm.

Studimi përqëndrohet në zhvillimin e aktivitetit të mbledhjes së borxheve që vepron kjo kompani dhe në mënyrën se si njerëzit e gjejnë veten në këtë kompani pasi kjo punë është shumë stresuese dhe ekziston presion i vazhdueshëm çdo ditë pasi shumë klientë refuzojnë të paguajnë borxhin e tyre

Mjeti i zhvillimit të studimit është një pyetësor që përmban 22 pyetje dhe është përdorur për të intervistuar punonjësit e Iute Credit. Metoda e analizës së të dhënave përputhet me mbledhjen e të dhënave nga pyetësori dhe mbledhja e tyre me anë të një pyetësori dhe analizimi i tyre për secilën pyetje në grafik dhe në tabelën që tregon përqindjet e rezultateve për secilën prej pyetjeve.

Konkluzionet e studimit janë mbresëlënëse, sepse duket se mënyra se si funksionojnë këto kompani në tregun shqiptar dhe mënyra se si këto kompani trajtojnë punonjësit e tyre pasi që këto janë dy aspektet më të rëndësishme të një organizate biznesi.

Fjalët kyçe: *Borxhi, Mbledhja e borxheve, Performanca financiare*

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The last words of thanks go to my family. I thank my parents and my sisters for their patience and encouragement.

DECLARATION

I hereby declare that this Master Thesis, titled Debt Collection Companies in Albania (Case study IUTE CREDIT, is based on my original work except quotations and citations which have been duly acknowledged. I also declare that this thesis has not been previously or concurrently submitted for the award of any degree, at Epoka University, any other university or institution.

(Signature)

Name of Candidate

Date:

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LIST OF ABBREVIATIONS

GDCP	Good Debt Collection Practice
BDCP	Bad Debt Collection Practice
ADC	Agencies of debt collection

1. INTRODUCTION

Revolving debt is the largest type of unsecured consumer credit in Albania, with 38.1% of Albanian households having unpaid credit card debt in 2013 for a total of 57.6 million unpaid euros. Like in any other lending, the creditors' readiness to provide credit cards relies on the presence of law enforcement mechanisms that allow creditors to track the borrower's income and assets in a study conducted between 2001 and 2013, approximately 10.1% of unpaid credit card debt was more than 3 months late, compared to 3.8% for mortgage loans and 8.0% for student loans. This relatively high degree of willingness implies that the debt enforcement mechanism may be especially when it comes to credit card debt, the process of collecting short-term debt including efforts to settle the delay by the creditor and may have two types: debt of household collateral (in which creditors try to collect their debt) or bundle (in which creditors transfer debt, party agencies) most creditors start collecting their home accounts and, if they are not successful, later transfer these bad accounts to debt collection agencies (Trade Commission , 2009) These debt collection agencies contact the borrower and try to get debts paid on behalf of creditors Most debt collection agencies work with percentages and hold a commission determined by the amount that it manages to collect from the creditor.

Aggregate debt collection activities in this regard affect millions of borrowers around the world: The percentage of consumers with at least one account at the debt collection agencies has not fallen below 9% since the end of 2013 and stood at 14% by the end of 2015. In this regard, Albanian consumers present more complaints to debt collectors and debt collection agencies than to any other industry. In a 2014 report, the Consumer Protection Office stated that "debt collection is one of the most important financial concerns of any person today who is in financial trouble, as evidenced by more than

200,000 customer complaints that agencies collection of debts took over in 2013 regarding the behavior of debt collectors." In response to all these concerns, the Consumer Protection Office is currently in the process of preparing a new set of rules for debt collection agencies.

While debt collection affects a very large number of people with financial difficulties, there is little research in this area in Albania. Author Hunt (2007) gives a very clear overview of debt collection companies and gives details of its institutional structure and regulatory environment / law. Author Hynes (2008) studies the debt collection process from specialized companies in state courts and verifies that debt disputes are prevalent in many customers who are sued by creditors and debt collection agencies are mainly focused on income areas low and that very few customers have filed for the first time for the first time for failing to sue them. The published paper Daësey, Hynes and Ausubel (2013) document that personal bankruptcy deposit rates are the lowest in countries that allow borrowers to sue lenders using abusive debt collection practices in the homes of people with financial difficulties. However, relatively little is known about the impact of debt collection agencies on debt collection agencies on the ability of creditors to recover late debt and their willingness to secure unsecured loans initially since they are very difficult to collect. The purpose of this document is to provide systematic information on this way of collecting debts by investigating whether the severity of the laws and sanctions regulating simple customer debt collection agencies that affects their ability to cover past due debts and whether this indirectly affects the amount of loan offered debt.

The law on consumer protection provides stronger protection against fraud in the country when it comes to debt collection. With the adoption of local law no. 15 of 2009, each resident and individual who is part of a debt has gained even more protection when contacted by a debt collection agency. The new law also extends the control of regulatory authority to include "debt buyers" and businesses that are late in buying debt. In recent years, collection of debts has been the number 1 complaint class for DCA. Although DCA can mediate many of the complaints we receive, we cannot mediate issues involving cash judgments and frozen bank accounts.

DCA updated this guide to include important new information about consumer rights and debt collector responsibilities when they seek to raise money. Knowing your rights is your biggest defense.

Iute Credit has the same debt collection process for all customers. The most common practice is to send memory cards, but in some cases the debt collection is handled by calling the customer. The collection of debts from Albanian clients is dealt with by an Albanian employee of the company located in Albania. Iute Credit sends its customers a maximum of three remarks. Memory permissions are sent to the list of late payment customers. The list is generated by the SAP every two weeks and the reminders are sent by the responsible person in the financial management department. The first memory is sent when payment is made 15 days later. A copy of the original invoice is attached to the first memory card. This is because sometimes the customer has not received the original invoice or has received it and lost it. Also, some customers may try to buy more time for the payment by saying they have not received the original bill. The second memory is sent when the payment is 30 days later. After sending the second letter of memory, sales assistants are also notified of late payments. After that, sales assistants begin to investigate why the payment is late and must take the necessary actions. The third memory is sent when the invoice is over 45 days overdue. Once the payment becomes more than 60 days late, the debt collection is transferred to the loan provider who uses the debt collecting agencies to collect the debts. There is currently no announcement about the transfer of external debt collection to memory cards, but Iute Credit in Albania plans to include this kind of "warning" on future memory cards. It is very common that the same clients are always paying for more than 45 days. Usually these customers are in areas where they have little financial opportunity to be part of the business culture to pay for late. Consumers can be put into dunning blocks in SAP so memory cards cannot be sent to them. The main reasons for placing a client on the expulsion block are in the cases of claims, reimbursements, or ongoing sales negotiations.

When a customer makes a request for a product, the dispute must be resolved before the customer is required to pay. The customer is put in a block so that unnecessary reminders are not sent. SAP counts the appropriate payment date by the payment deadline and invoice date, so when SAP creates a failure list every two weeks it will generate a list of clients who have late payments. If a customer who made a request is not put into the expulsion block for the time it takes to resolve the dispute, it will appear in the list and an unnecessary memory will be sent to the client. Unnecessary letters are a problem. They are the result of the division of responsibilities between the sales organization and the financial management organization. Reminders are sent by the financial management department,

but it is the responsibility of sales assistants to enable and disable the failure block in SAP. There are times when a client is not put in a deadlock failure even though there is an ongoing dispute. The financial management department does not know and does not need to know about these disagreements because it is the responsibility of the sales assistant to put a client in the failure block in these cases. The financial management department has sent reminders to the client according to agreed debt collection procedures. Just after the second letter of memory was sent and the sales assistant announced late payment, the financial management department was told about the dispute over the dispute. In these cases, the reason for unjustifiable memory cards is to ignore responsibilities from sales assistants. Also, a problem are the consumers who have remained in the block of failure even after the dispute settlement dispute. This means that debt collection processes will not start until the client is released from the failure block. Consumers with whom there are ongoing sales negotiations are also placed on the expulsion block so that the customer does not get irritated by unnecessary memory cards.

Purpose and objectives of the study

Debt collection agencies are very developed nowadays especially in developed countries where there is an integrated concept of personal finance and debt repayment. The purpose of this diploma work is to explain the operating modes of debt collection companies in Albania and the policies of development and professional growth of employees in companies or debt collection agencies.

Objectives

The main objectives of the study are:

- Provide a detailed presentation of how debt collection companies operate in Albania
- Provide appropriate suggestions regarding the correct functioning of these companies in the Albanian lending and debt collection market

Methodology

Credit is completely practical and company records are collected inside the company. For the development of the study and as a tool for data collection a questionnaire was distributed to 40 employees of this company, the nature of the questionnaire has an

investigative character on how the debt collection companies operate in Albania and how these companies evaluate their employees. All the participants in the study were employees of the Iute Credit Company because many company employees had to be interviewed at all levels of management to understand how this company works in general. They were not selected as clients of the company since they did not want to be part of the study and secondly they did not know the company's operating methods on the market. The questionnaire is presented in the working annexes, which contains 22 questions and is divided into three sectors.

In the sector 1 are addressed demographic questions where the age, gender, years of work experience of the selected population are studied and this is done in order to shed light on the professionalism and achievements of employees in this company.

Sector 2 specifically examines the way of operating in the Albanian market of the company Iute Credit, which is a company with a lot of experience in collecting debts all over Europe, while in this sector is also studied the way of handling and professional development of company Employees.

In Section 3, questions have a suggestive character that try to suggest how the affairs and the treatment of employees in this company are done on the best way. The last two questionnaire questions are addressed to employees for the purpose of what they would like to change in the company with a view to better employee evaluation and better job performance.

This methodology was chosen for the reason it was very effective and managed to get the information in a timely manner for the development of the study and achieving the desirable result.

