

September 2005 Newsletter

Dear Members,

Since the June launch meeting in Barcelona we have received the official certificate of incorporation. BIIA is now a legal entity. We can begin with the task of building a viable industry association. BIIA management thanks all initiating members for their effort in participating in the launch meeting. It was a reconfirmation of the benefits of acting as a united front to promote and protect our industry.

As you know, your association stands and falls with the active participation of its members. BIIA needs volunteers to be seen as an active force in promoting its interest and to tackle difficult issues concerning standards, regulations, data security and privacy. BIIA encourages you to recommend individuals who are qualified and willing to assist in achieving BIIA's objectives. The minutes of the Barcelona meetings contained some action items. Unfortunately there has been no response to date. Specific areas which need attention are highlighted below.

Proposed Events: BIIA has an opportunity to leverage the presence of key international credit executives at FCIB's 2nd China International Credit and Risk Management Conference in Shanghai, PRC, for a dialog with our members in a proposed Commercial Credit Information Industry Forum. FCIB's 2nd China International Credit and Risk Management Conference will take place on December 7th to 9th in Shanghai, PRC. (See details in the last section of this newsletter).

BIIA Welcomes New Members:

Since Barcelona D&B Israel and PT Dun & Bradstreet IndoBizInfo have decided to join the association. Thank you and welcome!

Prospective Members:

Each member is encouraged to begin a dialog with other information companies in their respective markets asking them to join the association (**Action item: Barcelona minutes**). We have an inquiry from LexisNexis, Beijing as the result of a recent EPS Insights article.

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Business Information Industry Association Asia Pacific – Middle East Limited

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Telephone: +852 2525 6120 Fax: +852 2525 6171; E-mail: info@biiia.com

Registered Office: 6/F ICBC Tower, Citibank Plaza, 3 Garden Road, Hong Kong

Communication with BIIA Management

Please feel free to contact BIIA management (+1 201 670 8950 or iejicb@attglobal.net) to discuss industry issues of concern. In addition members should appoint a liaison who will be the principle contact and responsible to interact with BIIA management (**Action item: Barcelona minutes**).

Website Development:

The initial principal communications tool will be the association website. Please take a look at the latest layout and content. The Website is still under construction therefore please pardon the appearance. Some of the pages, particularly the member section will be data-based (member directories – password management etc) and due to budget constraints it will take a while to be completed. Suggestions concerning objectives, mission, and other content are always welcome.

Members are requested to check their respective listings whether they are correct (**Action item: Barcelona minutes**). Members should provide press releases and news items for listing in the BIIA website. Contribution to industry directory: Members to provide a list of all industry players in their respective countries: Name, principal business activity and web-address only (**Action item: Barcelona minutes**).

Contributions to BIIA Library: Articles of interest and presentations related to industry standards, privacy, data security, compliance, value of information (**Action item: Barcelona minutes**). Please contribute such items as soon as they become available.

Association Governance – Election of Directors:

Election of three additional board members plus chairperson. Nominations have been received as follows:

- Christine Christian as chairperson
- Lawrence Yee, Director – Sharon Yeo as substitute in the absence of LY
- Jack Intanate
- Lim Hua Min
- Rajesh Mirchandani

Action: Further nominations are welcome; especially our new members are invited to submit nominations of their candidates by September 15th. 2005.

The election of the chairperson and directors will be held in due course by calling an Extraordinary General Meeting (EGM) of full members. We will hold the meeting by proxy.

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The reason for the delay is technical: According to the articles of the association a full member becomes a full member after payment of membership fees. Therefore we need to wait until members have paid their membership fees. **So what is holding up billing and the payment of membership fees?**

Blame 9/11. Since that date all bank regulations have been tightened to prevent money laundering. Hong Kong banks require that all founding directors appear in person to set up BIIA's account. That would be a logistical problem if all seven directors have to be present at the same time. Fortunately we have currently only three directors. Bartels and Woodward as directors will visit the HSBC Bank in mid September to set up a bank account. Our third director David Worlock will have to present himself at HSBC's London office. In addition the bank requires certain representations, which are in the process of being prepared by BIIA's legal counsel Bird & Bird. All this takes time, but once we have a bank account, we can invoice members, collect fees and set the date for the EGM to vote for the additional slate of directors.

From that point forward the board of directors can work with BIIA management on a business plan and setting the agenda for 2006.

