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Online-Information Asia Pacific, Hong Kong; March 20 – 21, 2012

BIIA Business Information Forum 2012, Hong Kong March 21, 2012

Events - Events

LATE BREAKING NEWS

ACCIS: Responsible Lending and Borrowing - The Role of the Consumer Credit Information Industry

The *Association of Consumer Credit Information Suppliers (ACCIS)* devoted its entire annual conference (June 2011) to the topic of *Responsible Lending and Borrowing: The Role of the Consumer Credit Information Industry*. Association members discussed intensively the need to work with consumers (data subjects) and regulators to create greater awareness of the role of the consumer credit bureau industry in the lending process. Based on numerous presentations by members it is evident that the industry has fully embraced the concept of consumer education: Many credit bureaus have launched programs on financial literacy to avoid over-indebtedness. In many countries financial literacy courses are now part of elementary education.



One interesting example came from the German Credit Bureau Schufa. Using the metaphor “Schufa macht Schule” meaning “Schufa creates aspirations” the company launched a web-based program directed at young people and the teaching profession



providing relevant information on financial literacy, prevention of over-indebtedness and the role of Schufa in the German economy. The response from the teaching profession in particular was overwhelming, said Dr. Freytag, the CEO of Schufa. He also stated that regulators responded positively to this initiative. Dr. Freytag added: “We (the industry) must treat regulators as partners, not as enemies.”



The IFC (International Finance Corporation – World Bank Group) sent Tony Lythgoe to provide an overview of the current work of the IFC: The IFC has been very active in creating a broader public awareness of credit reporting and to work on global standards. He stated that the paradigm was shifting from a financial services only perspective to a systems point of perspective, embracing the concepts of full file reporting, financial inclusion of consumers, micro and SME businesses, and the prevention of over-indebtedness and promoting responsible lending.

The business of credit bureaus has existed for decades and more credit bureaus are being launched in emerging markets. Nevertheless, credit bureaus primarily served the financial services sector with the objective to prevent bad debt. In essence the benefits flowing only to the financial services sector.

Little attention was given to the consumer (data subject) until relatively recently when data subjects in South Africa rebelled. Out of ignorance many consumers believed that a credit bureau was a black list with the purpose of preventing black people gaining access to financial services. As a consequence the credit bureau industry in South Africa now faces a rather harsh regulatory regime, but the positive outcome was the introduction of consumer education in financial literacy starting at the elementary school level. At the same time the credit bureau industry became engaged in creating greater awareness of the role of information services in the financial services sector. This concept of transparency and consumer awareness is now being universally adopted by the credit bureau industry as evidenced by the intensive discussion at the recent ACCIS conference. **Source: BIIA at the ACCIS Annual Meeting**

LATE BREAKING NEWS

US Credit Report Quality: Vast Amount is Accurate According to PERC Study

US consumers can rest easier if they are concerned that there is a likelihood that errors in their credit reports are negatively affecting their credit worthiness, a new study released by the Policy and Economic Research Council (PERC) shows.

Conducted under rigorous peer review, the PERC research is the most comprehensive and statistically sound study to ever be performed on the accuracy of data collected and maintained by the three nationwide consumer reporting agencies Equifax, Experian and TransUnion, and the impact of credit report dispute outcomes. The study engaged more than 2000 consumers to examine credit report entries, spot potential inaccuracies, file disputes as necessary, and candidly discuss their satisfaction with the outcome.

The PERC study revealed:

- **0.93%** of all credit reports examined by the consumers prompted a dispute that resulted in a credit score correction and an increase of a credit score of 25 points or greater.
- After the dispute process ran its course, **one-half of one percent (0.50%)** of all credit reports examined by consumers had credit scores that moved to a higher “credit risk tier” as a result of a consumer dispute.
- **95 percent of all consumers** who participated in the dispute process were satisfied with the outcome.

“We found that a vast majority of credit reports are accurate and that it is rare for a credit report error to materially impact a consumer’s access to credit and the terms of that credit. The facts are that credit report errors are relatively infrequent, and that errors that negatively impact credit worthiness are significantly lower than one may suspect,” said **Dr. Michael Turner**, President and CEO of PERC. The full study, performed between February and May, 2010, engaged 2,338 consumers, who reviewed 3,876 credit file disclosures (credit report entries).

