

Check out our improved
website:

www.infopolicy.org

Letter from the President



The last quarter has been filled with international work. In August, I had the privilege of addressing a group of central bank officials, executives from lending institutions, and development officers at the 4th SEACEN/ABA/PECC Public-Private Dialogue in Kuala Lumpur, Malaysia. At this event, Asia-Pacific Credit Coalition (APCC) member Tony Hadley of Experian and I introduced attendees to the APCC and discussed the development benefits from a regional consumer credit reporting standard that included full-file, comprehensive reporting to a private credit bureau.

PERC is proud of the success registered by the APCC this year. The three primary goals in January were: (1) to host a major event in China on consumer credit reporting; (2) to promote credit reporting regime change in Australia; and (3) to have a regional standard for consumer credit reporting adopted by APEC through the leadership level.

APCC has succeeded along all three fronts. In March, we co-hosted a major international experts conference on consumer credit reporting in China with the Peking University ACOM Financial Information Research Center (PAFIRC) that drew more than 200 members of the

Chinese financial services community—public and private sector. In October I toured Australia meeting with industry executives, government officials, and the media presenting key findings from a new APCC study laying out a roadmap for transitioning from a negative only to a fair file credit reporting regime in Australia.

The Australian Law and Reform Commission (ALRC) recently issued a report endorsing positive credit information sharing in a manner consistent with the prescriptions made by PERC and Dun & Bradstreet in 2005, when D&B invited PERC to partner with them on a national campaign to raise awareness about the consumer and economic benefits from credit reporting reform in Australia.

On the heels of the Australian tour, I was afforded the privilege to address the 2008 World Consumer Credit Reporting Conference in Rio de Janeiro. The setting for this biennial event was perfect, not only because of the natural and cultural richness of Rio, but also because Brazil itself just this year underwent a massive credit reporting regime change. Here, as with Australia, PERC partnered with a local credit bureau (Experian/Serasa) on a national campaign to promote the benefits of regime change. Subsequently, in 2008 the type of credit data reported to Serasa was

expanded, as a former “negative only” regime has now become a full-file, comprehensive credit reporting system.

PERC staff have also addressed development, credit access, and credit reporting issues in Cameroon, Chile, China, Malaysia, Russia, South Africa, Sri Lanka, and Thailand, and will be closing out the year working on a project in Kenya. In fact, as this goes to press, a PERC team is being deployed to Nairobi to advise on the development and implementation of a national credit information sharing system.

Things are heating up on the domestic front, and PERC will be releasing a new report as part of its Alternative Data Initiative (ADI) before 2008 concludes. PERC also has projects underway involving the development of metrics for homeownership preservation and financial stability programs.

We look forward to working with our partners and supporters on the many consumer and small business credit challenges, as well as key development and asset building issues in 2009.

INSIDE

THIS ISSUE:

PERC
Developments 2

Asia-Pacific
Credit Coalition 3

MAIN at PERC 4

Blue Ribbon
Commission 5

Staff News 5

PERC Events 6

Recent
Publications 7

PERC Website 8

PERC Developments Around the Globe

Africa



Over the past few years, PERC has forged new relationships across the African continent, aimed at implementing new information-sharing systems in developing economies.

In the summer of 2008, PERC released a study of SMMEs and Information-Sharing in South Africa for the South African National Credit Regulator. The release of this report was the culmination of extensive field research. PERC's findings have led to further research into the implementation of new information sharing networks that will enable developing sectors of the economy to better access credit and wealth. PERC continues to work with the National Credit Regulator of South Africa with the goal of revolutionizing information sharing and credit access in the country.

In July of 2008, Dr. Robin Varghese presented the results of the SMME study in Cameroon in conjunction with alternative data research fielded in the United States. The two-day symposium sponsored by CGAP (Consultative Group to Assist the Poorest) of the World Bank and CAPAF focused on new approaches to expanding credit access across the African continent.

Dr. Varghese also participated in a CFSI tour in South Africa that examined the financial services industry.