1. LITERATURE REVIEW

2.1 What are debt collection companies?

Debt collection agencies are firms in the study business to collect debts to individuals or other companies. They generally buy the right to collect debts and earn cash by taking a certain commission of the amount that companies collect. Debt collection agencies have a goal: to do everything that creditors can afford. This generally means that debt collection companies will write letters of request, call the phone many times, and make negative reports that go into a credit registry. Debt collection companies will call at any time or write letters of credit for debt. Debt collection companies will write such things as: "We can understand the circumstances that may delay the full payment of a debt, but we can not understand the lack of cooperation and the lack of response to our calls.

... Call us we are sure we can find a solution ...

Always remember that if debt collection agencies do not collect loans they will not benefit any monetary value, this will make them feel bad to be ashamed and punish debtors about everything in terms of financial affairs. In a nutshell, customers will say everything they can to pay, which is why the government in which state has adopted laws to protect debtors. Although there are many limitations that a debt collection agency can and can do has very few rules governing debtors' actions in all countries. There is no statutory obligation to pay a debt collection agency apart from a basic duty to pay off the original creditor. (Pönkä & Willman, 2005, 38; Bräysy 2013, 21;) To show that another way of debt collection agency has only the benefit of the right to collect the debt as the initial creditor. If someone has fraudulent intentions and opens a credit card account in someone's

name and the credit card company gives the account to a debt collection agency, the account is just as misleading and unfamiliar. Regarding debts that have legal obligations, such as debts that have businesses against third parties or the state, if not paid, the debt collection agency may go to court and make a decision on the amount owed. (Bräysy, 2013, 9).

Debt collection agencies that buy debts for purpose profits

When the first creditor, for example, an electronics company has decided that it is no longer likely to collect the debt, it will reduce the losses by selling the debt to a debt buyer. Creditors collect multiple accounts with similar features and with almost the same amount debts and sell them as a group. Companies that now buy debt can choose from different packages, old accounts with which no other collector has yet worked, accounts that are too old and other companies have failed to collect the accounts fall somewhere in the middle. (Finlex, 2013, 4c)

Companies that buy debt often buy these packages through a bidding process listed, paying an average of 4 cents for each dollar with nominal debt value. By explaining otherwise a debt buyer may pay \$ 40 to buy a late debt where the balance owes \$ 1,000 in total. The longer the debt is, the lower the costs, as it is less likely to collect debts that have not been cleansed for a long time. (Oikeus.fi, 2014.)

The type of debt also affects its selling price; Debt mortgage is most valued because its value is high, while service debt is less valuable as the apps associated with it are of little value. Debt buyers keep everything they collect; because they have purchased the rights to collect the debt from the original credit, they do not send any of the sums collected for that creditor who bought the debt. (Kilpailu- ja kuluttajavirasto, 2015, 2.8.)

2.2 How important is the work of the debt collector

Debt collectors have a very bad reputation for the frequent harassment they make to customers. There are a lot of customers who complain to the trade commission for debt takers as for any other industry. But there are debt collectors who are cautious and do not violate consumer protection laws.

Here's what you can expect to happen from a reputable debt collector.

In contacts with debtors a debt collector that behaves properly will be respectful, consistent, honest and fair. After you make a written request for verification of a debt for which you have been contacted, the debt collector will suspend the collection of activities and will send you a written notice of the amount due to be repaid, the company you owe it and how to pay it. If the debt collector cannot verify the debt, the company will stop trying to collect the debt from you. (Kilpailu-ja kuluttajavirasto , 2014)

Five better reasons why you should rent a debt collection agency.

If you have never used an agency to collect a debt, you can claim what you should earn by doing so. Here are the five main reasons for employing a debt collection agency.

Money flow

What better way to improve your cash flow than to recover money for the work you have done already? A recent study showed that collection agencies in the United States returned businesses \$ 55 billion. If you are a small business, you may not be able to use bad debt as a repayment, so trying to cover at least some of the money you have for you has a great deal of sense.

2. Time

Many business owners or their staff spend much more by attending delayed clients. Transferring tire recovery to a third party will give them more time for sales and customer service.

3. No drama

You or your staff can be careful to approach customers who have the money. Confrontation is not easy and not everyone has the personality or negotiating skills needed to successfully regain the bad debt. (Müller,2017).

4. Special Tools / Training

A debt collection agency has specialized tools and training to find customers who have moved or changed tire phone numbers. It is estimated that more than half of the collection customers will need some kind of search, or skiptracing, in the collection industry. (Bräysy , 2013, 25; Finlex, 2013, 10 e §).

5. Focus

A debt collection agency has only one goal - to recover money for you.

When you hire a debt collection agency, you need to make sure that you communicate your goals with them and make sure they are a good fit for your business. Keeping in touch with your collection agencies and distributing new information with them will help you get the best results. For example, if you find any of the recent collections, received a new job, or if you hear that they have a home on the market, immediately call your collection agency as this new information is very useful for gathering the process. (Kilpailu- ja kuluttajavirasto, 2014, 2).

Like any other vendor, your debt collection agency should be a valuable partner and trusted with you for a long time. You deserve to pay for your work, so an agency meeting can help you pay.

2.3 Maintain a debt collection agency

A person or company who is not able to settle its debts or does not meet the deadlines for planned loan payments will inform the credit bureau of its action. Not only will his credit records be severely hit, but his debt will go to a debt collection agency within three to six months later. Overdue payments for credit card accounts, phone bills, mortgages, service fees and automatic credit payments are examples of bills or luxury spending that the debt collection agency may seek for recovery. (Bräysy, 2013 , 25; Finlex, 2013, 10 e §).

A debt collection agency is usually contracted to focus on covering long-time debts and the debtor is not paying off his loan. Debt collection can be given to a debt collection agency or transferred to the debtor collection department within the credit bank. Credit companies have lower costs to get a debt collection agency to cover unpaid debts than to pursue their own clients to collect the debt. The debt collection agency has the right tools to find a debtor if he or she changes his residence or telephone number. These agencies also carry out numerous strategies, such as contacting a debtor's and a business phone's personal phone and knocking on the door each time to get the debtor to pay his or her debit. Debt collecting agents can contact their family and neighbors to confirm the contact information they have so they can relate to the individual, but they can not find the reason for trying to reach the person. A debt collector may choose to send late payment notifications. However, debt collection agencies ensure that the debtor has full attention to the loan.

If the individual decides and pays his debt, the creditor pays the debt collection agency a percentage of the funds or assets that the agency has collected from the debtor. Depending on the agreement or contractual arrangements relating to the original creditor, the debtor may need to settle the full debt immediately or only part of the debt at the same time. However, if the borrower has not yet repaid his debt, his broker may update the borrower's credit report with "still in-office" status. Having this status on a credit information leads to a decline in the financial result of Everyone's A low debt score will affect his chances of getting a long-term loan, especially since an account under the debt collection may remain in loan information for seven years.(Müller , 2017).

2.4 Regulations of the Agency for Debt Collection

Debt collection agencies are influenced by the FDCPA mandatory act, but the departments of credit companies are not affected by this act. A debt collector would violate the FDCPA if he or she continues collecting early debts that are charged as unpaid. A debt that is not receivable is what is unlikely to be paid due to the fact that the borrower has declared the bankruptcy deposit or cannot be found. Also, while a debt collection agency may try to collect a debt for which the state of the limitations has ended to sue or threaten the debtor for a debt would be a violation of the FDCPA rules. The situation of constraints usually lasts from four to six years from the first day the borrower refuses to pay. Moreover, if a debt collection agency has won a lawsuit against a debtor, it cannot confiscate assets from the debtor or physically damage it or threaten a debtor to make payment as soon as possible. (Müller , 2017).

A debt collection agency can call only one person between 8 and 9. She can contact the debtor's employer for late child food, credit and tax students. Debt collection agencies can not contact the person at work if he or she has safely stated that the employee does not want these calls during the working hours.(Verksamt , 2017).

Finally a person has the right to issue a letter and issue a debt information that constantly contacts him within a short period of time as the FDCPA considers this behavior as a form of harassment to a person's debtor. If after the receipt of the permit, the debt collection agencies continue to harass the person, the person can report to the consumer protection office. (Verksamt.se, 2017)

Take care that a debt collection agency may not necessarily be a debt buyer. A debt buyer is a financial institution that buys the debt from a creditor for a few cents for every dollar received, that is, a very low value from the initial amount. So a \$ 50,000 debt creditor can sell this debt to a buyer for \$ 20,000 or 40 cents for every dollar buck. If doing so, the creditors have taken a \$ 30,000 loss from the bad debt. The debt-buying company continues to recover the \$ 50,000 debt from the debtors. If you manage to collect all the debt you get \$ 30,000 in profit. While a debt collection agency will try to cover the debt for the lender or creditor it will win a commission on the amount collected, the debt buyer wants to buy the debt and achieve a certain profit. Debtors of companies may also hire debt collection agencies on unforeseen grounds, however the rules do not apply to debt buyers.

2.4.1 Standard procedures for the operation of debt collection agencies

One of the major reasons many owners of different businesses are inclined to contract an agency that collects debts for the first time is that they are not entirely sure how the debt collection agency has a plan to go to the real collection of debt. If you have never worked with a debt collection agency before, you are likely to be very curious about their standard procedures of action so you have to know what to expect from the work you will be doing with them.

While each debt collection agency has a unique procedure to make their business go ahead, many of these agencies tend to pursue the same broad strokes when it comes to the standard procedure they use. The first stage of debt collection is usually a process of gathering information where the agency receives all their data online or from other contacts. This phase of research is then followed by the basic collection methods. If the collection efforts are not successful, then the agency can step in and begin to interfere with legal proceedings. (Neild and Richards, 2010)

We will take a close look at each of the three basic stages of debt collection:

Information Collection

The first stage of collecting debt collection information begins as soon as you sign up for a debt collection agency to collect a debt on your behalf. If you have not had a previous relationship with the debt collection agency this process is likely to start with them by seeking accurate information about your business contacts.

