

BIIA NEWSLETTER

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

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LATE BREAKING NEWS

ICELAND'S SECOND CURSE: VOLCANO EXACERBATES GLOBAL UNCERTAINTIES



First Iceland's banks defaulted on their debt and Iceland's population voted not to make good. Now an Iceland volcano puts Europe's fragile recovery at risk.

However there are wider implications as disruptions are multiple and potentially critical for airlines and tourist dependent economies in southern Europe and elsewhere. The exhibition industry is already hard hit as the 'Hannover Messe' and 'Bauma' opened this week in Germany, while the London Book Fair is half empty and even a shipbuilding exhibition in Japan is devastated because most of the exhibitors are European and couldn't get there.

Picture : Paris Gare du Nord – A sea of passengers

The most urgent problem is to repatriate over a quarter of a million tourists who cannot return home from their Easter vacations, because aviation is grounded. While individual countries such as Germany have ramped up domestic rail capacity, Europe's fragmented rail transport system is unable to lift capacities on short notice across borders, especially across the English Channel. It took five days until European transport ministers finally got their act together to deal with the situation. Of little comfort to people who are stuck at airports and railway stations. Private enterprise such as car rental, hotels (in large cities) and bus companies are booming, but business is stalled because thousands of professionals have been unable to return to their workplace. Some companies are starting to shut down assembly lines because of part shortages (deliveries depend on 'just in time' air cargo). Demands for compensation for losses from airlines and other affected industries are looming, because on Monday EU officials acknowledged flaws in the computer models that led them to ground thousands of flights after a volcanic eruption in Iceland.

Source: BIIA editor currently stuck in Paris like thousands other travellers

CONFERENCE ON CHINA/HONG KONG CROSS-BORDER CREDIT REPORTING

In order to drive business exchanges and cooperation between China and Hong Kong, the Credit Reference Center (CRC) of the People's Bank of China (PBC), Dun & Bradstreet Hong Kong and TransUnion in Hong Kong jointly held the "***Sharing Best Practices and Enhancing Cooperation of Credit Reporting Services in Mainland China and Hong Kong***" seminar in Hong Kong on March 25-26, 2010.

Topics discussed at the seminar included the global development of the credit reporting industry; the establishment of a credit reporting service infrastructure in China with local features; the implementation experience of and demand for credit reporting services among commercial banks in the Greater China region; and credit risk management of commercial banks and credit scoring experience.

To read the full story click on the link: <http://www.bia.com/press.php> (scroll down)

LATE BREAKING NEWS

ALIBABA EXPANDS INTO MICROFINANCE

Alibaba Group is now licensed to offer microfinance loans to SMEs in China. According to the company's spokesman, they are the first e-commerce firm in China to be granted such a license. The company also announced that it plans to invest over US\$730 million to upgrade Alipay, its online payment platform. Alipay already has over 300 million registered users and close to a 50% market share in the online payment market in China. These moves mark another step towards realizing Alibaba's strategic goal of establishing a comprehensive online "ecosystem" serving SMEs in China – including online sourcing, marketing, payment and fulfillment services. Alibaba.com CEO David Wei told Reuters that he expects revenue growth of 40% to 50% in the next 12 months. *Courtesy Business Strategies Group, Hong Kong*

NO BUYERS, NO MAGAZINES EITHER: REED ELSEVIER SHUTS DOWN 23 U.S. TRADE MAGAZINES

Reed Business Information is shutting down 23 controlled circulation titles (listed below) in the United States, the almost-final phase of an often painfully slow divestiture effort that started last July after earlier attempts fizzled because the company still has intellectual property and other assets to disperse.

