

BIIA Newsletter

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

BIIA NEWSLETTER ISSUE 06 II - 2019

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[BIIA 2019 Biennial Conference](#)

If you have not noticed we have updated our events page.

To find out more about our [agenda click here](#). **Who is speaking [click here](#)?** How do I register? [click here](#).

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LATE BREAKING NEWS

BIIA 2019 Biennial Conference – Early Bird Registration Closes on July 31st 2019

We have selected a number of exciting themes, and with every newsletter we focus on a specific theme. This time it is Financial Inclusion.

- **Artificial Intelligence: Reality or Hype**
- **The Changing Dynamics of Risk Management Information**
- **Identity has become a major business activity driven by AML, KYC, eKYC compliance requirements.**
- **The Future of Credit & Credit Information**

- **Financial Inclusion is driven by the need to provide access to finance for individuals, micro and small business. What does SME Financial Inclusion mean and the dilemmas it faces? What will be the way forward: “Credit information is dead, long live ‘financial capability information’!**



BIIA is partnering with the SME Finance Forum on the topic of *Financial Inclusion*

This particular session will be managed by the SME Finance Forum of the International Finance Corporation. The moderator will be **Matt Gamser, CEO of the SME Financial Forum**.

Of keen interest for our members will be the discussion on the challenges for credit information services plus the way forward: **“Credit information is dead, long live ‘financial capability information’:**

Definitions and dilemmas: What does financial inclusion mean? Why is it different from financial “access”? Why is it so hard to measure inclusion? Why is there so much controversy over whether financial inclusion is a good thing?

Challenges for credit information services: Why, despite so much expansion of operations (and the positive results of the spread of credit information worldwide and in Asia), are so many people & businesses still uncovered and also not included?

What are some of the breakthroughs that are leading to more people being “covered”? ... and why (picking up on 2 years ago) have so many of these come from outside the established industry. What is the industry doing? How do regulation and regulators affect progress in this area?

The way forward: “Credit” information is dead, long live “financial capability” information?

Services moving beyond just financing (including prescribing other individual and business support). Service delivery/credit info clients diversification – industry already serves many corporates in the real sector, but is that enough? Is the present relationship strategy enough?



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LATE BREAKING NEWS

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We Thank our Supporting Organizations

Sponsorships are still Available: Please Contact Neil Munroe neilm@crsinsights.com

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LATE BREAKING NEWS

Shocking News: The AML/KYC's Data Confidence Crisis



The last thing anyone wants to hear from a financial organization is that the people tasked with risk management are feeling less than confident about their ability to do the job — because they aren't sure if their data is good. If the risk experts aren't feeling confident, it is difficult to know how anyone else in an organization will.

However, in flipping through the latest edition of the PYMNTS [AML/KYC Tracker](#), a collaboration with [Trulioo](#), there is a lot of data to suggest that this is the situation in many organizations.

About 29 percent of banks have not implemented *know your customer (KYC) tools* or external data providers across the customer life cycle. In addition, 69 percent of crypto exchanges lack “complete and transparent” KYC and customer due diligence processes, and 71 percent of trade providers have cited compliance limitations and inadequate KYC practices as key factors in driving trade finance rejection rates. Perhaps most worryingly, 63 percent of anti-money laundering (AML) compliance professionals said they lack confidence in their data.

These statistics are not built to inspire much confidence in consumers, or anyone else for that matter. There's no reason to panic, [Trulioo General Manager Zac Cohen](#) told PYMNTS in a recent conversation, but that last statistic alone is enough to make anyone sit up and take notice.

“Yes, we should be concerned when the individuals tasked with making the risk assessments and decisions are widely reporting a lack of confidence,” he said.

Cohen indicated that finding the solutions to those problems and gaps is often a matter of stepping back. The problems aren't usually due to a lack of interest or will, but in overcoming structural obstacles that are long-standing, particularly for large and established players. Big ships take a while to turn, after all.

The problem is that the tides in the market are changing quickly — fraudsters and other bad actors in the system are always aiming for speed in their pivots. **What the market currently needs is more confidence in the data it is working with, not less, to repel those efforts.**

That means the marketplace needs to evolve differently when it comes to technology partnerships. The simple, one-off vendor relationships of the past are ready to pass away, and the forward path for evolution is happening in more comprehensive partnerships. To read the full story click [here!](#)



“63 percent of anti-money laundering (AML) compliance professionals said they lack confidence in their data”: For data suppliers it should be shocking news!

So, what is our industry going to do about it? BIIA has noticed the rumblings about the apparent dissatisfaction with data for some time and the BIIA Executive Committee has subsequently decided to give this topic top priority at the [BIIA 2019 Biennial Conference](#).

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MEMBER NEWS

Equifax, GIACT Systems® Enter Strategic Alliance

GIACT Systems®, a leader in helping companies positively identify and authenticate customers, and Equifax, a global data, analytics, and technology company, have announced a strategic alliance that will pair the strengths of both companies to help customers confront the challenges of identity verification and fraud prevention.



