

Industry Standard on Complaint Management

A. Preamble

The Digital Lending Association is the central representative body of the Digital Lending ecosystem. Its affiliated members stand for the professional, honest and transparent operation of their businesses as well as the fulfillment of the highest quality standards in the interest of debtors, investors, and business partners. With the adoption of the "General Principles and Rules of Conduct" by the General Meeting on 4 June 2019, these self-imposed standards were codified. In accordance with the Articles of Association, all Ordinary Members undertake to comply with these principles and rules.

By resolution number 30 of the Board of Directors on 29 May 2020 (30-VS-200529-1), it was decided to flesh out these General Principles and Rules of Conduct by developing individual standards and thus set benchmarks for the entire industry. The authority to adopt them as "Industry Standards" lies with the General Meeting.

The subject of this standard is the firm establishment of Section I/6 of the General Principles and Rules of Conduct.

The objective of the standard is to develop and promote an industry-wide understanding of complaint handling and monitoring procedures.

B. Definitions

- I. Complaint: means any expression of dissatisfaction.
- II. Complainant: means any natural or legal person who lodges a complaint. Complainants can be both customers and non-customers.
- III. Suggestion for Improvement: means any statement addressing shortcomings and suggesting improvements without the complainant expressing dissatisfaction and/or being affected himself.

C. Industry Standard on Complaint Processing

The goal of effective complaint management is that the complainant is once again satisfied with the service, once the complaint has been managed. To this end, processes must be in place to ensure that complaints are recorded properly and promptly, that weaknesses in operational procedures are identified and permanently eliminated, and that their causes are regularly discussed with the employee groups concerned.

As part of a healthy risk culture, consistent complaint management contributes both to customer loyalty and to the further development of one's own company.

I. Submission of a Complaint - Acknowledgement of Receipt

A complaint does not require a specific form. The term complaint does not necessarily have to be used. Often, therefore, it will not be a complaint, but merely a suggestion for improvement with which the sender wishes to point out deficits without being affected or dissatisfied himself.

There must be an uncomplicated way for a complainant to submit a complaint electronically, in writing or verbally. The various options must be presented in an easily accessible manner on the homepage of the company. For example, a contact form that is no more than three clicks from the main page, can be filled out online and sent, meets these requirements. Calling a telephone number must not trigger any costs for the complainant.

The main steps of the complaint procedure, as well as the duration of the procedure associated with the respective processing stages must be explained at least in its main features. Appropriate depictions of these procedures on the homepage of the company meets this requirement.

An acknowledgement of receipt of the complaint must be sent. The subject of the complaint must be described precisely and concisely. Acknowledgement of receipt of a complaint shall be sent within 2 working days of receipt of the complaint.

If the complaint cannot be resolved immediately, the complainant shall be informed in writing of this fact. Additionally, the complainant shall be informed about the complaint procedure, in particular the next planned steps. They shall also be informed about when they can expect to receive the next communication.

Communication with the complainant must always be clear and in easily understandable language. Legal and Latin technical terms shall be avoided as far as possible in the case of a consumer.

II. Interim Messages

A complaint should generally be resolved within 10 business days. If this is not possible, the customer must be informed of the extended processing time by interim message at least one day before the end of this period. The complainant must be informed of the specific reason for the delay and the next procedural steps. What has already been done and what is still being done to resolve the complaint shall be outlined.

III. Excessively Long Complaint Procedures

As a general rule, the duration of a complaint procedure should not exceed 30 working days. However, in exceptional cases, longer delays may occur. Often the cause will be the complexity of the matter or the need to involve external third parties who are not immediately available. In these cases, the complainant must always be informed in writing of the status of the proceedings after 10 working days have elapsed.

A message shall be sent in each case no later than one day before the expiry of the deadline. The complainant must be informed of the specific reason for the continuing delay and the next procedural steps. The steps that have already been taken to resolve the complaint should be described in this communication.

IV. Message of Completion

In cases where a complaint can be settled immediately upon receipt or at a later point in time, either in full, in part or not at all in the complainant's interest, information must be provided on the conclusion of the procedure. A description shall be given of what has been done to resolve the grievance. Reference may be made to alternative dispute resolution systems.

Cases in which the complaint is not a complaint, but merely a request for improvement, are to be appropriately described as such (business improvement request).

V. Compensation and Goodwill Payments

The member shall have processes describing the settlement of damages and goodwill payments.

D. Industry Standard on the Organization of Complaint Processing

The objective is to organize complaint handling in a responsible and efficient manner. To this end, policies and procedures, reporting, and controls shall be described through process instructions in sufficient detail to ensure their effectiveness.

The management of the member bears overall responsibility for the implementation and monitoring of complaint management. It can be supported in this by a complaints manager. This task can be assigned to the compliance officer. Further details on the compliance officer can be found in the industry standard for the compliance organization.

The Complaints Manager is responsible for ensuring that all complaints and suggestions for improvement are investigated and responded to objectively and appropriately in accordance with this industry standard and in cooperation with the specialist departments concerned, as well as identifying potential conflicts of interest and preventing conflicts of interest from impairing complaint handling.

There is an electronically supported system for recording, processing and systematically evaluating complaints and suggestions for improvement (complaints register). All documents, procedural steps, findings and evaluations relevant to processing are to be stored there without delay and protected from unauthorized access by third parties. The system must be protected against changes not required by the facts, must allow subsequent changes or additions to be identified, and must ensure unhindered access for the responsible employees of the complaints office. The Compliance Officer shall be granted unrestricted system access upon request.

The stored data must be kept for at least five years, subject to conflicting legal requirements.

E. Further Training of the Complaints Manager; Training of Employees

All employees shall receive training in complaint management policies and procedures on an as-needed basis.

F. Controls of Compliance with this Industry Standard

The members shall have plans for regular monitoring of compliance with this Industry Standard and specify the allocation of responsibilities. The results shall be reported to the management.

Refer to the Industry Standard for Enterprise Risk Management for further details on the 3 Lines of Defense model.

G. Key Performance Indicators

The member shall develop key performance indicators (KPIs) to measure complaints. In principle, the following KPIs could be considered useful:

- Number of complaints received;
- Number of suggestions for improvement received;
- Number of complaints closed;
- Number of complaints that could be closed immediately;
- Number of substantiated, closed complaints;
- Number of unfounded, closed complaints;
- Number of open complaints;
- Amount of compensation payments;
- Amount of goodwill payments;
- Percentage of complaints that received an initial acknowledgement of receipt within 2 business days versus the amount of complaints that received an acknowledgement of receipt later.

H. Deviations from the Provisions of this Industry Standard

As a general rule, there shall be no deviation from the provisions of this Industry Standard.

Since the business models are various, depending on the size, type, scope, complexity and risk content of business activities, the standard can be implemented by the members in different dimensions and for some only partially. In justified cases, deviations are therefore possible as an exception. For this purpose, an application in text form justifying the deviation shall be submitted to the Board of Directors. The decision shall be taken by a qualified majority in accordance with the Articles of Association.

A member who has been awarded the Quality Seal may have it withdrawn by the General Meeting by a simple majority if the member deviates from the provisions of this Industry Standard without having previously informed the Board of Directors about the deviations in good time.

I. Review clause

This Industry Standard shall be subject to revision by the Committee on Risk & Compliance Management of the Digital Lending Association at two-year intervals. Any amendments and/or additions shall be adopted by the General Meeting by qualified majority.

Annex to the industry standard for complaint management