As this newsletter goes to press, a PERC delegation is on-site in Nairobi, Kenya at the request of the Financial Sector Deepening, Kenya, meeting the Central Bank and other key players on the implementation of a credit information-sharing system.

PERC's extensive experience with information sharing in the South African economy gives the delegation a unique perspective into the diverse economic systems across the African continent. This unique expertise holds promise for future relationships with area countries for both the advisory and implementation role of developing new information sharing systems.

Australia



PERC's presence in Australia is through the APCC as well as independent work. In 2005, PERC credit reporting research led to a series of policy prescriptions that were submitted

to the Australian Law Review Commission, an entity of the Australian Parliament. This federal body submits recommendations for amendments to law in Australia. The recent conclusion of a two-year Parliamentary inquiry into credit reporting reform resulted in the validation of PERC's research and an endorsement of the policy recommendations. In October of 2008, Dr. Michael Turner, hosted by Dun & Bradstreet of Australasia, traveled to Australia for a series of government meetings regarding the PERC's release of a Roadmap to Credit Bureau Implementation, sponsored by the APCC.

The culmination of this project is [*Roadmap to Lessons from Around the World to Guide Consumer Credit Reporting Reform in Australia*](#).

While in Australia, Dr. Turner presented the research that led to the roadmap report to senior Australian business officials, and took part in a series of meetings with Commonwealth ministers, including the Department of the Prime Minister and Cabinet, the Assistant Treasurer, the Attorney General, and key members of Parliament.

In the coming year, PERC will continue its relationship with Australia through the support of the APCC, whose financial support is critical to the ongoing consumer credit reporting research.

Asia Pacific Credit Coalition (APCC)



The APCC is an affiliate organization of PERC. It is a coalition that is comprised of many organizations – including lenders, credit bureaus, and data analytics firms -- committed to promoting rational consumer

credit reporting standards within the Asian-Pacific region.

The APCC is comprised of organizations – including lenders, credit bureaus, and data analytics firms -- committed to promoting rational consumer credit reporting standards within APEC.

These organizations believe that the responsible use of robust credit history data and other payment information leads to optimal credit risk management. Sound credit risk management

in turn increases lending to the private sector, increases economic growth, broadens and deepens credit access, and protects individuals from overextension.

Because credit markets are increasingly global or regional in their focus, it is economically sensible to have in place regional credit reporting standards based upon proven principles.

“PERC has played a critical role in placing the issue of credit reporting reform on the Australian political and economic agenda.”

*- Damian Karmelich,
Dun and Bradstreet
Australasia*

APCC Members

Who are the APCC Members?

- CitiGroup
- Equifax
- FairIsaac
- TransUnion
- Dun and Bradstreet Australasia
- Experian
- GE Money

Who Should Join the APCC?

The APCC members believe that credit reporting should be based on the following general principles:

- Both positive and negative credit and payment data should be reported to consumer reporting agencies;
- Recognizing that the individual is owner of their own credit information, consumer rights and protections are paramount. As such, the OECD Fair Information Principles -- including notice, access, choice, correction, and redress -- should be judiciously applied and shall serve as the foundation of any regional consumer credit reporting standard;
- A private credit bureau and a public credit registry are complementary to one another and each play distinct and vital roles in a vital financial services system;

- Reporting of credit and payment data should be done on a voluntary and not mandatory basis; and
- Access to credit and payment data should be universal to all those with a permissible purpose regardless of whether they report the type of firm.

If your organization believes in the same general principles, and is interested in promoting these principles through sponsoring and participating in educational seminars, outreach, briefings, and country specific economic impact analysis, please contact [Dr. Michael Turner](#) to learn more about becoming an APCC supporter.

MAIN at PERC



Alyssa Stewart Lee

Founding Executive Director of MAIN and Vice President of Domestic Operations at PERC

Alyssa Stewart Lee presenting at the October 2008 FDIC Event: Southeast Louisiana Alliance for Economic Inclusion



The Markets and Information Nexus (MAIN) at PERC was introduced in July of 2008.

