BIIA NEWSLETTER

Market Intelligence - Industry Developments & Trends - Information Technology - Regulatory Issues - User Community

BIIA NEWSLETTER ISSUE 10 - 08

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EVENTS

NEWS FROM THE 6TH WORLD CONSUMER CREDIT REPORTING CONFERENCE

The 6th World Consumer Credit Reporting Conference was held in Rio de Janeiro, Brazil. The presidents of CDIA (Consumer Data Industry Association), ACCIS (Association of European Consumer Credit Information Services) as well as the Latin American host ALACRED opened the conference and discussed the ongoing challenges facing the consumer credit information industry. In light of the global financial meltdown regulatory pressures are likely to intensify. However the crisis should be viewed as an opportunity to engage with regulators, to promote the values of the industry, transparency and to explain decision sciences. The conference agenda dealt with policy issues, best demonstrated practices and new trends in consumer credit reporting. The sobering effect of the credit crunch was felt throughout the conference especially in off-line discussions amongst industry executives.

One of the keynote speakers Peer Stein of the IFC (World Bank Group) however departed from his prepared speech and discussed the latest implications of the credit crunch on the consumer credit reporting industry. He stated that the crisis required a rethinking of how information was being used in the lending process and the creation of complex securitized financial instruments. This process should be viewed as an opportunity by the consumer credit reporting industry. The likely outcome of the credit crunch would be more risk based supervision. An increased emphasis on prudent and responsible lending avoiding over-indebtedness. There would be greater focus on consumer education and financial literacy, said Peer Stein. To read more about the conference please consult next page.

The principal organizers of the 6th WCCR were: CDIA, ACCIS and ALACRED.

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LATE BREAKING NEWS

OBSERVATIONS FROM RECENT 6TH WCCR CONFERENCE IN RIO DE JANEIRO

Full House in Rio de Janeiro: 175 visitors from 45 countries attended the WCCR. Thanks to the organizing committee and host country organizers it was an informative and memorable event.

BIIA Members Christine Christian, Sally Liu and Steve Brown of D&B Australia

As in the past the ***6th World Consumer Credit Reporting Conference*** (WCCR) brought together credit bureau experts, bankers, and regulators to debate common issues concerning developments in key markets around the world.

In line with its tradition, to hold the WCCR in different locations, it has in its 10 year history literally moved around the world encompassing both northern and southern hemispheres. When Rio was picked as the conference venue the world of finance seemed to be still in order. In the meantime the credit crunch has completely altered national and global financial systems, therefore in hindsight the conference should have been held in Washington or Brussels, where the regulatory worlds of tomorrow are being reshaped and where the WCCR could have an impact.

It was also noteworthy that the world's largest credit bureaus: mainly China and the US were not represented by their chief executives.

So where are we going from here? General feeling was that we live in interesting times and the consumer credit reporting industry will have to battle with individual regulatory regimes. The acrimonious commentary by regulators and legislators on Capitol Hill and in Brussels indicate the shape of things to come. Perhaps a more concerted global effort under the umbrella of a neutral institution may help. However, with local states in the USA, the EU Commission and individual countries hanging on to their respective regulatory turfs, may be wishful thinking (more on page 22).

Peer Stein of the IFC stated that one needs to support responsible lending, especially in the wake of the current crisis. That may be true, but a representative of the banking industry at the ACCIS meeting in Florence told him otherwise: It was a banking responsibility. Stein also recommended a change in perceptions and building awareness, trust and invest in financial education and literary. Credit bureaus should take a broader direct role in financial education initiatives in their home countries. In light of the renewed attacks on the consumer information industry this is an important initiative to pursue. Perhaps what is required from the IFC and the Word Bank is a greater involvement in stressing the values of information in the financial sector in developed countries, before regulators throw out the proverbial baby with the bathwater (impairing transparency). The IFC's messages about transparency are taking hold in emerging markets; however regulators in the USA and Europe appear to move in the opposite direction.

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LATE BREAKING NEWS

OBSERVATIONS FROM RECENT IFC 3rd GLOBAL CREDIT CONFERENCE

Tariq NasimJan of DataCheck, Pakistan exchanges insights with Arun Thukral, of CRIBIL, India

Carlo Gherardi (CRIF) and Peer Stein (IFC) enjoying a light moment

In conjunction with the 6th WCCR conference **the International Finance Corporation (IFC – World Bank Group) organized its 3rd Global Credit Conference.**

The purpose of the conference to discuss public policy and innovative solutions for emerging markets and to share experiences. The IFC reported that roughly two-thirds of the population in emerging markets remain unbanked and underserved. Attendees were informed of important new trends and challenges. It was also said that significant differences in regional coverage and development persists. Many countries have introduced mandatory participation in credit bureaus. Licensing and regulation of credit bureaus is a new area with little global experience. Inclusion in microfinance and non-bank information sources is often precluded by legal barriers and technological challenges. In addition counties are lacking borrower identification and weak IT infrastructure. Once presentations become available they will be posted in the BIIA industry library.

Financial literacy and responsible lending was a key topic on the agenda. Financial literacy has been chosen as a key initiative in several countries to avoid over-indebtedness. One of the most compelling presentations in this regard came from ***Banco Central de Brasil***.

Brazil made it a strategic initiative to integrate financial education into people's lives. Broaden the populations understanding of finance and the economy, so that they are able to make educated decisions concerning their financial lives. It intends to imbed financial education into the national curriculum for students and extend its program to adult education. For more information contact: linaldo@bcb.gov.br

IFC Progress Report: With regard to credit bureau progress in emerging markets the IFC stated that in 1974 there were 20 credit bureaus in the world, mostly in developed countries. Today the number of credit bureaus has grown to 90, providing the evidence about the importance of the concept of information pooling and quality credit information in economic development

ADDITIONAL COMMENTARY FROM THE WCCR CONFERENCE

Apart from regional presentations, there was considerable emphasis placed on full file reporting and expanding databases. Data security, credit scoring and the blending of consumer data for SME were intensively discussed. BIIA has posted the presentation from JCIC Taiwan on "blending of consumer data for small enterprise use" on: http://www.biia.com/library.php#225

As soon as electronic versions of presentations become available they will be posted in the Industry Library Section of www.biia.com

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LATE BREAKING NEWS

THE CREDIT CRUNCH EFFECT: FINANCIAL MELTDOWN

As equities of major information providers started to recover in September, the October financial meltdown gave shareholder value a further blow.

EXECUTIVES COMMENT ON CURRENT ECONOMIC AND BUSINESS CLIMATE

Equifax: "I am pleased with the solid earnings performance this quarter which was accomplished in one of the most challenging environments many of us have ever experienced. We continue to aggressively manage our costs, to ensure that we are operating as efficiently as possible, while realigning our resources against key strategic opportunities. Our strong financial position enables us to continue investing in new product innovation, new markets and geographic expansion to support both near-term and long-term revenue growth," said ***Richard F. Smith, Equifax's Chairman and Chief Executive Officer.***

Raymond McDaniel, Chairman and Chief Executive Officer of Moody's, said, "Moody's results in the third quarter were adversely impacted by the credit markets freeze, which worsened materially in mid-September. Since then, market conditions have eased only slightly and the pace of recovery remains uncertain." Mr. McDaniel added, "Given these conditions, we will continue to develop areas of our business that produce recurring revenue and maintain our focus on cost management. In addition, we are revising our 2008 earnings guidance downward.

Experian: "In a challenging environment, Experian saw acceleration in second quarter growth, to give a good overall performance for the first half, benefiting from the balance, diversity and counter-cyclicality that has been built into the portfolio. Total revenue growth for the half was 13%, with organic revenue growth of 3% (Q1 +1%, Q2 +5%). "This is a dynamic time for the global economy. Our markets are in the midst of significant change, which we expect to last for some time. This new environment will require our clients to strengthen risk management and optimize collections activities across their organizations. We have adapted our business to meet our clients' priorities quickly, utilizing the breadth of Experian products. We remain vigilant on costs and are focused on driving profit growth." ***Don Robert, Chief Executive Officer***

SUPPORT BIIA'S MEMBERSHIP DRIVE: RECRUIT A NEW INDUSTRY MEMBER TODAY

LATE BREAKING NEWS

EXECUTIVES COMMENT ON CURRENT ECONOMIC AND BUSINESS CLIMATE

McGraw-Hill Companies: "A double-digit increase at S&P Investment Services, a strong performance by our elementary-high school products in state new adoptions, growth in U.S. college and university sales, and strength in news and pricing services for global energy markets underscored our diversity and helped cushion the downturn in credit and education markets in the third quarter. Ongoing cost containment and cost reduction activities continue to be a high priority for us in this environment." said ***Harold McGraw III, chairman, president and chief executive officer of The McGraw-Hill Companies.***

Dun & Bradstreet Corporation: "It's been three months since we hosted our Investor Day event, and the economic world has certainly changed since then. While the environment has gotten tougher for all companies, including ours, D&B is managing well through these times by focusing on things that are under our control."