About PERC: The Policy and Economic Research Council (PERC) is a non-profit, non-partisan organization devoted to research, public education and outreach on public policy matters. PERC's goal is to educate and engage policy makers, consumers, the financial/economic community and the larger public, in the firm belief that a better informed public makes better decisions. Areas of expertise include information policy, economic development, credit access and the global information economy. The Council is funded by both for-profit and not-for-profit organizations that support the Institute's general mission and agenda.

Copies of the study, U.S. Consumer Credit Reports: Measuring Accuracy and Dispute Outcomes are available online at <http://perc.net/files/DQreport.pdf>.

European Data Protection: ACCIS Responds to Consultation of the EU Commission’s Comprehensive Approach to the Protection of Personal Data

The Association of Consumer Credit Information Suppliers (ACCIS) has produced this paper in response to the **Consultation on the Commission’s comprehensive approach on personal data protection in the European Union**. The fundamental premise on which ACCIS response is based is that the **Data Protection Directive (DPD) is still an efficient EU framework for data protection** even in this time where new technologies and globalization pose new and bigger challenges in assuring the privacy of personal data of individuals. [To access the document click on this link](#)

MEMBER NEWS

SINOTRUST: Feeling the Pulse of the Chinese MPV Market

Sinotrusted Research: The growth of the MPV market will outpace that of the sedan market in the future

Beijing, April 8, 2011----In 2010 the narrowly defined passenger vehicle market achieved a sales volume over 11 million units. Among its various segments, the sales growth of the SUV and the MPV segments is very impressive. The former ranks first with a growth rate of 100.4%, while the latter ranks second with a growth rate of 80.4%. At the "Auto Policy and Market Analysis Workshop" organized by the China Automobile Dealers Association and co-organized by the CPCA and Sinotrusted on April 8, Sinotrusted shared its insights into the Chinese MPV market in 2010. [To read the full story click on the link](#)

Source: Sinotrusted

Sinotrusted Holds Credit Risk Management for China Domestic Funded Enterprise 2011 Forum

Beijing, March 29, 2011----On March 29, the "Credit Risk Management for China Domestic Funded Enterprise 2011 Forum" organized by Sinotrusted was held in Beijing to address such issues as status quo & development trend, effective instruments and tools, successful practices and cases of domestic funded enterprises in respect of credit risk management, aiming to better tackle demand for credit management in China and provide a comprehensive and in-depth review in this area. [To read the full story click on the link](#)

TransUnion: Credit Card Delinquencies Drop Nearly 10 Percent, Continue to Move Downward to Levels Not Seen Since 1996

US consumers, in general, are repaying their credit card debt in a timely manner, with delinquency rates in the first quarter of 2011 reaching levels not seen in almost 15 years, according to new data released by TransUnion.

In the first quarter of 2011, the average credit card debt per borrower (defined as the aggregate balance on all bank-issued credit cards for an individual bankcard borrower) fell by 5.8 percent to \$4,679 from the previous quarter's average of \$4,965. This is the lowest average since the third quarter of 2000 (\$4,695) and is markedly lower than the peak experienced during the recession (\$5,776 1Q 2009). *Source: TransUnion*

D&B SAME Launches Second Credit Bureau in Ghana

D&B SAME is to start full time operations as the second credit bureau in Ghana from September 2011, a year after XDS Data launched as the first. It was granted a credit referencing provisional license by the Bank of Ghana in October 2010. Banks in Ghana have often cited the high loan default rates as a major factor influencing the high interest rates regime. But D&B's Ghana Chief Executive, Miguel Llenas stated the new bureau can help the situation. Once the bureau collects all information it needs from the banks by the end of this year, the loan default of 14 per cent will reduce to eight per cent in three years. D&B SAME is the leading provider of business-to-business credit, marketing, purchasing, collection services and decision-support services in South Asia & Middle East and a member of the D&B Worldwide Network. *Source: MyJoy Online*

INDUSTRY NEWS

Warburg Pincus Considers IndiaMart Investment

New Delhi/Bangalore, 7th May: Indian B2B e-commerce platform IndiaMart.com is reportedly engaged in advanced-stage talks with global private equity fund Warburg Pincus. IndiaMart will reportedly receive an investment of US\$33.4 million in exchange for a 10%-20% stake in the company. IndiaMart.com has previously received US\$10 million from Intel Capital in 2008, and approximately US\$3.5 million from Bennett, Coleman & Co Ltd in 2007 – at undisclosed valuations.