A Reed Elsevier ([NYSE: RUK](#)) spokesman wouldn't tell Folio how many jobs will be affected when the titles shut down at the end of April. The titles sold or closed represented approximately 45 percent of RBI-US revenues, according to the company; following that logic, the titles being closed now represent about one-third of that. Moving too slow in executing strategy proved to be painful in the end for Reed. *Source: [PaidContent.org](#)*

LEXISNEXIS AND QUMAS PARTNER ON NEW COMPLIANCE OFFERING

LexisNexis has partnered with QUMAS to create a new compliance solution called LexisNexis Compliance Manager. The solution combines LexisNexis' regulatory content with a web-based interface for managing compliance processes and policies. QUMAS and other providers provide many advanced solutions for specific industries, but this partnership brings the strength of LexisNexis' body of regulatory content and adds a layer of functionality that virtually any company can apply to the management of its responses to regulation. We anticipate that, in time, this general solution could spin off a number of more targeted solutions for specific industries and regulatory schemes. *Source: [Outsell Insight](#)*

INDIA: MOBIL - WEB TRAFFIC SECOND HIGHEST AFTER U.S.A.

The 40 million mobile-internet users in India have taken the mobile-web traffic to new heights, according to AdMob, a leading mobile advertising network. According to the latest data from AdMob, web traffic from mobile phones touched the 1.2-billion mark in March 2010, making India's mobile-web traffic the second highest globally next to the US. Mobile-web traffic reported a growth of over 100 per cent in less than a year on the back of cheaper data plans and increased number of smartphones.

Mahesh Narayanan, country manager India, AdMob concurs, "Mobile ownership and usage far outstrips ownership of PCs with internet access in India. In the near future mobile internet usage is going to overtake fixed line internet usage in India." *Source: [Rediff Business](#)*

MEMBER NEWS

ASCEND REFINANCED - LAUNCHED INNOVATIVE AIRCRAFT INDUSTRY STANDARD RATINGS SYSTEM

BIIA member Ascend, the leading aerospace information business, was effectively refinanced last week, and at the same time launched an innovative aircraft industry standard ratings system.

Notwithstanding grounded aviation and the global recession, the aircraft leasing business is still an important industry. Anyone interested in investing in aviation assets needs to know the history of the asset and its performance characteristics. Ascend has exploited an important market niche, secured refinancing and launched an innovative aircraft rating service. The rating services permits unique insight into current and future drivers of an aircraft's likely value performance across a variety of market and macro-economic conditions. Aircraft Ratings will, for the first time ever, provide a clear statement of an aircraft's investment merits.

1. Forecast for two key variables for an aircraft: Expected Depreciation and Implied Downside Volatility
2. Analysis covering historical price movements, GDP, oil price, inflation, aircraft fleet size, and noise and regulatory compliance
3. Ratings for over 70 aircraft types
4. In-depth reports documenting the rationale behind the rating
5. Meaningful insight into current and future drivers of the aircraft's expected value performance

Aircraft Ratings supports growing demand for increased scrutiny in calculating risk. It provides a credible companion to Ascend's industry-standard Base Value forecast, enabling a comprehensive understanding of an investment's risk. By splitting expected annual depreciation from potential downside volatility, Aircraft Ratings gives investors a clear statement of an aircraft's investment merit. Aircraft Ratings will serve as a unique metric for making "apples to apples" relative value comparisons between aircraft investment options.

In providing refinancing LDC (Lloyds-TSB Development Capital) has effectively doubled its investment in Ascend. Having put in some GBP 10 million during 2005 to support the buy-out of the original loss-adjuster Airclaims business of which Ascend, rebranded and relaunched in 2006, was then a part, LDC now has an investment of GBP 12m in the Ascend side of the business. 20% per annum growth over the past three years and the development of significant new contracts through its new offices in Hong Kong (China is now a key growth market); New York and the City of London give real cause for post-recession optimism.

David Worlock writes in his recent *Outsell Insight*. In battered and bewildered post-recession market places like the aircraft industry, where merger mania in the US and in Europe creates conditions of change, refinancing and then post-recessionary growth tend to create interesting information market opportunities. The strongly entrepreneurial team at Ascend, without the legacy magazine markets of RBI or McGraw-Hill in this sector; were able to take a clear aim at a valuable core requirement in valuation and financing, and then define and fill it completely. In this sense, this is a case study of how the B2B information marketplace regenerates itself. In another sense it illustrates the huge opportunities that still exist for niche players if they are able to concentrate tightly on initially limited objectives.

