

Member Alert: Equifax announce purchase of TDX for £200m Implications for the UK Credit Information Market

The acquisition of TDX by Equifax is a significant development in the UK Credit Information market for two reasons:

- Firstly it is the biggest investment that Equifax have made in the UK, since it commenced operations there in the late 1980s, early 1990s. Indeed the acquisition will have come as a surprise to many industry commentators and players since the perceived wisdom was that Equifax were focused primarily on the US.
- Secondly, Equifax will be the only consumer credit bureau in the UK to be able to offer an end to end solution from loan origination to debt management and collection to its customers. UK credit bureaus have tended to shun the ownership of such organisations primarily because of reputational risks associated with the area. Quite how the market will react to this move by Equifax is difficult to say at present.

In TDX, Equifax have acquired one of the fastest growing debt collection & management businesses in the UK. Accounts filed in December 2012, show revenues of £41m (up 24% on the previous year) and Operating Profit of £6.2m double the prior year. Equifax's announcement citing revenues of \$90m in 2013 (£55m) suggest that company has continued to grow strongly during 2013 and estimates would put operating profit in the range of £10-12m. At this level, Equifax appear to have paid a significant premium for the business, close to 4x revenue and possibly 15-20x EBITDA.

TDX was founded in 2004 and is headquartered in Nottingham. The company identified an opportunity to utilise data and analytics to help its customers to segment their collections portfolios more effectively and benefit from the higher collection rates of overdue accounts. In doing this it has built platforms which enable their customers to do a range of collection based activities:

- Use TDX's platform and analytics to determine which debts should be outsourced to which collection agencies to maximise the collection of overdue accounts.
- Using the same platform & analytics internally to deploy and manage the most effective collection strategies
- Provide solutions that make it easier for their customers to use the internet for collection purposes and to enable debtors to make electronic payments
- Enable Debt Collection Agencies to understand how they can improve their effectiveness and pricing to enable them to be an attractive proposition to companies using TDXs platforms
- In addition to these core services TDX provide platforms that enable its customers to manage the insolvency process and provide workflow software to insolvency practitioners.
- They also provide analytics and software for customers to manage the sale of debt and to monitor post sale compliance.

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An important part of TDXs offering at a time when the collections industry in the UK is facing an increasing compliance burden in the areas of treating customers fairly and right party contact, is that compliance is built into TDXs solutions. This makes outsourcing debt collection potentially a more attractive alternative to in house collections.

Perhaps one of the most interesting developments that TDX have undertaken recently is the development of its Helix database launched in 2012 which holds details of nearly 8m (sic) consumers in financial arrears. A brief overview of the solution is shown in the graphic below taken from their website at www.tdxgroup.com.

Helix
JOIN THE EVOLUTION

60 second summary

- 1 Helix is a data exchange we have built to capture and share data on consumers in financial arrears that isn't available anywhere else. It's the next step in the evolution to give clients access to our data and analytics – which is the DNA of what we do.
- 2 Our clients use Helix to share contact and payment information. Where a client's customer is already in the Helix database, new and unique contact information is gathered from other creditors and returned to the client giving them a more complete picture of their customer.
- 3 It means, for example, you can access contact details that another creditor has to help you contact a customer or you can find out which DCA is already getting payments from a customer when you are deciding which agency to place them with.
- 4 With over 8 million consumer records across Energy, Water, Telco, Government and Financial Services Helix has a unique breadth, depth and relevance of data available nowhere else.
- 5 Helix is easy to join and you can start sharing the benefits with zero IT integration using file exchanges already in place.

As Helix grows so do the benefits delivered. Join the evolution.

FREE MATCH REPORT We can prove the benefits of Helix by running a match report on your recent placement files; click here to discover how much value Helix can deliver for your business.



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The development of this data exchange potentially provides TDX with unique insights into the behaviour of consumers in financial arrears together with contact details and payment history.

It is easy to see how strategically TDX could complement Equifax's core credit bureau operations in the UK and with it also having a footprint in USA, Australia and Italy; it will be interesting to see if Equifax intend to develop TDX into a global leader in data and analytics for collections.

Whatever else happens, competition in the UK consumer credit information market has just got a little hotter.

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TDX Group wins "Best Use of Technology" at the Utilities & Telecoms awards

TDX Group, the UK's leading provider of data and technology-driven debt solutions, has won "Best Use of Technology" for online and mobile debt payment portal, Payments Place, at the Credit Today Utilities & Telecoms awards.

This award follows a win for "Credit Marketing Campaign of the Year" for data exchange HeliX at the Credit Today Awards in May.

Launched in the UK in March 2012, and in Spain in April 2013, Payments Place enables debtors to pay back their debt online, and gives creditors and Debt Collection Agencies (DCAs) a secure, easy-to-use channel to accept payments and maximise their activities with tailored collections strategies and campaigns.

Carlos Orsorio, Director, e-collections and payment services, TDX Group, says, "We're delighted to have won this award which recognises that our industry is embracing new tools to service the needs of the 21st century consumer. Digital channels, multi-platform and 24/7 capability are now expected by the consumer and the TDX team has worked tirelessly to develop Payments Place to meet this growing demand from both our clients and their consumers. We look forward to the next evolution in this journey."