Established in 1996, IndiaMart.com claims to have over two million registered users and 2010 revenues of roughly US\$25 million. The company's revenues are generated through user subscriptions for various types of online directory listing services. **Source:** *Business Strategies Group Hong Kong* www.bsqasia.com

BIA/Kelsey says local search ad revenue will reach \$8.2 billion by 2015

Chantilly, Va.—Ad revenue from local online search will grow from \$5.1 billion last year to \$8.2 billion in 2015, representing a compound annual growth rate of 10%, according to a new report from BIA/Kelsey. The forecast is part of BIA/Kelsey's "U.S. Local Media Annual Forecast (2010-2015)," which is available to clients.

By 2015, 30% of total search revenue will come from local search, BIA/Kelsey projected.

"Local search ad revenues hit an all-time high last year, driven primarily by better product integration across search engines, especially Google," said Matt Booth, senior VP-program director of BIA/Kelsey's interactive local media practice, in a statement. "Revenues will continue to grow as better targeting, increased mobile usage and improving integration drive up local search activity," he said. More information about the report is available [here](#)

Experian Said to Be on the Prowl for Acquisitions in India

Experian is said to be looking for possible acquisitions in India, in sectors including web analytics, knowledge process outsourcing, business information and digital marketing.

According to the country's *Business Standard* site, Experian Services India MD and Country Manager Vikram Narayan said the firm was 'actively looking at acquisition opportunities to scale up operations'. Experian has made 25 acquisitions in the last five years, including Brazilian credit information bureau Serasa for \$1.272 billion and Narayan added: 'investment would never be a constraint for us'.

Experian already has a 49 per cent stake in India's second-largest credit information bureau, and is prevented from going further by Indian regulations which prevent overseas investor from owning majority stakes in this sector. Narayan therefore said the company was 'actively looking for buy-outs in other areas in which we operate'. The group's buys in recent months also include Shoreditch-based data-driven social media technology company [Techlightenment](#). The same month, its online competitive intelligence provider Experian Hitwise [launched](#) in India. It has also been active in developing a number of innovative partnerships in a variety of sectors, including deals with media tracker [TRA](#), software developer [INVIDI](#) and a new business venture with [BskyB](#) a year ago.

Source: [Press Commentary](#)

INDUSTRY NEWS

SEC Seeks Tighter Rules for Rating Agencies

Moody's compliance officer resigns. It is the fourth compliance officer in three years.

On May 18th 2011 the Securities and Exchange Commission advanced the rules for public comment after a 5-0 vote. The new rules, which were required under the financial overhaul passed last year by Congress, would force the agencies to provide more details about how they determine each rating. They would also bar the agencies' sales people from participating in the ratings process. And agencies would be required to review and potentially revise their ratings in cases where an employee was later hired by a company he or she rated.

The public has 60 days to comment on the rules. After that, the SEC would likely enact them, possibly with changes. Congress gave the SEC a formal deadline of mid-July, but the regulators have already indicated they won't meet that timeframe.

While critics of the rating agencies welcome such tighter rules it should be recognized that rating agencies may now become super cautious when it comes to new ratings or ratings reviews. They may refuse to rate certain corporate, governments, and structured finance securities altogether. New emerging industries will not be able to get ratings because of the lack of historical data.

Perhaps as a direct consequence of the tighter rules by the SEC it appears that the job of being a compliance officer at a rating agency becomes too complex and untenable. According to a report in the Wall Street Journal Moody's Investors Service's chief compliance officer has left his position which he held since August 2009. It is Moody's fourth compliance officer in three years. ***It may be quite feasible that others may want to leave the rating business as well. Who in the end will rate bonds?*** Source: Media Commentary

Dow Jones Unveils New Innovations to Factiva

Dow Jones and Company unveils a series of innovations to Factiva. These will include a new iPad app, more global content and a more intuitive user experience through its new interface, navigation and features. The tablet app and new features, including customizable "Snapshot" content views to illustrate key trends, will be available in nine languages. These changes will provide professionals with the ability to better access and utilize Factiva's global business intelligence.