Source: Outsell Insight and Ascend Website

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MEMBER NEWS

CRIF ACQUIRES APPRO SYSTEMS FROM EQUIFAX

CRIF, a global leader in credit services, today announced that through its company CRIF Corp. it has acquired Equifax Enabling Technologies LLC unit, based in Baton Rouge, Louisiana, consisting primarily of the APPRO suite of loan origination software from Equifax Inc. (NYSE: EFX).

The acquisition of APPRO, one of the top loan origination software solutions in the credit union, banking and finance industries, is designed to further enhance CRIF Lending Solutions offerings in the U.S. and abroad. Established in 1988 in Bologna, Italy, CRIF is a global company specializing in the management of credit reporting, business information and decision support systems to support the needs of financial institutions, service providers, businesses and consumers. APPRO is one of the industry's leading providers of comprehensive, automated credit risk management and financial technologies for online and traditional lending environments. Over 200 financial institutions rely on APPRO lending technology to automate and manage over billions of dollars in annual loan volume.

"We are pleased to welcome APPRO to the CRIF Lending Solutions family," said CRIF CEO, Carlo Gherardi. "APPRO will help us to greatly expand the breadth and depth of lending automation technology offerings that we can provide to banks, credit unions and financial institutions around the world. Moreover, the solutions offered by CRIF and its controlled companies in the U.S. (Teres, Aimbridge, FLS and Magnum) are complementary to those of APPRO, which will make it possible to respond more effectively to the needs of an increasingly demanding market in terms of advanced added value solutions and technological flexibility."

"The APPRO acquisition increases our technological capacity and flexibility, which will allow us to respond to client and market demands," said Larry Howell, Chairman of the CRIF International board. The synergies deriving from this transaction will allow a specialized hub to be created in the U.S. with a greater potential for growth. Moreover, the integration of APPRO and CRIF experience in their specific areas of business will lead to a fast service in the implementation of added value solutions for the client. The aim of the deal is to supply the U.S. market and APPRO's clients with a comprehensive offer in terms of technological capacity and flexibility aimed at responding to the demands of the market and individual clients in a timely manner. APPRO Systems will operate as a wholly-owned subsidiary of CRIF. APPRO will be marketed and distributed under the CRIF Lending Solutions brand along with lending services and technology offerings from other U.S. based CRIF companies, including Teres Solutions, Aimbridge and FLS Services.

Source: CRIF Press Release

VEDA ADVANTAGE SAYS DEBT LEVEL IN AUSTRALIA ON THE RISE

Veda Advantage's bi-annual Australian Debt Study reveals the level of debt stress is on the rise, back to September 2008 levels, with **one in five (19%)** Australians with debt finding it difficult to make repayments, or unsure how they will make their next repayment.

The study, conducted by Galaxy research, found **four in five (82%) Australians worry** about the ability to repay debt over the next 12 months - up from 76% of Australians in September 2009.

Source: Veda Advantage Press Release. To read the full story click on the link:
http://www.bia.com/cci_industry_news.php

INDUSTRY NEWS

CLARE HART SLATED TO BECOME CEO OF INFOGROUP

Two shareholders object to the deal with CCMP - too low they say - thus putting the deal into jeopardy

Ex-Wall Street Journal executive Clare Hart is slated to become the new CEO of Infogroup. Her appointment at Infogroup, however, is contingent on shareholders and regulators approving the sale to CCMP. The deal has the backing of the Infogroup board and co-founder Vin Gupta, owner of 36% of the company's shares. Nevertheless two shareholders, with a combined stake of 8%, objected to the sale criticizing the valuation of the business and the timing of the proposed deal.

Current CEO Fairfield stated in an internal memo that he had "utmost respect for the leadership within CCMP and Clare Hart, the prospective CEO". Hart spent more than 25 years with Dow Jones, latterly as executive vice president and head of the company's enterprise media group, which housed the newswires and Factiva business information service. The Enterprise group of the Wall Street Journal was merged with its consumer media counterpart prompting Hart's departure from the company.

