

BIIA Newsletter

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

BIIA NEWSLETTER ISSUE 01 II - 2016

January II - 2016 Issue

Pages 2 - 4

Late Breaking News:

- A Death Knell for Credit Bureaus
- Bank of England Report on Enhancing the Use of Commercial Credit Data by Trade Creditors
- Outsell Report: Email Marketing is Dead – Long Live Email Marketing Report
- Experian Q3 Organic Revenue Growth Up 6%

Pages 5 - 8

Member News:

- Experian Selected by JD.com for World-Class Fraud Protection
- Experian Launches Phone Number Id™
- Creditsafe Expands in the US
- Tinubu Square Continues its Development in North America
- HG Data is Selected by HIMSS Analytics to Build the Largest and Most Detailed B2B Healthcare Market Intelligence Tool
- Crystal Credit Opens in the Lebanon
- Cedar Rose International & MENACA Consultants Enter into Joint Venture
- CRIF Presents Mobile-based Fraud Prevention Service at ESMA Conference
- Justin Fitzpatrick, COO of DueDil, Comments on Off-shore Hiring of Data Scientists
- TransUnion Launches New Division to Support Government's Efforts Against Fraud, Data Breaches and Other Areas of Need

Pages 9 - 10

Industry News:

- Moody's Acquires Assets of BlackBox Logic
- CoreLogic to Acquire FNC, Inc.
- LifeLock Q3 2015 Revenues Up 24%
- Verisign Q3 2015 Revenues Up 42%

Pages 11 - 12

News from China

- Alibaba Ups the B2B Ante by Building a B2B Ecosystem
- Alibaba Set to Staging Rival Consumer Electronics Show in Shenzhen
- Chinese Rating Agency Dagong under EU Probe

Page 13

FinTech & Cryptocurrency News

- JPMorgan to Partner with OnDeck Capital for Small Business Loans
- Cryptsy's Bitcoin Theft Kept Hidden to Avoid 'Panic'

Page 14

Regulatory News:

- Business Leaders Urge EU and US to Meet Safe Harbor Deadline



BIIA Welcomes
Saudi Credit Bureau ([SIMAH](#))
and [Qarar Consultancy LLC](#),
as New Members



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LATE BREAKING NEWS

A Death Knell for Credit Bureaus?

The story about Silicon Valley FinTech online lenders challenging the usefulness of the FICO credit score prompted another writer by the name of [Ryan Weeks](#) to pick up his pen to express his opinion. He used a rather provocative headline suggesting that this may be the death knell, not just for the FICO score, but also for credit bureaus. We covered the previous story in our [news flash](#) of January 17th 2016.

Ryan Weeks points out a number of critical actions taken by lenders to harness FinTech technology and the reasons behind it. He mentions JPMorgan Chase who has [teamed up with OnDeck](#) in order to leverage the latter's innovative credit scoring technologies. DBS Bank has [just announced a similar deal](#) with AMP Credit Technologies. Are the likes of [OnDeck](#) and AMP being turned to for their clever use of Credit Reference Agency (CRA) data? He says the opposite being the case. **They're being turned to because they have devised methods of more accurately pricing risk within the SME space by using auxiliary data sources.**

He also asks the question: If traditional CRAs were themselves fit for the task, would Chase be looking at its 4 million small business customers through the lens of OnDeck technology? Unlikely.

Admittedly, CRA data is highly likely to serve as an important source of fuel for the OnDeck credit assessment machine. But it is by no means the only source, and **one wonders if its importance is on the slide.**

BIIA, in its [news flash](#) of January 17th, points to similar factors. For banks and for niche players the use of alternative (or auxiliary) data will be a differentiator in achieving growth with hopefully manageable risk. It will, however, be a disrupter for CRAs unless they change their business model. BIIA also dealt with this subject last year in its article ["Credit Bureaus and the Theory of Punctuated Equilibrium"](#).

The biggest drawback for credit bureaus will be the fact that FinTech will be taking a sizable chunk of market share from the banks. Thus less bank data is being shared with the CRAs. Currently many FinTech companies do not use CRA data and thus are not sharing their experiences with CRAs either. This factor will retard CRA revenue growth unless they can convince the FinTechs to share their loan performance data and use CRAs in a reciprocal manner.