From here, the agency will need to know all the details about your unpaid debt from your client. This will include any documentation that you have detailed about your debtor before employing the debt collection agency. The debt collection agency will review all debt-related information and enter the database of the meetings. (Martin, 2013)

The basic meeting

Once your collection agency collects all the data needed to track the collection, then they will begin the process of trying to contact the debtor. This almost always includes a combination of telephone calls and certified letters informing the debtor that they should make payment arrangements.

If the debtor objects to the claim, the agency will try to resolve that dispute in a very appropriate manner. When the debtor agrees to make a payment or create a payment deadline, the agency will regularly attend to ensure that payments are made continuously. If the debtor refuses to cooperate in any way then the meeting may escalate into a continuous legal proceeding. (Boezko, 2010)

Legal Debt Collection Procedures

If debt collection efforts require legal action, most debt collection agencies will give their clients the opportunity to pursue this legal action at an additional cost approved by them. Depending on the size of unpaid debt or additional circumstances may or may not be worthwhile to employ the solicitors needed to collect the debt. If a legal action is deemed unnecessary, most debt collection agencies will continue to process the base collection process for a certain period of time before the account closure is uncollected.

If you decide to go to the legal path, the debt collection agency will have a team of lawyers or they will have affiliated lawyers who feel comfortable working as a secondary party. Once those lawyers get a judgment against the debtor, they will continue to find a fortune that the debtor may have and place the burden on the debtor when necessary or compulsory. (Kumar, 2011)

As you can see, the standard debt collection agency procedures are very similar to the same steps you will take if you try to collect your debt through a debt collection company. The main difference lies in the fact that most debt collection agencies have more experience in collecting debts than we can have. Employing a debt collection agency enables someone

else to worry about debt collection so that you can focus on running your business and developing it. (Grove, 2009).

Debt purchase account

This account is part of the appropriate customer accounting system. Account loans consist entirely of a program for the bid accepted by the debt commissioner. Debts on it are simply the same amounts, being transferred to the supplier's account at the end of the agreed maturity period, which as we have seen already reflect the average time taken by customers to pay on a daily basis. There are no other receipts in the debt purchase account. Therefore, the balance on the account represents the amount of debts that have not matured at the date it was produced.

Supplier's Account

This account reflects the loans from the debt account purchased at maturity. It will also be debited to the prepayments of suppliers, services and discount rates, any deductions received from the supplier and the notes issued by it. When unsecured debt is in operation, the account will be owed for bad debts that arise from risky suppliers. According to this system it appears that where the customers pay exactly in an average line with the specified maturity period, the credit balance on the debt purchase account may in theory and at all times be equal to the balance of the debt in the account control of sales accounts. (Curtis T, 2009) In the assumption that the first calculations are correct, the bidding programs will be removed from the debt account in the customer account at the same time as the customers pay. In practice it's not that simple. There will always be a discrepancy between what is anticipated and what is currently happening. Therefore, it is clear that if the balance in the sales control account exceeds it on the account of the debts purchased, then clients are on average, taking longer to pay than anticipated at the time the debt had begun. Clearly, the opposite situation is true when the average figures are the opposite. The main benefit to suppliers of this system is that they enjoy a predictable cash flow since the debt commissioner pays in full at the end of the billing period, regardless of whether the customer has paid or not. For this reason it is possible that debt commissioners, who operate with the reserve system for suppliers, feel comfortable in terms of cash flow. This system provides the suppliers with a very clear picture of how the debt commissioner has reinforced with respect to the billing period originally determined. This is essential for debt service executives to keep track of current account movements, as opposed to those

initially or afterwards, and to make adjustments accordingly. If these adjustments are steadily up, debt commissioners may have some explanation of how to make money collecting performance, though an extension of the debt may occur due to circumstances beyond their control. If the movement is constantly down, then it is likely that at least part of the benefit is due to effective credit control. In terms of payment, the supplier's account will automatically receive credit for transfers from the debit purchase account. Thus, regardless of amounts withdrawn as prepayments, the supplier will receive benefits in accordance with the defined billing period. In so doing, it is necessary to consider the considerations of interest, as it is not possible for the debt commissioner to change maturity periods on a daily basis. Therefore, most of these systems include a credit interest adjustment (over and below the standard interest based on the supplier's balance of payments account), will be recalculated in the light of the average time taken by the customer to pay from one the basis for comparing the daily average balance with the account of the checking account and the debt account purchased. Due to the technique described above, this calculation will either provide a credit or debit to the supplier, depending on the fact of the actual collection or delay time set out in the billing agreement. (Ernst & Young , 2012)

The process of debt collecting the supplier

Liquidity collection is basically the most important part of debt service, it is the point where best judged the performance of the debt commissioner from which truly effective savings can flow. But it is also the most subtle point because it can cause a lot of worries if it fails to function properly. In the early years of this industry in the UK, where industry has its beginnings, a large number of companies owe no profit and the reasons are not very difficult to understand. If a debt commissioner has paid a lot of money to his supplier for a quality but indifferent debtor, he tries to collect liquidity from whatever the debtor is willing to pay and thus confuses the account accounts of the sale. A good collection process requires a clean administration, good communication and trained, motivated staff. Some of the commissioning officers had some of these qualities. Otherwise it happens with today's commissioners. They have these qualities and their performance can be assessed by reducing the period the client pays the obligation without having any complaints. In fact, there is nothing intelligent about the efficiency of the collection process. All that is required is besides a well-motivated staff, a good and clean communication. So in this process, many debt companies have made major investments in computerized accounting

systems, which can provide them timely information, accurate and clear information. Also, the supplier plays a crucial role in this process as it provides the initial information about the client and the goods or services that he has sold to the customer. If this information is inaccurate, then the debt commissioner, the client, and both together will have problems. Therefore, some debt firms go a bit further, trained their supplier and staff to attach great importance to client-related details in order to eliminate such potential problems. Customer debt collection is carried out according to the following scheme :

Debt collection process

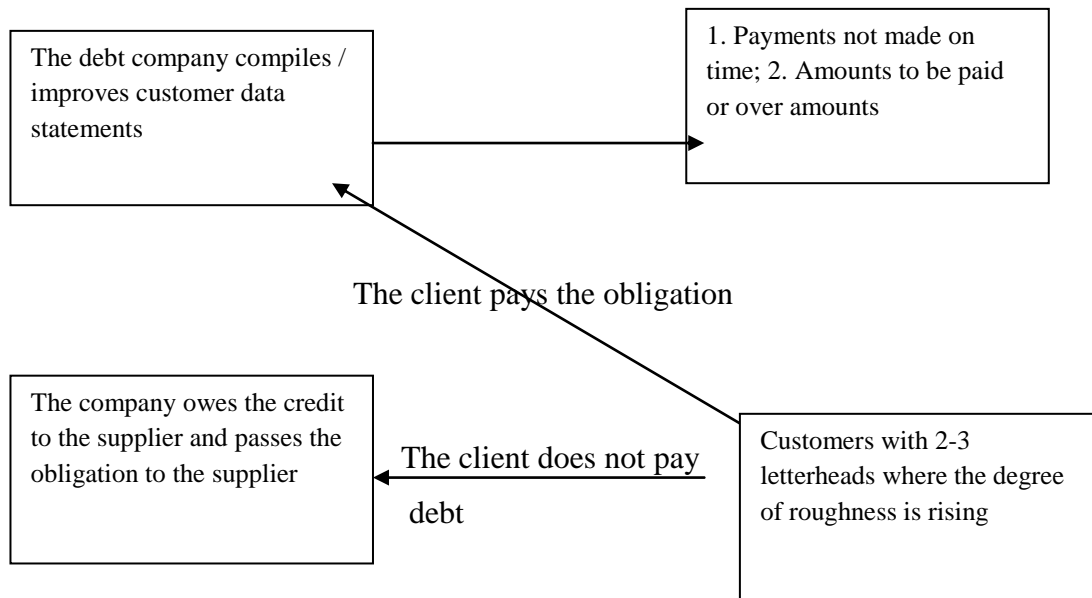


Figure 1.1. Participants in a debt relationship

Debt commissioners compile client-related statements. These mirrors identify client characteristics, such as payments that are not timely made, but also identify the amounts that are payable or overwritten. These mirrors are called open because the client relationship is not over. The importance of client's openings is too great because overloaded value would bring a client's irritation. Though in a general presentation they are administrative details, these are exactly the client's openings that make the biggest difference with regard to the management of the company's credit. Many companies do not regularly deposit payments and create overdue balances. Such a thing generates problems with regard to small payments or deductions received outside the set deadline. If the commissioner does not have the opportunity to identify each invoice with a specific payment then the questions regarding the amounts paid and the loss of staff time by both the supplier and the client will be inevitable. Therefore, they should be careful in filling

things that seem to be so small that they can make a big contribution to the efficiency of accounting and collecting money. (Chatterjee, Corbae, Nakajima, and R'ios-Rull, 2007; Livshits, MacGee, and Tertilt, 2007). The company owed, at the beginning of the deal, to suggest the supplier a certain collection cycle. This will be different depending on the supplier's point of view, which may require to be gentle or harsh to the client, though if the debt owed the supplier's debt and is financing it, it will not allow it to have special treatments for all clients. This will be a total contradiction with the debt object. However, compromises are needed in this industry. The routine procedure is that the mirror of the open relationship will be accompanied by at least two or three reminder letters, where the level of aggravation is rising, considering the rules of legality. These letters will be accompanied by frequent phone calls to the customer from the credit department, who are the first to learn the wealth of the customer and who use the supplier's contacts. (Consumer Financial Protection Bureau, 2012) For large amounts, it is best for the customer to visit and install a teletext to facilitate communication in order to agree on urgent obligations or outstanding obligations. Legal action is taken as the last opportunity. The normal practice is for the debt commissioner to send a recent reminder letter before legal proceedings begin. If the supplier rejects the legal action, most companies owe will withdraw the credit provided to the supplier and pass the customer's obligation to the supplier. This can be a difficult situation for the supplier for many reasons, but it can be very well protected by the deal with the debt company, as it has already overcome it. The relationship between the debt commissioner and the supplier is persistent and often they exchange statements about the balances of each customer. Nowadays, these exchanges are electronic, but there are many companies that continue to be faithful to the letters. The supplier always has information, especially when the customer rejects the invoices sent to him. Conflict resolution is probably the most important element in successfully managing credit and collection operations. Customer disagreements may arise for several reasons such as delays in distribution, delivery to the wrong type, size or quality etc. If the supplier is not able to solve the problem then the debtors are recalculating the supplier's debt, leaving him in his hand to collect the obligation. In general, these procedures work in most cases, though debt critics argue that the existence of disputes between the client and the supplier causes this service to fail efficiently, due to communication difficulties on three levels: factor, supplier, and client.