The EPIC Platform® from GIACT offers a cost-effective way for companies to help protect against multiple types of fraud across the entire customer lifecycle, including solutions to address real-time enrollment, payment, identity, compliance, and mobile fraud prevention. Equifax arms the fraud detection and identity space with unique and extensive consumer identity and behavioral data, combined with leading-edge technology and innovative analytics to drive insights across industries and organizations.

About: GIACT® has been helping companies verify valued customers since 2004. From financial to insurance, to retail, to solutions for your industry, GIACT offers customer intelligence for complete payment confidence. As the leader in providing real-time data to help companies mitigate payment risk and fraud, our OFAC screening, ID verification, account verification and authentication, and mobile verification solutions enable you to focus on providing unmatched customer experiences. Since our founding, we've processed billions of transactions for our more than 1,000 customers. For more information, visit www.giact.com or call 1-866-918-2409. **Source:** [PR Newswire Press Release](#)

Equifax Collaborates with Fintech Sandbox to Help Startups Access Data

Equifax Inc., a global data, analytics and technology company, has announced a joint collaboration with FinTech Sandbox to help drive global FinTech innovation. Startups can now leverage various forms of consumer and commercial data from Equifax in an effort to help these new businesses develop products for the benefit of the industry and consumers.



Nonprofit FinTech Sandbox promotes innovation in the financial sector by making data and infrastructure available to well-qualified FinTech startups. In return, Sandbox startups collaborate with current and past residents by sharing learnings and advancements with respect to the FinTech ecosystem. Participating startups pay no fees and no equity is taken.

In addition to data, Equifax will give analytical support to the Sandbox by allowing access to its Ignite® portfolio of premier data and advanced analytics solutions. The portfolio securely and comprehensively supports the full analytical lifecycle – from data access and transparency to visualization and deployment – using a single, connected suite of advanced analytics processes, technology and tools.

Equifax has earned a spot on the IDC FinTech Rankings list consecutively for the past 15 years since it has been produced. It is the most comprehensive vendor ranking within the financial services industry.

About FinTech Sandbox : FinTech Sandbox is a Boston-based nonprofit that promotes financial technology innovation globally by providing free access to critical data and resources to FinTech entrepreneurs. Sponsors include Amazon Web Services, Fidelity Investments, F-Prime Capital, Franklin Templeton, Intel, State Street, Refinitiv, EY, and Goodwin Procter. **Source:** [PR Newswire Press Release](#)

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MEMBER NEWS

Refinitiv Makes Strategic Investment in BattleFin

- **Refinitiv Makes Strategic Investment in BattleFin and Partners to Incorporate Alternative Datasets within Investor Workflow**
- **Partnership will unlock additional alternative dataset opportunities to meet customer demand, such as credit card transactions, geolocation, supply chain, and web data.**

Refinitiv has made a strategic investment in alternative data platform and marketplace BattleFin and formed a partnership which will enable customers access to alternative datasets across its data platforms, including quantitative data management platform QA Direct in the Cloud.



Quants and fundamental analysts will be able to access and test different alternative datasets alongside Refinitiv's data offerings, such as I/B/E/S Estimates, WorldScope Fundamentals, and StarMine™ Quantitative Models. A subset of Refinitiv's proprietary content will also be made available for testing within BattleFin's alternative data marketplace Ensemble.

Alternative datasets within Ensemble's platform will be mapped to Refinitiv's entity and security identifiers, including PermID. This is to help provide a holistic data workflow, assisting investors, analysts and data scientists efficiently integrate and mine these datasets for signals and leading indicators, as well as find alpha and new investment strategies. Refinitiv's desktop Eikon will also be integrated with Ensemble to help improve data discovery for analysts and portfolio managers.

The partnership will complement Refinitiv's current alternative data offering available to customers including interactive mapping and commodities, news analytics, and social media sentiment data.

The BattleFin alternative datasets are set to be available in Refinitiv's quantitative analytics platform QA Direct in the Cloud and integrated with the desktop Eikon starting from the end of the year.

QA Direct in the Cloud builds upon the industry-leading QA Direct platform, offering a scalable platform to manage, maintain and integrate quantitative analysis and investment data. The platform delivers a robust repository of financial data along with quantitative alpha models and third-party content sets allowing customers to explore how an investment hypothesis performs under a broad range of market conditions. Refinitiv handles continuous content updates in the QA Direct database, designed to ensure system availability and resiliency and remove the administrative burden from customers. Proprietary data can also be integrated to sit along Refinitiv content such as Datastream Pricing (Equity & Index), I/B/E/S Estimates, Worldscope fundamentals, and StarMine Models.

About BattleFin

BattleFin is a technology and events company focused on bringing alternative data to the world. Our Ensemble(c) platform allows corporations, hedge funds and investment firms to Source, Evaluate, Test and Purchase alternative data. BattleFin Alternative Data Discovery Days are One-on-One meeting and content events held in London, Hong Kong, Miami and New York. www.battlefin.com **Source: [Refinitiv Press Release](#)**

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MEMBER NEWS

Dun & Bradstreet Survey Reveals One in Five Businesses Loses Revenue and Customers Due to Incomplete Data

A new report from [Dun & Bradstreet](#) reveals businesses are missing revenue opportunities and losing customers due to bad data practices. Almost 20 percent of businesses have lost a customer due to using incomplete or inaccurate information about them, with a further 15 percent saying they failed to sign a new contract with a customer for the same reason.