Death knell, yes or no? One could respond with the quote of Mark Twain: "The reports of my death have been greatly exaggerated." As Ryan Weeks concluded that the vast majority of the bank package will remain relevant for the vast majority of the population. In much the same way, CRA data will remain crucial for the bulk of lenders – alternative or otherwise. It's the single most predictive indicator of trustworthiness in the face of financial obligation – for most types of borrowers.

BIIA also concludes that there are a number of critical factors which may force FinTech online lenders to cooperate with CRAs. KYC, anti-money laundering, identification and authentication of electronic devices used in payment systems require the intense pooling of information to prevent fraud and credit losses. It is the opinion of the writer of this article that either the pain of high credit losses or heavy fines of non-compliance will force FinTech companies eventually to cooperate with CRAs.

About the author: Joachim C Bartels is Managing Director and Editor-in-Chief of BIIA.com. The content of this article does not necessarily reflect the opinion of the members of BIIA.

LATE BREAKING NEWS

Bank of England Report on Enhancing the Use of Commercial Credit Data by Trade Creditors

BIIA members may be interested in efforts of the Bank of England to improve the quality of the credit scores and limits provided by CRAs to trade creditors. The recommendation centers on the use of credit data / scores from CRAs, data from the public information sector, information shared by trade creditors (trade data) and relevant data from banks. The Bank of England recently released a report on the subject. The report is not only relevant for the UK, but can serve as a role model for other credit markets. Please note the summary information:

Bank of England Report on Enhancing the Use of Commercial Credit Data by Trade Creditors. Key points summary:

1. As part of the Bank of England's work in support of the Financial Policy Committee's (FPC) medium-term priority to consider ways to improve the diversity and robustness of market-based finance, the Bank has been exploring whether or not access to commercial credit data could be widened to support the provision of trade credit.
2. Under current information sharing arrangements, the credit scores and limits recommended by Credit Reference Agencies (CRAs) to trade creditors are based primarily on publicly available information and information shared by other trade creditors. In the past, these credit scores and limits have not included relevant data from banks and other financial intermediaries. Increased sharing of credit data would likely improve the quality of the credit scores and limits provided by CRAs to trade creditors.
3. Following discussions between the Bank and the Steering Committee on Reciprocity (SCOR), the industry committee that oversees reciprocal data sharing protocols, two CRAs (Equifax and Experian) undertook a study to investigate the impact on credit scores and credit limits of including commercial credit data provided by banks and other financial intermediaries in the credit scoring algorithms used by the CRAs. The study demonstrated a marked improvement in the accuracy of the algorithms used to produce credit scores when the fuller dataset was used. This would, in turn, lead to improved allocative efficiency in trade credit and may have a beneficial impact on the pricing and other terms upon which trade credit is provided.
4. The study also indicated a potential increase in aggregate trade credit limits of £2.4bn across the entire business population. The inclusion of this additional data was consistent with higher credit scores for over 50% of businesses in the sample, while only 8% of firms would have experienced a decline in their credit scores. The overall increase in credit scores arises because most of the additional credit data are largely positive (e.g. affirming payments taking place) rather than negative (e.g. arrears). In addition, around 50,000 mostly small firms would receive a recommended trade credit limit for the first time.
5. Given the results of the study, SCOR decided to amend its rules to enable these benefits to flow. To obtain access to these enhanced credit scores, trade creditors will need to share their own credit data through the CRAs and have the permission of the borrower to access its credit score from the CRAs.

The full report can be downloaded from the [Bank of England's website](#)

BIIA Newsletter

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

BIIA NEWSLETTER ISSUE 01 II – 2016

MEMBER NEWS

Outsell Report: Email Marketing is Dead – Long Live Email Marketing Report

Outsell, Inc., the world's only research and advisory firm focused on media, information, and technology, released its **Email Marketing is Dead, Long Live Email Marketing Report**.

In 2015, US B2B marketers spent \$8.4B on e-mail marketing, one of the highest spending categories in digital marketing. Although it's less sexy than social media and mobile marketing channels, e-mail consistently ranks as a highly effective marketing method. In a market that's constantly evolving with changing technology and user preferences, vigilance with e-mail best practices is a must.

