

Letter from the President



2009 has been a year of continuity and change for PERC. We continue to advance our work in several ongoing U.S. initiatives, including our Alternative Data Initiative (ADI) and our Gulf Coast Economic Renewal (GCER) initiative. ADI is beginning Phase 4 this year, and PERC with its supporters and friends will exhort energy utility and telecommunications senior executives to fully report customer payment data to credit bureaus while seeking to remove any policy barriers to non-financial credit reporting. PERC is proud to be continuing its collaboration with the Louisiana Disaster Recovery Foundation (LDRF) to measure the efficacy of LDRF programs on small and medium-sized enterprises (SMEs), and to gauge the nature, scale, and scope of economic development needs among SMEs in Louisiana.

There is further continuity in our international work as evidenced by ongoing work in South Africa on broadening and deepening credit access via the use of non-financial payment data in credit scoring, the renewal of our Asia-Pacific Credit Coalition (APCC) with its focus on creating a regional standard for credit information sharing among (APEC) member economies. PERC has also renewed its commitment to partner with the Peking University ACOM Financial Information Research Center (PAFIRC) and will co-organize an international conference on microfinance in China.

PERC has undergone some important changes designed to ensure that it can fulfill its mission of *using information services to increase financial inclusion for up to 70 million Americans and multiples of that number globally*. In the U.S., PERC has implemented several operational and programmatic changes of note. These include:

- Revamping and restructuring our Advisory Board – It has become necessary to revamp the Advisory Board to better reflect PERC’s core issue areas, and to be more representative of the populations that PERC seeks to serve.
- Launching a President’s Council on Information-Led Development (ILD) — PERC is assembling an elite body of information industry executives, veterans of economic development, and policy insiders to help PERC achieve its mission.
- Launching a pro-bono Home Mortgage Foreclosure Prevention Center — PERC will develop an online tool designed to aid those on the brink of foreclosure, and will provide direct assistance to HUD certified agencies dedicated to helping individuals realize and sustain the dream of homeownership.
- Launching a double-bottom line social enterprise Credit Risk Management International (CRMI) — CRMI will own equity in financial infrastructure operations in the US and globally, and will develop IP to increase financial inclusion. Profits from CRMI will subsidize PERC’s non-profit mission.

From a personnel perspective, PERC has taken steps to increase its capacity. PERC has retained two seasoned and highly successful part-time development officers—David Hindie and Lynne Wu—to help ensure that PERC’s work agenda is fully funded moving forward. PERC has also welcomed aboard two new Adjunct Fellows—Wedge Greene and Murilo Pereira—both of whom boast impressive technical backgrounds in IT (Greene) and credit risk modeling (Pereira). Finally, PERC is proud to have on-boarded its first-ever intern—Jamie Hester—who will be working with PERC for the summer.

I am very proud of PERC’s many accomplishments, all of which reflect the extraordinary caliber of the PERC team, their commitment to our mission, and the tireless support we’ve been fortunate enough to receive from others around the world who share our vision and ideals. Our best years—as measured by our ability to positively impact the lives of billions of financially excluded persons around the world—are clearly in front of us. We look forward to continuing this amazing journey with you.

Sincerely,

Michael A. Turner

INSIDE THIS ISSUE:

International Developments 2-3

PERC Initiatives Update 4

What’s New at PERC 5

PERC Events 6

PERC Publications 7

Staff News 8

PERC Developments Around the Globe

Africa



PERC remains devoted to serving the middle of the pyramid on the African continent. Various PERC projects in the past two years have aimed at implementing new information-sharing systems in developing economies in Africa, and the past quarter has only seen an acceleration in our work. In December, Dr. Michael Turner and Dr. Robin Varghese traveled to Nairobi, Kenya,

to conduct research pertaining to an alternative data credit bureau. This type of bureau may become the model for extending affordable credit to millions across the continent.

After PERC's successful project with USAID and the South African National Credit Regulator, PERC has been surveying the landscape of alternate data in South Africa. The project sponsored by FinMark Trust comprises an examination of a number of source of alternate data for financial inclusion through improved risk assessment. This study examines what data sources can also proxy for income, including prepaid services. The report will be released this summer.