In the BIIA Newsletter March 2010 / II we reported that *Infogroup* had been taken private by private equity firm CCMP for US\$ 460 million. The price is less than one times revenue and comes as the result of a long-running drama that heated up with an investor lawsuit, the departure of long-term CEO Vin Gupta, and the disarray and distraction it caused for the management. The board of directors had put the company up for bid and it was rumored some months ago that the bidding list had grown to approximate 40 companies including the likes of D&B and Acxiom. Based on the purchase price the bidders list must have evaporated and industry insiders speculate now what CCMP has up its sleeve to rejuvenate the ailing company. Obviously Clare Hart appears to be their 'secret weapon'. **Source:** www.research-live.com - *BIIA Newsletter March 2010 / II*

REUTERS BEGINS SELLING NEW CUSTOMIZED FINANCIAL DATA, GRAPHICS SERVICE TO NEWSPAPERS

As major newspaper publishers have seen profits return and ad declines slow a bit, Reuters is hoping that the time is right to sell a new product designed to enhance understaffed business sections. **Source:** Thomson Reuters

THOMSON REUTERS TO OVERHAUL MARKETS DIVISION

In response to significant market changes Thomson Reuters is said to launch a series of products which bring together products from the former Reuters and Thomson Financial platforms into two simplified platforms. One aimed at large banks and the second aimed at individual users.

On May 11 Thomson Reuters will make [Insider](#), an online video product it has been testing since last year, available to all its customers. In addition to the company's own media staff, Insider will allow outsiders such as brokerages to offer videos of their analysts. A desktop platform, Eikon, will launch in the autumn and offer a wider range of data, greater personalization, and improved risk management, collaboration and emerging markets features.

"The industry is in a hugely different place from where it was in April 2008, and we think a lot of the changes are permanent and structural," Mr. Wenig said. "Big banks are disappearing but we've created 1,000 new accounts in ... six months. **Source:** *Financial Times* http://www.bia.com/industry_news.php

INDUSTRY NEWS

CREDIT BUREAUS GO BEYOND THE CREDIT FILE

Three major credit bureaus (Equifax, Experian and TransUnion) are widening the types of personal data they can provide banks, in an effort to strengthen financial firms' ability to properly assess loan candidates.

The dubious marketing and underwriting processes of the past decade largely overlooked borrowers' capacity to pay and their capital - two of the textbook "three C's of credit." Traditionally, credit reports and scores only reflected the third C: character.

Today, with lenders' renewed focus on conservative underwriting and desire to resume more robust marketing efforts, especially of credit cards, the bureaus are revamping their data offerings. Equifax Inc., Experian PLC and TransUnion LLC, along with score provider Fair Isaac Corp., are creating services that give lenders a more holistic view of the customer, including how much money a consumer makes and how much he or she is worth.

Though income and asset data are useful in a variety of applications, from underwriting to collections, lenders are particularly interested in using such information in the marketing process. With the economy improving, there is a greater desire among lenders, especially credit card providers, to identify new clients, said Fair Isaac's chief executive, Mark Greene. "Acquisition spending is up, and acquisition campaigns are rolling out as we speak," he said. "The question is to whom should those new marketing initiatives be sent?" Opportunities exist in the high and low ends of the credit score spectrum, Greene said. The challenge is distinguishing which borrowers in each segment can take on more credit. "Two individuals with the same score might have a different capacity to take on more debt," he said.

Last summer, Fair Isaac introduced its Credit Capacity Index, a proprietary model that uses Equifax credit data to help lenders better predict which borrowers would be able to take on more debt and still pay their bills on time. "It says that not only is this a high-creditworthy individual, but here's how much credit they can absorb without changing their credit score," Greene said.

Equifax has spent about \$1.6 billion over the past three years, mostly through acquisitions, to augment its data. In May 2007, the company bought Talx Corp., a St. Louis provider of employment verification and payroll services, in a deal valued at \$1.4 billion. And in October of last year, Equifax purchased IXI Corp. for \$124 million in cash. The acquisition of the McLean, Va., company, gave Equifax a database of consumer investment and asset information from more than 95 banks, brokerages and other financial firms, representing more than 42% of all consumer invested assets in the U.S.