"I'm very proud of how our team has responded so far, and how we continue to perform as a company. This is supported by our solid third quarter results, and our guidance for the full year. We continue to generate solid top-line growth and strong earnings across the board, and we feel good about this performance. Third quarter revenue was up 8%. Operating income improved by 12%. EPS grew 14%, marking our 32nd consecutive quarter of double-digit earnings growth. We generated strong free cash flow of $273 million year to date, up 9%."

"Our expectations are that the economic environment will continue to be challenging. This is reflected in our revenue guidance for 2008, as we expect to deliver approximately 8% top-line growth for the year*."* ***Steve Alesio, our Chairman and Chief Executive Officer***

CREDIT CRUNCH DERAILS SALE OF REED BUSINESS INFORMATION

Reed Elsevier's sale of Reed Business information has taken a new twist. The asking price of £1.25 billion has been reduced below £ 1 billion and rumors indicate a revised valuation of £ 800 – 750 million. Reed Elsevier counted on a top valuation to pay for the ChoicePoint acquisition which was financed with short term debt. The reduced value of the Pound Sterling does not help here either. ***Source: PASSWORD Germany***

THOMSON –REUTERS ANTICIPATES REDUCED INFORMATION CONSUMPTION

The credit crunch has reached Thomson-Reuters according to an internal memorandum from Devin Wenig, Chief Executive Officer of the Markets Division of Thomson Reuters: The largest 25 clients are contemplating reducing their information budgets, hence restructuring is being contemplated. He is being quoted: "We are in a period of unprecedented change that seems to be unfolding in real time".

Source: PASSWORD Germany

CREDIT SCORING AND THE CREDIT CRUNCH

QUOTE OF THE MONTH: "We have been pretty much using the same tools now for a decade. The techniques that worked in the last business cycle don't work as well anymore." *Dennis Santiago, CEO of Institutional Risk Analytics, reportedly saying the Wall Street crisis has exposed some fundamental shortcomings in risk-modeling technologies and analytics* ***Source: Asian Banker***

LATE BREAKING NEWS

CREDIT CRUNCH HITS US RETAIL INDUSTRY HARD

BIIA Affiliate Industry Association member Bernhard Sands has changed credit recommendations on 1,200 accounts in the last thirty days.

Retail bankruptcies are rising this year as the consumer spending drought, brought on by high fuel prices, rising food prices, the housing slump, a severe credit crunch and a weakening job market, has reached a critical level. The retailing landscape is shifting, with vacancies at the nation's malls and strip centers on the rise. To learn more about Bernard Sands contact: ***info@bernardsands.com***

EXPERIAN DIVESTS FRENCH TRANSACTION PROCESSING ACTIVITIES

Experian announces that it has reached an agreement to sell its transaction processing activities in France, which includes its card processing and business process outsourcing activities, to Advent International and Doc@Post (a subsidiary of La Poste) respectively. The sale is subject to certain conditions precedent, including clearance from the French competition authorities. Completion is currently expected to occur before the end of 2008.

The agreed gross cash consideration is E203m, on a debt and cash free basis. After taxes and other transaction costs net cash inflow is estimated to be approximately E150m. Proceeds from the sale will be used to repay bank borrowings. For the year ended 31 March 2008, revenue from Experian's transaction processing activities in France was E240m (US$341m) and EBIT was E26m (US$37m***).*** ***Source: Experian Press Release***

EXPERIAN COMPLETES STRATEGIC REVIEW OF PriceGrabber AND RECONSIDERS DIVESTMENT

In February, Experian also announced that it was undertaking a review of PriceGrabber and its fit within the Experian portfolio. As part of this process, Experian considered a divestment of the business and talked to a number of parties. However, in light of the current funding environment for potential buyers, Experian has concluded that at this time divestment is not in the best interests of shareholders.

Source: Experian Press Release

EXPERIAN ACQUIRES MINORITY STAKE IN DP INFORMATION GROUP SINGAPORE

Experian has acquired a 40% stake in DP Information Group (DP). Founded in 1978, DP provides credit information on companies (including small and medium sized enterprises) and consumers, corporate credit ratings, consumer scoring activities, portfolio management and collections services. In addition, DP Information Group provides marketing lists and campaign management services. In 2007, DP was awarded a license to operate the second consumer credit bureau in Singapore. DP also has a minority equity ownership in BRIS, a business information provider in Malaysia. Revenue for DP in the year to 31 December 2007 was US$11.4m and gross assets as at 31 December 2007 were approximately US$8m. The minority stake in DP was acquired from its founders and will form part of Experian's Credit Services activities. ***Source: Experian Press Release***

LATE BREAKING NEWS

D&B AUSTRALIA ACQUIRES DECISION INTELLECT

Dun & Bradstreet has acquired Australia's leading credit decisioning business, Decision Intellect. The acquisition will further fuel Dun & Bradstreet's growth in the consumer credit reporting market while adding to its already dominant commercial credit services. Decision Intellect provides credit decisioning tools and services to Australian credit providers, enhancing the ability of those organizations to make immediate and accurate credit decisions. ***Source: D&B Australia. To read the entire story click on: http://www.biia.com/press.php***

S&P's CAPITAL IQ, ACQUIRES COPY OF REUTERS ESTIMATES AND REUTERS-RESEARCH ON-DEMAND DATABASES

NEW YORK, N.Y., October 7, 2008 – Capital IQ, a Standard & Poor's business, today announced that it has agreed to acquire a copy of the Reuters Estimates and the Reuters Research-on-Demand databases, as well as training materials, source documents and other related assets and services from Thomson Reuters, subject to certain third party consents. The agreement accelerates Capital IQ's own estimates database project and launches Capital IQ into the aftermarket research market place. The acquisition rounds out Capital IQ's data offering adding another piece in its comprehensive global analytical solution. ***Source: S&P Press Release***

LEXISNEXIS COMPLETES CHOICEPOINT ACQUISTION

Federal Trade Commission (the "FTC") on notified ChoicePoint Inc. that, subject to the FTC's Order of September 15, 2008, the FTC has granted termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended, with respect to the proposed acquisition of ChoicePoint by Reed Elsevier Group plc ("Reed Elsevier"). All of the closing conditions as described in the Agreement and Plan of Merger, dated February 20, 2008, among ChoicePoint, Reed Elsevier and Deuce Acquisition Inc. have been satisfied or are expected to be satisfied by the closing. ***Source: http://www.choicepoint.com/***

LEXISNEXIS TRANSFORMATION TO ACCELERATE WITH CHOICEPOINT

LexisNexis® outlined its vision for the integration of ChoicePoint® as part of its transformation, following the recent completion of the $4.1 billion purchase of ChoicePoint by LexisNexis' parent company, Reed Elsevier. The integration of ChoicePoint represents a major milestone in LexisNexis' transformation into the world's leading provider of innovative, customized content, analytic and workflow solutions for legal and risk professionals.