Factiva's new user interface and customized information Snapshots will allow customers to monitor and find meaningful information more quickly. The new Snapshots capture a personalized view of information and events on a specific industry, company, region or topic in a single view with timelines, heat maps and charts to uncover and analyze business risks and opportunities. Factiva's new interface will also improve list and custom alert management as well as assisted search features such as auto-complete. Factiva users will also be able to rate preferred sources to give them higher prominence in search results. Both the new Factiva interface and Snapshots will be available beginning April 30.

Factiva is one of the largest digital business aggregators and archives in the world. It offers sophisticated monitoring and search of 31,000 high-quality sources in 26 languages, thousands of which are not accessible via common search engines. Source: Dow Jones

INDUSTRY NEWS

Data Used as Small Business Fraud Deterrent

Companies selling to small businesses and sole proprietors already face enormous challenges when investigating creditworthiness, even when it comes down to verifying the business owner's identity. "Clients face challenges unique to small business verification," said Jessica Ford of Experian, who noted that a number of items typical of a B2B credit investigation have made it an enticing arena for potential fraudsters.

"Many business transactions today still use ineffective or limited data sources in the review process. There continues to be an overreliance on single sources like public records checks," said Ford. "Public record checks are important, but should not be relied on exclusively, as this information alone can be easily manipulated." She added that organizations using single-source tools often review each application manually, rather than in the consumer arena where companies rely on several analytical tools to help them establish a consumer's fraud profile.

However, most of these tools are available for use in commercial transactions today, but simply aren't leveraged as often by the B2B credit granting community. "Today's tools have gone beyond verifying basic contact information on the business and/or guarantor," said Ford. "Commercial fraud tools have become increasingly sophisticated through the use of analytics. Analytics, combined with business and guarantor verification, improves operational efficiency and has allowed more focus on the riskiest accounts, improving time to revenue and making better use of people and monetary resources."

Experian has found that companies selling to small businesses can get a much clearer picture of their customer's creditworthiness by using these consumer tools, and consumer data, to shore up the dearth of commercial information available on the nation's small firms. "Small businesses frequently have little or no commercial information on file; without sufficient commercial data, evaluation of risk can be difficult," said Ford. "We've found that the use of blended data, combining consumer and business credit and demographic data assets, provides a better overall fraud risk assessment of the small business applicant. Blended data is highly predictive and can help offset an applicant's limited commercial footprint."

Ford and her Experian colleague Mary Kathryn Jarcy will offer these tips and more in "Protecting Your Company from Credit Fraud: Unlocking the Secrets of Small Business Risk," just one of the many timely and valuable sessions offered at NACM's upcoming Credit Congress, scheduled for May 22-25 in Nashville. To get a look at the rest of this year's program and plan your visit, [click here](#). *Courtesy of Jacob Barron, NACM staff writer*

Edgar Online Reports a Loss for Quarter Ended March 31st, 2011

Total revenues were \$6.0 million for the quarter ended March 31, 2011 compared to \$4.4 million for the quarter ended March 31, 2010, net loss was (\$3.1 million) for the quarter ended March 31, 2011 compared to (\$1.0 million) for the quarter ended March 31, 2010 and adjusted EBITDA was a loss of (\$1.5 million) for the quarter ended March 31, 2011 compared to (\$0.3 million) for the quarter ended March 31, 2010.