2.5 Specific debt risk

There are many people who want to live comfortably, without taking the risks that they excite in the money market. They prefer to deposit their savings on savings deposits or treasury bills where at the end of the period they are sure they will earn interest on these deposited amounts and will have safe money. This category of people cannot undertake the creation of a debt business, as it itself carries the risk. People who are thinking of facing the debt business risk have different traits, from which the two extremes of risk are defined:

- People who know that if they invest in the money market, play a stock exchange or create businesses as debt, they will carry the risk of losing money. But there are people who require a huge return from their investment. These guys like to make money. They are often incredibly successful in other types of business, knowing where to invest their money. The risk faced by these types of people is that of instability, as they always turn to over-profitable investments. They are not focused on debt service to the business with which they have entered into such a deal. So they lose the trust of their client. In addition, the quality of service let them be desired, as their relationship becomes cold and just the account to win.
- On the other side of the risk spectrum that faces debt business, people who take risks but are benevolent and seek to help their supplier. These guys look to their naivete. But unfortunately, certain people, very often dishonest or unscrupulous, can benefit from their benevolence. These people take on a tremendous risk because benefiting from their benevolence can benefit dishonest suppliers by deceiving them. These people, besides losing their money, also lose self-reliance and confidence in other people.

But among them, there are people who can be extremely successful in the debt business, enabling the creation of profits for themselves, but also helping a lot of businesses with liquidity difficulties. Even so, when operating in this type of business, they carry the risk of losing money. These risks are limited to the four most probable possible:

Unpaid by the customer. A customer may not pay one or more invoices for many reasons: his supplier's disagreement on the quality of the product or service offered, lack of liquidity to pay at the right time, business closure or bankruptcy. Debtors commissioners, at the time of drafting the contracts, are very careful to protect themselves against this type of risk.

Poor business management of suppliers. A supplier who does not have good skills in managing his businesses can also cause a problem with the debt owed company. If the supplier's service is poor, or the products are bad, they bring dissatisfaction with the customer, as a result he does not pay the bills. Incorrectly recorded bills are another problem stemming from bad business management. Such a problem makes it very difficult to make a debt settlement possible. So companies owe, before they make a deal, clearly define the managerial skills of business administrators.

Personal events. In his personal life the supplier may also have sudden events such as serious illness, divorce from spouses, death of a family member who affect the business of the supplier. But even in these cases, which are unexpected, since anyone in life may have such events happening, debt commissioners try to minimize them by means of risk management.

Fraud. Fraud by the supplier is unpleasant but possible. Such frauds are different. One is receiving payments from the supplier himself in a timely manner that the company owes the debt, and the supplier does not pass the debt to the company but keeps it for itself. Another fraud may be the sale of invoices that have not yet been fulfilled by the customer's terms, as a finished product without dispersion etc. Or another possible fraud is that the supplier instructs the client who is no longer in relationship with the debt company and therefore the payments have to pass the supplier again. Even when the supplier deceives that he owns a company and has unfunded clients, where there is no company or client, it is a fraud that companies may face with debt. However, even if there is any fraud, debt companies that may have been prepared for such losses should be able to keep this kind of loss to a minimum.

Ways of risk management

Debtors, sooner or later, will face the risk of loss during their business. But they try to reduce this risk as much as possible. They always keep in mind the fact that the opportunity to lose, especially large sums, increases dramatically when:

- a) a) They finance large amounts of supplier bills,
- b) b) Do not prepare a regular analysis of the supplier or do not use the appropriate legal documents to protect their investment.

Thus, if a debt company passes money into an uncertain hand then it should not be surprising if it is lost. At present, there are many ways of managing risk, which can be used by each debt company. As with other investments, these ways do not provide the debtors with a penny that will not lose a penny, but they greatly reduce the possibility of losing, especially the big losses. The main ways a risk company can use to manage risk is divided into five categories:

1. Setting the funding limits. The funding limits that a debt company sets depends on the amount of funds it has and how tolerant it is to risk. These limits prevent the company from becoming over-concentrated. Financing limits determine the maximum monthly amounts that the company finances new suppliers, as well as the limit for each supplier.
2. Determine the industry that the company will finance with debt. In fact, there are plenty of companies that need liquidity to continue operating on the market, but debt companies do not have to risk their capital and waste time with all these companies. There are some of them that are best suited to debt financing.
3. Perform a good analysis of the supplier. The analysis should go through four stages: determining the desired supplier, defining the desired customer, determining whether the new bills are invoices that you want to fund and undertaking the appropriate actions to secure payments from the unpaid bills . All this will make the company owe it to be very cautious when signing a contract with the supplier.
4. Creation and placement of reserves. The reason for creating reserves is simple. If a debt company has receipts that are not being liquidated in time, then it can use the reserve fund so that it does not affect its cash flow.
5. Loan Guarantee. This way of risk management applies more to large debt companies, which decide to finance large sums. This guarantee is provided through insurance companies, which provide unpaid supplier bills that are funded by the company due.

But all companies owe, when they finance their businesses, need to compile a list of policies they need to follow in order to minimize the risk of loss. This list will help a lot, especially when you are getting a new supplier, new customer, or new bills. The Importance of Financing Bonds in Business Debt One of the best ways to avoid losses that a debt company may incur is setting its exposure limits to suppliers, customers, and bills.

These limits are set out in the regulations of the authorities overseeing this industry, but the company must set its own limits on the type of customer of its supplier.

Debt companies set funding limits by specifying:

1. The maximum limit of invoices to be financed by a supplier,
2. The maximum number of suppliers that may cover in the same period,
3. The percentage or the share of their capital that will fund for a particular supplier
4. Customer qualifications of the supplier or even invoices to this customer.

Though these boundaries are set to eliminate any possible failure, the company's executives owe them too must be very careful in setting them up, as they have their advantages and disadvantages. Increasingly, companies owing are using the 'Fuzzy' 21 method in order to improve their decision-making process, using data analysis and their system of copying. 'Fuzzy' technique is logical using the model "If it happens ..., then ...". Since data is not related to math operators but logic, then this method has been described as such.

2.6 Advantages of setting limits for financing by debt companies

- These reduce the size of potential losses. So, if the bad happens to all the accounts receivable of a supplier and if this company did not fund too large amounts, then this does not mean that this debt company will go bankrupt.
- Avoiding large bills and large volume suppliers reduces the exposure of this company to a sophisticated criminal organization that targets the company as it has large liquidity.
- Setting the funding limits for a particular supplier can make it possible to create reserve funds for any new supplier who may be interested in the debt.

The disadvantages of setting boundaries for funding from debt-borne companies.

- Debt companies should be very careful when setting boundaries, being too tight to a supplier, customer, or bills, can have a negative impact on their business.
- Setting up and keeping unchanged boundaries, especially with small value suppliers, can allow another company to benefit. Despite these advantages and disadvantages that bring the funding boundaries, the companies owed should have members in their staff who understand the supplier, determine the limits more

accurately and accurately assess the behaviors of each supplier. In any case, vigilance should be the most organized part of this company.

2.6.1 Comparison: debt versus credit financing

Too often, supply companies that are in liquidity difficulties raise the question: Should debt collection or credit be financed? What is the best option? In almost all the studies so far, there is no definite answer to this question. Debt avoids the need for long-term financing and generates constant need for cash flow. However, there are high administrative costs when the supplier has multiple receivable accounts that can be used as collateral both for the loan and for repayment sources in the financing of receivables.

Debt versus credit financing

Debt is the sale of accounts receivable to a debt company without other alternatives. Buying involves credit risk and collection. The amount owed by the Debt Supplier to the Supplier is equal to the value of receivables minus the commission, which is usually two to four percent higher than the primary interest rate. The cost of debt financing is the Debt Commission for Credit Investigation, interest on outstanding amounts of funds provided in advance, and a discount on the value of receivables when there is a high credit risk. Customer payments are made directly to the debt company.

Advantage and Disadvantage of Debt

Advantage: The Supplier provides money immediately, reduces overall costs, receives financial advice, receives season prepayments and strengthens the position in the balance sheet.

Disadvantage: It has a high cost and creates a bad impression on the client due to changes in the ownership of receivables. Moreover, the debt-borne company may irritate the client due to the methods of collecting unsorted accounts.

- In a loan financing agreement there is no transfer of ownership of accounts receivable. Financing on credit provides conditional funds. In these cases, cash is usually funded by 50% -80% of the receivables. The finance company wins a service commission, the interest on the payments made on hand, and any bad debt. The customer continues to make payments directly to the supplier.