ChoicePoint will become part of the LexisNexis Risk & Information Analytics Group. The combination catapults LexisNexis to a leadership position in the rapidly-growing global risk information market, already estimated to be worth $15 billion. The newly integrated business unit will also offer significant benefits to legal customers. The public records offered by LexisNexis will also provide an unsurpassed resource for both corporate and private practice legal professionals. In conjunction with the integration of ChoicePoint LexisNexis announced ***Three Key Strategic Initiatives*** each developed and implemented in close collaboration with customers: Deliver Tomorrow's Risk Information Analytics Solutions with the Addition of ChoicePoint. Help Legal Professionals Achieve Excellence in the Practice and Business of Law. Rapidly Expand in Key International Markets: ***To read the full story click on: http://www.lexisnexis.com or http://www.biia.com/press.php***

Source: LexisNexis Press Release

MEMBER NEWS

TRANSUNION'S SMARTMOVE PROVIDES INDEPENDENT RENTAL OWNERS WITH NEW LEVEL OF RISK INSIGHT

TransUnion announced the launch of SmartMove (http://www.mysmartmove.com/), an affordable online solution to help independent rental owners and multi-family operators better evaluate prospective applicants' rental applications. The solution comes at a time when new renters may be re-entering the rental market due to a deteriorating housing market and current homeowners are converting their houses into rental properties in response to a slumping housing market. While applicant screening is becoming more widely adopted by independent rental owners, it is often time consuming and expensive to manually order credit reports and also conduct background checks, sometimes taking days to receive this information. In addition, many of these independent owners have no processes in place to maintain, store or protect this type of information. TransUnion's SmartMove provides a new level of security for consumers as they do not have to share their personal information with the landlord -- while landlords improve efficiencies because of the instant online screening process.

SmartMove capabilities include: Instant and reliable leasing recommendations based on the landlord's criteria and TransUnion's data and analytics. Online instant enrollment that increases efficiency by giving rental owners prompt access to the service upon receipt of authorization from the prospective renter. An added layer of protection and privacy for consumers because Social Security and credit account numbers are not displayed to the landlord; and A way to check renter applications against one of the largest credit, criminal and eviction databases.

SmartMove also allows the rental owner to determine the threshold of risk for each property with pre-defined settings. For example, a vacation property in a gated community might require a low risk value for potential renters, while an apartment near a university campus might accept applicants at higher risk levels.

Another key element of SmartMove is the three-step process, which simplifies the interaction between landlord and renter. First, the landlord sets up an account and uses the secure SmartMove website to generate an email to the potential renter with a link to the site to provide consent for the landlord to access the renter's information. Once consent is given, the landlord then receives a recommendation from TransUnion based on the landlord's criteria. SmartMove also allows the landlord to determine which party pays for the screening service and can order additional information. Independent rental owners and potential renters may simply visit http://www.mysmartmove.com/ to view a demonstration of the site and sign up.

S&P'S SHARMA SHOWCASES COMMITMENT TO HIGH QUALITY, INDEPENDENT AND TRANSPARENT CREDIT RATINGS IN TESTIMONY TO HOUSE COMMITTEE

Washington D.C. – October 22, 2008 – In testimony before the United States House Committee on Oversight and Government Reform, Deven Sharma, President of Standard & Poor's ("S&P"), detailed S&P's commitment to increasing transparency and restoring investor confidence to the capital markets, the role of S&P's ratings in evaluating creditworthiness, and lessons learned from recent market events. To view a copy of Mr. Sharma's testimony click on ***TESTIMONY***

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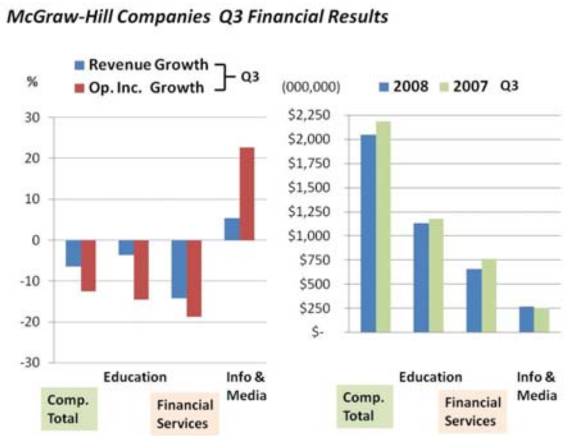
MEMBER NEWS

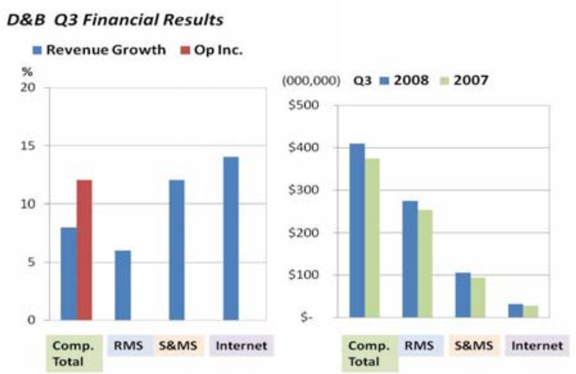
McGRAW-HILL COMPANIES THIRD QUARTER RESULTS

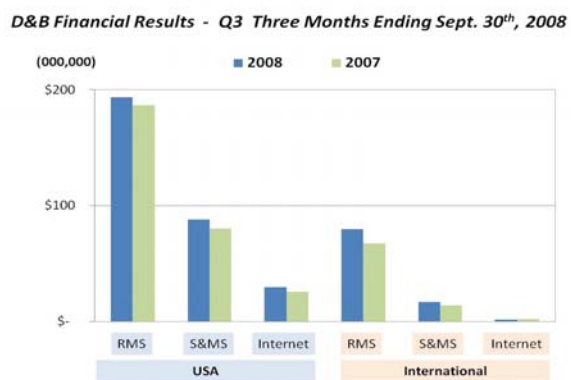


Source: *[McGraw-Hill Companies Press Release]*

The McGraw-Hill Companies (NYSE: MHP) today reported diluted earnings per share of $1.23 for the third quarter of 2008 compared to $1.34 for the same period last year. The results include a pre-tax restructuring charge of $23.4 million ($14.6 million after tax) or $0.05 per diluted share primarily for severance costs related to a workforce reduction of approximately 270 positions to contain costs and mitigate the impact of the current and expected future economic conditions. Including the restructuring charges, total expenses in the third quarter decreased by 3.2% or $47.1 million, primarily driven by a $117 million reduction in 2008 incentive compensation across the company. Net income for the third quarter decreased 13.7% to $390.2 million. Revenue declined 6.4% to $2.0 billion.

D&B CORPORATION THIRD QUARTER RESULTS





Source: *[D&B Press Release]*

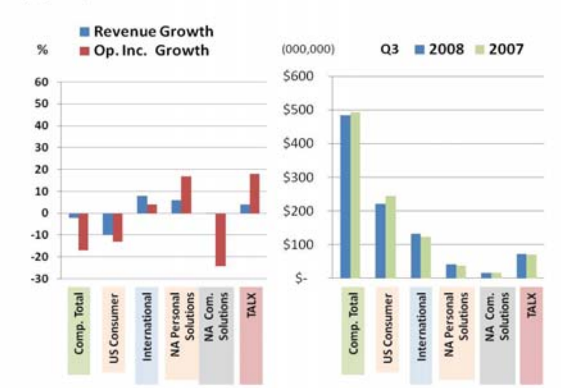
D&B reported strong revenue and income gains in spite of a difficult trading environment. Analysts asked why D&B's revenues were not impacted by the credit crunch in comparison to other information companies: Management acknowledged a tougher trading environment. Customers are tightening information budgets and sales cycles were getting longer. However customers need to manage cash flow more effectively than ever and to take prudent risks to stay solvent. D&B had the right answers: Value added solutions to improve cash flow and profits. The DNBi risk management platform continues to grow at double digit rates and customer penetration is up 43% from 20% a year ago. Sales Optimizer and Purisma contribute strongly to S&MS growth. Supplier risk and analytics continue to make inroads with Wal-Mart having signed up as a major client.