XBRL filings revenues were \$2.4 million for the quarter ended March 31, 2011, a 152 percent increase from the same quarter last year and a 36 percent increase from the prior quarter. Revenues from data and solutions and subscriptions were \$1.8 million and \$1.2 million, respectively, for the quarter ended March 31, 2011, representing decreases of 6 percent and 17 percent, respectively, from the quarter ended March 31, 2010. *Source: [Edgar Online](#)*

NEWS FROM CHINA

Poor Due Diligence: Fraud, Scams, Accounting Irregularities Rattle Stocks Of Chinese Companies Listed Abroad

Concerns about accounting irregularities of Chinese companies which are listed abroad have triggered a rout in their stocks. Indiscriminate buying has now given way to distrust. Like any emerging market, China has its fair share of fraud, scams and corporate governance fiascos, but a spate of scandals at Chinese companies listed in New York, Hong Kong and Toronto is increasingly unsettling investors. The US is at the center of the storm. In the past six months alone, more than 25 New York-listed Chinese companies have disclosed accounting discrepancies or seen their auditors resign. **Source:** [Financial Times](#)

People's Bank of China issues 27 E-payment Licenses

The People's Bank of China, or central bank, issued electronic payment licenses to 27 qualified third-party payment platforms in China on May 26th 2011.

Alipay.com Co Ltd (Alibaba Group); Tenpay.com (Tencent Holdings Ltd) and Shanpay (Shanda Interactive Entertainment Ltd) were the three most prominent recipients of licenses to operate electronic payment systems in China. Alipay, China's largest e-payment system stated that the license would allow the company to handle foreign exchange transactions, internet payments, mobile payments and debit card services. According to an analysis by *Analysys International* E-payments are playing an ever increasing role in China's 12th Five-Year Plan, which runs from 2011-2015. China's online payment market has been growing at an annual rate of more than 100% over the past five years - attracting more companies to enter the sector. The industry totaled RMB 600 billion by the end of last year, and the figure could exceed RMB 1 trillion in 2010. **Source:** [Business China](#)

McGraw Hill & Companies: Aviation Week Expands China Portfolio and Partnership

[Aviation Week](#) continues to reinforce its global presence in the Chinese business aviation market with new official media partnerships and an expanded portfolio linked to its long-standing Chinese partner, China Aviation Publishing & Media Co. Ltd. (CAPMC). In July, CAPMC will launch *Business & General Aviation (BGA)*, a bi-monthly publication closely connected to Aviation Week's [Business & Commercial Aviation \(BCA\)](#). Aviation Week will also launch a new Business Aviation Development Conference in Beijing in November 2011, an event that these print and online publications will cover in an official capacity. **Source:** [Press Release](#)

Global Sources Q1 revenue up 5.6%

Revenues were US\$37.5 million, up 5.6% compared with the US\$35.5 million recorded in the same quarter in 2010. Net income in the period was US\$3.5 million – a year-on-year decrease of 4.3% from US\$3.7 million in 2010. Diluted earnings per share in the quarter were US\$0.10. The Hong Kong-based company generated revenues of US\$27.2 million from its online business – 73% of total revenues – that is a 17% jump over the US\$23.2 million recorded last year. Its exhibition revenues dropped 2.8% from US\$4.5 million to US\$4.4 million this quarter and exhibitions accounted for 12% of the company's revenues. Revenues from Global Sources' print business continued to slip – down 29% from US\$6.7 million last year to US\$4.7 million. **Source:** [BSG Hong Kong](#)

FROM THE USER CORNER

Credit Managers' Index (CMI) Spells Trouble for US Economy

Drop in Sales Leads Decline in Both Manufacturing and Service Sectors

The bottom seemed to drop out of the economic recovery in May. The first signs of trouble started to manifest in April, but by the end of May these threats had become very real and the economy took some steps backwards. The [Credit Managers' Index \(CMI\)](#) data in April had hinted at the problems with declining numbers in areas like sales, credit extension and dollars beyond terms, but by May these areas and others showed definite strain. "The momentum of the economic rebound has been reversed for the time being and for reasons that should not come as a shock to many," said [Chris Kuehl, PhD](#), managing director of [Armada Corporate Intelligence](#) and National Association of Credit Management economic advisor.

The biggest drop in May was in sales. The 59.4 reading is the lowest since September 2010, and this decline was felt in both the manufacturing and service sectors. There is widespread concern that the consumer is retreating from spending again as retail numbers in general have been tepid. The only reason for an increase in retail activity is due to the hike in gas and food prices. These have forced more spending on the part of the consumer, but this spending has come at the expense of almost every category of retail.