E-mail Marketing is Dead. Long Live E-mail Marketing! provides a detailed overview of B2B e-mail marketing, the impact of technology, evolution of the inbox and intelligent deliverability, along with B2B e-mail market size and growth. The report also identifies key trends affecting e-mail marketing and provides essential actions that will enable marketers to maintain their edge.

To order the report click on this link: <https://www.outsellinc.com/search/d7entity/50278>

Experian Q3 Organic Revenue Growth Up 6%

Foreign exchange impacted results negatively. In the three months to 31 December 2015, total growth was 6% at constant exchange rates and organic revenue was also up 6%. At actual exchange rates, total revenue from continuing activities was down 3%. The differences relate to foreign exchange translation effects relative to the US dollar. If current rates prevail, on EBIT we now expect a foreign exchange headwind of approximately 11% for the year ending 31 March 2016 and a further headwind of approximately 3% for the year ending 31 March 2017.

Continuing Activities only	Total Growth % Actual FX-Rates	Total Growth % Constant FX-Rates	Organic Growth % Constant FX Rates
North America	6	6	6
Latin America	(29)	7	7
UK and Ireland	(1)	4	4
EMEA/Asia Pacific	(6)	7	7
Experian Total	(3)	6	6

Experian Reports in US \$ % Change in Revenue year-on-year for the three months to December 31st 2015

To read the full segment report click [on this link](#)

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MEMBER NEWS

Experian Selected by JD.com for World-Class Fraud Protection

JD Finance, owned by China's largest online direct sales company JD, has selected Experian, the global leader in information services as a partner to jointly develop an anti-fraud system for online transactions.

JD Finance leverages **FraudNet**, an industry-leading fraud detection and prevention solution from 41st Parameter, part of Experian's suite of fraud prevention tools, to detect and prevent fraud.

With internet fraud on the rise in China and Chinese online shoppers made vulnerable, the use of big data analytics in Experian's anti-fraud solution to elevate security is especially vital in fighting online fraud. FraudNet has been tailored for Chinese market and the localized anti-fraud solutions are able to effectively detect and prevent fraudulent payments and transactions that are unique to the Chinese e-commerce environment.

This FraudNet installation is the first deployment in China and is Experian's largest roll-out to date and has successfully supported JD during its high volume Singles Day. **Source:**

[Experian Press Release](#)



Experian Launches Phone Number ID™ to Solve Debt Recovery Challenges with Advanced Batch Phone Verification

Latest Addition to Experian's Debt Collection Product Suite - Real-time phone evaluation against 4,500 carriers, seamless integration and regulatory compliance makes this tool the most powerful offering in the market

Experian® released Phone Number ID™, providing an innovative and comprehensive solution for consumer-contact businesses. As the latest addition to Experian's debt collection product suite, Phone Number ID delivers a batch phone-verification product that supports compliance with the Telephone Consumer Protection Act (TCPA), distinguishes phone type and validates phone information in real time.

Phone Number ID allows direct access to over 4,500 phone carriers to identify whom the phone number is registered. This capability can be combined with exclusive contact information for more than 220 million consumers through Experian's core File OneSM credit database delivering the industry leading contact and verification service.

- Verify all phone information against 4,500 carriers to confirm connectivity, ownership, phone type, activation date and carrier information in a single batch process
- Execute a seamless contact-management process by combining Experian's TrueTrace™ and Phone Number ID to verify the consumer's phone number and/or new phone numbers in one process
- Reduce legal and financial risk by searching with phone carriers in real time and providing a timestamp for record keeping, reducing exposure to inaccurate phone information **Source:** [Experian News Release](#)

BIIA Newsletter

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

BIIA NEWSLETTER ISSUE 01 II – 2016

MEMBER NEWS

Creditsafe Expands in the US

Creditsafe now employs 150 at its Allentown, PA location and plans to hire an additional 250 employees from the area over the next three years. **Matthew Debbage**, president of Creditsafe's American and Asia-Pacific Operations, said 90 percent of the planned employment growth will consist of sales positions.

"We're recruiting people with the right attitude and then we will train them for skills and then they have so many other avenues they can go into within the sales facility," Debbage said.

Debbage said the business credit report industry is worth \$1 billion in the United States. On a worldwide scale, he said Creditsafe, which has 12 global office locations, exists in 75 percent of the markets and has a 4.4 percent market share. But, Debbage said, "We're growing by 20 percent every year."