Currently, about 100 of the largest banks and brokerages submit anonymous wealth information to the IXI database, Equifax said. That data is aggregated by ZIP code to give lenders a picture of average household wealth in a particular area. "No longer can they just carpet bomb ... households," said Dan Adams, the president of Equifax's consumer information solutions business. "They need better segmentation tools."

To read the full story click on the link: [American Banker](#)

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INDUSTRY NEWS

DATA THEFT: 3.3 MILLION RECORDS STOLEN FROM STUDENT LOAN COMPANY

A company that guarantees federal student loans said that personal data on about 3.3 million people nationwide has been stolen from its headquarters in Minnesota. Educational Credit Management Corp. said the data included names, addresses, Social Security numbers and dates of birth of borrowers, but no financial or bank account information.

The data was on "portable media" that was stolen ECMC said in a statement. Company spokesman Paul Kelash wouldn't specify what was taken, citing the ongoing investigation, but said there were no indications of any misuse of the data. The St. Paul-based nonprofit said it discovered the theft last Sunday and immediately contacted law enforcement, and made the theft public when it received permission from authorities. The Minnesota Bureau of Criminal Apprehension is leading the investigation. ***ECMC said it has arranged with credit protection agency Experian to provide affected borrowers with free credit monitoring and protection services.*** Borrowers will be receiving letters from ECMC soon on how to sign up, gain access to fraud resolution representatives, and be provided with identity theft insurance coverage.

Source: Associated Press

COFACE ASSISTS BUSINESSES IN UPDATING THEIR CREDIT RATING

Coface UK & Ireland are launching a new initiative which continues to improve dialogue and maintain confidence between businesses trading on credit, in line with its Transparency Charter. Coface, in association with a new service called CreditPal and information partner Graydon, have joined forces to help businesses update and ultimately improve the accuracy of their credit rating.

By registering with Coface's Transparency Charter and accessing CreditPal's online platform via the Coface website, a business of any size can upload its financial data directly from their accounting package. This data is first validated for its accuracy and quality and then shared with Coface's information partner Graydon, who will analyze the financials in order to express a credit rating. The business can then choose to share this report with Coface.

CreditPal: FSB CreditPal enables members to supply the financial information necessary to receive an up-to-date credit recommendation for their business, allowing them to access essential credit and finance on the best possible terms. More and more trade insurers and financial institutions require up-to-date financial information from small businesses before they'll provide key credit lines or financial products. FSB CreditPal is a free service for FSB members that allows them to supply the summarized management accounts necessary to receive an up-to-date credit recommendation for their business from leading credit referencing agency Graydon.

Source: [Creditman United Kingdom](#)

EXPERIAN ANNOUNCES ONLINE TRIPLE BUSINESS SCORE REPORT

New service provides business credit scores from three major business information providers in a single report. The Triple Score Business Report is available for \$29.95. ***For further information click on the link: <http://www.CompanyCreditScores.com>***

NEWS FROM CHINA

STOP USING ENGLISH PHRASES CHINESE TV STATIONS ARE TOLD

TV viewers may no longer be able to hear English abbreviations, like "NBA" (National Basketball Association), from mainland broadcasters. China Central Television (CCTV) and Beijing Television (BTV) confirmed to China Daily on Tuesday that they had received a notice from a related government department, asking them to avoid using certain English abbreviations in Chinese programs. Broadcasters and journalists have been asked to provide Chinese explanations for unavoidable English abbreviations in their programs, the report said.

The notice not only limits the use of English abbreviations in sports news, but also in economic and political news. Abbreviations such as "GDP" (gross domestic product), "WTO" (World Trade Organization) and "CPI" (consumer price index) will also be substituted with their Chinese pronunciations, it said. The country's top watchdog on television and radio, the State Administration of Radio, Film and Television, refused to comment.