Advantage and Disadvantage of Credit Financing

- Advantage: Provides direct liquidity, prepayment for seasonal payments and eliminates any negative customer behavior.
- Disadvantage: High Costs, Continuous Accountants' Work in Accounts Receivables and High Risk.

A finance chief needs to recognize the impact of a change in the accounts receivable policies in their financing quite well. Cost may be raised or decreased for several reasons:

- When lending standards increase, lending costs also increase;
- When the terms of the financing company are met the lending costs
- When the minimum sales invoice value increases, the cost decreases.

Before analyzing the choice with debt or credit financing, let's look at how the cost of a debt contract is calculated.

The economic role of debt, export and its advantages

In this chapter, we will address the economic role of debt as a source of short-term financing. We will see that Albanian exports have a growing trend for the period 2008-2013. This trend comes because Albania, the largest share of trade, develops with Italy and Greece, which are deeply affected by the Eurozone crisis. This has led to increased demand for goods in these two countries, which is stimulating demand for Albanian products. Then we will show how the financial debt is exported, how the agreement between the debt commissioner and the exporters is realized. Debt, through its exportation, creates an advantage for the supplier, eliminating administrative costs and service will be many times better as it is carried out by locals who know the client well. Also, the barriers to the language with which they will communicate are eliminated.

2.6.2 The economic role of debt

Debt, as an advanced financial instrument, provides simple and efficient financing services and helps in the success of domestic and foreign business activities. It represents an effective and efficient short-term private sector financing facility for Small and Medium Enterprises. With the rapid growth of firms, which expanded their operations but who are not ready or are unable to get a loan from a bank, the need for such a service, such as debt,

arises. In this way they can provide a smooth access to funds, especially in times of crisis, when it is known that banks are very cautious and ma

ke it extremely difficult to obtain credit as well as in a global global environment where lack of liquidity and bankruptcy of other companies is dominant. Debt as a financing instrument has many advantages:

- Availability of funds - Compared to short-term loans of banks, debt companies consider vendor sales bills as safe assets, while banks consider fixed assets as safer assets;
- Less time in debt execution - the process of applying and securing funds through debt is many times faster than the time required to secure a short-term bank loan;
- Ensures a better cash flow and faster working capital insurance;
- Provides liquidity more and more quickly - the business does not have to wait until it collects unsettled accounts but provides immediate liquidity,
- improving the financial activity (making timely payments to the supplier in order to benefit in terms of bids made by them);
- Better financial position, positive credit ratings and solvency;
- Improves reputation - the credit standard increases as liquidity has improved the liquidation period of liabilities, and the business has a growing reputation in terms of trust and competition;
- The highest volume of sales - the business can offer its clients better credit terms and thus can create more jobs / sales for their company;
- Better conditions for new customers (it is extremely important for exporting companies);
- The risk - through unpaid debt, companies reduce the risk of bad debt;
- Avoid the risk of conversion as they provide the funds in a short time from the sale without being jeopardized by the high fluctuations that foreign currencies may have in distant periods of time;
- The growth of the company is funded not with a new debt - and the company does not have any monthly payments or on a specific maturity date of the loan, as is the case when borrowing from the bank;
- There is no need for a creditor estimation of the supplier, as debt analyzes the solvency of the customer;

- It is not necessary to issue securities to be sold in the stock market;
- The debt agreement is recorded as off-balance-sheet events and is not made available to potential instances of funding;
- It is easy to fund seasonal products;
- "Fresh working capital", which means that raw material suppliers can be prepaid by obtaining an additional rebate;
- Administrative and operational costs - less time and effort to collect unsorted accounts after the debt is specialized in these tasks) saves time for accountants in organizing work and focusing on other issues;
- A company that has just started can provide instant funding;
- More qualified business information and management - the company has more control over the payments of its customers and business partners;

Some of the most important advantages of companies that factorize their receivables are presented in the following figure.

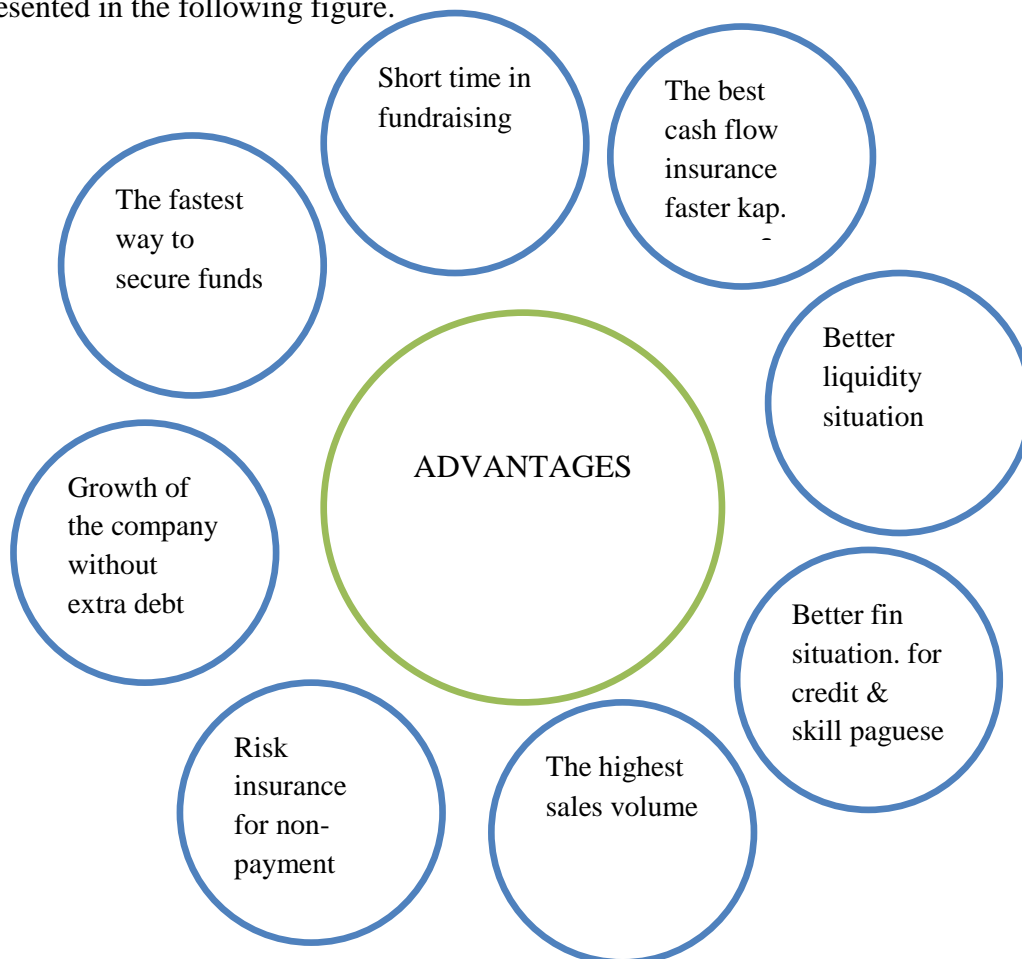


Figure 2.1. The main advantages of debt.

In developed countries debt, as a source of external financing, has increased a lot. This is due to its uniqueness and unique role in securing funds for companies because it is based on the value of the company's receivables rather than its reliability. Debt ensures that financial resources circulate faster and offers liquidity and solvency for the real economy. The flow of financial resources can be accelerated, initially introducing debt as a new product for funding. This is supported by the fact that debt, as an alternative financing model for companies, has a very important role as it is quite clear that the debt world has not faced financial crises, providing an increase in the financial sector. The distinction between traditional short-term credit lines in terms of terms, procedures and related contracts is as follows:

1. Approval of short-term credit is based on the financial statements of an entity that requires a credit to the entity to review the financial statements, financial indicators that have to present a strong financial position of the business entity. The credit contract may contain other elements, including collateral in the form of immovable property, personal guarantees or other commitments.
2. Because the business unit has to have audited the financial statements, which usually do not have to audit, increases the problem for small business, for such statements, increasing costs;
3. To obtain a loan, economic stability and credibility of a subject are of primary importance, while in debt this is of secondary importance, although it is the basis for approving the value of short-term assets or short-term debt, since debt is more worthy of credibility of the buyer;
4. For credit, it is very important that the size of durable assets be greater than the amount of the loan - a fact that may create a barrier for small and medium enterprises, due to the relatively high level of risk due of the lack of liquidation.

However, debt as a financial instrument, in addition to numerous and obvious advantages, there are also some disadvantages such as:

- Excessive use of debt and reliance on a factor may mislead the management, leading to loss of direct communication and disruption of the balance of relationships with business partners;

- Costs for the service provided by the debt company (including interest on money use and debt collection commissions) are usually higher than the interest rates on bank loans, but excluding the costs incurred by the entity until the loan is received ;
- Exporters should ensure that they are dissatisfied with the customer in terms of product quality;
- Some clients do not want third-party involvement;
- It cannot meet all business needs for liquidity, as it appears as a form of short-term financing;
- Factor binds the contract only when it knows that the client has solvency;
- In addition to unpaid debt, in all other forms of contract the supplier is liable for the failure to collect the obligations;
- The Supplier may incur a significant loss of income, taking into account the risk of losing all payments included in the contract.

Debt costs are moving in different proportions and they are structured by most factors in the same way:

- First, the debt fee (0.2% - 4.0% for certain claims), annual interest (7% -11% of the funded amount) and
- Secondly, administrative fees.

Eventually, debt costs depend on the type of services, supplier creditors, volume and average amount of bills, etc. Management of a company in making decisions regarding the sale of non-receivable accounts with a discount against the commercial loan secured by the bank possibly with a favorable interest should analyze the risks that the business could have in case it would have overdue payments. Such are the increase in the cost of interest, or if a bank requires a mortgage guarantee, endangering the durable assets if the bank collects a debt for irregular payments to pass the asset at a public auction. If the entire property is placed as a mortgage, this way of repaying the loan will pose a threat to the company.