About two years after opening its South Whitehall office, Creditsafe opened its second U.S. office near Phoenix, Ariz. In mid-December, Creditsafe announced it launched a database for the Mexican marketplace and also will be expanding into Asia this year.

To read the full report and listen to the interview with Matthew Debbage click on the link below. **Source:** Mcall.com

Tinubu Square Continues its Development in North America

Tinubu Square, a leader in credit risk software solutions, has announced the opening of a new office in Montreal, Canada. This development follows the expansion of Tinubu's business in North America, which was recently augmented with the opening of an office in New York. The 'on-the-ground' presence of the company will help it to further expand its interests in North America.

The Montreal operation will be under the direction of **Jérôme Pezé**, the founder of Tinubu, enabling him to observe at close hand the evolution of the Canadian market and respond quickly to business and development opportunities.

Tinubu has now entered into a number of partnerships with influential institutions in Canada, including EDC (Export and Development Canada) and The Guarantee Company of North America (The Guarantee) both of which will help the company to reinforce its credentials and introduce its unique technology to the market. **Source:** Tinubu Press Release

HG Data is Selected by HIMSS Analytics to Build the Largest and Most Detailed B2B Global Healthcare Market Intelligence Tool

HG Data, the global leader in competitive intelligence on installed technologies, announces today it will be collaborating with **HIMSS Analytics** to supplement, enhance and automate portions of their collection and verification process using HG Data datasets and curation technology. This is the one of many major steps HIMSS Analytics is taking towards the goal of scaling its innovation as it expands its offering and geographic coverage

Source: Mysanantonio.com

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BIIA Newsletter

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

BIIA NEWSLETTER ISSUE 01 II – 2016

MEMBER NEWS

Cristal Credit Opens in the Lebanon

Cristal Credit announced the incorporation of Cristal Business Services Middle East in Lebanon; a country at the crossroad between East and West, historically known for being a place where everyone can find common ground to talk and build win-win relationships. For many years, Cristal Credit has been working in this region with a network of experts to provide clients with high quality information and help them in their decision process.

By getting involved in this region Cristal Credit wants to improve the quality of the exchanges between East/West companies and decision-makers, and actively take part in the economic growth of a region, **Source: [Cristal Credit Newsletter #1](#)**

Cedar Rose International & MENACA Consultants Enter into Joint Venture

MENACA - the Middle East and North Africa Consultants Association has formed a joint venture with member Cedar Rose International Services to create the MENA Consultants Due Diligence Center.

MENACA members and clients can download a variety of database reports and request freshly investigated reports and company documentation through this portal. The Center is due to be up and running by end of Q 4 - 2015.

With a database exceeding a million MENA companies and access to official public records and data sources worldwide, Cedar Rose are able to offer comprehensive due diligence research and background checking of individuals and companies, as well as detailed, accurate company credit reports.

The MENA Consultants Due Diligence Center will give users an instant gateway to one of the largest and most comprehensive sources of MENA business information currently available. **Source: [Cedar Rose News](#)**

CRIF Presents Mobile-based Fraud Prevention Service at ESMA Conference

At the Eurofinas Annual Conference CRIF presented the new **Fraud Analyser Mobile service** to major European consumer credit providers.

With the EU 4th Anti Money Laundering Directive (AMLD) the European Union is now putting a framework in place which focuses on greater effectiveness and improved transparency in order to make it harder for criminals to abuse the financial system, for example enhancing beneficial ownership transparency by introducing new investigative tools. Under the new directive, payment providers are faced with tougher sanctions for violations, requirements to keep track of beneficial owners, and specific references to electronic money. With banks and insurance companies required to comply with common fraud detection standards, it is vital for financial organizations to meet stringent compliance requirements more easily, and identify the most effective tools.

The service is currently being rolled out in the Italian market thanks to 2 major Italian finance-sector clients, and has now generated interest among other European players. **Source: [CRIF Press Release](#)**

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

BIIA NEWSLETTER ISSUE 01 II – 2016

MEMBER NEWS

Justin Fitzpatrick, COO of DueDil, Comments on Off-shore Hiring of Data Scientists

Tech City UK, a taxpayer-funded government organization, has received just 37 applications since April 2015 for a dedicated technology visa that can be given out to 200 people.