INDUSTRY NEWS

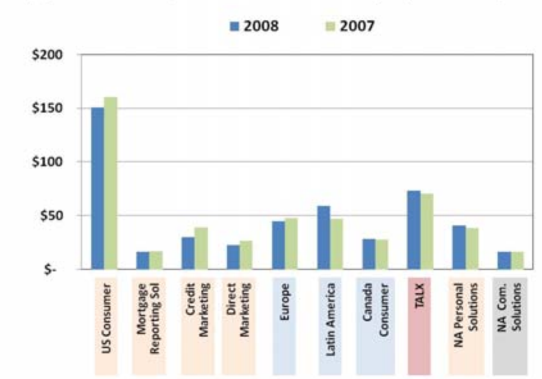
EQUIFAX Q3 REVENUES DECLINE BY 2%

Equifax's revenue was $484.1 million for the third quarter of 2008, down 2 percent from the third quarter of 2007, reflecting the challenging economic environment. Foreign currency favorably impacted revenue by 1 percent in the third quarter of 2008 compared to 2 percent in the same period of 2007. During the third quarter of 2008, Equifax realigned its business to better support its strategic objectives which resulted in $16.8 million of restructuring and asset write-down charges. Operating income was $107.2 million, a 17 percent decrease from the same period of 2007. On a non-GAAP basis, operating income excluding the impact of restructuring and asset write-down charges ("adjusted operating income") was $124.0 million, down 4 percent from the third quarter of 2007. Operating margin was 22.2 percent. On a non-GAAP basis, excluding the impact of restructuring and asset write-down charges, operating margin was 25.6 percent in the third quarter of 2008 compared to 26.2 percent in the same period of 2007 and 25.4 percent in the second quarter of 2008. ***Source: Equifax Earnings Release***

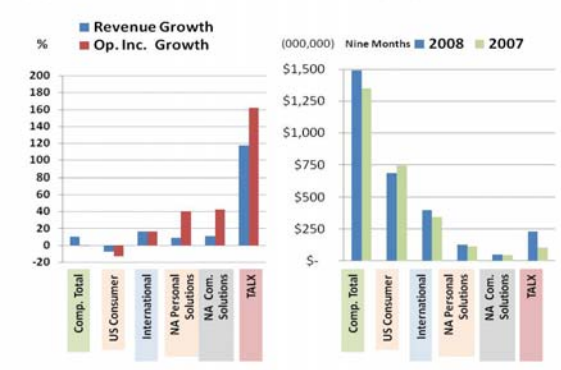
Equifax Q3 Financial Results



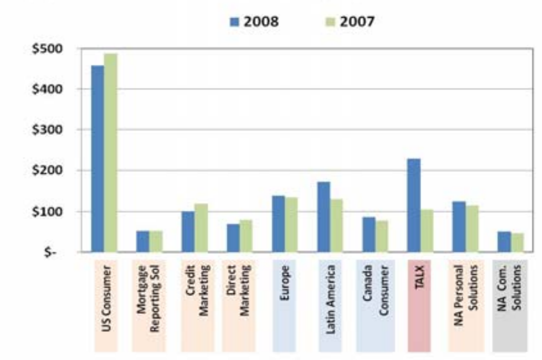
Equifax Revenues Q3 – Three Months Ending September 30, 2008



Equifax Financial Results Nine Months Ending Sept. 30, 2008



Equifax Revenues Nine Months Ending September 30th 2008



INDUSTRY NEWS

EQUIFAX Q3 REVENUES DECLINE BY 2% *(Continued from Page 10)*

U.S. Consumer Information Solutions (USCIS): Total revenue was $220.6 million in the third quarter of 2008, a 9.5 percent decrease from the third quarter of 2007. Operating margin for USCIS was 38.2 percent in the third quarter of 2008, up slightly from 38.0 percent in the second quarter of 2008. Operating margin in the third quarter of 2007 was 39.8 percent.

International: Total revenue was $132.5 million in the third quarter of 2008, an 8 percent increase from the third quarter of 2007. In local currency, revenue was up 5 percent when compared to the same period in the prior year. Compared to the third quarter of 2007:

- Europe revenue was $44.9 million, down 6 percent in U.S. dollars (2 percent in local currency);
- Latin America revenue was $59.3 million, up 26 percent in U.S. dollars (16 percent in local currency); and
- Canada Consumer revenue was $28.3 million, flat in U.S. dollars (flat in local currency).

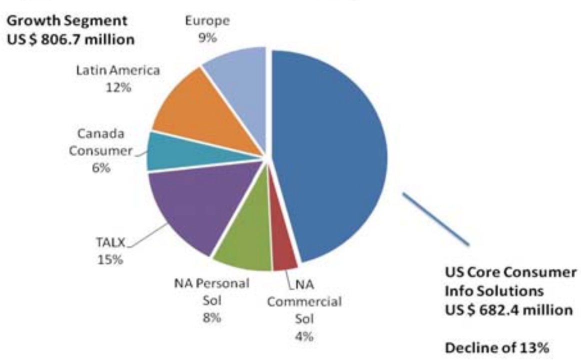
Operating margin for International was 30.0 percent in the third quarter of 2008 down from 31.2 percent in the third quarter of 2007 and from 30.6 percent in the second quarter of 2008.

TALX: Total revenue was $73.4 million in the third quarter of 2008, a 4 percent increase from Q3 of 2007. Operating margin was 16.1 percent, up from 14.2 percent in the third quarter of 2007. During the quarter, total records in the employment database grew to 184.0 million, up 16 percent from a year ago.

North America Personal Solutions: Total revenue rose to $40.9 million, a 6 percent increase from the third quarter of 2007. Operating margin was 29.8 percent, up from 26.9 percent in the third quarter of 2007.

North America Commercial Solutions: Total revenue was $16.7 million, flat when compared to the third quarter of 2007. Operating margin was 14.8 percent, down from 19.5 percent in the third quarter of 2007.

Equifax Revenues Nine Months Ending September 30th 2008



Equifax Fourth Quarter 2008 Guidance:

Based on current levels of economic activity, customer demand, traditional seasonal trends, and recent foreign exchange rates, the company expects revenue to be in the range of $453 million to $463 million.

The company also expects adjusted diluted earnings per share, a non-GAAP financial measure which excludes acquisition-related amortization expense, to be in the range of $0.59 to $0.63.

Source: Equifax Earnings Release

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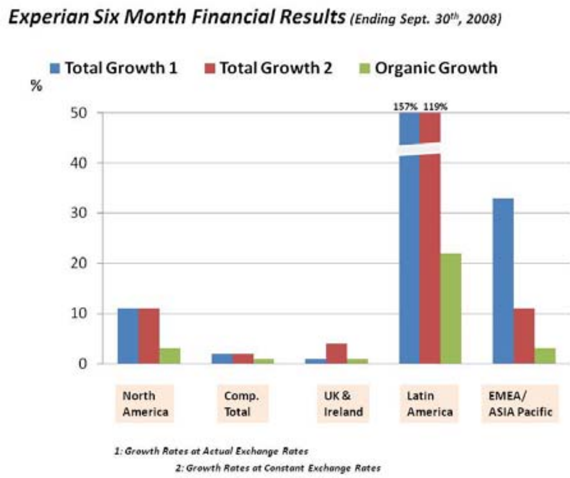
INDUSTRY NEWS

EXPERIAN FIRST HALF 2008 RESULTS BUOYED BY SERASA ACQUISITION



Experian total revenue growth for the half was 13%, with organic revenue growth of 3% (Q1 +1%, Q2 +5%).

Commenting on the performance of Experian, Don Robert, Chief Executive Officer, said: "In a challenging environment, Experian saw acceleration in second quarter growth, to give a good overall performance for the first half, benefiting from the balance, diversity and counter-cyclicality that has been built into the portfolio."

Most of the growth came through acquisitions which were made in 2007. Organic growth continues to be flat in the Experian's key markets, the USA and UK& Ireland.

North America: Organic revenue declined by 5% at Credit Services, with slight strengthening in the second quarter compared to the first, against challenging conditions for financial services. At Decision Analytics, organic revenue was flat against significant one-off revenue last year. Organic revenue growth in Marketing Services was 2%, reflecting strong performances across new media activities offsetting declines in traditional activities. In Interactive, organic revenue growth was 6%. Consumer Direct experienced excellent growth, while Experian Interactive Media continued to suffer from weak mortgage conditions. PriceGrabber, in line with the trend in consumer spending in the US, has seen a slowdown in recent trading.

United Kingdom & Ireland: Organic revenue at Credit Services declined by 4%. Weakness in consumer information across the financial services sector was partly offset by good growth in public sector revenue. Decision Analytics performed strongly, up 8% organically, as clients sought countercyclical products for collections, and benefiting from some one-off software deliveries towards the end of the period. At Marketing Services, progress in new media activities is encouraging, helping to offset financial services marketing cutbacks; organic revenue was down 7%. Interactive again performed very strongly, up 46% organically, driven by strength in new CreditExpert memberships.

