



Happy New Year!



Profitera PowerCollect | eNews - Jan 2006



Dear Reader,

This issue of PowerCollect eNews - Jan 06 includes Industry News, Articles and solutions information. The feature article is "Five Ways to Improve Collections in 2006".

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.

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## B. Articles

### Five Ways to Improve Collections in 2006



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**by Lois Brown**

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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### Poll Results:

Do you see improving or enhancing your Collections & Recovery Processes as a priority in 2006?

**Yes** 76.47%

**No** 23.53%

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### Industry News 1. More banks to raise rates

MORE banks are expected to revise their lending and deposit rates this week in response to Bank Negara's move last Thursday to raise overnight policy rates by 30 basis points to 3%, analysts said. Yesterday, HSBC Bank Malaysia Bhd became the latest bank after Bumiputra-Commerce Bank (BCB) to announce a revision in interest rates.

In a statement, HSBC said conventional fixed deposit interest (FD) rates and HSBC Amanah General Investment Accounts indicative profit rates had been revised with effect from yesterday. The quantum of increase ranged from 35 basis points to 75 basis points, depending on the tenure, the bank said.

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### Industry News 2. Islamic bank system remains sound

SETBACKS such as the recent losses incurred by Bank Islam Malaysia Bhd will not affect the Islamic banking sector, as Malaysia's Islamic banking system is still very sound, said Dr Mohd Ishak Ismail, the chief executive of Malaysian Institute of Corporate Governance (MICG). He said the integrity of a system would not be affected by a "minor" setback such as this, noting that apart from the sound Islamic banking system there was also good supervision of the industry.

"Bank Negara, the Securities Commission and Bursa Malaysia have played their regulatory roles effectively," he told *Bernama*.

Mohd Ishak said this scenario signalled a bright prospect for the domestic Islamic banking industry. He said Bank Islam's losses "could have happened because of factors beyond the jurisdiction of the bank's management and the industry's watchdog."

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### Industry News 3. Gemplus, Axalto poised to merge

PARIS, Wed: Axalto, the world's second largest smart-card provider, is offering to buy its larger rival Gemplus in an all-share deal that will create an industry giant with combined 2005 sales of e1.8 billion (e1 = RM4.45). If the deal goes ahead, Gemplus shareholders would end up with 55.5 per cent of the combined business which, at yesterday's closing price, would have a total market capitalisation of e2.3 billion.

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### Industry News 4. Firms not ready for Bank Negara disaster recovery mandates

LESS than 50 per cent of the local financial services organisations are complying with Bank Negara Malaysia's business continuity and disaster recovery mandates, despite admitting that they are aware of the mandates. A study done by leading international market research firm Financial Insights revealed that in the organisations' recovery objectives, business processes and infrastructure are being less protected in reality than as perceived.

The study showed that on average, system failures from hardware/software and information technology (IT) system malfunctions have occurred one to three times within the last 12 months for all six banks, 40 per cent for the five insurance firms and 71 per cent for the seven securities companies. "Yes, they are familiar with the central bank's guidelines but the truth is, they are not ready for them," said Financial Insights managing director for Asia Pacific Cyrus Daruwala in a press briefing to disclose the findings in Kuala Lumpur yesterday. He said three organisations have got no contingency plans should a calamity like the 2001's September 11 occur.

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### Industry News 5. Rise in bad loans not a problem: China regulator

BEIJING, Mon: China's top banking regulator warned today that a downturn in industries suffering overcapacity would have some negative impact on banks' controls of non-performing loans (NPLs) but it would not present a major problem. Liu Mingkang, chairman of the China Banking Regulatory Commission said regulators and the banks were working to increase awareness of risks attached to certain sectors of the economy, such as steel, copper and construction materials — industries that are the focus of concerns about overcapacity.

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### Industry News 6. Amex card offers effective way to manage T and E expenses

EXCELLENT financial management is a key attribute for any good leader.

Chief Executive Officers (CEOs) of profitable organisations are required to prudently manage the company's assets, liabilities, equities and expenses in keeping with long-term interest, and that includes the company's travel and entertainment (T and E) expenses.

In any organisation, CEOs' primary focus is to increase the profitability of the company while effectively managing business expenditure. Today's economic pressures force CEOs to continually seek new efficiencies and better approaches to expense management.

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### Industry News 7. Forgiving Debts Not Enough Help for the Poor, State Official Says

YALE-New Haven Hospital's recent action to close 18,000 open collection cases against its patients is not nearly enough to help the state's poor deal with health care cost issues, testified Connecticut Attorney General Richard Blumenthal on Nov. 15 before the Human Services Committee of the New Haven Board of Alderman.

Blumenthal called on Yale-New Haven Hospital to better assist needy patients in finding financial resources to pay for their hospital bills and eliminate unnecessary barriers for those who are eligible to access free patient care. "If debts in 18,000 open files are being forgiven, many of these patients probably were eligible for hospital bed fund assistance and never should have been burdened with any debt," Blumenthal testified at the hearing. He asked that the hospital help restore the patients' credit ratings.

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### Industry News 8. Credit Card Issuers Welcome the Newly Bankrupt

U.S. credit card issuers are no longer shunning the newly bankrupt - in fact, they want them to have their credit cards back. In light of the changes in the new bankruptcy law, credit card issuers, such as Citigroup and Capital One Financial, are reconsidering how they handle bankruptcy filers applying for a credit card. In the past, it was common to deny them credit for up to seven years after they filed. Now, though, issuers are considering giving them a second chance, according to a Reuters news report.

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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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