



Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
Intramuros, Manila



DEPARTMENT ORDER NO. 155-16
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**RULES AND REGULATIONS GOVERNING THE EMPLOYMENT
AND WORKING CONDITIONS OF COLLECTORS IN THE
DEBT COLLECTION INDUSTRY**

Pursuant to the provision of Article 5 of the Labor Code of the Philippines, as amended, the following Rules are hereby issued to ensure the protection and welfare of collectors and similar personnel engaged in purely collection services on delinquent and/or past due accounts of clients through negotiations by telephone and/or personal field visits:

**RULE I
COVERAGE AND DEFINITION OF TERMS**

Section 1. Coverage. – This Rules shall apply to all debt collection entities or agencies employing collectors and similar personnel engaged in purely collection services on delinquent and/or past due accounts of clients through negotiations by telephone and/or personal field visits.

This Rules shall not apply to the following:

- a) Collectors of office and/or household utility bills (i.e. telephone, water, cable television and electricity) engaged by utility companies;
- b) Collectors engaged directly by a company, office or establishment other than a collection entity or agency as an employee performing collection activities, by phone or by field visit, as his primary duty or as incident to his duties and responsibilities;
- c) Agents of real estate/realty brokerage, insurance, pre-need plans and other similar business, entities or persons performing collection activities as part of sale and/or service transaction of the parties, and the relationship that exist between the parties is contractual in nature governed by the applicable provision of the Civil Code; and
- d) Collectors of pay "bayad" remittance center.

Section 2. Definition of Terms. - As used herein, the following terms shall mean:

- a) **Collection Entity or Agency** refers to a person or entity engaged in purely collection services on delinquent and/or past due accounts of clients through negotiations by telephone and/or personal field visits;
- b) **Collector** refers to a person engaged by a collection entity or agency to perform purely collection services on delinquent and/or past due accounts of clients through negotiations by telephone and/or personal field visits;
- c) **Delinquent Account** refers to non-payment of, or payment of any amount less than, the minimum amount due or minimum payment required within two (2) cycle dates, in which case, the total amount due for the particular billing period as reflected in the monthly statement of account;
- d) **DOLE-RO** refers to the Department of Labor and Employment – Regional

Office;

- e) **Minimum Wage** refers to the lowest wage rate that a collection agency shall pay collectors as fixed by the appropriate RTWPB;
- f) **NWPC** refers to the National Wages and Productivity Commission;
- g) **Past Due Account** refers to non-payment of loan or receivable payable upon written demand as required by the client;
- h) **RTWPB** refers to the Regional Tripartite Wage and Productivity Board; and
- i) **Workplace** refers to the office, premises or worksite, where regular collectors and collectors paid partly with fixed wage and commission are habitually employed and shall include the place where the collectors, who have no fixed or definite work site, regularly report for assignment in the course of their employment.

RULE II TERMS AND CONDITIONS OF EMPLOYMENT

Section 1. Classification of Employees. - The employees in the debt collection industry shall be categorized as: (a) regular employees (b) commission-based collectors.

Section 2. Regular Employees. - Regular collectors are those employed or appointed to fill up regular positions or whose employment is not dependent on the performance or completion of a specific job, work or service, or on the term or duration of a collection service agreement, including (a) office-based employees; (b) regular collectors; and (c) collectors paid with wage and commission.

For this purpose, collectors paid with wage and commission collectors are those who are employed by the collection agent/service provider to recover, collect or cure accounts of a particular principal/client whose employment is:

- a) Dependent on the availability of endorsements; and/or
- b) Co-terminus with the term or duration of a specific collection service agreement between the principal/client and the collection agency or service provider (i.e. tele-collectors and field collectors); and
- c) Required to report for work on a regular basis and under the direct control and supervision of the collection agency/service provider.

Section 3. Commission-Based Collectors. - The purely commission-based agents are those who are engaged by the collection agent/service provider to recover, collect or cure accounts of a particular principal/client and whose employment is:

- a) Dependent on the availability of endorsements and/or co-terminus with the term of the collection service agreement between the principal/client and the collection agency or service provider (i.e. tele-collectors and field collectors); and
- b) Whose manner of compensation is purely on commission basis; and
- c) Not required to report for work on a regular basis and he/she is free from control and supervision of the collection agency/service provider in matters connected with the collection, recovery and curing of accounts except as to the results thereof and subject to prohibitions and limitations

mandated by law and government regulatory agencies.