Nearly a quarter (22 percent) said their financial forecasts have been inaccurate, while 17 percent of organizations offered too much credit to a customer due to a lack of information about them – and lost money as a result.

The report, which surveyed over 500 business decision makers in the US and UK, also found stark discrepancies between both countries: compliance has been nearly twice as big of a concern in the UK than the US (31 percent vs. 16 percent), which may reflect the challenge of meeting the requirements of the GDPR. Already, over 10 percent of organizations report having been fined for data issues.

The way that data is structured appears to be a significant barrier in many organizations, with indications that data is often poorly structured, difficult to access and out of date. Nearly half of business leaders (46 percent) say that data is too siloed to make any sense of it, with the biggest challenges to making use of data being:

- protecting data privacy (34 percent)
- having accurate data (26 percent)
- and analyzing/processing that data (24 percent)

This lack of structure may reflect the fact that 41 percent of business leaders say that no one in their organization is responsible for the management of data. This absence of ownership may also be why 52 percent of business leaders said they haven't had the budget to implement data management practices within their organizations.

"Businesses must make data governance and stewardship a priority," said [Monica Richter](#), chief data officer, Dun & Bradstreet. "Whether leaders are exploring AI or predictive analytics, clean, defined data is key to the success of any program and essential for mitigating risk and growing the business."

The study does reveal a growing recognition that responsibility for data should be a priority for the C-suite. However, business leaders are divided as to who in the leadership team owns the data and what that will look like in the future. One thing all business leaders agree on is that the CEO has had, currently has and will have ultimate responsibility for data – more so than even the CTO or CIO.



Commenting on the findings, [Anthony Scriffignano](#), Ph.D, chief data scientist at Dun & Bradstreet, said: "Information has always been critical for businesses, but over the past decade, the volume of data, the types of information available and the ability to do new things with that data have expanded enormously. It's not surprising that many business leaders feel they are still catching up and their organizations are yet to make the most of data – and some have even been fined or lost customers due to incomplete or 'dirty' data. **Source:** [Martechseries.com](#)



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MEMBER NEWS

Experian Working with Small Business Financial Exchange

Experian®, at its 37th annual Vision Conference, announced it has become a certified vendor of the Small Business Financial Exchange, Inc. (SBFE), a not-for-profit trade association that gathers and aggregates small-business payment data in the United States to help organizations build a complete picture of small business.

"We're excited to work with SBFE, which shares our mission to bring further innovation to the small-business credit landscape," said **Hiq Lee**, president, Experian Business Information Services. "By combining the SBFE's data richness with Experian's vast consumer and commercial data assets and leading data science capabilities, we will use the power of data to help our clients make the right decisions."



As a SBFE Certified Vendor, Experian can combine its rich data — including traditional and alternative business data and consumer data on business owners — with SBFE's data to provide the most comprehensive view of a small business in the market today. For example, financial institutions looking for broad and deep insights on small and emerging businesses will be able to find that information in a way no one has offered previously.

For the first time, Experian clients that are nonfinancial institutions, such as e-commerce, communications, insurers, and software and hardware vendors, can qualify to access this financial data to help them make confident credit decisions by gaining deep visibility into a small business's capital use and credit history through Experian.

About SBFE: The Small Business Financial Exchange, Inc., and SBFE, LLC (collectively known as SBFE) is the country's leading source of small-business credit information. Established in 2001, this not-for-profit association's database houses information on more than 32 million businesses and enables information exchange among members who provide small-business financing. For more information, visit www.sbfe.org.

Portal Launched to Connect Borrowers with Credit Institutions in Vietnam



The National Credit Information Centre of Vietnam (CIC) and the State Bank of Vietnam (SBV) has officially launched a portal connecting borrowers and credit institutions.

Through the portal, borrowers can easily choose credit packages and register loan needs at the appropriate credit institutions, saving travel costs and time when using banking services. The borrower connection portal is also aimed at improving the transparency of credit information. Borrowers are allowed to view their own credit information and credit scores to monitor their credit levels as well as prevent fraud.

In addition, customers will be advised by CIC on how to improve their credit scores and access credit at credit institutions. Credit institutions participating in the portal are introducing credit packages and preferential policies for customers. They will be able to use the platform to approach borrowers, reduce the time and cost of finding and selecting customers and ensure openness and transparency. **Source:** [Vietnam Plus](#)

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INDUSTRY NEWS

Growth of Digital B2B Marketplaces Prompts Demand for Innovative Trade Credit Insurance

The emergence of digital B2B marketplaces is driving a new demand for innovative forms of trade credit insurance.