Industry Forum: Opportunity to hold the first Commercial Credit Information Industry Forum in conjunction with FCIB's 2nd China International Credit and Risk Management Conference in Shanghai December 7th to 9th, 2005

One of the principal objectives of BIIA is to become a neutral forum of information content companies in Asia Pacific and the Middle East to promote, protect and inform the industry. BIIA to serve as a platform for networking and informing users, regulators, governments and the general public about the value of information services.

BIIA management proposal:

- Leverage the availability of international credit managers attending the FCIB conference in Shanghai. FCIB has shown interest in having a dialog with the credit information industry.
- Meeting with up to 10 key representatives of international credit management to discuss important issues concerning credit management needs, data sharing (trade), industry standards, data security etc.
- Invite credit insurers
- Invite regulators

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- Proposed date for the forum: Either December 7th or 10th (before or after the FCIB meeting)
- Prior to the forum BIIA could hold its first annual meeting and a full directors meeting. That would set the stage for the agenda for 2006
- Members could leverage their visit to Shanghai to visit FCIB's 2nd China International Credit and Risk Management Conference
- BIIA management to join FCIB Global in order to be 'institutionally connected'

Action Items: Would members please:

- Inform BIIA management about their opinion concerning this proposal to hold an annual meeting, board meeting and the Commercial Credit Information Forum at the proposed dates in Shanghai.
- Submit their key issues to be debated in the Forum.
- Suggest candidates to be invited to the Forum
- Provide volunteers to work with BIIA management organizing the Forum

FCIB June 2005 Conference Brussels:

For example the following issues were debated by FCIB credit managers in FCIB's June 2005 conference. Unfortunately nobody from the information industry participated in the discussion (Graydon, UK had a delegate at the conference). Having credit management debate information issues without a constructive input from the information industry, usually leads to wrong conclusions, perceptions and attitudes. BIIA management will make an effort to represent BIIA at important FCIB meetings in Europe and the USA in order to inform the membership. An excerpt of the outcome of the discussions is provided by BIIA management below the issues statement.

THE 'TWO SETS OF BOOKS' SYNDROME: There is an unresolved issue about the 'Two Sets of Books' Syndrome. With the Enron, Worldcom, Parmalat, etc scandals we seem to have come, once again, full circle: Off-balance sheet transactions, lack of transparency, conflict of interest and fraud all bring into question the reliability of financial statements and the quality of audits. What are the alternatives if one cannot trust audited financial statements?

Excerpt from the discussions: In general financial statements from non-public companies are considered unreliable especially those from developing countries, Latin America and Southern Europe. Credit managers are aware that financial statements can be manipulated and there is little they can do about it.

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European credit managers tend to seek protection in credit insurance. Other credit managers indicated the practice to establish a closer rapport with the client to gain better insights about the financial condition of the client and industry benchmarks. Nevertheless there is a limit to personal contacts especially when client portfolio exceeds 25,000 credit cases. No suggestions were forthcoming about alternatives, other than credit insurance.

THE IMPORTANCE OF FINANCIAL STATEMENTS IN CREDIT ASSESSMENT: Statisticians in information companies tend to suggest that credit scores based on trade information and public record are better insolvency and delinquency predictors than balance sheets. Some people in the information industry are therefore thinking aloud about not including balance sheets in credit reports in order to save cost. The question must therefore be 'How important are financial statements today in credit assessment'?

Excerpt of the discussions: Financial statements are just one component in the analysis. Would credit management do without it? In important cases is still an important element in risk assessment. Would businesses not conduct business due to unreliable financial statements? The answer is no, it is all about taking risk!

CREDIT FRATERNITY INTERVENTION WITH THE WORLD BANK: Credit and Information are intertwined. The World Bank stresses the importance of information in risk assessment and has now become the champion for information pooling in emerging markets concentrating on the financial sector only (consumer and commercial credit bureaus). This leaves out other credit grantors (trade credit). Should the credit fraternity (FCIB) intervene to obtain access to such information for its members?

Excerpt of the discussions: The FCIB has now started a dialog with the World Bank, especially to see whether they can have access to closed user groups such as bank credit bureaus. The trade credit fraternity considers trade credit just as important as bank credit.

THE VALUE OF CREDIT INFORMATION AND CREDIT MANAGEMENT: The World Bank stresses credit and information, but the 'three actual essentials' are credit, information and credit management. Since the World Bank has left credit management out of the equation and in the light of the increasing complexity in granting credit in world markets, how important is it that information companies and credit management work together to improve the value of information?