3. STUDY METHODOLOGY

3.1 Description of the study

Iute Credit is licensed by the Bank of Albania to act as a non-bank financial institution. Iute Credit offers various debt financing opportunities and equity for companies and individuals in Albania.

Iute Credit Albania SHA offers consumer credit without collateral, based on personal income, giving customers the opportunity to withdraw the approved amount at the Post Office of Albania or in their bank account after signing the loan agreement.

Transparent Loans

IuteCredit Albania sha is a viable partner in the financial service, which started its activity in Albania in 2014. As any Non-Bank Financial Institution, it is licensed and supervised by the Central Bank of Albania

Flexibility

The loan offered has a term of 1 to 8 months and the amount offered varies depending on the income, the monthly payment requirements and the reliability. This means that you can choose the amount you need to pay monthly for the month and the date of payment.

The response after the application is received within 30 minutes

To fill an application, it is necessary to fill out a simple questionnaire at the company offices or on their website. You will receive an answer within 1 hour.

Products

Products of Iute Credit

Iute Credit provides large-scale financing through several products:

- Loans and credit lines
- Funding mezzanine
- Equity participation
- Debt collection and financing from financial institutions, banks and companies

Funding is available for various uses including:

- New investments
- Growth and expansion
- Labor capital
- Payment of the dividend
- Refinancing
- Payments of other partners

Purchases

Financing is available to businesses of any industry, sector or investment activity and is mainly short-term and mid-term. The amount of funding varies in size and is considered case by case.

Loans and lines of credit

The terms of loans and lines of credit such as interest, maturity or depreciation scheme vary from case to case. Required collateral may be real estate or movable property. The suspension periods of payment are favorable and can last up to three years.

Funding mezzanine

If the borrower has pre-existing debt obligations, mezzanine funding can be provided when Iute Credit takes a position dependent on the lender's high collateral claim.

Equity participation

In addition to credit and mezzanine financing, the company offers debt combined with equity financing. This option envisages improving credit conditions and increasing clients' ability to repay the loan faster.

Debt collection and financing

Iute Credit's debt acquisition provides instant and substantial liquidity to the debt taker through quick, simple and straightforward procedures such as portfolios analysis and bid placement.

Strengths

Why Choose Iute Credit?

Since its inception, Iute Credit has sought to offer previously unavailable services and products to the Albanian financial market. Today, Iute Credit has created a liquid medium for the domestic banking system and offers its customers the following advantages:

- Very flexible terms of credit facilities
- Funding that does not exclude any specific industry
- Financing large amounts of capital
- Different types of assets received as collateral
- Depending on the collateral requirement
- Generous grace period
- The process of quick and simple review and approval

3.2 Iute Credit Structure

Iute Credit is a company with a highly consolidated and highly organized structure, the structure pattern is hierarchical and can be characterized as a pyramid where information flows from top to bottom and bottom up.

Work organization is done in groups and each employee group has a leader team that guides and directs group members. Every group from a weekly and monthly tag who has to reach and based on these achievements he is rated at work but in this company the bonuses are scarce and as we will see and from the study below employees do not see this job as a long-term job.

Then, in the structure each sector has a responsible person who cares for the entire sector and reports to the general manager and likewise happens in every subsidiary of the company in Europe that reports to the parent company at the headquarters.

The ways of communicating with the client for the purpose of collecting debts are some of which we can highlight:

1. Communication by telephone
2. Communicating via email
3. Meeting at the office
4. Face-to-face meeting on the ground

The employee is evaluated how confusing the client is to how the conversation takes place with culture and professionalism etc...

3.3 Methodology of study

The methodology followed for studying the Debt Collection Company Iute Credit is completely practical and company records are gathered inside the company. For the development of the study and as a tool for data collection a questionnaire was distributed to 40 employees of this company, the nature of the questionnaire has an investigative character on how the debt collection companies operate in Albania and how these companies evaluate their employees. The questionnaire is presented in the working annexes, which contains 22 questions and is divided into three sectors.

In sector 1 are addressed demographic questions where age, gender, years of work experience of the selected population are studied and this is done in order to shed light on the professionalism and achievements of employees in this company.

Sector 2 specifically examines the way of operating in the Albanian market of the company Iute Credit, which is a highly experienced company in debt collection across Europe, while in this sector is also studied the way of handling and professional development of the employees of the company.

In Section 3, questions have a suggestive character that try to suggest how the affairs and the treatment of employees in this company are done in the best way. The last two questions of the questionnaire are addressed to employees for the purpose of what they would like to change in the company with a view to better employee evaluation and better job performance.

4. RESULTS

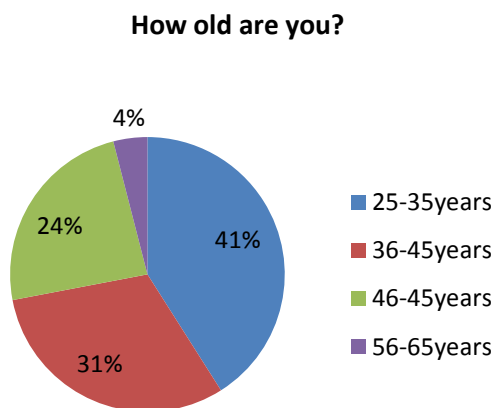
4.1 Results of the study

In this issue are presented the results of the study in graphics to give a clearer view of the study and information that needs to be taken.

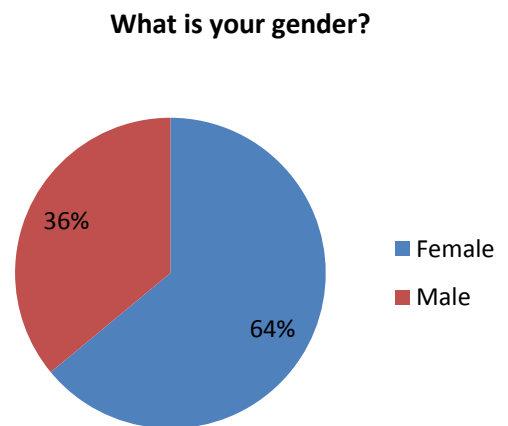
Study results on "Iute Credit"

The first group of questionnaires

Graph 1



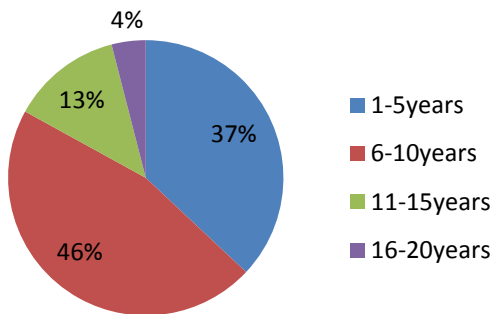
Graph 2



In Figure 1, the share of participants by age is: 41% of employees are aged 25-35, 31% of employees are aged 36-45, 24% of employees are aged 46-55 and 4% of employees are 56-65 years old. By gender, the study participants are 64% female and 36% males.

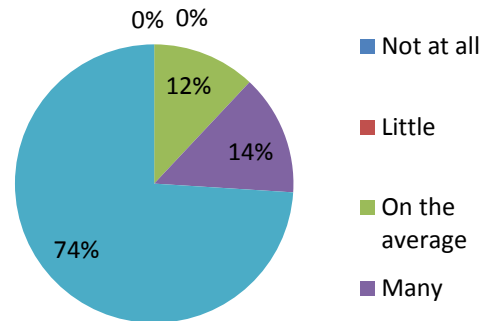
Graph 3

How many years have you in this profession?



Graph 4

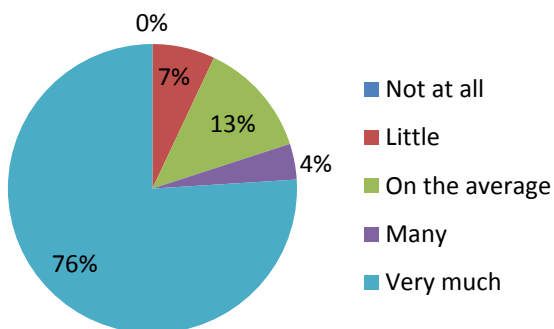
How important is the existence in the financial market of a debt collection company?



With regard to years of experience in the workforce, employees seem to have many years of experience, most of whom have more than 6 years of work in this company. In Figure 4, employees were asked how important a debt collection company in Albania was and where 74% responded that it is very important.

Graph 5

Does the financial system promote the creation of these companies?

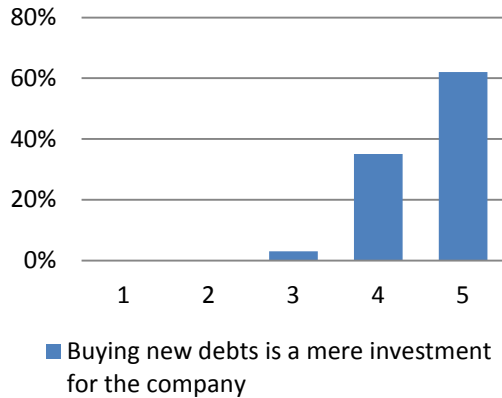


Graph 5 clearly shows that our own financial system favors the creation of debt collection agencies as there is a huge debt on the market and specialized companies need to collect the debt.