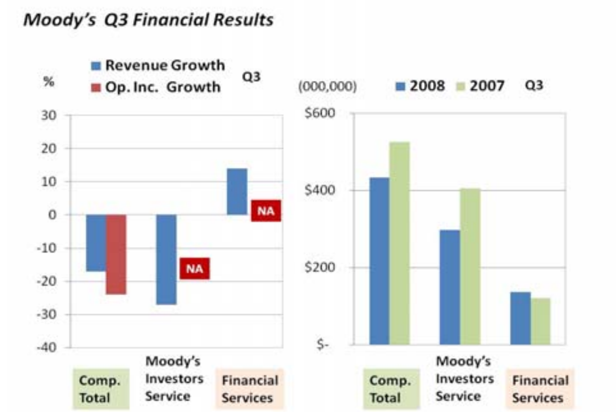
Latin America: There was strong organic revenue growth at Credit Services of 18%, driven by excellent growth in both consumer information and business information services. Revenue growth at both Decision Analytics and Marketing Services benefited from cross-sell opportunities across the new shared sales force. Organic revenue growth at Decision Analytics was up 23%, while Marketing Services revenue more than doubled, benefiting from a number of new client wins.

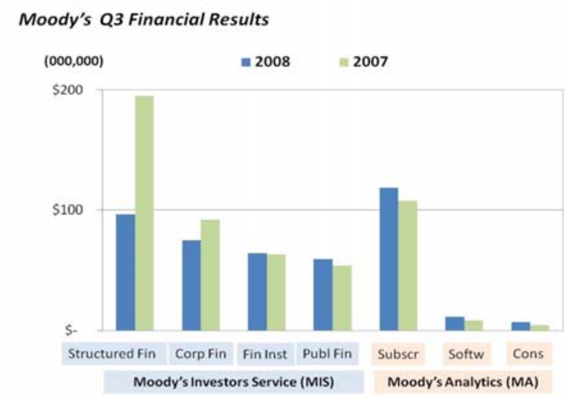
EMEA/Asia Pacific: Organic revenue at Credit Services rose 4%, reflecting good bureau progress and a number of new client wins. Major new client wins in Spain, Russia and South Korea, as well as collections strength in Holland helped drive good performance at Decision Analytics, with organic revenue growth of 10%. Marketing Services again performed well, with strength in email services, contact data management and internet marketing intelligence (Hitwise) contributing to organic growth of 13%.

Source: Experian Press Release

INDUSTRY NEWS

Moody's Q3 REVENUES DECLINED 17%





Source: Moody's

Moody's reported revenue of $433.4 million for the three months ended September 30, 2008, a decrease of 17% from $525.0 million for the same quarter of 2007. Operating income for the quarter was $189.8 million, a 24% decline from $250.5 million for the same period last year. Diluted earnings per share were $0.46 for the third quarter of 2008 and included a benefit of $0.01 related to legacy tax matters and 2007 restructuring adjustments. Excluding the impact of these items, diluted earnings per share declined 12% to $0.45 in 2008 versus $0.51 in 2007. Not surprisingly structured finance sector still show steep declines. Analytics are up, but hardly compensating the revenue declines in rating services.

MOODY'S ACQUIRES FERMAT INTERNATIONAL TO BOOST ANALYTICS

Moody's acquired Fermat International, a leading provider of risk and performance management software to the global banking sector. The combination of Moody's credit portfolio management and economic capital tools with Fermat's expertise in risk management software positions Moody's to deliver comprehensive analytical solutions for financial institutions worldwide.

Moody's will purchase Fermat for €132.5 million ($189 million), subject to customary closing adjustments. An additional sum of up to €25 million ($36 million) in consideration may be paid based on achievement of certain financial targets by year-end 2008. The acquisition will be funded primarily from offshore cash on hand, and Fermat will operate as part of Moody's Analytics.

The acquisition combines leading risk management platforms from Moody's Analytics and Fermat. By leveraging a proprietary and robust data management platform, Fermat helps banks meet regulatory capital requirements and provides risk management and performance monitoring capabilities. With installations at more than 100 banks -- primarily in Europe, the Middle East and Asia -- Fermat significantly extends the functional and geographic scope of the Moody's Analytics suite of banking software. Founded in 1996, ***Brussels-based Fermat International*** has approximately 275 employees located worldwide serving customers in 30 countries, with significant operational and development hubs in France and Singapore.

Moody's anticipates that this acquisition will add incremental annual revenues of approximately $75 million to $85 million by 2010. NEW YORK, Oct 09, 2008 (BUSINESS WIRE) -- Moody's announced on October 9th, 2008 that it has received all necessary regulatory approvals and has closed its acquisition of Fermat International, a leading provider of risk and performance management software to the global banking sector, according to the terms announced on September 15th, 2008.

Source: Moody's Press Release

TRENDS IN ASIAN B2B ONLINE MEDIA

BUSINESS STRATEGIES GROUP, HONG KONG RELEASES UPDATE OF ITS ASIAN B2B ONLINE MEDIA REPORT (www.bsgasia.com)

BIIA Founder Member Business Strategies Group has recently updated edition of its B2B Online Media report which was published in April 2008. The following is an excerpt of the findings of the report:

Of the 30 businesses in BSG's ranking, 18 are primarily finished goods sourcing websites or online trade directories (e.g. Alibaba.com and Global Sources). There are an additional 6 websites which are vertical industry websites (e.g. Netsun's network of vertical sourcing sites). Five of the 30 are trade publications, mostly technology-focused. There is one general business title, Beijing-based *Caijing*, in the Top 30. The top 10 continues to be stable with the same companies remaining in the top 10, but there was some jostling for positions amongst the leaders. Once again, Alibaba.com held onto the number one position.

There are eight sourcing sites and two technology-focused websites in the top 10. The Japanese tech portal, ITmedia.co.jp and Chinabyte.com, a Chinese technology industry portal are the two non-sourcing platforms in the top 10. There was more volatility in the bottom half of the list. The biggest mover was Guangzhou-based BBspace.cn which moved up 19 places to rank #14. Other significant changes include Caijing.com.cn, the leading general business magazine in China which moved up five places to #16 and Zhejiang Netsun's subsidiary, Efu.com.cn, fell six places to #25.

Rankings continue to be dominated by sourcing websites which typically generate revenues by charging suppliers to list their products online. There are 18 general sourcing platforms and an additional six vertical industry sourcing sites. There are another 6 trade publications which typically generate revenues by selling banner ads or by charging for premium content and subscriptions.

Global Sources and Alibaba continue to have the most sophisticated internationally-focused online sourcing platforms and both firms are battling with HC360.com for a larger slice of the domestic sourcing market in China.

Amongst the online business publishers, the most significant in terms of traffic are ITmedia (#2), a Japanese media company targeting IT professionals and ChinaByte (#8), the partner of TechTarget in China. Chinabyte is focused on targeting technology professionals in China. The vertical industry sites are dominated by Hangzhou-based Zhejiang Netsun which owns five of six vertical industry websites in BSG's Top 30. They are Toocle.com, Chemnet.com.cn, Pharmnet.com.cn, Efu.com.cn and Texnet.com.cn. The exception is BBspace.cn, a Guangzhou-based online and offline B2B publisher.

BSG believes that the key trends identified in the previous edition of this report remain largely unchanged. However, it will be worth watching how the offline activities change in a difficult economic environment. Some of the less cash-rich competitors may scale-back and even abandon offline activities. In a weak economy, buyers will travel less to trade fairs and manufacturers will cut their marketing spend. The challenge for these online B2B businesses is to attract the reduced spend of the manufacturers across Asia. In a weak economy, manufacturers may decide to allocate a greater portion of their budget to trade show participation or they may opt for a stronger online presence. A protracted recession could provide the larger and better financed companies in the Top 30 with a unique opportunity to consolidate their position in the market. The key trends driving the industry are: Increasingly sophisticated online content and services. Continuing importance of search engine optimization (SEO). Importance of building offline awareness. Establishing a presence in China's online domestic sourcing market. Emphasis on deeper supplier data and verification services.

To order the full report contact: Kerry Wong Researcher Kerry@bsgasia.com; www.bsgasia.com

THE WORLD OF BPO

FINANCIAL CRISIS HITS INDIAN BUSINESS PROCESS OUTSOURCERS (BPOS)

Duvvuri Subbarao, the newly appointed head of India's central bank, said recently in an interview with the Financial Times that the prospect of a global recession threatened to hit hardest India's software industry. "The most direct impact will be on the adverse effect on our exports, particularly our software exports," said Mr. Subbarao.