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Excerpt of the discussions: Credit managers thought a dialog would be a positive development and essential in order to improve the reliability, accuracy and timeliness of information. One credit manager explained how his company works with information companies in China to improve the quality and availability of 'business intelligence'. In the past three years he has noted an improvement in business intelligence in Northern Asia.

SUPPORT FOR NEW EU MEMBERS (Eastern Europe - Need for Trade Information): Is there a perceived need for more communication and interaction with peers as a result of the support for additional EU members in countries with incomplete or poorly developed trade information distribution?

Excerpt of the discussions: There was hardly any discussion concerning this issue. Trade information deemed to be important; however in the absence of information companies stepping up to the plate as a reliable conduit for such information little will be accomplished.

THE ACQUISITION OF CREDIT LIMITS (outsourcing of credit limits): Are members aware of a source whereby 'credit limits can be acquired' on a contractual basis, i.e. can that component of the credit function being outsourced? If so, what are members' experiences? This essentially means credit limits being assessed, but no automated credit limits granted like those generated from credit information suppliers.

Excerpt of the discussions: In general terms there appears to be an interest in outsourcing credit limits to third parties. However such credit limits would be used as benchmarks rather than a fixed limit. European credit managers tend to outsource their credit decisions to credit insurers thus not relying on information. Others believe that credit limits are too important to be outsourced. One FCIB member indicated the use of a credit scoring tool called eRAM, The results are not taken as 'final truth', but are an important input in the decision process.

Summary Comments by BIIA Management:

Above statements are examples of issues that can be debated in a BIIA Commercial Credit Information Industry Forum. In previous FCIB meetings the issue of the DUNS NUMBER as a monopolistic tool was debated. One credit insurer commented that an alternative to the DUNS NUMBER had to be created. A repeated issue is the lack of trade information in developing markets. This represents an outstanding opportunity for the industry to work with credit management on information pooling.

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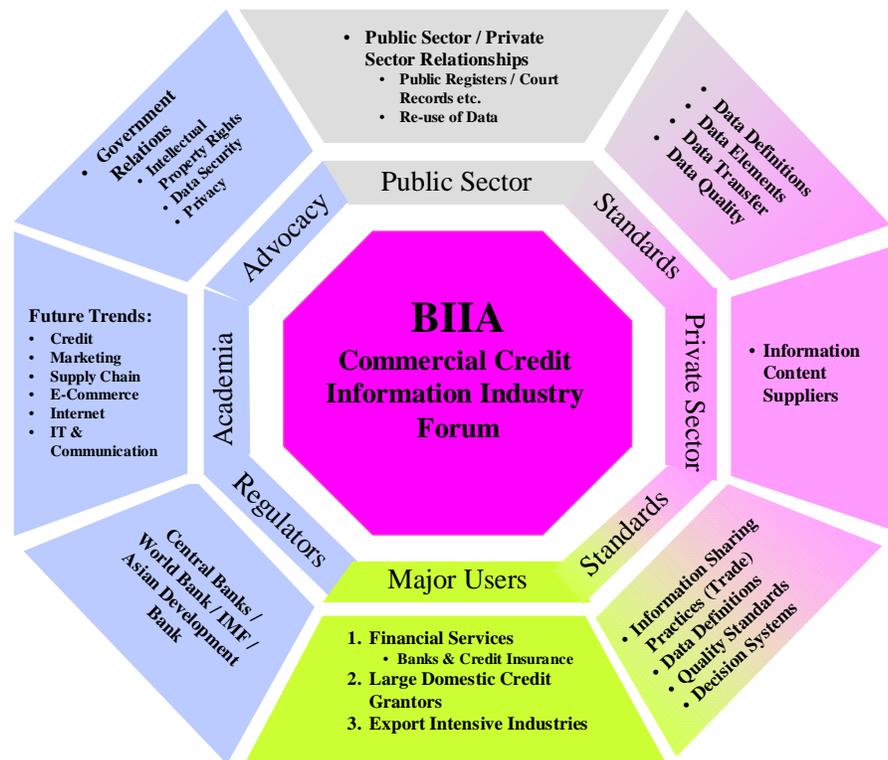
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Conceptual Illustration of the Commercial Credit Information Industry Forum



8/28/2005 Business Information Industry Association Asia Pacific - Middle East - Commercial Credit Information Industry Forum 1

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