

# BIIA

## Business Information Industry Association

### The Socialization of Business Information

**The credit information market exists for more than a 100 years. The market is rapidly becoming a niche in the fast growing world of information services. And Credit Information did not provide big answers in the credit crisis. The credit information industry can be characterized as a closed decentralized expert network of proprietary databases. Some key words for booming information business models are open, global and social. Is change to be expected?**

In credit information 'information technology' almost equals business strategy. The focus on technological development is sometimes in the way of true business innovation. Technology is oftentimes considered a legacy, and imposing barriers on businesses rather than opportunities. There were high expectations in the industry of XML, web services, XBRL and the like. But it did not change the industry and create new market growth. It did not innovate existing business models.

There is another observation that can be made about credit information that affects thinking about strategy and technology. Technology has become 'social'. Technology launched new players in the market that play by a new set of rules, they create new opportunities and even new businesses. It is almost a new world of information. The question is: are you part of that world? The next question is: (how) will it create value? To understand where any information is going, we need to draw a new map to understand our positions, our direction and the main points of interest.

Some key elements of the credit information industry structure are closed networks, proprietary owned local databases, with legacy in systems and business models. The industry creates value, but it prevents credit information to flow internationally, except from exchanging cross border reports. Also the industry faces counterproductive regulations and data protection, imposing sometimes even a bigger threshold on disclosing information. But in the same time every single company has become part of the Facebook or LinkedIn community now, Google is used as the entry to information and we download music and news from mobile apps that are everywhere. Information is any time, any place anywhere. If managed well, information is the only resource that increases while you use it. This power of socialization of (business) information has changed many industries already.

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Credit information is protected by user-contracts and passwords and PSI data is not made available effectively; it causes high barriers of access to relevant information. This is limiting the user-base of credit information to experts and professionals. One of the reasons that credit information has become commoditized could be that most (international) databases are stand-alone and that no new or shared data-sources have been opened. The value is created largely by efficiency of the information distribution and workflow processes. There is still a lot to win by creating value based on open platforms, sharing information and participation of all stakeholders (crowd) in the information process. The new information company will be managing processes and connects to various user groups. Brand and volumes from differentiated users are at the least as valuable assets for an information company as the content of the database.

### **Conclusion**

Looking across other information industries the industry can be warned that most existing models that are not future proof. New information infrastructure and socialization of the business will change the landscape in credit as well.

Information is the fastest growing industry in the world. Credit information is a mature (niche) market that is relatively shrinking. This is caused by regulations, protections and persistent structures. The credit information industry will in one point in time be confronted with new information and new business models, sometimes in disguise, ignoring traditional access barriers and protections. Information is fluid and information is creative, it will eventually find its most efficient way from and to the markets and users.

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*Graydon is a member of BIIA*

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