"Our ability to raise money overseas for investment purposes for infrastructure could be constrained. . . If the recession is longer and deeper and if recovery is protracted, I'm concerned about protectionist pressures arising." India's largest IT outsourcing companies – Infosys, Tata Consultancy Services and Wipro – have had a transformational effect on Indian business over the past 10 years. But this month they warned of a deteriorating outlook for their businesses, which are heavily dependent on US contracts. ***Source: The Financial Times Limited***

INDIA'S DOMINATION OF BPO SECTOR CONTINUES, CHINA CATCHING UP

According to a study by CyberMedia Global Services the top 8 Global Outsourcing Cities includes as many as six cities led by Bangalore, Chennai, Delhi National Capital Region, Hyderabad, Mumbai and Pune. The remaining 2 are Dublin, Ireland and Makati City, Philippines.

In the list of the top 50 emerging destinations for global outsourcing Cebu City, Philippines (Rank 1), Kolkata (6), Chandigarh (12), Coimbatore (17), Jaipur (31). India's representation in the top 50 Emerging Global Outsourcing cities has grown however China is catching up: Shanghai (2), Beijing (3), Shenzhen (10), Dalian (16), Guangzhou (23), and Chengdu (37). The study says that with a supportive government and favorable outsourcing condition, China's outsourcing industry is set to flourish further. Some new Chinese cities might make entry into the list next year or some of the top emerging cities might move to the top outsourcing cities' list.

To determine delivery and consumption trends for global outsourcing services, surveys and interviews with services providers were conducted. The data gathering methodologies were also applied to determine market and labor sizes as well as expansion strategies. ***Source: CyberMedia News – MINT India***

NEWS FROM INDIA

LIVEMINT.COM LAUNCHES MOBILE VERSION

The online edition of daily business newspaper, Mint, Livemint.com, is now available on mobile handsets in India. Initially, the mobile edition will offer business and corporate news, market updates as well as parts of Mint's lifestyle content including personal finance, gadgets and travel.

The free service is available at http://m.livemint.com. Mint is published in India by HT Media through a partnership with the Wall Street Journal. Mint was launched in February 2007 and it is now the number two business daily in Delhi, Mumbai and Bangalore. HT Media is a major Indian media group which publishes a number of leading titles including the Hindustan Times.

Source: Exchange4media release

NEWS FROM INDIA

CYBERMEDIA'S REVENUES INCREASE, PROFITS DROP

New Delhi, 21st October: ***CyberMedia,*** an Indian specialty publisher, has announced results for the first six months ending 30th September. CyberMedia's revenues were US$14 million, an increase of 24% over the same period last year. Pre-tax profits dropped to US$201,000, a decrease of 83%. The company's management maintains that the fall was as a result of an increase in interest rates, increased borrowings for acquisitions and depreciation and amortization costs. For the quarter ended 30th September, revenues were US$7.3 million, an increase of 10% over the same quarter of last year. EBITDA decreased 44% to US$630,000, due to the increase in cost of sales, operations, raw materials and employee costs, as well as costs related to a newly acquired business. ***Source: CyberMedia press release***

NEWS FROM CHINA

BAIDU Q3 REVENUES JUMP 85%

Beijing, 22nd October: ***Baidu***, a leading Chinese language Internet search provider, announced results for the quarter ended 30th September this week. Revenues grew to US$135.4 million, an increase of 85.1% compared with the same quarter in 2007. Operating profit was US$54.2 million – more than double the same period last year. The number of active online marketing customers increased 35.7% to 194,000. Revenue per customer this quarter increased to US$692. That is an increase of 34.3% over the third quarter of 2007.

Baidu's net income was US$51.2 million, up 91.4% compared with the same quarter last year. Diluted earnings per share were US$1.47. The company is forecasting revenues in the fourth quarter to be between US$151 million and US$155 million, an increase of over 80% of the fourth quarter of 2007.

The strong results surprised some analysts. Richard Ji at Morgan Stanley noted, "The company delivered very solid results despite a rough macro environment."

Sources: Baidu press release, Courtesy of BSG Asia www.bsgasia.com

XINHUA FINANCE MEDIA SECURES US$80 MILLION

Beijing, 22nd October: NASDAQ-listed ***Xinhua Finance Media Limited*** (XFML) announced this week that it has secured up to US$80 million in financing from ***Patriarch Partners LLC***, a New York-based investment firm.

Patriarch Partners is the second largest shareholder of XFML. The deal offers XFML a four year loan facility with outstanding amounts convertible into XFML shares at US$2.24 after year one, US$2.74 after year two and US$3.24 in the third year. XFML shares closed at US$1.12 yesterday.

The company stated that the funds will be used to expand its broadcasting business in mainland China. XFML is a subsidiary of ***Xinhua Finance Limited.*** XFML produces and distributes TV and radio broadcast programmes and creates and sells advertising for television, print, radio and outdoor media.

Source: XFML press release Courtesy BSG Asia; www.bsgasia.com

NEWS FROM CHINA

GLOBAL RECESSION IMPACTS CANTON FAIR

GUANGZHOU: The global financial crisis seems to have lowered the expectations of China's exporters as the country's leading trade fair, commonly known as the Canton Fair, opened yesterday. "The financial turbulence may have a relatively big impact on China's exports. We need to be on high alert," Vice-Minister of Commerce Gao Hucheng said.

Haier Group, one of the leading domestic household goods manufacturers, reported an increase of about 10 percent in its overseas sales volume in the first three quarters of the year, a marked drop compared with the 30 percent rise during the same period last year, said Zhang Bin, a senior manager of the Qingdao-based company. "The number of buyers from the US and Europe this time has greatly fallen. US buyers don't want to attend such fairs even in their own country," he said. "The short-term impact of the crisis has become obvious." Zhang said the negative impact triggered by the financial crisis would last at least a year.

The short-lived notion that Asia had decoupled from the United States and was now operating independently of the American business cycle is all but dead. Asia has been the biggest beneficiary of the rise in global trade over the last two decades. Its corporate earnings, real estate prices and much more are dependent on a steady inflow of dollars and Euros through exports to the West.

Source: China Daily

ALIBABA INVESTS 5 BILLION YUAN IN TAOBAO

Beijing, 9th October: Taobao, a Chinese-language online auction platform owned by the Alibaba Group, announced this week that the Alibaba Group will invest a total of 5 billion Yuan (US$730 million) in its subsidiary over the next five years to expand Taobao's e-commerce platform. Established in 2003, Taobao now has more than 80 million registered users. The company has stated that it will continue to provide free services to both buyers and individual sellers for at least three years. According to China IntelliConsulting Corp, a market research company, 76% of China's Internet users who have shopped online have purchased items on Taobao. According to an article in the South China Morning Post, the value of transactions on Taobao increased 156% in 2007 to 43.3 billion Yuan (US$6.34 billion) which makes Taobao the second-largest retailer after Shanghai-based Bailian Group. ***Sources: China Daily article, SCMP article – Courtesy of www.bsgasia.com***

CHINESE PREMIER OUTLINES ANTI-CORRUPTION WORK

Chinese Premier Wen Jiabao is calling for strengthening the corruption fight and promoting a clean government. Wen said the country has intensified correction of unhealthy social practices and exerted great efforts to resolve problems that harm the interest of the public, greatly promoted governance according to law and seriously dealt with irregularities and commercial bribery so as to root out corruption. Wen called for serious penalties toward corruption, especially those involving government officials. Governance transparency should be further improved to safeguard the public rights to knowledge, participation, expression and supervision, he said. ***Source: Xinhua***

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NEWS FROM CHINA

CHINA MOVING ON STIMULUS PACKAGE OF ITS OWN

Context: The fact that Chinese growth has slipped to 9% would not seem to be enough to provoke a government reaction. After all, the US economy would be in hyper-overdrive at 9%. But for this massive nation a slide of over 1% in growth makes many of the country's social problems worse and that provokes a reaction. The Chinese have therefore introduced a series of stimulation efforts of their own in order to get growth back to previous levels. In the past this would have meant more efforts to bolster the export economy but that isn't a very lucrative option this time. Now the energy is going towards building more domestic demand.