Source: [China Daily](#)

CHINA TARGETS 150 MLN 3G USERS BY 2011

China plans to have 150 million 3G mobile telecommunication users by 2011 while investment in 3G development will hit 400 billion Yuan (58.6 billion U.S. dollars), the Ministry of Industry and Information Technology (MIIT) said in a statement on its Web site. The number of 3G base stations will exceed 400,000 by 2011 and cover all cities above prefecture level, most counties and towns, main highways, and tourist spots. The ministry said 3G development plays an important role in promoting self-innovation and helps expand domestic demand and ensures economic growth and employment. The Chinese government issued the long-awaited 3G licenses last year to the country's three mobile operators - China Mobile, China's biggest mobile operator, China Telecom and China Unicom.

So far more than 160 billion Yuan has been pooled for 3G network construction. China will also step up optical fiber network construction, according to a separate statement published on the MIIT website. Investment will top 150 billion Yuan in three years and new broadband users during the period will number 50 million, the statement said. China's broadband users totaled 346 million in 2009, accounting for 90.1 percent of all Internet users in the country, according to data from the China Internet Network Information Center.

Source: [Xinhua](#)

GOOGLE CHINA PARTNERS CUT TIES, TRAFFIC PLUMMETS

Google China is finally starting to feel the impact of its departure from mainland China after many of its partners ended their relationships with the American search giant. Some of the search engine's R&D personnel have jumped ship and its traffic and market share have declined substantially.

Google currently contributes around 15 percent of traffic for domestic small and medium-sized Web sites. The figure was 35 percent in January and February. By contrast, Baidu's share of the search market soared from 50 percent to 75 percent in the first two months of 2010, said Su Daode, head of VPSite.org.

Source: [People's Daily Online](#)

NEWS FROM INDIA

WUNDERMAN DIRECT MARKETING INDIA SPLITS INTO TWO DISTINCT ENTITIES

At times, two heads are better than one. This is exactly what Wunderman, the direct [marketing](#) specialist branch of Rediffusion Y&R, has discovered. The agency has been split into two distinct entities with very different mandates. Rediffusion - Wunderman (formerly known as Wunderman India), headed by Leroy Alvares, will focus on homegrown Indian clientele. Wunderman International, with Aditya Atri at helm, will work on large scale global clients exclusively. Speaking to ET, Daniel Morel, chairman and CEO of Wunderman, said this arrangement has been operational for close to two years. The agency forbore from making a formal announcement until it was absolutely certain that the two-pronged approach was working for its clients.

According to Mr. Morel, "Clients have a really different outlook on the way to do [business](#). And it's easier, given the scarcity of talent in the Indian market, to have a separate set of people devoted to one way of doing business and another devoted to a different way." He argues that large clients, particularly Nokia, Microsoft and Ford, have a global footprint and require people working in tandem around the clock. Whereas for local businesses, agencies tend to rely on teams that are more attuned to cultural nuances and have a quick turn-around time.

Both agencies currently have around a 100 people each. India is not the only market where Wunderman has such an operation running. The set up was pioneered in Japan and a similar arrangement exists in China as well.

Source: Economic Times

SMEs: INDIA, US LAUNCH JOINT INITIATIVE



From left, Consul General Prabhu Dayal, Anand Sharma and Ambassador Meera Shankar

India and the United States have launched a joint initiative for cooperation between small and medium enterprises, commerce minister Anand Sharma said.

The initiative -- Integrating US and Indian Small Businesses into the Global Supply Chain -- is aimed at expanding trade and job-creating opportunities for US and Indian small and medium-sized companies, the minister said.

Noting that SMEs in India [Images] account for substantial part of domestic production and for 40 per cent of the manufacturing and exports, the minister said that SMEs, particularly the medium enterprises, are great incubators of technologies. Therefore, an initiative like this would make bilateral trade and commerce more meaningful.