"The CMI data reflects the decline in demand at the manufacturing and wholesale level, and it is very likely that consumer retail numbers will dip correspondingly in June," said Kuehl. "The CMI data generally presages activity in the consumer sector as it reflects the activity in the commercial sector."

There are other trouble areas showing up in the data this month. ***Dollar collections dropped to a level last seen in August 2010 as many companies found themselves in trouble as they were forced to start contending with inflation even as their business opportunities remain limited.*** This started to show up in April and has since accelerated. Within a very short period of time there will be cash flow challenges unless the expected demand manifests. The inflation that is complicating the financial situation for companies is also hitting the consumer and having a negative impact.

The index of favorable factors had been as high as 64.1 just three months ago in February. Now that index has fallen to levels not seen since October of last year. The index shows that there is still some growth in terms of credit applications and that bodes well for the future assuming that conditions improve and the rate of approvals starts to grow again. Right now there is still a sense that conditions will improve as the threat of inflation fades, but if the threat continues to advance there is likely to be another wave of negative responses.

"The most dramatic changes in the overall index represent an early warning of some bad times ahead if conditions do not improve on the inflation and growth fronts," said Kuehl. Three important categories have slipped into the 40s and that creates concern. The biggest drop was in dollars beyond terms—a slide from 50.7 to 46.5. Overall, the combined index fell 1.6%, from 55.8 to 54.2. Many companies are having problems staying current as the costs of inputs rise while their markets remain moribund. Kuehl said that, thus far, there has been little increase in areas like disputes, accounts out for collection and bankruptcies, but if the past is any pattern these areas will reflect the strain in the months to come as business customers continue to grapple with cash flow.

The online [CMI report for May 2011](#) contains the full commentary, complete with tables and graphs. CMI archives may also be viewed [online](#).

FROM THE USER CORNER

Purchasing Managers' Index (PMI) Reinforces Prospects of Gloom

Chicago version of the PMI in steep decline: The slowdown in manufacturing has been pretty sudden and the index reflects this rapid decline. For the past two years the motivation for manufacturing has come from a combination of export growth and the desire on the part of the business community to build inventory. Both of these have faded in recent months and now the question is whether these declines are temporary.

The Chicago version of the Purchasing Managers Index is not telling a very optimistic story. In February of this year the index posted the best numbers registered in over 22 years. It stood at 71.2 and in April it was still at 67.6. The latest incarnation of the index shows a steep decline to 56.6 and that is the lowest number since November of 2009. Granted the index is still above that magic number of 50 that determines the difference between contraction and expansion but it is now a short trip before dipping back to recession levels. The lowest reading for the index in recent years was in November of 2008n when it slumped all the way to 33.3. The Chicago index is not always a barometer for the bigger ISM index but the Chicago area is a very robust manufacturing community and numbers from this region are good indicators for the greater economy. *Courtesy Armada Corporate Intelligence*

Credit Information: Customers Turn Competitors

David Worlock, Co-Chair, Outsell Leadership Programs; Founder of Electronic Publishing and Chairman of BIIA said some time ago: ***“One of the oldest maxims of electronic publishing is that customers are the next competitors”***

This is precisely what is going on in commercial credit information: Two industry associations are competing with each other in offering what they call ‘freshly investigated’ credit reports. NACM (FCIB) (National Association of Credit Managers) and ICTF (The Association of International Credit & Trade Finance Professionals) are offering such products to their members. According to industry sources these credit reports are actually not created by the associations or its members, but they are sourced from a number of credit information companies both associations acting as distribution channels. No value is added by the respective associations.

In a recent communication on LinkedIn an ICTF spokesperson stated “ICTF works with the best local sources of credit information worldwide to provide the highest quality, freshly investigated credit reports - so depending on the region and type of company, we'll ensure with each order that you're getting the best financial information available from top credit agencies.”

The associations however do not define what the term ‘freshly investigated means’. Given the fact that generally speaking the credit information industry provides data from file based on ‘in-date’ rules, thus BIIA members would like to know which ‘in-date’ rules apply in the case of ‘freshly investigated’ credit reports.

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