Credable, a Euler Hermes insurtech brand [launched last year](#), is now working with three new B2B platforms to offer its credit rating capability and pay-as-you-go credit insurance on trades completed digitally. Credable was the first stand-alone brand to come out of the Euler Hermes Digital Agency, a department of the global credit insurer tasked with rethinking the way trade credit insurance is provided.

Fully digital, Credable offers SMEs an on-demand insurance option that covers against late or unpaid invoices on a single invoice. It has two main features: first, it provides an instant ‘traffic light’ risk calculator, where an SME can search a potential customer (in a Euler Hermes database of millions of companies globally) and immediately see its creditworthiness. Second, the SME can automatically get a quote for insurance coverage of a specific invoice, and instantly buy it. The solution calculates the premium cost based on the invoice size, the payment terms offered and the credit rating of the buyer.

Until now, Credable has been a standalone platform open to Swedish SMEs who wish to insure invoices [in 24 jurisdictions across Europe](#). But the insurtech company has embarked on a new strategy to integrate its solutions with the wave of new digital platforms coming to market at the moment. **Source:** [GTR Trade Review](#)

ID Analytics Introduces Credit Optics®



ID Analytics Introduces Credit Optics® Full Spectrum Portfolio to Provide Lenders with Greater Visibility into Customer Credit Behavior

New Customer Risk Management Solution Helps Lenders Improve Decision Making and Find Growth Opportunities

ID Analytics, a Symantec company and leader in consumer risk management products and services, has announced Credit Optics Full Spectrum Portfolio, the latest extension of the company’s FCRA-compliant credit score solutions, to help organizations

identify more growth opportunities and better manage risk within their existing customer base.

A leading alternative credit risk solution, Credit Optics Full Spectrum combines traditional credit data and credit-relevant alternative data, such as wireless, sub-prime loan and alternative payment applications, with patented analytics. By providing organizations with a more complete picture of credit behavior, Credit Optics Full Spectrum Portfolio allows lenders to nurture strong relationships with new-to-credit customers, and increase the lifetime value of more established customers who demonstrate increasing financial performance, all while proactively managing risk. **Source:** [ID Analytics Press Release](#)

INDUSTRY NEWS

Moody's and Team8 to Create Cyber Risk Standard for Businesses

Given the high risk of data breaches it is not surprising that measuring and analyzing cyber risk of US corporations are becoming a critical component of corporate ratings.

Moody's Corporation (NYSE:MCO) and Team8, a leading cybersecurity think tank and company creation platform, announced that they have formed a joint venture to establish a global standard for evaluating and assessing cyber risk for enterprises.



The joint venture will build on Moody's experience in developing methodologies and global standards to measure risk, together with Team8's expertise in cybersecurity technologies, unique access to cyber talent and distinctive understanding of the global cyber threat landscape. This combined expertise will focus on the development of innovative methods and technologies that effectively measure and analyze cyber risks facing global corporations.

This will include serving the needs of Boards of Directors, Audit Committees, Chief Executives, Risk and Security Officers for objective cyber risk assessment to better understand companies' own cyber posture and how it benchmarks against others and over time. The cyber risk service will also assess the cyber preparedness of acquired companies in M&A transactions and serve as a key measure when purchasing cyber insurance policies. **The joint venture builds on Moody's 2018 strategic investment in Team8 which provided access to cybersecurity research and innovation as well as deeper connections to cyber leaders across countries and industries.**

ABOUT: TEAM8 is a leading think tank and company creation platform specializing in cyber resilience and data science. Leveraging the expertise of former leaders from Israel's elite military intelligence Unit 8200, Team8 is supported by an in-house team of top researchers, engineers and analysts. For more information, please visit www.team8.vc. **Source:** [Moody's Press Release](#)

India's Wilful Defaults Has Surged by Rs. 43,000 Crores in 2018

The number of wilful defaulters has risen 60% during the last five years, government data shows. Finance minister Nirmala Sitharaman told the Parliament there were 8,582 such defaulters in FY19, up from 5,349 in FY15. Public sector banks had filed recovery lawsuits in 8,121 cases and recouped Rs7,600 crore so far.



What steps can banks take to check rising instances of default? BIIA Member Kaushal Sampat, Promoter & Senior Advisor at Rubix Data published the following comment:

When wilful defaults have grown by Rs. 121,700 crores in 5 years and surged by Rs. 43,000 crores in the 12 months ended December 2018, the importance of CreditRisk Assessment in India cannot be overstated. If a company is unable (or unwilling in the case of wilful default) to pay its lenders, the chances of the other creditors recovering all or part of their money is very bleak. In the 2 decades that I have spent in the credit information business, I have come across so many CEOs and CFOs who say that they have been dealing with customers, distributors and dealers for so many years that they don't need to do credit checks on them. I humbly disagree because I believe that a good payment track record in the past cannot be the SOLE predictor of timely payments in the future. In today's volatile world, companies need to undertake **credit assessments** and **monitoring** of their customers on a continuous basis to prevent unpleasant surprises. **Source:** [Rubix Data Sciences Private Limited](#)

INDUSTRY NEWS

Ratings and Reviews Sites: The New B2B Marketing Channel

For those of our members who are in B2B marketing this is an important contribution by BIIA's board member Ruth P Stevens:

A new mechanism has emerged to help B2B buyers who are searching online for products and solutions: Ratings and reviews sites, where searchers can find out what their peers are saying about prospective products and suppliers, and compare product features head to head. Just as consumers use Yelp and TripAdvisor, business buyers can check out [G2Crowd](#), [TrustRadius](#), [Clutch.co](#), [Capterra](#) and others.