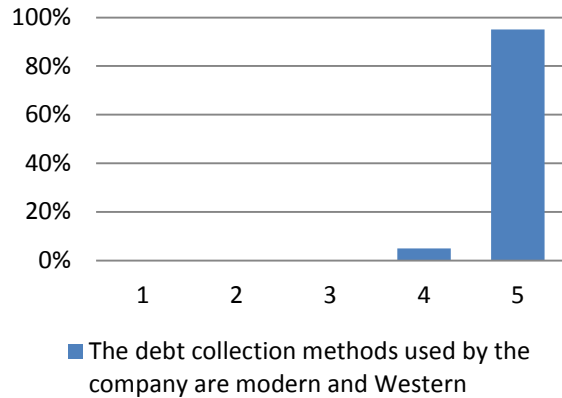
Group 2 of the questions

This sector has been developed with a liar assessment scale so as to get as little time as possible for the interviewees and get the desired information for our study.

Graph 6

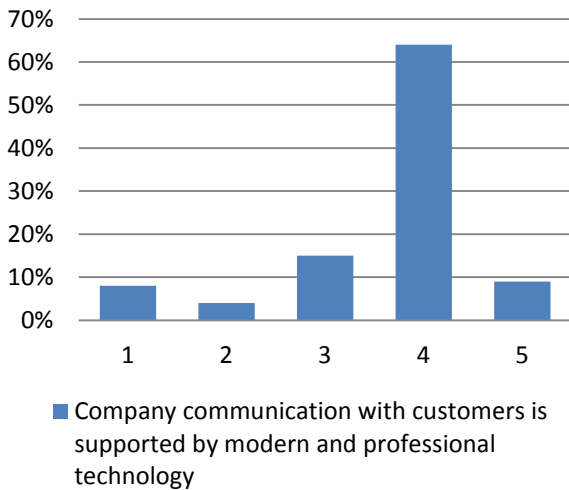


Graph 7



Buying new debts is a good investment for collection companies as new debts can be collected more quickly by the company. The methods used by companies are entirely Western and taken from the structures of debt collection companies operating in the USA.

Graph 8

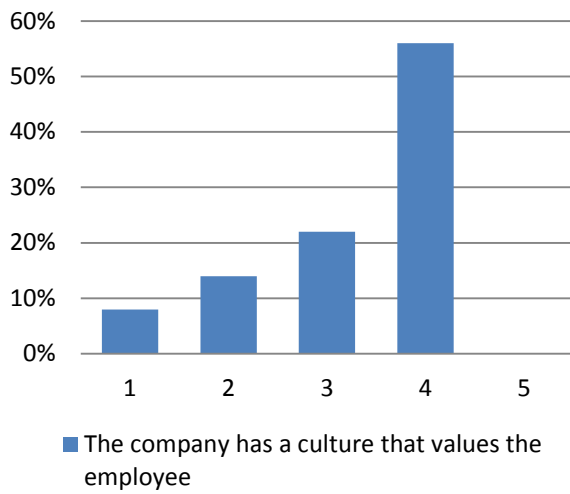


Graph 9

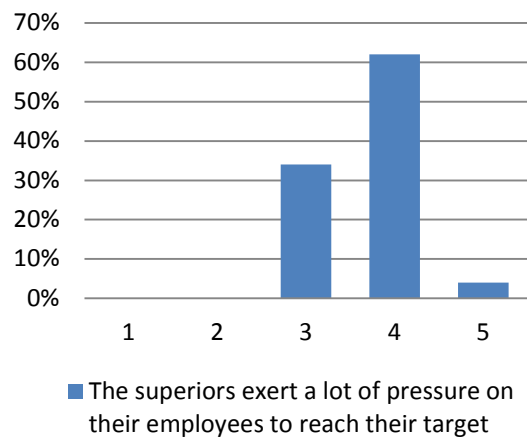


Communication to the company, as shown in Chart 8, is supported by advanced and highly modern technology which enables a good communication for each of the company's employees with the client. Competitiveness gains have grown in recent years and this is because people's awareness has grown and employ specialized companies to collect debts.

Graph 10

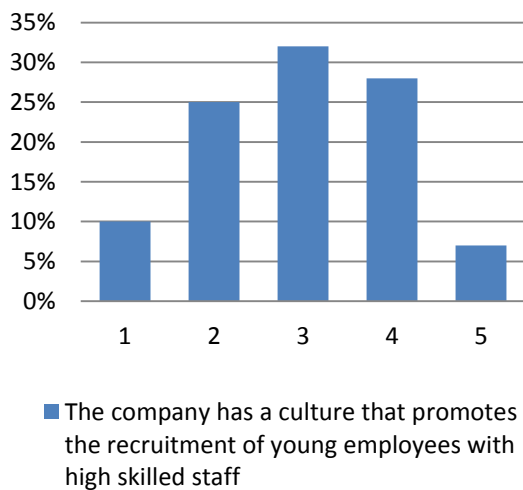


Graph 11

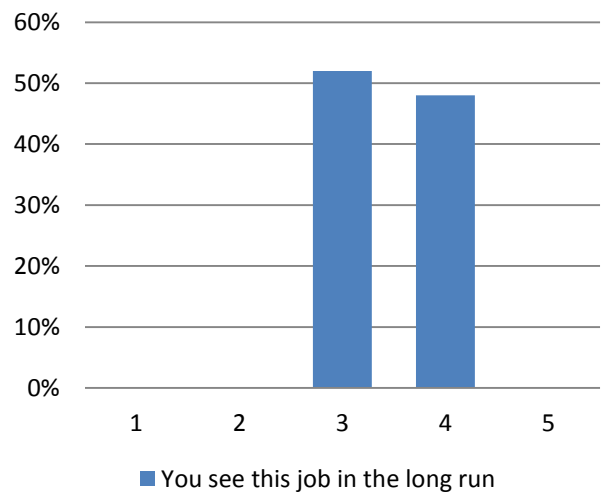


The IUTE CREDIT company has a culture that values its employees and makes them feel good, but the problem lies in the fact that managers put a lot of pressure on the employees of the company and it tastes them too much to carry out their work.

Graph 12

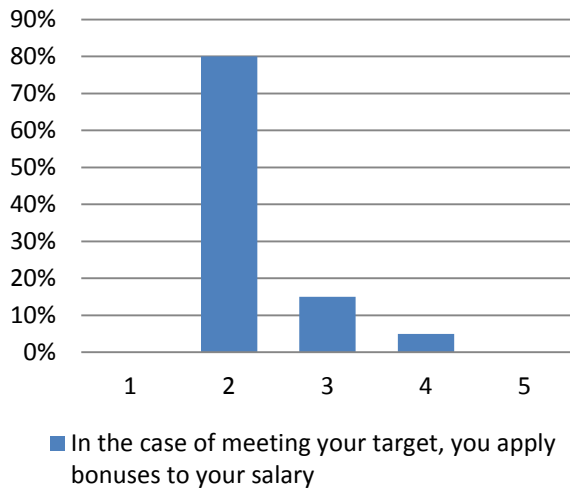


Graph 13

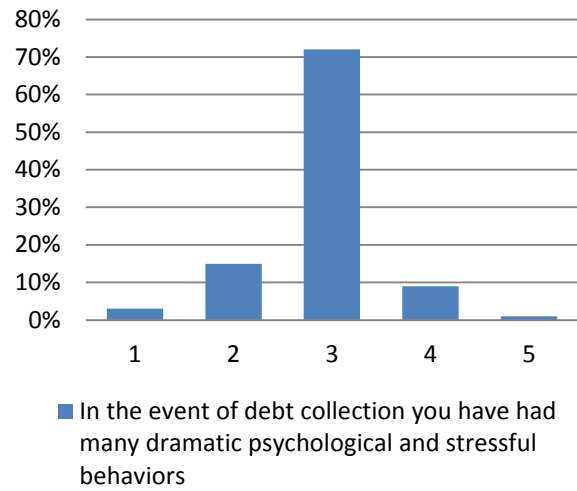


IUTE CREDIT company promotes many employees who have a lot of skills and reach goals in a very short time. Employees work in this company in a mid-term context and can not manage to see it in the long run because this work has a lot of psychological pressure.

Graph 14



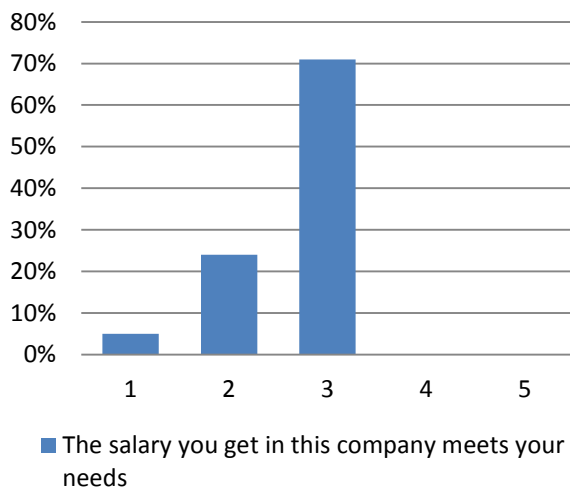
Graph 15



As mentioned above, work on debt collection companies is very stressful and tedious for every employee who fails to reach his goals and the manager and clients exercise constant psychological pressure. It seems that making a career in debt collection companies is a bit difficult because of how these companies operate in the market.

