



Happy Lunar New Year



Profitera PowerCollect | eNews - Feb 2006



Dear Reader,

This issue of PowerCollect eNews - Feb 06 includes Industry News, Articles and solutions information. The feature article is "The Impact of Scoring on Collections".

Profit from all the latest information.

Happy Reading!

From The Profitera Team

A. Industry News

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Five Ways to Improve Collections in 2006

With billions of delinquent dollars still uncollected around the world, collection centers are searching for new, more productive and profitable ways to pursue overdue accounts. In this quest, many companies have re-evaluated long-held beliefs and have actually found that some of these assumptions are restricting—rather than promoting—their success. As a result, they have made significant changes in their collections process; in some cases, doing the opposite of what they had done before. The payoff for these companies has been measurable improvements in collection results.

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B. Articles

The Impact of Scoring on Collections



Scoring can have a huge impact on the collection forecast of a particular account or portfolio. Analytic expert Alan Beshany explains what a scoring model needs to be a successful measure of collectability.

by Alan Beshany

Collectability score is a result, not a process, and is often misunderstood. The biggest problem most firms have with scoring is implementation, but more on that later. There are also vendors who sell a so-called "credit score" as a collection score after the account has gone into default. However, if those scores proved their lack of value because the credit score failed to recognize the debtor as a bad risk, how reliable would their score be on the debt collection side? Not at all!

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Does your Collections & Recovery process leverage any form of " Behavior or Collectability Score" to determine who to target your recovery efforts on?

Yes

No

[Results](#)

C. Profitera Solutions

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Industry News 1. Britons in debt to the tune of £1.13 trillion

By Martin Hickman, Consumer Affairs Correspondent

- 66,000 people predicted to go bust this year;
- Average household debt is £7,650 (exc. mortgage);
- Two-thirds of EU credit card debt is British;
- One in five students owes at least £15,000;
- 40% of women keep debt secret from partners;
- Half of all heavy debtors suffer from depression

A debt-fuelled spending splurge at Christmas is set to push thousands of individuals into crisis and cause record bankruptcies in coming months as consumers struggle to pay off credit cards. According to the accountancy firm Grant Thornton, at least 20,000 people in England and Wales will become insolvent by the end of the quarter in March, and 66,000 individuals by the end of 2006. Both figures would be the highest since records of personal debt began 45 years ago.

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Industry News 2. Linux to run banks' mainframes?

More and more banks in Asia are switching to Linux for their servers and, maybe soon, their mainframes.

In 2005, China's biggest bank, Industrial Commercial Bank of China, and one of India's largest lenders, Canara Bank, signed separate deals to support the use of Linux on their servers and desktops, marking what are believed to be the most extensive Linux deployments in the two countries to-date.

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Industry News 3. Asia Pacific Banking Industry Outlook 2006

Asia Pacific banks are expected to produce strong results in 2006, but increasing costs and credit risk need to be contained. Consolidations are changing the banking landscape as regulators strengthen domestic financial systems and competition increasingly becomes a game of survival of the fittest.

By C. Kapfer

The outlook for the banking sector in Asia Pacific in 2006 is positive, with the region's bankable population growing by an estimated 32 million people and increasing household wealth and income per capita translating to increased demand for banking services and lending. Banks' profit and revenue growth are projected to be strong, despite rising global interest rates and high oil prices. According to the Asian Development Bank, the regional economy excluding China will grow 5.3 percent, compared to 4.3 percent in the previous year, but inflation is also rising.

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Industry News 4. Arab banks set to smash profits record again

Runaway profits at Arab financial institutions show no signs of slowing down, as this year's Top 100 proves. Profits at major Arab banks, particularly those in the oil-rich Gulf states, continue to boom. Third quarter results this year at leading banks indicate that 2005 is likely to significantly exceed the record-breaking profits of 2004.

The latest results show stunning increases, with Q3 net profits up 82% on the previous year at Saudi Arabia's Al-Rajhi Banking; up 54% at National Bank of Kuwait; up 51% at Saudi British Bank; up 57% at Arab National Bank; up 59% at Kuwait Finance House; and up a whopping 174% at Abu Dhabi Commercial Bank. Most of these banks have already exceeded 2004 profit levels and continuing high oil revenues, high liquidity and the expansion of retail banking in the region are expected to provide yet another bumper year in 2005.

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Industry News 5. NPL trading takes off in Germany

The market in German non-performing loans is booming as the country's banks start an aggressive sell-off of their portfolios. Alan McNee reports.

Sales of non-performing loans to foreign investors are becoming more common in Europe. Morgan Stanley, for example, bought a €30m portfolio of problem loans from Italy's Banca Nazionale del Lavoro (BNL) last year.

However, the main focus in Europe at present is on Germany, where banks such as Dresdner and Hypo Real Estate (HRE) have been restructuring their portfolios and selling them off to foreign investors. The next stage could witness the involvement of the Sparkassen (savings banks) and co-operative banks which make up the bulk of the country's banking system.

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Industry News 6. Indian Credit Card Sector Plagued by Random Distribution and Bad Assets

The level of bad assets in the credit card sector, currently touching 9%, is primarily due to the focus of the companies in increasing market share through arbitrary distribution of the product, according to the Credit Card Management Consultancy (CCMC). CCMC said that card issuers must re-orient their focus and concentrate on usage which is still very low in the country.

That apart, consumers often have multiple cards which leads to non usage of the product. "The card issuers must now devise ways to encourage customers to make their purchases using their cards. Unfortunately, most companies focus on expanding the overall credit card market, often with unsolicited cards as well," Vijay Mehta, director, CCMC, said.

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About Profitera Corporation

Profitera Corporation is a leading provider of Revenue Collections and Debt Recovery Management Software Solutions. With Office in USA, Singapore, Malaysia, and partners in 10 countries in Asia, Profitera focuses in providing innovative solutions, leveraging the potent mix of people, technology and expertise to bring about greater Profitability. As a dynamic business technology company, Profitera's aim is to help its Customers focus on their Clients and optimize profits throughout their Revenue & Profitability Lifecycle.

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