

## **Module 4 Exercise – Psychology of Loan Recovery**

This exercise is done in pairs. One member received part A of this exercise with instructions, while the other member receives part B. Do not let your partner know what your instructions are. All discussions are done in face-to-face meetings. The person in the role of the loan officer shall initiate the discussion

Exercise 1 (5-10 minutes):

### **Instructions**

You are a loans officer. Your client is in arrears for 31 days and has missed his Promise to Pay. The total installments due equal 1 million Shs. Use the 'Adult' Ego State to convince the client to pay 300,000 now and 700,000 in one week's time.

You will initiate the discussion.

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Exercise 2 (5-10 minutes):

### **Instructions**

You are in an Adult Ego state as you have just come out of a very constructive meeting at your workplace. You are 10 days late in servicing your loan (installment 250,000 Shs) as you had some family problems. Your Ego state will be influenced by the Ego state of the loans officer.

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Exercise 3 (5-10 minutes):

### **Instructions:**

You are a loans officer. You are in an Adult Ego state. Your client is in arrears for 61 days (loan 2 million Shs for 10 months, installment 250,000 per month) and has missed 2 Promises to Pay. You want to inform the client politely but clearly that this is his last chance to pay or you will take him to court.

You will initiate the discussion.

## **Module 4 Exercise – Psychology of Loan Recovery**

This exercise is done in pairs. Do not let your partner know what your instructions are. All discussions are face-to-face meetings.

Exercise 1 (5-10 minutes):

### **Instructions**

You are a client in the Child Ego State. You are in arrears for 31 days and you have missed your Promise to Pay already. The total installments due equal 1 million Shs. You have little money and even if you had more, you would rather buy a new flat-screen TV to watch premier league football games than to pay the Bank. The bank has enough money, what is their problem anyway?

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Exercise 2 (5-10 minutes):

### **Instructions**

You are in a loan officer in a Parent Ego State. Your client is 10 days late in servicing his loan. He is not serious. He really needs to be told that he is behaving very irresponsibly. It is as if he has no values. Didn't his/ her mother tell him to be serious?

You will initiate the discussion.

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Exercise 3 (5-10 minutes):

### **Instructions:**

You are a client. You are in an Adult Ego state. You are in arrears for 61 days and have missed 2 Promises to Pay (loan 2 million Shs for 10 months, installment 250,000 per month),. However you have a new source of income now as you have rented out a house for 150,000 Shs per month. You propose a rescheduling to lower the installment to 150,000 per month. Convince the loan officer that this is good for him/her and for you.