"We will ensure that the nodal groups that are responsible for the SMEs in both countries meet regularly to take it forward," Sharma told journalists during a press conference in New York at the end of his three-day visit to Washington. Sharma was in Washington mainly to sign India-US Trade Policy Forum Framework for Cooperation on Trade and Investment with his counterpart to strengthen the overall trade and investment cooperation. In New York, he also met Indian business leaders and entrepreneurs during a meeting organized by the Confederation of Indian Industry and Federation of Indian Chambers of Commerce and Industry. *Source: Indian Press Coverage*

FROM THE USER COMMUNITY

ANTIQUATED OR INSUFFICIENT TECHNOLOGY A DISADVANTAGE IN DETERMINING CREDITWORTHINESS

Managing creditworthiness and receivables has become more important than ever in the wake of the economic downturn. But are U.S. businesses taking advantage of the technological advances available to them?

At May's upcoming NACM Credit Congress & Exposition in Las Vegas, Fensterstock will be presenting case studies focused on companies who yielded significant benefits—improved resource allocation, cost reductions and forecasting of bad debt reserves—through implementing credit scoring systems that electronically determine which customers are at risk of slipping into delinquency and when they should be addressed. Fensterstock, who gave an abbreviated preview of his "Cashing in With Portfolio (Collection) Scoring" Credit Congress session in a March 22 teleconference, which is available through replay, says such technology can be particularly helpful to companies forced to slash resources at a time when it is more costly to collect money owed than in previous years.

*Additional information on NACM's 114th Annual Credit Congress is available [here](#).
Brian Shappell, NACM staff writer*

EXPORTERS TO THE USA ARE WAITING FOR ECONOMIC UPTURN

Credit is the key to economic recovery, says Dr. Chris Kuehl, Armada Corporate Intelligence

The decline in bank activity has been profound. Lending has dropped by 7.4% in the last year, the steepest decline in loan activity for business registered since 1942. That is a staggering number given that this means that banks have been more adversely affected than during the recession in the 1970s, 1980s and 1990s. The amount of money that has been taken off the table is over \$700 billion. This is more than twice the amount that the stimulus package has managed to put into the economy thus far.

There is no relief in sight as many banks are still licking their wounds from the collapse. These are the banks that became too exposed to the building boom or who were lending in communities that were the hardest hit by the recession. They have far too much in the way of non-performing loans and have to take steps to get their affairs in order. The hardest hit companies are SMEs employing less than 100 people which had provided 45% of new jobs since 1992.

INDIA: FINANCIAL LITERACY KEY TO FINANCIAL INCLUSION

Financial literacy is a prerequisite for effective financial inclusion, which will ensure that financial services "reach the unreached and under-reached sections of the society," India's Finance Minister Pranab Mukherjee stated recently. Delivering the inaugural address at an international workshop on 'Delivering financial literacy: challenges, strategies and instruments,' organized jointly by the Reserve Bank of India and the Organization for Economic Cooperation and Development (OECD), Mr. Mukherjee observed that the "outcome from the elaborate system of priority sector lending in India has been mixed." Mr. Mukherjee pointed out that the global economic crisis happened because ordinary people did not understand adjustable rate mortgages or risks associated with credit card debt. "Financial markets now offer complex choices to consumers, but literacy is essential for consumers to make informed choices," he remarked. *Source: [The Hindu](#)*

FROM THE REGULATORY CORNER

SEC FINALLY TAKES OFF THE GLOVES: ACCUSES GOLDMAN OF FRAUD

Goldman CEO Blankfein stated some months ago: “We participated in things that were clearly wrong and have reason to regret.” According to the SEC’s allegations investors are now learning more specifically what Mr. Blankfein was referring to.

The Securities and Exchange Commission SEC alleges that just before the subprime bubble burst in 2007, Goldman worked with a hedge fund manager to market certain subprime mortgage-related securities. Goldman did not tell the purchasers that they were buying an interest in loans hand-picked by the hedge fund, who took a very bearish view of the subprime market. Or that he had chosen them for their high likelihood of default. The buyers were also not informed that the hedge fund manager’s purpose in structuring the deal was to take a short position against the investments they were making. This trade ultimately netted him roughly \$1bn in profits, while the buyers lost their investment.