These sites work best in fragmented markets, where it can be hard to stand out among the many competitors. No surprise, in the B2B world, it's software where the bulk of the activity lies. But other categories are being served as well, like business services, and more are likely to come.

The value to buyers from these sites is obvious. Peer reviews are [highly prized](#) in the purchase decision process, not only for validating the claims of the seller, but for showing evidence of the product's relevance to the buyer's own industry.

They also point out otherwise unseen flaws. "The stakes are high in B2B," says [Vinay Bhagat](#), founder and CEO of TrustRadius. "Tech buyers need the whole truth before buying." Think of the consequences that might accrue if, despite due diligence, you install HR software that produces a critical error, he points out.

On the seller side, it's a mixed bag. Clearly, B2B sellers want to be found, and praised publicly by their fans. [Chris Jeffers](#), founder of [VisitorTrack](#), says his product's strong reviews have resulted in inquiries from prospects, saying things like "I saw you on G2Crowd, and I'm calling because your reviews are better than the others I was looking at." The reviews also serve as mini-case studies and testimonials covering a variety of industries and applications that would have taken sellers enormous effort to assemble on their own. Injecting the voice of the customer into the selling process is a boon.

But bad reviews can be a challenge. The nightmare of PR people everywhere. Review sites managers make extra effort to validate reviewers, to ensure that the reviewer really uses the product, and if anonymous, is a real business person.

Wondering about the business model of these comparison sites? Most offer free listings to sellers, and free viewing of the ratings and reviews to all. They make their money from enhanced listings, from advertising and from a mixture of marketing services, like data on visitors looking at reviews in the seller's category. Many also offer support services, to help increase the number of customer reviews. Pricing ranges from hundreds to thousands of dollars a month.

Since their emergence in the early 2000s, these sites are becoming increasingly influential in the B2B buying and selling process. Users will write reviews whether the supplier likes it or not. So, sellers do well to jump in and proactively manage the channel to their advantage.

To be continued on next page



INDUSTRY NEWS

Ratings and Reviews Sites: The New B2B Marketing Channel (continued from previous page)

Here's how to get the most value from this new resource:

1. Get in the game. Buyers are searching there. Your competitors are there. You need to be there, too. "Overcome your fear of loss of control," says [Mike Beares](#), founder of Clutch.
2. Encourage your customers to leave reviews. "It's a best practice to ask customers for a review just after a successful service call," advises [Tim Handorf](#), co-founder and president of G2Crowd.
3. Test your way into the various upgrades and marketing services the site has to offer. Some are especially innovative, like offering data on companies that are reading reviews of your competitors. G2Crowd will produce an infographic for you based on pull quotes gathered from your reviews.
4. Look into the site's policies and practices in calculating rankings and authenticating reviews. TrustRadius, for example, rejects about 15% of reviews submitted. Also make sure you are comfortable with the methods they use to encourage users to post reviews. Site owners understand that trust is essential to their business models.
5. "Embrace the transparency," says G2Crowd's Handorf. Recognize that your product may not be right for everyone. Respond to any negative comments with empathy, in an authentic voice.
6. Consider these sites a customer service tool, which can surface unexpressed problems that you can solve proactively. Vinay Bhagat of TrustRadius suggests then asking the customer for a fresh review once the problem has been resolved.
7. The reviews are also useful to product managers, to evaluate the popularity of various features, and uncover use cases you hadn't thought of before. According to Bhagat, some sellers data-mine the reviews to measure sentiment, and gain insight into customer needs.
8. Use the software reviews sites to support your own martech or business services purchasing.

This new channel is here to stay. It's up to us business marketers to get the benefit."

This article was published in [Biznology](#) in May 2019

Ruth P. Stevens consults on customer acquisition and retention, for both consumer and business-to-business clients. Ruth serves on the boards of directors of the [HIMMS](#) Media Group, and the [Business Information Industry Association](#). She is a trustee of Princeton-In-Asia, past chair of the Business-to-Business Council of the DMA, and past president of the [Direct Marketing Club of New York](#). Ruth was named one of the 100 Most Influential People in Business Marketing by Crain's *BtoB* magazine, and one of [20 Women to Watch](#) by the Sales Lead Management Association.