Justin Fitzpatrick, COO of London startup DueDil, which allows companies to do financial background checks (due diligence) on other companies, said he often has to hire data scientists from outside the EU. He is aware of the Tier 1 visa but so far he's also relied on the Tier 2 visa, which does not fall under Tech City UK's remit.

"Some of the immigration procedures, such as the resident market labor test, have felt a bit like box ticking, and the only tangible outcome for us has been that these delay hiring," he said.

"I'm not sure that companies are fully aware of all the various ways they can sponsor [non-EU tech workers]," continued Fitzpatrick. "The process for talented people who are already working in the UK to stay here should be easier."

Another startup CEO, who wished to remain anonymous, confirmed Fitzpatrick's claim, saying no one uses Tech City UK's visa scheme because "people don't know anything about it."

Source: [Businessinsider.com](#)

TransUnion Launches New Division to Support Government's Efforts Against Fraud, Data Breaches and Other Areas of Need

TransUnion announced the launch of its Government Information Solutions division. The new group provides fraud, benefit eligibility verification, identity authentication, data breach response, investigation services, and other key solutions to federal, state and local government agencies in the U.S. TransUnion's solutions help both private and government sector organizations manage risk and reduce costs.

Collections, Fraud, and Identity Authentication Support: One specific focus area for TransUnion's new vertical is uncovering tax fraud. According to the Internal Revenue Service, federal tax-refund fraud is expected to hit \$21 billion by 2016, up from just \$6.5 billion two years ago. **TransUnion data and solutions help enable government agencies to better identify and differentiate between citizens and fraudsters.**

Easily Accessible Solutions: Access to TransUnion solutions are simple for most government agencies through TransUnion's General Services Administration (GSA) Schedule 520/FABS/Consolidated contract ([GS-00F-226CA](#)), NASA Solutions for Enterprise-Wide Procurement ([SEWP](#)) contract and other procurement vehicles. By accessing these platforms, government agencies can leverage financial management, risk assessment, investigative and mitigation services for fast, easy-to-use procurement.

Source: [Transunion Press Release](#)

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INDUSTRY NEWS

Moody's Acquires Assets of BlackBox Logic

Moody's Corporation (NYSE:MCO) announced that it has acquired the residential mortgage backed securities (RMBS) data and analytics assets of **BlackBox Logic**. Moody's will integrate BlackBox Logic's loan-level RMBS data and technologies into products of its Structured Analytics and Valuations (SAV) unit.

The enhanced residential mortgage loan data will be available through Moody's Analytics bulk data feeds and Structured Finance Portal. These products feature extensive loan- and pool-level data for global securitized assets, as well as powerful cash flow analytics, risk monitoring and credit modelling tools. BlackBox Logic's data further expands the company's RMBS loan-level coverage, building on Moody's acquisition of Lewtan Technologies in 2014.

"BlackBox Logic's extensive data set extends the scope of Moody's Analytics loan-level coverage and further strengthens our position as a global leader in the modeling and analysis of securitized transactions," said Gus Harris, Executive Director, Moody's Analytics.

The acquisition is not expected to have a material impact on Moody's earnings per share in 2015 or 2016, and will be funded through US cash on hand. The terms of the transaction were not disclosed. SAV operates within the Research, Data and Analytics (RD&A) line of business of Moody's Analytics. *Source: [Moody's Press Release](#)*

CoreLogic to Acquire FNC, Inc.

CoreLogic® announced the Company has entered into a definitive agreement to acquire FNC, Inc. (FNC), a leading provider of real estate collateral information technology and solutions that automate property appraisal ordering, tracking, documentation and review for lender compliance with government regulations.

- FNC's collateral valuation workflow technology platform complements CoreLogic's property valuation-related data-driven services and analytics.
- Combined company creates a scaled, integrated property valuation solution provider powered by a broad suite of fulfilment, platform, data and analytics capabilities and assets.
- CoreLogic's Valuation Solutions Group (VSG) expected to facilitate significant future growth opportunities in the U.S. and globally.
- Purchase price of \$475 million; accretive to 2016 financial results.