Group 3

Graph 16

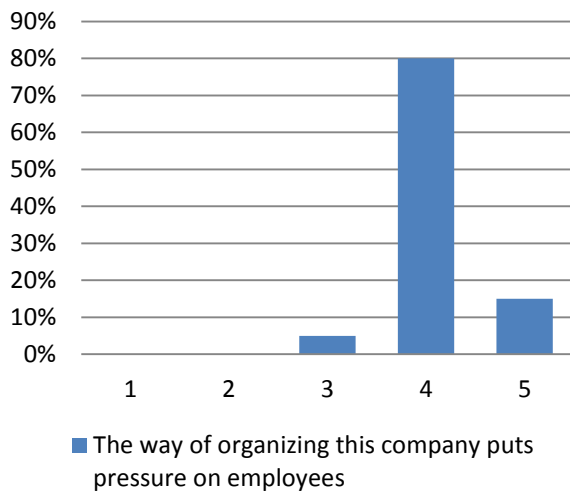


Graph 17

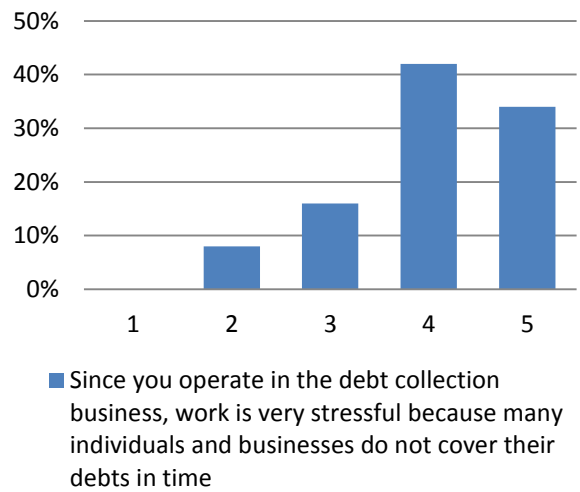


In Figure 16, employees are questioning whether the salaries they receive in this company meet their living needs and the results show that the salaries they receive can not meet their needs as it is low. Supervisors seem not to deal with the problems of employees in the company and this is another cause for more pressure and stress at work.

Graph 18

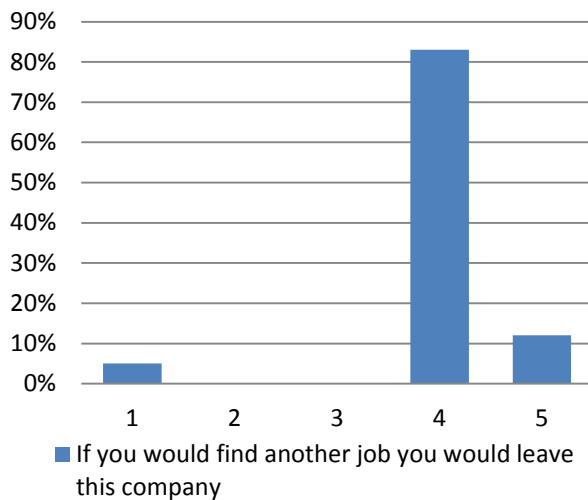


Graph 19



The way the company's organization exerts pressure on its employees because employees face daily with people who have debt and sometimes the latter are frustrated or dangerous.

Graph 20



In Figure 20, employees say that if they will find another job, they will leave this type of work because it is very stressful and does not provide a prospect for the future which suggests that the IUTE CREDIT company should review the way for less restructuring stressful.

21. As a professional in this area, what do you recommend to be better applied in a situation of collecting a debt from an individual?

Answers to this question were numerous, but the most prominent ones were: Keeping quiet in any kind of situation and in any kind of reaction from the client as most of them are

stressed out of their bad financial situation and the other was professionally insisting that obliging the client to pay the obligation in the shortest possible time.

22. With regard to the organization of human resources and the increase of motivation and satisfaction at work what would you suggest to develop differently?

As far as employee motivation is concerned, respondents were far behind and sought better treatment from the company in terms of payment but also the ways of motivation that clearly seemed to be lacking in the company. They thought they would develop differently the way of applying and achieving the target which is currently very stressful. Things that need to be changed as soon as possible by the company as the employees do not feel comfortable in this job and many of them have said that if they find a better job they can leave the company at the first moment.

4.2 Discussion for the study

Debt collection is a booming business recently sidmos in our country, our study for this business was developed in Iute Credit. In the first part of the study we look at demographic questions and the results clearly show that 41% of employees are aged 25-35 and 31% are aged 36-45 years old this is a very good thing for comanies as they have enough new ideas and energy to be used positively, with regard to gender 64% of respondents were women and 36% were male, in terms of years in the profession it seems that these employees are professional because 46% of them have experience of 6 -10years work in the same profession.

Graph 5 clearly shows that it is our own financial system that promotes the creation of these companies and their development in the Albanian market.

Buying new debts seems to be a good investment for the company, and the ability to recover these debts is faster and more democratic and quiet, which does not interfere with the old debts as people who have these debts are very difficult to pay for these. It is obvious that the methods used by the debt collection company are on the west side and the best, as in the graph the respondents' responses are 95% with a rating of 5 and 5% with the rating 4. Communication with clients is good and that for the fact that communication in this company is supported by modern communication technology. Profits in the company's recent years have a moderate growth due to the fact that the market is adjusted and people are more aware of the timely repayment of debts.

The company seems to have a culture that does not greatly appreciate the employee because the workers seem somewhat psychologically subordinated when asked about the assessment methods and the help they have from their superiors. The superiors of this company exert a lot of pressure on their employees in achieving their target and this makes employees feel a lot of psychological stress on work. Employees do not look at this job in the long run because it is very stressful and very complex psychologically.

The company has a culture that promotes recruitment but there are many problems in motivating employees. The salaries that employees in this company appear to clearly do not meet the needs of employees and therefore employees are not very motivated to work in this company. From employee experience it is clear that clients usually do not overdue their debts on time and therefore work is more stressful as the responsibility not on collecting the amount of debt falls on the employees.

The final question asks the employees if they want to get away from work if they do another job and it is clear that most of them will definitely leave if they find another job more appropriate.

5. CONCLUSIONS

Iute Credit promotes opportunities and opportunities for businesses and consumers. Growing consumer well-being in the broadest sense of the word is the main driver of Iute Credit's actions. This study was carried out in order to determine the nature and magnitude of consumer problems in the process of collecting debts out of court.

Credit Iute concludes that consumers suffer from emotional stress and are financially hurt by the way the debt collection agencies act. In this context, Iute Credit sees three main problems:

- a) Debt collection agencies face consumers with wrong or expired claims.
- b) Debt collection agencies face misplaced costs and / or unclear costs.
- c) Debt collection agencies exert pressure on consumers inadmissibly to pay off their debts.

Iute Credit believes there are enough indications that these problems occur regularly. And he believes that these problems should be addressed and resolved.

In this process, Iute Credit believes the market has a clear responsibility. This also applies to individual debt collection agencies as well as for NVIs as a trade association, and especially for companies that act as clients of these debt collection agencies. From a legal point of view, they can be considered as actors within the meaning of the Albanian Consumer Protection Implementation Act. Iute Credit also believes that consumers have their own responsibility and that, in some cases, they can take that responsibility a bit more. Consumers should pay the correct bills on time and in full, whenever possible. If consumers are not able to take that responsibility in practice, assistance is needed. In approaching this problem, Iute Credit also acknowledges that it can play a role, particularly

because it has the power to enforce consumer protection to take action against fraudulent and aggressive commercial practices of debt collection agencies and their clients . Therefore, Iute Credit has the legal tools to help find a solution to this problem.

Above all, Iute Credit has, more broadly, a responsibility for empowering consumers. Also, the debt collection market is a significant problem market for unprotected customers. Finally, Iute Credit sees that it can play a role, as the society and lawmakers see the importance of a well-functioning debt collection market with fewer customer concerns. The findings of this study are sufficient grounds for Iute Credit to name the unfair debt collection practices as one of the topics for its 2017 Agenda.

Recommendations

I recommend that debt collection agencies in Albania consolidate more on the market so that the debt market can function regularly and this is a Western operating model.

I advise the state to exercise better legal control over these companies and how their employees are treated.

I recommend for Iute Credit to motivate its employees and build a different structure model so as not to exert so much pressure on its employees as employees have said this fact many times during the study results.

I recommend that Iute Credit Corporation apply monetary rewards for greater motivation and support for employees

Recommend that working conditions in the study company be quieter as the results of the study are very stressful.

I recommend that the company buy as many new debts and reduce the purchase of old debts because it is very difficult to collect these debts.

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Collecting consumer debts

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Federal Trade Commission <https://www.ftc.gov/about-ftc>

Appendix 1

QUESTIONNAIRE UNIVERSITY EPOKA BANKING AND FINANCE

DEBT COLLECTION COMPANIES IN ALBANIA

Sector 1

1. How old are you?

25-35 years 36-45years 46-55years 46-65 years

2. What is your gender?

Female Male

3. How many years have you in this profession?

1 – 5years 6 – 10years 11-15years 16-20years >20years

4. How important is the existence in the financial market of a debt collection company?

Not at all Little on the average many very much

5. Does the financial system promote the creation of these companies??

Not at all Little on the average many very much

Sector 2

	1	2	3	4	5
6	Buying new debts is a mere investment for the company				
7	The debt collection methods used by the company are modern and Western				
8	Company communication with customers is supported by modern and professional technology				
9	Company profits have been rising in recent years				
10	The company has a culture that values the employee				
11	The superiors exert a lot of pressure on their employees to reach their target				
12	The company has a culture that promotes the recruitment of young employees with high skilled staff				
13	You see this job in the long run				
14	In the case of meeting your target, you apply bonuses to your salary				
15	In the event of debt collection you have had many dramatic psychological and stressful behaviors				

Sector 3

	1	2	3	4	5
16	The salary you get in this company meets your needs				
17	In case of dissatisfaction at work, the supervisor solves the problems that arise				
18	The way of organizing this company puts pressure on employees				
19	Since you operate in the debt collection business, work is very stressful because many individuals and businesses do not cover their debts in time				
20	If you would find another job you would leave this company				

21. How professional in this area do you recommend to be better applied in a debt-gathering situation by an individual?

22. With regard to the organization of human resources and the increase of motivation and satisfaction at work what would you suggest to develop differently?