Analysis: *The moves include moving down payment requirements for homes so that more home construction can be undertaken, a cut in the stamp duty and reductions in the capital gains tax on property. There have also been efforts to boost export activity and some interest rate reductions but the real emphasis has been on property. Given the history of the country this emphasis on property and home ownership is striking and seems to bolster the arguments that China is striving to become much more like the US than other states in terms of the role that property plays.* ***Source: Armada Corporate Intelligence***

WEBSITES MOVE TO BLOCK BAIDU SEARCHES

Some leading websites in China, including Sohu.com, 51.com and Xiaonei are preventing Baidu searches on their websites. Taobao.com, a subsidiary of the Alibaba Group, has also begun blocking Baidu searches as well as partially blocking searches by Google and Yahoo. Management at these companies has stated that they are trying to protect the privacy of their users – personal profiles and personal blogs in particular. Analysts, however, believe that the move has more to do with Baidu's dominant position in China's online search market. In addition to a 60% share of the Chinese search, Baidu has recently announced plans to launch its own e-commerce platform as well as its own online payment system. ***Source: Digital Media***

Paul Denlinger of China Business Strategy commented, "I find this excuse a real stretch. Since when has anybody worried about user privacy in China before? What guidelines do they use for protecting user privacy? This sounds much more like a desire to dial back the power of Baidu and its search."

Source: Digital Media article – Courtesy www.bsgasia.com

HC INTERNATIONAL FORMS NEW VENTURES WITH D&B INTERNATIONAL

Beijing, 17th October: Hong Kong-listed, ***HC International (HC)*** announced on Friday that the company has agreed to form two new joint ventures with ***Dun & Bradstreet International*** (D&B).

HC is a mainland B2B media company with various businesses including an online sourcing portal, trade catalogues and yellow page directories. HC will hold a 40% stake in one of the new companies and a 70% stake in the second. Although the details are unclear at this time, according to HC's announcement to the Hong Kong Stock Exchange, the two new joint ventures will provide "market research solutions."

Source: Hong Kong Stock Exchange announcement

NEWS FROM ASIA

SINGAPORE PRESS HOLDINGS ACQUIRES FINANCIAL WEBSITE

Singapore Press Holdings (SPH) has agreed to buy 100% ***Shareinvestor.com***, an online financial news portal. SPH will pay between US$8.1 million and US$12.2 million depending on whether or not Shareinvestor.com meets certain performance targets in the coming year.

The ***Lexicon Group***, a Singapore-listed magazine publisher, owned a 27.7% stake in Shareinvestor.com. In 2002 when Lexicon acquired its stake in Shareinvestor.com, the company was valued at just under US$3 million. In 2004, Shareinvestor.com explored the possibility of a listing on the Singapore Exchange, but ultimately it opted against it. The company was founded in 1999 and provides financial market news and commentary, data feeds and analytical software. Some of its services are free and some are offered on a subscription basis. Shareinvestor.com operates in Singapore, Malaysia and Thailand and has more than 7,000 paying subscribers, according to the company.

Sources: Marketing-interactive article, IDKIT article, Courtesy www.bsgasia.com

PEOPLE ON THE MOVE

BAIDU APPOINTS NEW CHIEF TECHNOLOGY OFFICER

Beijing, 6th October: Baidu, the leading Chinese language Internet search provider, this week announced the appointment of Yinan Li as chief technology officer, effective 6 October. Mr. Li has more than 16 years of experience and previously worked for Chinese telecom equipment manufacturer, Huawei Technologies and Harbour Networks, a developer of intelligent security systems.

Baidu's chief executive officer, Robin Li noted, "Yinan has a strong track record of developing applying technologies that succeed in the marketplace. As Baidu's chief technology officer, Yinan will draw on his expertise to lead our technology teams, helping us to excel in the development and adoption of new products and technologies. Yinan's rich experience, both in start-up companies and in corporate executive positions, gives me confidence in his ability to lead technology innovation and integration at Baidu." ***Source: Baidu press release***

INFOMEDIA APPOINTS NEW HEAD OF INTERNET PROPERTIES

Mumbai, 16th September: Infomedia, an Indian multimedia group, has named ***Tushar Burman*** as the new head of Infomedia's Internet properties. Burman will report directly to Lakshmi Narasimhan, CEO of Infomedia India.

Previously, Burman was the associate editor of ***Intelligent Enterprise***, a technology publication which is part of the Indian Express Group. He was also a senior writer at *Network Computing* magazine, owned by Jasubhai Digital Media. ***Prior to that Burman was with Dun & Bradstreet in India.***

Infomedia publishes specialist magazines, as well as the Yellow Pages directory in India. Network18 recently acquired a majority stake in Infomedia India. Earlier this year, the company also established a partnership with Alibaba.com. ***Source: Televisionpoint.com; Courtesy Business Strategies Group www.bsgasia.com***

PEOPLE ON THE MOVE

MOODY'S ELECTS DR. DARRELL DUFFIE TO BOARD OF DIRECTORS

NEW YORK, Oct 29, 2008 (BUSINESS WIRE) -- Moody's Corporation (NYSE: MCO) announced that Dr. Darrell Duffie has been elected to its board of directors. His election is effective October 27, 2008. Dr. Duffie, 54, is the Dean Witter Distinguished Professor of Finance at the Stanford Graduate School of Business, where he has served on the faculty since receiving his Ph.D. from the school in 1984. He also holds academic appointments at the Mathematical Sciences Research Institute at the University of California, Berkeley, and the Universite de Paris, Dauphine. He is the author of Security Markets: Stochastic Models; Futures Markets; Dynamic Asset Pricing Theory; and co-author of Credit Risk, with Kenneth Singleton, as well as author of numerous academic research publications, articles and papers on asset and credit valuation and performance.

In 2003, Dr. Duffie received the SunGard/IAFE Financial Engineer of the Year Award from the International Association of Financial Engineering. He serves on the editorial board of several academic journals and is a fellow of the Econometric Society. He is President-Elect of the American Finance Association for 2008-2009.

Source: Moody's Corporation

LEXISNEXIS EXECUTIVE APPOINTMENTS

LexisNexis Group, a member of Reed Elsevier, announced that ***James M. Peck will serve as chief executive officer (CEO) of the newly expanded LexisNexis® Risk & Information Analytics Group.*** In September 2008 Reed Elsevier completed its purchase of ChoicePoint and announced that the company would be combined with the LexisNexis Risk & Information Analytics Group. The integrated business unit is positioned as an industry leader with revenues of $1.5 billion in the risk information sector, which is estimated to be a $15 billion market.

Peck started with the business unit in March 2004 with responsibility for driving revenue by merging market needs with technology solutions. Peck facilitated the 2004 acquisition and integration of Seisint into the LexisNexis Risk & Information Analytics Group. Under Peck's leadership, the business unit has achieved consistent double-digit revenue growth with significant margin expansion over the past four years.

Source: LexisNexis To Read the full release go to: BIIA Member News

LexisNexis Appoints Carol DiBattiste as Senior Vice President of Privacy, Security, Compliance and Government Affairs

DiBattiste will be responsible for a range of company policies and activities. She will represent LexisNexis on privacy matters, set the company's privacy policies, direct privacy compliance, and oversee internal and external privacy education and training for the company. DiBattiste will also oversee LexisNexis security policies and programs, including managing internal security compliance and investigations. In addition, she will manage the company's audit program for compliance with privacy, security, and related regulatory requirements, and will oversee LexisNexis strategy and activities in the area of government affairs.

DiBattiste previously served as general counsel and chief privacy officer for ChoicePoint®, which was recently acquired by LexisNexis' parent company, Reed Elsevier, and which will become part of the LexisNexis® Risk & Information Analytics Group. ***Source: LexisNexis***

FROM THE REGULATORY CORNER

THE BLAME GAME: FINGER POINTING ON CAPITOL HILL

Congressional hearings on the financial meltdown have begun on Capitol Hill in earnest. Rating agencies, investment bankers, regulators, experts, and even disgruntled former employees are being grilled. Understandably the mood is ugly and the inevitable finger pointing has begun. The great surprise was the "mea culpa" of the former Federal Reserve Bank chairman Greenspan.