FNC delivers deep expertise in appraisal compliance, workflow best practices, and process efficiency to mortgage lenders and servicers, appraisal management companies, secondary and capital markets firms as well as property and casualty insurance companies. In addition, its platforms are integrated into the workflow systems of 18 of the 20 largest U.S. banks. FNC platforms provide broad connectivity to approximately 80,000 appraisal, title and inspection vendors. Its solutions allow industry participants to automate the collateral valuation and diligence process, monitor and optimize vendor performance and facilitate compliance with regulatory and internal risk management policies. *Source: [CoreLogic Press Release](#)*

BIIA Newsletter

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

BIIA NEWSLETTER ISSUE 01 II – 2016

INDUSTRY NEWS

LifeLock Q3 2015 Revenues Up 24%

LifeLock revenue was \$152.0 million for the third quarter of 2015, up 24% from \$123.0 million for the third quarter of 2014. Consumer revenue was \$144.6 million for the third quarter of 2015, up 25% from \$116.1 million for the third quarter of 2014. Enterprise revenue was \$7.3 million for the third quarter of 2015, up 5.6% from \$6.9 million for the third quarter of 2014.

Net income (loss): Net loss was \$65.1 million for the third quarter of 2015, which included a pre-tax charge of \$96.0 million related to a proposed settlement with the FTC, a consumer class action suit, and state attorneys general, compared with net income of \$5.5 million for the third quarter of 2014.

Business Highlights: Recorded the 42nd consecutive quarter of sequential growth in revenue and cumulative ending members. The company acquired a team of product and development data experts from BitYota Inc. for \$12.8 million. The team has extensive expertise in large scale data processing for the purpose of developing new data-based products within our consumer segment. Added approximately 251,000 gross new members in the third quarter of 2015 and ended the quarter with approximately 4.1 million members. Increased monthly average revenue per member to \$11.91 for the third quarter of 2015 from \$11.22 for the third quarter of 2014.

The Company also announced that it has reached agreements with the staff of the Federal Trade Commission and representatives of a national class of consumers on a comprehensive settlement resolving outstanding litigation relating to its past marketing representations and information security programs. **Source:** [LifeLock Press Release](#)

Verisign Q3 2015 Revenue Up 4.2%

VeriSign, Inc. and subsidiaries ("Verisign") reported revenue of \$266 million for the third quarter of 2015, up 4.2 percent from the same quarter in 2014. Verisign reported net income of \$92 million and diluted earnings per share of \$0.70 for the third quarter of 2015, compared to net income of \$95 million and diluted EPS of \$0.69 for the same quarter in 2014. The operating margin was 58.1 percent for the third quarter of 2015 compared to 54.7 percent for the same quarter in 2014.

Business Highlights: Verisign Registry Services added 1.68 million net new names during the third quarter, ending with 135.2 million .com and .net domain names in the domain name base, which represents a 3.4 percent increase over the base at the end of the third quarter in 2014, as calculated including domain names on hold for both periods.

In the third quarter, Verisign processed 9.2 million new domain name registrations for .com and .net, as compared to 8.7 million for the same quarter in 2014.

The final .com and .net renewal rate for the second quarter of 2015 was 72.7 percent compared with 71.8 percent for the same quarter in 2014. Renewal rates are not fully measurable until 45 days after the end of the quarter.

Source: [Verisign Earnings Release](#)

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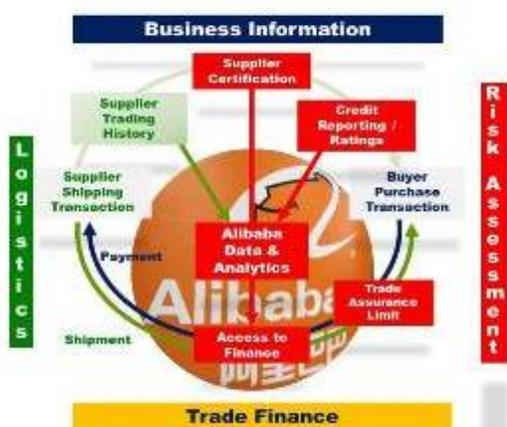
NEWS FROM CHINA

Alibaba Ups the B2B Ante by Building a b2b Ecosystem

Chinese eCommerce conglomerate Alibaba is once again bolstering its business-to-business capabilities. Reports in the *South China Morning Post* on Jan. 13 said Alibaba revealed having more than 25 partnerships with credit rating agencies and financial institutions throughout the globe as part of its strategy to link SMEs on its platform with working capital.