She serves as a mentor to fledgling companies at the [ERA](#) business accelerator in New York City. Ruth is a guest blogger at [AdAge](#), [HBR.org](#), and [Target Marketing Magazine](#). Her newest book is [B2B Data-Driven Marketing: Sources, Uses, Results](#). She is also the author of [Maximizing Lead Generation: The Complete Guide for B2B Marketers, Trade Show and Event Marketing](#), and co-author of the white paper series "[B-to-B Database Marketing](#)." Ruth is a sought-after speaker and trainer, and has presented to audiences and business schools in Asia, Australia, and Latin America. She has held senior marketing positions at Time Warner, Ziff-Davis, and IBM. She studied marketing management at Harvard Business School, and holds an MBA from Columbia University. Learn more at www.ruthstevens.com

NEWS FROM CHINA

China's Credit Information System: 990 mil Individuals and 25.91 mil Enterprises and Counting



China has established the world's largest credit system with the largest amount of data and the widest coverage, said an official with China's central bank recently.

Zhu Hexin, deputy governor of the People's Bank of China, said China's credit system has recorded information of 990 million individuals and 25.91 million enterprises and organizations accumulatively, making it the largest in the world.

The system creates credit files for almost all people and enterprises involved in credit activities nationwide in a uniform format, and its products and services were widely used in all aspects of the social economy, Zhu told a press conference.

The system has been "irreplaceable in forestalling financial risks and ensuring financial stability," as it was used extensively by financial institutions in loan-related business, said Zhu, adding that commercial banks have embedded data from the system into their risk-management process.

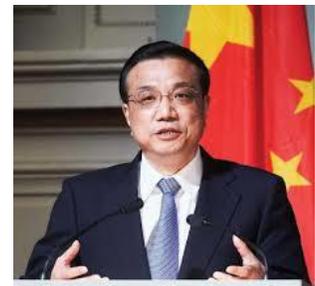
China's credit information index, an important indicator of the business environment, was ahead of some developed countries, according to a report from the World Bank.

China has put a strong emphasis on the building of a social credit system since the State Council issued a guideline in 2014. The country will step up the building of social credit system by rolling out new market regulatory measures, according to an executive meeting of the State Council this week. **Source:** [Xinhua](#)

China to Boost Social Credit System with new Market Regulatory Measures

China will step up the building of social credit system by rolling out new market regulatory measures, the State Council announced at the latest executive meeting chaired by Premier Li Keqiang. The Chinese government puts strong emphasis on the building of a social credit system.

Li urged improving the credit-based regulatory framework and applying an inter-agency approach in penalizing acts of bad faith. "Credit-based regulation is crucial for the sound workings of market institutions. In developing the socialist market economy, the government must reform its functions and foster an enabling business environment. While streamlining administration and delegating powers, we will enhance oversight where necessary. And credit-based regulation is the foundation of this endeavor." Li said.



It was agreed at the meeting that the country will establish, in accordance with the law, authoritative, unified and accessible credit records of all market players based on their unified social credit codes. Government departments are required to share the information as permitted by law to break information monopoly and information silo. No government agencies should repeatedly ask market players to provide the same information that can be shared.

To read the full press report click on [this link](#) **Source:** [China.Org](#)

NEWS FROM CHINA

China Issues Draft Rules on Cross-border Data Flow

It is difficult to see how prior regulatory approval of every transfer of personal data from China is workable, says Hogan Lovells partner Mark Parsons.

The CAC (Cyberspace Administration of China) has released a draft guideline on cross-border data transfers under the country's cybersecurity law.

The law went into effect on 1 June 2017 and is considered more broad than comparable privacy measures such as the EU's GDPR (General Data Protection Regulation). GDPR restricts EU institutes' data and information from being transferred to a non-EU country for security reasons. The European Commission can decide if a third country has adequate protections in place.

Law firm Hogan Lovells published an APAC Data Protection and Cyber Security Guide earlier this year, in which it noted that China's cybersecurity law still lacked specifics in critical areas, including with respect to international data transfers and the "as-yet unfinalized data export review procedure". The cross-border data transfer guideline is key to resolving the long-resolved uncertainty. The published draft comes in the midst of US-China trade tensions and will do much to revive concerns that China is pursuing outright data localization. In April it was reported that China would put data-onshoring rules on hold while trade talks were ongoing.

According to Global Times, the latest **draft guideline** will prevent the flow of personal information overseas if it 'risks undermining national security and public interests', or if the security of personal information cannot be effectively guaranteed.

The draft covers not only operators of critical information infrastructure referred to in the cybersecurity law, but also "network operators", a much wider scope of businesses operating in China – essentially every business that operates network infrastructure in mainland China.

Chinese network operators and foreign entities that collect online personal information in China for business purpose. It says that personal information, including ID numbers, addresses and phone numbers collected by network operators should be assessed before being sent overseas.

Network operators need to report to the provincial-level cyberspace administrative department and apply for a security assessment before providing personal information collected in China to overseas receivers. Separate applications are needed in the case of multiple receivers.

The draft said that the security assessment will focus on whether the data being sent overseas is legitimate, whether the data transfer protects the legal rights of the person who possesses the information, and whether the network operators or overseas receivers have any history of internet security incidents.