Notes from Alyssa Stewart Lee, Founding Executive Director of MAIN at PERC

As our economy swung from what some referred to as an "easy credit environment" to today's credit crunch, it is increasingly clear that the lack of information- misuse, non use or inaccessibility - is responsible for much of the damage. The titles of some of these loans- low documentation and no documentation - detail the point. Yet even the credit crunch reflects a protective stance against loss with limited use of information which impedes responsible access to capital for individuals and businesses.

The compound effect of information gaps in decisioning is immense, as we continue to witness, from inappropriate risk determination, irresponsible product opportunities, and ineffectual long term individual asset growth and debilitated

community well-being. Over 7 billion dollars annually is granted by the federal government alone for community and regional development. This year an additional \$3.9 billion was allocated to stabilize communities from the effects of information gaps and other predatory practices.

Future crisis stemming from information gaps will only increase in our knowledge economy without a systematic approach toward solutions. Further, the disparate impact of these gaps on the middle class, low and moderate income urban populations, and people of color will continue to divide our society.

PERC is proud to be a first mover in a structure response to asset building and economic development in this new age with the PERC Applied Study Center, the Markets and Information Nexus (MAIN). MAIN aims to expand economic opportunity responsibly through the power of markets and information and to use that information to measure impact.

Blue Ribbon Commission



PERC is currently assembling the *Blue Ribbon Commission on Information-Led Development*. Industry thought leaders who devote their businesses to improving lives and opportunities through the unique power of information have been invited to form this commission. These individuals will provide a unique advisory group to PERC, and will focus on developing information based solutions to core asset building and wealth-creation challenges. Please look for more information on the Blue Ribbon Commission in the coming months.



Dr. Turner presents at the 2008 World Consumer Credit Reporting Conference in October 2008 in Rio de Janeiro, Brazil.

Staff News

The PERC staff has been reorganized to match our growing breadth of work:

- Robin Varghese has been promoted to Vice President, Director of International Operations.
- Patrick Walker has been promoted to position of Director of Research.
- Katrina Dusek has been promoted to the position of Fellow.
- We also welcome back Adam Rodman to PERC as the part-time Manager of Special Projects.

The PERC team held a very successful Staff Summit on November 11-12 in Chapel Hill, NC. Highlights of the event include two full days of staff meetings resulting in plans for the coming year, and Adam Rodman's dominating performance at the Chapel Hill Mardi Gras Bowling Lanes, with a high score of 146.

PERC Events in Brief



Dr. Robin Varghese presenting at the 4th Credit and Collections Congress in Brazil

PERC's Michael Turner an expert witness in Federal Case about Health Information Sharing On July 28, 2008 PERC's Michael Turner was an expert witness in *IMS Health Incorporated et al v. Sorrell*, a federal case in the Vermont District Court.

PERC's Michael Turner Testifies Before Congress On July 29, 2008, PERC president Michael Turner testified before the Oversight and Investigations Subcommittee of the Financial Services Committee on "What Borrowers Need to Know about Credit Scoring Models and Credit Scores."

Fourth SEACEN/ABAC/PECC Public-Private Dialogue for the Asia-Pacific Region On August 17-19 in Kuala Lumpur, Malaysia, Dr. Michael Turner presented on behalf of PERC and the Asia-Pacific Credit Coalition the importance of robust credit reporting standards. Tony Hadley of Experian also presented on behalf of the APCC.

National Credit Regulator, South Africa Presentation Dr. Robin Varghese presented the findings of PERC's new study *Information Sharing and SMME Financing in South Africa* at the National Credit Regulator in Johannesburg. Dr. Varghese also participated in deliberations between government and industry on the creation and implementation of a national register of credit.

Southeast Louisiana Alliance for Economic Inclusion In New Orleans on October 30th, Alyssa Stewart Lee presented PERC's research for its Gulf Coast Economic Renewal project, specifically on small business recovery. This event was hosted by the FDIC.

AGA Uncollectibles Workshop Alyssa Stewart Lee presented findings from PERC's latest research on data furnishers, *Doing Well by Doing Good* in Park City, Utah on October 1-2.