The collaborations mean small and medium-sized enterprises can use Alibaba to connect to **cross-border trade finance**, as well as to a new **credit reporting tool**.

Alibaba Group B2B Ecosystem



“To Alibaba, regardless of B2B exports or imports, the ecosystem is very important,” said Alibaba Group CEO **Daniel Zhang** at a conference in China recently. “The Alibaba mission is to make it easy to do any type of business.”

At present, only Chinese companies can access funding from Alibaba and its banking partnerships. Existing bank partners include MYBank, Bank of China and China Merchants Bank.

According to the company’s president of B2B operations, Sophie Wu, the firm has begun work to launch a new credit rating system for Chinese suppliers, slated to debut later this year. Dubbed credit.alibaba.com, the platform will provide a credit score for businesses based on ratings

aggregated from traditional credit scoring companies, as well as data from the Alibaba platform itself.

“By building up the credit profiles of Chinese SMEs based on business-related data, Alibaba.com’s credit reporting service can help overseas buyers identify trustworthy trading partners and provide Chinese suppliers access to innovative financing options,” Wu said.

Alibaba had already entered the credit scoring industry through its financial unit, Ant Financial, which **launched** a credit scoring offering last year in collaboration with China’s central bank.

Alibaba’s online platform evolved from a directory of Chinese suppliers to a one-stop platform providing a variety of services for international buyers and suppliers, including credit reporting and rating, supplier certification, trade assurance, business loans and logistics.

Source: Pymnts.com/news

NEWS FROM CHINA

Alibaba Set to Staging Rival Consumer Electronics Show in Shenzhen

Alibaba will partner with German group Internationale Funkausstellung (IFA) in staging consumer electronics show in April to rival the annual international CES event in Las Vegas

Alibaba Group is making a big foray into mainland China's trade exhibition industry this year, with an eye to drum up more business for its online retail operation. *Source: SCMP.com*

Chinese Rating Agency Dagong under EU Probe

Dagong Europe is under scrutiny by EU regulators-documents. ESMA probe identified compliance, audit failings-documents. ESMA has power to fine, revoke rating agency licenses.

European regulators identified weaknesses in the internal system of checks and balances at Chinese-owned credit rating agency Dagong Europe during a two-year probe, according to documents reviewed by Reuters. The probe is a potential blow to China's biggest rating agency Dagong Global, which set up Dagong Europe in Italy in March 2012 as the first Asian challenger in Europe to the big three U.S. agencies - Moody's, Fitch and Standard and Poor's.

The confidential investigation is being carried out by the European Securities and Markets Authority (ESMA), which has the power to approve, supervise and sanction rating agencies inside the EU. At issue is the regulator's concerns that Dagong Global may not be fully compliant with strict EU rules designed, among other things, to prevent conflicts of interest in rating the creditworthiness of clients. Compliance with such rules is a condition of the license it was granted in June 2013 to operate across the 28-nation bloc. ESMA has the power to censure, fine and even withdraw an EU license if it finds that a rating agency has infringed Europe's Credit Rating Agency regulation, according to its website.

The clash with EU authorities, yet to be resolved, has absorbed much of Dagong Europe's energy, people with direct knowledge of the rating agency said. The rating agency, which has just a 0.02 percent market share in Europe according to ESMA data, has yet to turn a profit. The probe was triggered by a complaint from Mandarin Capital Partners, a private equity firm that had initially backed Dagong Europe, concerning potential violations of Dagong's EU license, according to people familiar with the matter.

The arrival of Dagong in Europe was welcomed in European business circles as an attempt to bring more competition to the ratings business, whose dominance by the "big three" came under fire in the wake of the 2007-09 global financial crisis.

BIIA Editorial Comment: Eagan Jones and Dagong were some of the most vocal critiques of the three major credit rating agencies following the sub-prime crisis. It is astonishing that Eagan Jones was subsequently censored by the SEC for wrongdoings and Dagong is now under fire by EASMA for similar failures in compliance. The age old adage falls into place: "People who live in glass houses shouldn't throw stones".