Section 4. Employment Agreement for Regular Collectors and Collectors Paid Partly with Fixed Wage and Commission. - There shall be an agreement in writing between the collection entity or agency and the agent, which shall include the following terms:

- a) Collector's full name, date of birth or age, address, civil status, and SSS ID no.;
- b) Collection entity or agency's name and address;
- c) Place where and date when the employment agreement is entered into;
- d) Amount of the collector's fixed wage and formula used for calculating the performance based compensation in accordance with Rule III (Compensation), as provided hereunder;
- e) Hours of work;
- f) Wages and wage-related benefits such as overtime pay, holiday pay, premium pay, 13th month pay and leaves;
- g) Social security and welfare benefits;
- h) Separation and retirement pay; and
- i) Other benefits under existing laws.

The collection entity or agency shall provide the collector the signed original copy of the agreement.

The collection agency or entity and commission-based collectors shall execute an agreement containing terms and conditions of engagement based on prevailing industry practice.

Section 5. Minimum Benefits. - The regular collectors and collectors paid with wage and commission are entitled to the following benefits, as provided for in the Labor Code, as amended, and other labor laws:

- a) Wages for all actual work during the normal work hours and days shall not be lower than the applicable minimum wage rates. Wages shall be paid at least once every two weeks or twice a month at intervals not exceeding 16 days;
- b) Twelve (12) Regular Holidays with pay pursuant to *Republic Act No. 9849 (An Act Declaring The Tenth Day of Zhul Hijja, The Twelfth Month of The Islamic Calendar, A National Holiday For The Observance of Eidul Adha, Further Amending For The Purpose Section 26, Chapter 7, Book I of Executive Order No. 292, Otherwise Known As The Administrative Code of 1987, As Amended)*. The collector shall be paid holiday pay of 100% of the minimum wage even if he/she did not report for work. If the collector is required to work on said holiday, he/she shall be paid 200% of the minimum wage;
- c) Rest day of twenty-four (24) consecutive hours for every six (6) consecutive working days. If the collector is required to work on a rest day, he/she shall be paid an additional premium pay of 30% of the basic wage for work on special days under Republic Act No. 9849 and rest days. Whenever work is performed on a rest day, which happens to be also a special day, he/she is entitled to an additional 50% of the basic wage;

- d) Overtime pay equivalent to at least 25% of the basic wage on ordinary days and 30% on regular holidays, special days and rest days for work beyond eight (8) hours per day;
- e) Night shift pay of an additional 10% of the basic wage for work between 10:00 pm and 6:00 am of the following day;
- f) Paid service incentive leave of five (5) days for every year of service;
- g) 13th month pay pursuant to Presidential Decree No. 851, as amended, which entitles the employee to receive an amount equivalent to 1/12 of the total basic salary earned within the calendar year, not later than 24 December of each year;
- h) Paid maternity leave of sixty (60) days for normal delivery or seventy eight (78) days for caesarian section delivery, pursuant to Republic Act No. 8282, otherwise known as the Social Security Act of 1997;
- i) Paid paternity leave of seven (7) days, pursuant to Republic Act No. 8187, otherwise known as Paternity Leave Act of 1996;
- j) Paid parental leave of seven (7) days for solo parents pursuant to Republic Act No. 8972, otherwise known as the Solo Parents' Welfare Act of 2000;
- k) Paid leave of ten (10) days for victims of violence against women and their children, pursuant to Republic Act No. 9262 otherwise known as the Anti-Violence Against Women and Their Children Act of 2004;
- l) Paid special leave of not more than sixty (60) days for women who underwent surgery caused by gynecological disorders, pursuant to Republic Act No. 9710, otherwise known as the Magna Carta of Women;
- m) Retirement pay upon reaching the age of sixty (60) or more, pursuant to Republic Act No. 7641; and
- n) Safe and healthful working conditions as provided under the Occupational Safety and Health Standards.

The collection agencies or entities are not precluded from providing commission-based collectors with the aforementioned benefits.

Section 6. Right to Security of Tenure. - Employees of collection agency or entity shall enjoy security of tenure in their employment as provided by law. Their employment can only be terminated for just or authorized causes pursuant to the provisions of the Labor Code, as amended.

Section 7. Observance of Required Standards of Due Process; Requirements of Notice. - In all cases of termination of employment, the standards of due process laid down in the Labor Code, as amended, and settled jurisprudence on the matter, must be observed. Thus, the following is hereby set out to clarify the standards of due process that must be observed:

- a) For termination of employment based on just causes as defined in the Code, the requirement of two written notices served on the collector shall observe the following:
 - 1. The first written notice should contain:
 - 1.1 The specific causes or grounds for termination;
 - 1.2 Detailed narration of the facts and circumstances that will serve as basis for the charge against the employee. A general description of the charge will not suffice;

- 1.3 The company rule, if any, that is violated and/or the ground that is being charged against the collector; and
- 1.4 A directive that the collector is given opportunity to submit a written explanation within a reasonable period.