Internet operators need to set up a file on the cross-border data transfer and keep it for at least five years, including information on the identities of overseas receivers and on the sensitivity of the personal information. They additionally need to report to provincial-level cyberspace departments annually. Source: [Regulation Asia](#)



CREDIT BUREAU NEWS

Reserve Bank of India (RBI) Directive on Payment Data to be Stored in India

The Reserve Bank of India (RBI) issued a directive vide circular DPSS.CO.OD.No 2785/06.08.005/2017-18 dated April 06, 2018 on 'Storage of Payment System Data' advising all system providers to ensure that, within a period of six months, the entire data relating to payment systems operated by them is stored in a system only in India.

Payment System Operators (PSOs) have sought clarification on certain implementation issues, from time to time, from Reserve Bank. The FAQs are intended to provide clarity on those issues to facilitate and ensure expeditious compliance by all PSOs.



1. Applicability of the direction: The directions are applicable to all Payment System providers authorized / approved by the Reserve Bank of India (RBI) to set up and operate a payment system in India under the Payment and Settlement Systems Act, 2007. Banks function as operators of a payment system or as participant in a payment system. They are participants in (i) payment systems operated by RBI viz., RTGS and NEFT, (ii) systems operated by CCIL and NPCI, and (iii) in card schemes. The directions are, therefore, applicable to all banks operating in India.

The directions are also applicable in respect of the transactions through system participants, service providers, intermediaries, payment gateways, third party vendors and other entities (by whatever name referred to) in the payments ecosystem, who are retained or engaged by the authorized / approved entities for providing payment services. The responsibility to ensure compliance with the provisions of these directions would be on the authorized / approved PSOs to ensure that such data is stored only in India as required under the above directions.

2. Where should the payment data be stored? The entire payment data shall be stored in systems located only in India, except in cases clarified herein.

3. Clarification regarding data that needs to be stored in India: The data should include end-to-end transaction details and information pertaining to payment or settlement transaction that is gathered / transmitted / processed as part of a payment message / instruction. This may, inter alia, include - Customer data (Name, Mobile Number, email, Aadhaar Number, PAN number, etc. as applicable); Payment sensitive data (customer and beneficiary account details); Payment Credentials (OTP, PIN, Passwords, etc.); and, Transaction data (originating & destination system information, transaction reference, timestamp, amount, etc.).

4. Storage of data pertaining to cross-border transactions: For cross border transaction data, consisting of a foreign component and a domestic component, a copy of the domestic component may also be stored abroad, if required.

5. Can the payment system data be shared with overseas regulators? The data may be shared with the overseas regulator, if so required, depending upon the nature / origin of transaction with due approval of RBI.

6. Clarification in respect of entities earlier permitted to store banking data abroad? In the case of banks, especially foreign banks, earlier specifically permitted to store the banking data abroad, they may continue to do so; however, in respect of domestic payment transactions, the data shall be stored only in India, whereas for cross border payment transactions, the data may also be stored abroad as indicated earlier. **Source: [RBI](#)**

CREDIT BUREAU NEWS

Lessons Learned from a Data Breach

Insider Trading Does Not Pay: Former Equifax's Ex-CIO Will Do Time for Insider Trading

The United States Department of Justice has announced that Jun Ying, the former Chief Information Officer (CIO) of Equifax U.S. Information Solutions, has been sentenced to federal prison for insider trading.

"Ying thought of his own financial gain before the millions of people exposed in this data breach even knew they were victims," said U.S. Attorney Byung J. "BJay" Pak in a [press release](#). "He abused the trust placed in him and the senior position he held to profit from inside information."

The charges stem from the massive data breach Equifax was hit by in 2017, which compromised the names, Social Security numbers, birth dates, and addresses of more than 145 million Americans. At the time, Jun Ying was the CIO of Equifax U.S. Information Solutions, and as a result, was made aware of the data breach before it became public.

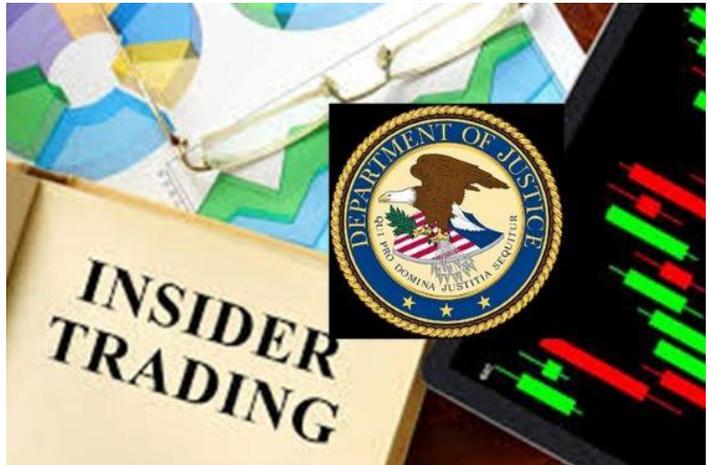
As the Justice Department explained, on Friday, August 25, 2017, Ying texted a co-worker that the breach "sounds bad. We may be the one breached." The following Monday, Ying searched online about the impact Experian's 2015 data breach had on its stock price, and later that morning, he exercised all of his stock options, receiving 6,815 shares of Equifax stock, which he then sold.

