



Dear Reader,

Profitera presents this issue of PowerCollect eNews - July / August 06 which brings to you a great collection of latest Industry News, Articles, Events and Solutions Information. The feature article is "Focusing on Your Core Competency - Collecting Debt".

Profitera Corporation is amongst the world's leading Technology Providers of Revenue Collections and Debt Recovery Management Software Solutions. For more details and information on our Products and Services, please visit our website at www.profitera.com or write to us at info@profitera.com.

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B. Whitepapers and Articles of Interest

Focusing on Your Core Competency -- Collecting Debt

Ours is a technology dependent industry. The collections environment demands efficiency in all facets of our business. To achieve such efficiency in these competitive times requires the services available through established partnerships while focusing your efforts on your core competency; your differentiation - your unique and creative ways to recover debt.

As Mike Crawley points out in his article "The Role of IT in a Credit Business -- Outsourcing the IT Function", "Worldwide, there is a marked trend towards companies outsourcing non-core functions and using third party vendors for the provision of software, systems support and the development of strategic projects. Providing IT support for a business requires specialized technology, applications and resources".

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Industry News 1. Credit cards that hurt your credit score

By [Kristin Arnold](#) . Bankrate.com

A no-limit credit card, often considered a valuable perk for cardholders, could, in fact, damage your credit score and make any debt you take on more expensive.

"Consumers who are thinking of opening one of these no-limit credit cards may want to think how deeply their scores will be affected," says Craig Watts. The problem is something called "credit utilization," which is the ratio of a cardholder's actual debt to his or her potential debt. In other words, if a consumer has a \$10,000 credit limit and a \$5,000 balance, the credit utilization is 50 percent. Credit utilization accounts for 30 percent of your credit score. The lower it is, the better it is for your credit score.

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Industry News 2. Rising Consumer Debt Tied to Credit Ease

by [Mike Bevel](#), [CollectionIndustry.com](#)

I'm sure it sounded good on the Fed's doodle pad. "We'll raise the fund rate from 1 to 5.25 per cent over three years, and this'll help curb consumer-desire for credit." It was next to a losing game of tic-tac-toe and one of those hand turkeys.

Turns out, though, not so much with the "curbing consumer credit" part of their clever plan (and, frankly, we've seen better hand turkeys). Rather than decreasing, or at least leveling off, consumer debt is growing more now than at any point from 2001 to 2005. With the rising price of gas, the increasing numbers of the medically uninsured, and out-of-control housing bubbles - this isn't necessarily surprising news, or, at any rate, terribly unexpected. David Moon, writing for the Tennessee News Sentinel, sees another culprit: the lending standards of many financial institutions.

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Industry News 3. Basel II: March deadline impracticable

Author : B YERRAM RAJU

Posted online: Monday, August 14, 2006, Financial Express

Banks must have heaved a sigh of relief when the governor, Reserve Bank of India (RBI) announced on the sidelines of Asian Development Bank (ADB) Annual Conference 2006 that the implementation date is likely to be reviewed. Several banks' CEOs have put on a bold front and made tall announcements that they are ready for implementing Basel II.

If they had come from the tech-savvy new generation private banks, it would be no surprise. But when it comes from the public sector banks, which occupy large space in Indian banking with their embracing technology just during the last three to four years, it is a cause for concern.

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Industry News 4. Collection Software Market Put at \$700 million by 2010

Software spending for consumer collections will grow to \$700 million by 2010 compared with \$500 million this year, according to a new report from PayStream Advisors, a Charlotte, N.C. research and consulting firm.

Many collection agencies are using software bought before 2000, notes David Schmidt, a PayStream senior consultant. "It's old software systems at this stage. Eventually people will have to upgrade."

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Industry News 5. Late Payments in Most Consumer Loan Categories Improve While Credit Card Delinquencies Rise

The news about consumer loan delinquencies was mixed during the first quarter of 2006, according to the American Bankers Association's Consumer Credit Delinquency Bulletin. The bulletin is a quarterly survey of more than 300 banks nationwide reporting on the percentage of consumer loans that are 30 days or more past due.

"Overall the financial picture is good, which is reflected in improved delinquencies in most consumer loan categories," said James Chessen, ABA's chief economist. The composite ratio, which tracks late payments in eight types of closed-end installment loans, fell to 1.94 percent from 2.02 percent of accounts (seasonally adjusted) at the end of 2005.

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Industry News 6. Indian Bank's new initiatives picking up

Author : M. Ramesh

Debt recovery brighter on realty boom

Chennai , July 4

Indian Bank is seeing a gradual pick-up in its recently launched initiatives in the areas of credit card, gold, and depository participant services.

The bank launched its credit card in January. It has issued 6,700 cards so far. "Another 1,200 cards are in the pipeline," said Mr S.K. Bandyopadhyay, General Manager. He told *Business Line* today that till now, Rs 4.27 crore has been spent by the cardholders, on which the bank earned a little over Rs 5 lakh.

This, Mr Bandyopadhyay said, was slightly lower than the bank's projections. "But we will make it up in the coming months, because the business is growing very fast." He also said that the recently recruited MBA graduates were assigned the job of marketing the cards. Initially, the cards are to be sold to the bank's existing customers, numbering about two crore.

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Industry News 7. Indonesia: Consolidation not likely under "single presence"

*Peter Hoflich writes in this **Comment**, the Indonesian government's latest idea for reducing bank ownership will test the regulator's definition of ownership, and may create instabilities in the system without affecting the number of banks.*

Can an adverse macroeconomic situation actually be good for a central bank? Last week, Bank Indonesia (BI) proposed a "single presence policy" which stipulates that no institution can own over 25 percent in a bank. With increased NPLs, sluggish loan demand and shattered consumer confidence, combined with an economy still reeling from oil price shocks and higher inflation, the timing may actually be good for BI to again try for results in its Indonesian Banking Technology Architecture (ATPI) reform plan, designed to promote consolidation in the industry. The last time this happened in the industry was after the 1997 crisis, when the number of banks reduced to 130, from over 300.

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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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