'I made a mistake' the former Federal Reserve chairman, said the former chairman and the credit crisis had exceeded anything he had imagined and admitted he was wrong to think that banks would protect themselves from financial market chaos. I made a mistake in presuming that the self-interest of organizations, specifically banks and others was such that they were best capable of protecting their own shareholders," he said. Mr. Greenspan accepted that the crisis had "found a flaw" in his thinking but said that the kind of heavy regulation that could have prevented the crisis would have damaged US economic growth. He described the past two decades as a "period of euphoria" that encouraged participants in the financial markets to misprice securities.

Up to recently even the Financial Times of London gave ***Mr. Greenspan*** a platform to defend his reputation. It is amazing that it took him that long to admit his mistakes.

Henry Waxman, chairman of the House of Representatives, clashed with current and former regulators and with Republicans on his own committee over blame for the financial crisis. "Greenspan's Federal Reserve Bank – along with the Securities and Exchange Commission and the US Treasury – had propagated "the prevailing attitude in Washington...that the market always knows best."

Christopher Cox, chairman of the Securities and Exchange Commission, defended himself, saying that virtually no one had foreseen the meltdown of the mortgage market, or the inadequacy of banking capital standards in preventing the collapse of institutions such as Bear Stearns. The SEC chairman was accused of being wise after the event. "Mr. Cox has come in with a long list of regulations he wants...But the reality is, Mr. Cox, you weren't doing that beforehand" said Waxman.

Cox blamed the fact that congressional responsibility was divided between the banking and financial services committees, which regulate banking, insurance and securities, and the agriculture committees, which regulate futures. "This jurisdictional split threatens to for ever stand in the way of rationalizing the regulation of these products and markets," Cox said.

The rating agencies had to testify to a highly hostile house committee. Three key issues seem to be troubling the congressional committee: The business model of issuer pays for rating (conflict of interest), rating agency margins being deemed to be excessive and aspect of objectivity. Important issues which will impact the life line of a rating business. The testimony of BIIA member Standard & Poor's can be read by accessing: **http://www.biia.com/library.php#223**

The disturbing factor of this late posturing is that in the past members of congress were always taken in by Mr. Greenspan's testimonies in the past and never questioned his liberal monetary policy. But self-criticism seems not to be a congressional virtue.

There will be more congressional hearings therefore it will take some time until a new regulatory framework emerges. The SEC is expected to publish its final set of rules by year end. The EU Commission's report is expected by mid November.

Source: Financial Times and BIIA Commentary

FROM THE REGULATORY CORNER

THE BLAME GAME: FINGER POINTING ON CAPITOL HILL

Former FDIC Chair Blames SEC for Credit Crunch

Financial markets are frozen throughout the world, and former FDIC Chair William Isaac puts the blame squarely on the Securities and Exchange Commission and fair-value accounting—especially the accounting method's requirement that banks "mark to market" their assets. "The SEC has destroyed $500 billion of bank capital by its senseless marking to market of these assets for which there is no marking to market, and that has destroyed $5 trillion of bank lending," he said. "That's a major issue in the credit crunch we're in right now. The banks just don't have the capital to start lending right now, because of these horrendous markdowns that the SEC's approach required."

According to Isaac, the current crisis of confidence in world financial markets warrants that the FDIC declares a "systemic risk." **(See the accompanying video for more.)** "Once they declare that there's a systemic risk, the FDIC at that point can say that we're going to protect all general creditors when a bank fails. If they do that, then I think the banks will start lending to each other again," he said. "It's just a lack of confidence, because we don't know which banks are going to go next. And banks we never thought would go, have gone, and we don't know how the government's going to handle them," he said. ***© 2008 CNBC.com*** *http://www.cnbc.com/id/27100454/*

INDIAN RESERVE BANK CALLS FOR UNITED ACTION ON CREDIT CRISIS

Greater monetary policy co-ordination across Asia would help the region in its efforts to calm turbulent markets rocked by the global financial crisis, the governor of the Reserve Bank of India has said.

Speaking to the Financial Times, Duvvuri Subbarao, the newly appointed head of India's central bank, said that central bankers and finance ministers in the region had been struck by the "synergistic impact" of co-ordinated action among the Group of Seven leading nations. **"I think [greater co-ordination] would be helpful especially in times of crisis like this. Although *there is no institutional arrangement spanning Asia*, there are informal arrangements.** Some of the governors have been courteous enough to call me and let me know of their action," he said. While Mr. Subbarao backed regional institutional frameworks to tackle falling markets, he warned that having too many could be counterproductive and lead to "institutional overload".

India's markets, alongside others in Asia, have not been spared the volatility and loss of confidence spilling out from the US and Europe. On Friday, the Sensex index on the Bombay Stock Exchange fell 11 per cent as foreign investors pulled out of their Indian investments. The rupee lurched to a record low of Rs50 to the dollar. The RBI has taken emergency steps to inject greater liquidity into India's banking system. Last week, it cut the repo rate by 100 basis points to 8 per cent, the first cut for four years. It has also reduced the amount of cash banks keep with the bank.

Mr. Subbarao said the prospect of a global recession threatened to hit hardest India's software industry in addition he said the liquidity crisis would not deter India from reforms to open up its financial markets. "We have been prudent, which has often been described as conservative. That has stood us in good stead. But to not move on with the reforms would be the wrong lesson to take from this [crisis]," he said. Some policymakers and analysts believe India's regulatory controls have saved it from the worst of the credit crunch. ***Source: The Financial Times Limited 2008***

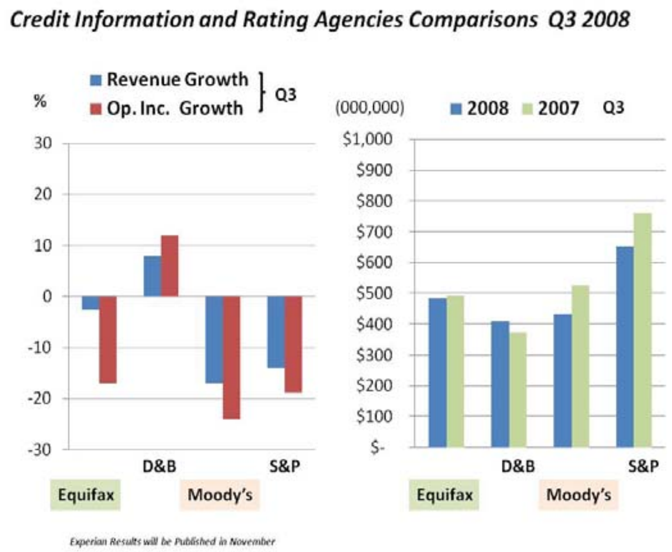
BIIA NEWSLETTER

Market Intelligence - Industry Developments & Trends - Information Technology - Regulatory Issues - User Community

BIIA NEWSLETTER ISSUE 10 - 08

CREDIT CRUNCH SUMMARY

ONE YEAR INTO THE CRISIS: BEGINNING OF THE END OR THE END OF THE BEGINNING?



Considering that the crisis is now over 12 months old and has triggered one of the largest financial meltdowns in history, it raises the question whether this heralds the end of the crisis?

Based on the 2008 information industry results, the indications about the consolidation in the financial services sector, contraction in manufacturing and consumer entrenchment the crisis could linger on for some time. BIIA has stated in previous commentaries that the 'Growth Party' is over, at least for the time being.

Winston Churchill's famous wartime quote may be an appropriate metaphor: "Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning."

REQUEST TO MEMBERS FOR ACTIVE PARTICIPATION IN BIIA

Industry associations prosper only if members actively participate in association activities and governance: We are asking members for help in the following:

- Help in recruiting new members. To direct prospective members to information about the benefits in joining BIIA and the fee schedule just click on the underlined topics. It is sometimes awkward to speak to competitors, however in the interest to pursue common industry interests it is often necessary.
- BIIA has close to 300 information professionals who receive the monthly newsletter. Please provide more names of first line managers and other vital information professionals to increase the BIIA network.
- Please participate in the planning of the BIIA Credit Management & Information Forum 2008 in INDIA, targeted for End of Sept / beginning of October 2009)

For previous issues of the BIIA Newsletter access: http://www.biia.com/memberNewsPW.php and click on Archive!

Business Information Industry Association Asia Pacific – Middle East Ltd.
1101 Wilson House, 19-27 Wyndham Street, Central, Hong Kong
Telephone: +852 2525 6120; Fax: +852 2525 6171; E-mail: biiainfo@biia.com Home Page: www.biia.com
Certificate of Incorporation: 979425