Ying made more than \$950,000, and resulted in a gain of over \$480,000, avoiding a loss of over \$117,000. On September 7, 2017, Equifax publicly announced its data breach, and its stock price fell.

Ying was sentenced to four months in prison, and one year of supervised release. He has also been ordered to pay restitution of \$117,117.61, as well as a fine of \$55,000.

"If company insiders don't follow the rules that govern all investors, they will face the consequences for their actions. Otherwise the public's trust in the stock market will erode," said Chris Hacker, Special Agent in Charge of FBI Atlanta. "The FBI will do everything in its power to stop anyone who takes unfair advantage of their insider knowledge." **Source:**

[Pymnts.com](#)



BIIA in the News:

During the month of June the BIIA website had 5,311 unique visitors. There were 6,614 sessions and 18,657 pages viewed. 59% of unique visitors came from 5 countries: USA 31%, India 9%, UK 8% China 6% and Singapore 5%

CREDIT BUREAU NEWS

Databreach: More Than 900 Million Financial Records Exposed



After a decade of nonstop corporate data breaches and exposures, you'd think large organizations would have at least fixed the most basic and obviously damaging types of data mishandling. But there's clearly still a long way to go.

Recently, independent security journalist [Brian Krebs](#) revealed that the real estate and title insurance giant First American had 885 million sensitive customer financial records, going back to 2003, exposed on its website for anyone to access.

While there isn't currently evidence that anyone actually found and stole the information, it was so easy to grab—and so obviously valuable to scammers, that it's hard to rule out that possibility.

The Hack: Krebs reports that the exposed records included Social Security numbers, driver's license images, bank

account numbers and statements, mortgage and tax documents, and wire transaction receipts—an absolute treasure trove for any scammer or identity thief.

An attacker who figured out the format of the company's document URLs could have input any "record number" they wanted, beginning with "000000075," according to Krebs and pull up the documents associated with that customer case. First American took down the site that populated the records and Krebs notified the company of the situation recently.

"First American has learned of a design defect in an application that made possible unauthorized access to customer data," the company said in a statement. "The company took immediate action to address the situation and shut down external access to the application. We are currently evaluating what effect, if any, this had on the security of customer information. We will have no further comment until our internal review is completed."

First American did not answer questions about how long the records were exposed online. The company says it has hired a forensic firm to assess whether customer data was ever stolen. First American, which is based in Santa Ana, California, is a Fortune 500 company with more than 18,000 employees.

Who's Affected: Well, lots of people! First American is the top title insurance firm in the United States, which means the company is often party to both the buyer and lender sides of real estate transactions across the country. And the detailed financial and personal information involved in closings potentially involves information about both buyers and sellers.

While the hope is that the data was never actually stolen, millions of people may have been impacted if it was. If you've bought or sold a house in the past several years, there's a decent chance First American had a hand in it.

To be continued on next page

CREDIT BUREAU NEWS

Databreach at First American Title (continued from the previous page)

How Serious Is This? The First American exposure is a major incident, because it underscores just how little progress many institutions have made on locking down customer data. **Perfect security is impossible, but the stakes are incredibly high and many large organizations still overlook basic errors.**

The good news is that exposed data does not necessarily mean stolen data. There's a chance that no one stumbled across this trove before the company had the chance to secure it. But unlike other data leaks of similar scale, which largely involve password and username combinations, the data in the First American haul would have devastating long-term consequences for potential victims.

If you're a First American customer or think you were party to a transaction that also involved the company there isn't a lot you can do to protect yourself against the possibility that your data was stolen as a result of this exposure. But watch your bank and credit card statements for suspicious activity. Consider purchasing credit monitoring or, better yet, avail yourself of a free credit monitoring offer from another security incident your data was involved in. By this point, you've almost certainly qualified for it. You can also consider a credit freeze.

Security practitioners always hope that major security incidents, like the Equifax breach, will be a wake-up call to all companies. But the consequences for such missteps are only first starting to appear.

For example, Moody's recently downgraded its ratings outlook for Equifax. A spokesperson said, "It's the first time that cyber has been a named factor in an outlook change." Until other dramatic economic motivators emerge, disasters like First American, or worse, will continue. **Source: Cyber Security Intelligence**

Onboarding at the Gaming Industry: TruNarrative Adds New Talent

Global financial crime protection firm TruNarrative has strengthened its gambling and commercial team with the appointment of Adam Doyle as its new head of gaming.

Having previously worked for identity management specialist GBG – leading the company's gaming team for over six years – Adam brings over nine years' experience of identity management and fraud specialising within the gambling industry. Adam has been brought on board to grow the company's presence within the sector in the UK and Europe, as well as facilitate service expansion into the USA market.

Commenting on the appointment, TruNarrative's CEO and founder, **John Lord**, said: "We have experienced rapid growth since we started our operations three years ago, but our plan is to be regarded as the go-to content risk, fraud and identity supplier in the market, and we think Adam is the perfect person to help us achieve that. **Source: Business Up North Press Release**



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