4th Credit & Collection National Congress Dr. Robin Varghese presented key findings from PERC's latest research at the Credit & Collection National Congress in Sao Paulo, Brazil on October 14, 2008.

Australian Institute of Credit Management On October 16, 2008, Dr. Michael Turner spoke at the Australian Institute of Credit Management 2008 National Conference, providing conference delegates with key findings from the recent APCC study cutting a roadmap for credit reporting reform in Australia.

2008 World Consumer Credit Reporting Conference Dr. Michael Turner presented key findings from recent PERC studies on alternative data and consumer credit access at the 2008 World Consumer Credit Reporting Conference in Rio de Janeiro, Brazil on October 19-21, 2008.

Credit and Collection Symposium of the Americas On October 29, 2008 in Miami, Alyssa Stewart Lee shared results on the impacts of fully reporting non-financial payment data to consumer credit bureaus.

Asian Bankers Association 25th General Meeting and Conference On October 30-31st in Bangkok, PERC's Patrick Walker represented the Asia-Pacific Credit Coalition at the Asian Bankers Association 25th General Meeting and Conference. Uli Zeitsluft of FICO also presented on behalf of the APCC.

Louisiana Disaster Recovery Foundation's Annual Meeting On October 31st in New Orleans, Alyssa Stewart Lee presented at the Louisiana Disaster Recovery Foundation's Annual Meeting and Commemorative Event: *People, Policy and Progress: Investing in Sustainable Communities*.

Recent Publications



Roadmap to Reform: Lessons from around the world to guide consumer credit reporting reform in Australia (October 2008) PERC's Roadmap to Reform details the benefits of comprehensive credit reporting, as well as detailing transitional challenges when switching to a full-file system.



Information Sharing and SMME Financing in South Africa: A Survey of the Landscape (September 2008) This report focuses on the current state of credit access for small, medium, and micro-enterprises in South Africa. In particular, it examines barriers to credit access and viable near-term solutions to reduce or eliminate those barriers.



Financial Impacts of Disaster: What We Can Learn from Credit File Data (August 2008) This report sheds additional light on the impact and aftermath of Hurricane Katrina and the storms of 2005 on individuals, businesses, and communities of the Gulf Coast, using datasets previously not used for such purposes.



Recovering But Not Recovered: Gulf Coast Businesses Three Years Later (August 2008) This is a follow-up to the 2007 small business survey and provides further insight as to the progress of recovery from the hurricanes of 2005. As with the 2007 survey, this year's survey asked small business owners and operators about the changing state of their business since the 2005 hurricanes, and since August of 2007.



The Structure of Information Sharing and Credit Access: Lessons for Policy (July 2008) This white paper, produced for the APCC, outlines recent developments in the economic impact of information-sharing in consumer credit markets.

PERC's Improved Website

We cordially invite you to explore PERC's newly renovated website, with improved dynamic features that allow users to become quickly acquainted with PERC's three applied studies centers, as well as our most recent projects, events, and publications.

The new site is easy to navigate, and readily supplies viewers with pertinent information. The site showcases our work, and serves as a comprehensive resource for individuals or organizations seeking information about alternative data.

As such, the upcoming months will see the launch of exciting new features, including a PERC blog, and a dynamic resource section. The site is available at the same address as the old: www.infopolicy.org. We welcome your feedback.





Michael A. Turner, Ph.D.
PERC President

United States Office
100 Europa Drive, Suite 403
Chapel Hill, NC 27517 USA

+1(919) 338-2798 x 801

turner@infopolicy.org

Australia Office
Level 7, 479 St Kilda Rd
Melbourne, 3000 AUS

+1 (919) 265-3466 Mobile

+1 (212) 656-1732 e-Fax

The Political and Economic Research Council (PERC) is a non-partisan centrist policy institute devoted to research, education, and outreach on public policy matters. PERC has a broad mandate but emphasizes issues related to information policy, credit access, and the global information economy.