To read the full Reuters article click on this link: *Source: Reuters*

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FINTECH & CRYPTOCURRENCY NEWS

JPMorgan to Partner with OnDeck Capital for Small-business Loans

Rather than going it alone JPMorgan Chase & Co., the biggest U.S. bank, is collaborating with **OnDeck Capital Inc.** to dramatically speed up the process of providing loans to small businesses. JPMorgan has about 4 million small-business customers. By combining Chase's relationships and lending experience with OnDeck's technology platform, JPMorgan will be able to offer almost real-time approvals and same- or next-day funding.

According to Jennifer Piepszak, JPMorgan's head of business banking, small business loans which currently take days or weeks to be funded could be made within minutes or days. The product will carry Chase's brand and is expected to be rolled out in a pilot program next year. Small-dollar credit typically refers to loans of less than \$250,000.

[OnDeck Capital was No. 24 on Crain's 2015 Fast 50 list of the fastest-growing companies in New York.](#) Source: [Crainsnewyork.com](#)

Cryptsy's Bitcoin Theft Kept Hidden to Avoid 'Panic'

Bitcoin exchanges are prone to hacking ... Investors lose money and federal law enforcement not responsive What we can learn from this latest debacle?

The future of digital currency exchange Cryptsy remains in question following news last week that withdrawals and trading would be put on hold indefinitely and claims from the company it was hacked in 2014. BIIA reported the insolvency last week.



Cryptsy first announced it was insolvent on 15th January after months of withdrawal problems, a situation it, until recently, blamed on technical issues. The insolvency disclosure followed on the heels of a class action lawsuit filed in federal court by Florida law firms on behalf of customers. According to a [Cryptsy blog](#) the problem dates back to a hack in 2014.

Since then, the exchange has opened up some of its wallets, allowing customer withdrawals in alternative cryptocurrencies. Market trading and deposits remain offline at press time, according to an announcement on the site's main page.

In an interview with Coindesk, Cryptsy's CEO Paul Vernon reiterated the exchange's earlier statement that it kept the information hidden to prevent "a panic". He also indicated that since its initial blog post disclosing that the exchange had outstanding liabilities of roughly 10,000 BTC, Cryptsy has posted additional details, including indications that it may consider running the website with losses spread amongst its users or withholding withdrawals for certain coins until trading fees generate additional funds. The exchange indicated that it "may take some time" before customers are fully refunded. In its initial blog post detailing the hack, Cryptsy indicated that it had reached out to federal agencies regarding the hack and the stolen funds, but did not receive a response at the time. Source: [Coindesk](#)

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REGULATORY NEWS

Business Leaders Urge EU and US to Meet Safe Harbor Deadline

BusinessEurope, the US Chamber of Commerce, DigitalEurope and the Information Technology Industry Council (ITI) have written to EU negotiators and President Obama stressing how important it is to find a solution before the end of the month.

Following the Schrems decision invalidating EU-US Safe Harbor, the parties have carried on with talks to meet the deadline of 31 January, after which EU Data Protection Authorities (DPAs) may start enforcement action on existing SH arrangements. DPAs are due to meet at the beginning of February to discuss measures to be taken if no solution has been found. The business leaders put across the following points:

- First, in the near term, it is critical to ensure the conclusion of negotiations on a strengthened mechanism for transatlantic data transfers.
- Second, following conclusion of an agreement, it is important to provide a reasonable transition period in order for companies to come into compliance with the revised framework. This is especially important for the large number of small- and medium-sized enterprises that have depended entirely on the Safe Harbor to transfer data.
- Third, in order to provide the certainty needed to ensure data flows, innovation, and economic growth, the EU and the United States should work to establish a legally durable framework that reflects shared principles on privacy and security, including with respect to surveillance activities.

The Wall Street Journal reported yesterday that discussions will continue in the margins of the World Economic Forum in Davos this week. US Commerce Secretary, Penny Pritzker, has delivered a letter to the EU negotiators outlining the additional safeguards, for example, effective monitoring that could be put in place for Safe Harbor.

See <http://www.scribd.com/doc/295803818/Ltrs-to-Leaders-Re-Transatlantic-Data-Flows-01-15-2016-1> Source: Privacylaws.com

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