"Reasonable period" should be construed as a period of at least five (5) calendar days from receipt of the notice to give the collector an opportunity to study the accusation, consult a union official or lawyer, gather data and evidence, and decide on the defenses against the complaint.

2. After serving the first notice, the collection agency or entity should afford the collector ample opportunity to be heard and to defend himself/herself with the assistance of his/her representative if he/she so desires, as provided in Article 292(b) of the Labor Code, as renumbered.

"Ample opportunity to be heard" means any meaningful opportunity (verbal or written) given to the employee to answer the charges against him/her and submit evidence in support of his/her defense, whether in a hearing, conference or some other fair, just and reasonable way. A formal hearing or conference becomes mandatory only when requested by the employee in writing or substantial evidentiary disputes exist or a company rule or practice requires it, or when similar circumstances justify it.

3. After determining that termination of employment is justified, the collection agency or entity contractor shall serve the collector a written notice of termination indicating that: (1) all circumstances involving the charge against the employees have been considered; and (2) the grounds have been established to justify the severance of their employment.

The foregoing notices shall be served on the collector's last known address.

- b) For termination of employment based on authorized causes defined in Article 298 of the Labor Code, as renumbered, the requirement of due process shall be deemed complied with upon service of a written notice to the collector and the appropriate regional office of the Department of Labor and Employment at least thirty days before the effectivity of the termination, specifying the ground or grounds for termination.
- c) If the termination is brought about by the completion of the contract or phase thereof, no prior notice is required. If the termination is brought about by the failure of a probationary contractor to meet the reasonable standards of the collection agency or entity, which was made known to the collector at the time of his/her employment, it shall be sufficient that a written notice is served upon the collector within a reasonable time prior to the expiration of the probationary period.

Section 8. Right to Self-Organization and Collective Bargaining.

Employees of collection agency or entity shall have the right to form, join or assist in the formation of a labor organization or association of their own choice for purposes of collective bargaining or for mutual aid or protection.

RULE III COMPENSATION

Section 1. Policy. - Collectors shall receive minimum wages. Productivity-improvement measures shall be introduced to ensure decent working standard for collectors and similar personnel and decent living standard for their families.

Section 2. Compensation Scheme. - The compensation scheme for the debt collection industry shall be consistent with the two-tiered wage policy that ensures minimum wage, mandatory wage-related benefits to collectors and encourages the voluntary adoption and implementation of productivity and/or performance-based pay.

The criteria/formula for the implementation of productivity and/or performance-based pay shall be mutually determined by the collection entity or agency and collectors upon agreement on the adoption of the same.

a. Minimum Wage and Wage-Related Benefits

i. Regular Employees

Collection entity or agency shall ensure that its regular collectors are receiving not less than the daily minimum wage rate prescribed by appropriate RTWPB and wage-related benefits.

ii. Collectors Paid with Wage and Commission

Collection entity or agency shall ensure that the daily applicable rate¹ of collectors paid with wage and commission shall not be less than the daily minimum wage rate prescribed by appropriate RTWPB and wage-related benefits.

The compensation for collectors paid with wage and commission shall be determined in accordance with the following:

1. The wage shall be based on an amount mutually agreed upon by the collection entities or agencies and the collectors.
2. The commission shall be computed based on the actual amount collected or cured by the collector or agency's collection fee.

¹ Applicable Daily Rate = Total Wage and Commission Received by the Collector for the Year/Factor. See Handbook of Statutory Monetary Benefits, 2014 Edition. Bureau of Working Conditions, Department of Labor and Employment.
Factors: 393.5 for those who are required to work everyday, including Sundays or rest days, special days and regular holidays
313 for those who do not work and are not considered paid on Sundays or rest days
261 for those who do not work and are not considered paid on Saturdays and Sundays or rest days

For this purpose, the computation of applicable daily rate and wage-related benefits shall include all amount received by collectors.

iii. Commission-Based Collectors

Collection entity or agency and commission-based collector shall agree on appropriate commission and on the parameters for the grant of the same considering industry standards and practice.

For this purpose, the collection industry shall come up with an industry standard formula, subject to the approval of the Secretary of the Labor and Employment, within three (3) months from the issuance of this Rules.

b. Productivity or Performance-Based Pay

Collection entity or agency and its collectors are encouraged to mutually agree on a productivity or performance-based incentive scheme which may take into consideration safety and business performance, given the productivity, performance, accident prevention, cost-savings and attainment of quota/targets.

The grant of productivity or performance-based pay shall not diminish existing gain-sharing arrangements, other forms of bonus and incentive being given to collectors and those provided under collective bargaining agreement.