Back in the 1990s, as America writhed in the aftermath of the Savings and Loans crisis, many hundreds of bankers were fined or put in jail as a result of their bubble-era misdemeanors. Fifteen years later, however, as most of the global financial systems reels from another financial collapse, it is noteworthy just how little real retribution has been exacted on those responsible. After all, the losses created by the subprime saga were worse than the SAL woes. Yet, thus far, few financiers have been brought to book. No wonder that the average voter in the US or Europe feels so angry: to most, the subprime saga seems like a giant “crime” without any punishment or justice. But could this be about to change? Friday’s bold civil lawsuit by the Securities and Exchange Commission will undoubtedly prompt some to hope so.

Implications: If the allegations are correct, the SEC should throw the book at Goldman and its executives. Of course, the bank rejects the complaint, but in any case it will leave a sour taste for investors. It is high time to establish transparency in the finance system. If the SEC fails to make its accusation stick, its reputation will be completely in tatters.

Source: Financial Times

MOODY’S SHARES HIT BY SEC ANNOUNCEMENT

Moody’s which rated corporate and structured derivative transactions, declined 7.6 per cent to \$27.41 as news of the legal action against Goldman emerged.

Source: Financial Times

CASE RULING COULD HEAP MORE RESPONSIBILITY ON CREDIT PROFESSION

An 11th Circuit U.S. Court of Appeals ruling suggests that creditors need to discover whether a Chapter 11 debtor has permission to continue purchasing goods and services in the period after a bankruptcy filing or face the risk of having to return any money collected during said period. Deborah Thorne, Esq., of Barnes and Thornburg LLP, and Bruce Nathan, Esq., of Lowenstein Sandler PC, are among attorneys who characterized the ruling from the Circuit court as a cause for concern for the business credit industry.

Courtesy: National Association of Credit Managers (NACM)

PEOPLE ON THE MOVE

WANG JIN (EX GOOGLE) JOINS BAIDU

Wang Jin, the former vice director of Google China's Engineering & Research Institute, has joined Baidu as the vice president of its technical team, according to a Baidu insider on April 15. Wang will be in charge of Baidu's research and development team management and construction in Beijing. He is also the first Chinese executive from Google to join Baidu.

Wang joined Google in June 2000 and was in charge of advertising in China. Previously, he had been eBay's CTO in China and also served with Oracle, Alibaba and other companies. When Google established a research institute in Shanghai in 2007, Wang and Yang Wenluo were invited to co-manage the institute.

Source: People's Daily Online

MOODY'S ELECTS ARTHUR SKELSKIE SENIOR VICE PRESIDENT

Moody's Corporation (NYSE: MCO) today announced that Arthur Skelskie has been promoted to Senior Vice President, Corporate Services for the Corporation, responsible for global real estate, procurement, business continuity and document management and production services.

Mr. Skelskie joined Moody's in March 2006 as Vice President of Global Real Estate. Prior to Moody's, he held leadership positions in real estate and facilities management for Time Warner Inc. and Siemens AG. He also practiced real estate law at firms including Schulte Roth & Zabel and Stadtmauer Bailkin. Mr. Skelskie holds an A.B. degree (with honors) from Brown University and a J.D. from New York University.

Source: Moody's Press Release

KROLL APPOINTS FREDERICO GEBAUER AS MANAGING DIRECTOR

Kroll, the world's leading risk consulting company, announced today that Frederico Gebauer, formerly First Deputy Criminal Justice Coordinator for the Office of the Mayor of the City of New York, has joined the firm's Business Intelligence and Investigations practice as a managing director in its New York office.

Gebauer will supervise a wide variety of assignments including corporate investigations, fraud and detection, due diligence and regulatory issues. In addition, being fluent in Portuguese and proficient in Spanish, he will help Kroll's New York-based clients manage risks associated with their Latin American operations.

About Kroll: Kroll, the world's leading risk consulting company, provides a wide range of investigative, intelligence, financial, security and technology services through offices in 55 cities across 27 countries. Kroll is a subsidiary of Marsh & McLennan Companies, Inc. (NYSE: MMC), the global professional services firm. *Source: [Kroll Press Release](#)*

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