Section 3. Technical Assistance by the RTWPB. - The Regional Tripartite Wages and Productivity Board shall formulate regulations, consistent with the existing guidelines issued by the National Wages and Productivity Commission, on the productivity and/or performance-based pay scheme.

The RTWPB shall issue advisories for productivity-based pay scheme and provide technical assistance in the development of parameters, criteria, formula in computation of productivity and/or performance-based pay scheme.

Section 4. Payment of Wages. - Unless there is an agreement to the contrary, the wages of collectors in the debt collection industry shall be paid in cash every after two weeks or at intervals not exceeding sixteen (16) days.

RULE IV SOCIAL PROTECTION

Section 1. Social Welfare Benefits. - Without prejudice to established company policy, collective bargaining agreement or other applicable employment agreement, all collectors shall be entitled to coverage for social welfare benefits such as Pag-IBIG Fund (Republic Act No. 7742), PhilHealth (Republic Act No. 7875, as amended by Republic Act No. 9241), Employees' Compensation Law (Presidential Decree No. 626), Social Security Law (Republic Act No 1161 as amended by Republic Act No. 8282) and other applicable laws.

Section 2. Livelihood Program and Support. - The DOLE, through its

Regional Offices, shall facilitate the access of collectors and members of their families to livelihood and temporary employment and income opportunities under the DOLE Integrated Livelihood and Emergency Employment Program, subject to compliance to the requirements under Department Order No. 137, Series of 2014.

RULE V LABOR-MANAGEMENT SCHEMES

Section 1. Labor-Management Schemes. - The National Conciliation and Mediation Board (NCMB) shall encourage and assist collection agencies in creating a labor management committee or any labor management mechanism that shall be composed of representatives from management and collectors. The committee is tasked to develop and implement labor-management schemes and welfare programs for the workers.

RULE VI COMPLIANCE AND ENFORCEMENT

Section 1. Enforcement of Labor Standards. - Compliance with minimum wages, wage-related benefits, hours of work and occupational safety and health standards shall be enforced by the appropriate DOLE-RO having jurisdiction over the principal office of the collection entities or agencies in accordance with the prescribed rules and regulations.

Consistent with Article 128 (Visitorial and Enforcement Power) of the Labor Code, as amended, the Regional Director through his/her duly authorized representatives, shall conduct assessment of workplaces, and shall have access to employer's records and premises at any time of the day or night whenever work is being undertaken therein, and the right to copy therefrom, to question any employee and investigate any fact, condition or matter which may be necessary to determine violations or which may aid in the enforcement of the Labor Code and of any labor law, wage order, or rules and regulations issued pursuant thereto.

The findings of the duly authorized representative shall be referred to the Regional Director for appropriate action as provided for in Article 128, and shall be furnished the collective bargaining agent, if any.

Based on the visitorial and enforcement power of the Secretary of Labor and Employment in Article 128 (a), (b), (c), and (d), the Regional Director shall issue compliance orders to give effect to the labor standards provisions of the Labor Code, other labor legislation, and this Guidelines.

Section 2. Violations of Employment Agreement. - Any violation of the provisions of the employment agreement uncovered during the conduct of assessment, as well as complaints filed relative to the other provisions of this Rules, shall be resolved through the Labor Laws Compliance System (LLCS) and conciliation-mediation services pursuant to Department Order No. 151, Series of 2016, as may be applicable.

RULE VII MISCELLANEOUS PROVISIONS

Section 1. Oversight Function of the TIPC. - The National Tripartite Industrial Peace Council (NTIPC), as created under Executive Order No. 49, series of 1998, and institutionalized under Republic Act No. 10395, shall serve as the oversight committee to monitor compliance of this Order.

Section 2. Review of the Issuance. - The provisions of this Rules shall be reviewed in consultation with the stakeholders, after six (6) months of implementation.

Section 3. Non-diminution of Benefits. - Nothing herein shall be construed to authorize diminution of benefits being enjoyed by collectors and similar personnel at the time of the issuance hereof.

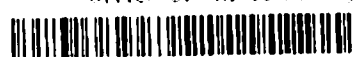
Section 4. Effect on Existing Company Policy, Contracts or CBAs. - The minimum benefits provided in this Guidelines shall be without prejudice to any company policy, contract, or Collective Bargaining Agreement (CBA) providing better terms and conditions of employment.

Section 5. Repealing Clause. - All policies, issuances, rules and regulations and agreements inconsistent with this Rules are hereby repealed or modified accordingly.

Section 6. Effectivity. - This Rules shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

Manila, Philippines, 26 May 2016.


ROSALINDA DIMAPILIS-BALDOZ
Secretary

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