(Pictured above, from left to right: David Ferrand, Executive Director FSD Kenya, Dr. Michael Turner, PERC, and James Kashangaki)

New Zealand

PERC's involvement in New Zealand comes through its position in the Asia-Pacific Credit Coalition (APCC), as well as through its independent work. Dr. Turner attended the quarterly meeting of the APEC Business Advisory Council (ABAC) on February 11, 2009, on behalf of the APCC to push for uniform standards in credit reporting across the APEC region. Dr. Turner joined in discussions about financial identity and credit reporting systems. For more information, please visit the ABAC website at www.abaonline.org.

China

PERC is working with Peking University ACOM Financial Information Research Center (PAFIRC) to organize a conference on multi-level lending in September of 2009. This conference, hosted by Peking University and the China Society for Finance and Banking (CSFB), will be held in the Fall of 2009 in Beijing. The tentative conference agenda will include the following themes:

- Innovative Experiences in Microcredit from around the World
- Emerging Issues in Microcredit in the Wake of Global Financial Crisis
- The Market, Policy and Legal Environment of China's Microcredit Industry
- The Construction of IT System in Micro Finance Institutions
- Opportunities for Data-driven Risk Assessment in Microfinance
- The Contribution of Micro Finance Institutions to MSME Financing

Asia Pacific Credit Coalition (APCC)



Asia-Pacific Credit Coalition

The APCC progresses into its second year of operation with an exciting agenda for the coming months. PERC has already represented the APCC at the First ABAC Meeting in February (Wellington, NZ) and the Second ABAC Meeting in May (Brunei Darussalam), where the APCC is working with the Capacity Building Advisory Group of the Finance and Economics Working Group (FEWG). APCC members have approved an ambitious annual agenda that includes:

1. Analysis of credit reporting

landscape in APEC with identification of targets for development and potential initiatives with APEC-wide impacts;

2. Promotion of the “roadmap for transitioning”;

3. Outreach within APEC (in collaboration with ABAC, PECC, SEACEN) for adoption of regional standard for consumer credit reporting;

4. Introduction of commercial credit reporting issue into APEC and other regional organizations with eye toward promoting use of bureau data for underwriting;

5. Outreach within US (Treasury, State, and Commerce) for adoption of regional standard with US in leadership;

6. Outreach within Japan for full-file

and comprehensive reporting targeting data furnishers, media, and policymakers;

7. Outreach within Australia and New Zealand promoting reform of national credit reporting laws; and, Conference on micro-finance in China with Peking University (please see “Upcoming China Microfinance Conference” for more information.)

In addition to this agenda, the APCC will be visible at many international meetings and conferences this year. Dr. Michael Turner recently attended the 2nd APEC Business Advisory Council (ABAC) meeting in Brunei, speaking on credit reporting standards in the Asia-Pacific region on behalf of the APCC.

Upcoming APCC events:

- ABAC/ABA/PECC/SEACEN Dialogue, July 27-28, Bangkok, Thailand
- 3rd ABAC Meeting, August 25-27, Danang, Vietnam
- 4th ABAC Meeting, November 9-12, Singapore

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.



“We’re pleased to continue our relationship with PERC, which has in the past provided research vital to understanding the evolving condition of small businesses throughout the Gulf Coast region. The forthcoming analysis will measure the efficacy of small business development programs and guide our efforts moving forward.” - Landon Williams, Director of Housing and Small Business Development, LDRF

PERC Initiatives Update

Alternative Data Initiative (ADI)

PERC has recently released *Credit Reporting Customer Payment Data: Impact on Customer Payment Behavior and Furnisher Costs and Benefits*, the culmination of research and analysis from ADI Phase 3. This report details consumer behavior and benefits of credit reporting, as reported by consumers and data furnishers through survey methods. It also includes compelling case studies from energy utility companies who have transitioned to full-file reporting. Most specifically, the report finds that:

- Customers confirm that credit reporting alters payment behavior;
- Many customers are unaware of which of their obligations are reported;
- Data must be included in a credit file to fully motivate payment behavior changes;
- Firms that fully report see changed consumer payment behavior;
- For most, benefits of credit reporting greatly exceed costs;
- Firms that credit report are overwhelmingly satisfied with experience;

Louisiana Disaster Recovery Foundation

PERC is proud to announce its continued relationship with the Louisiana Disaster Recovery Foundation (LDRF). This summer, PERC will begin an impact assessment and needs evaluation on Louisiana small businesses, specifically evaluating the efficacy of small business development programs initiated by the LDRF since September 2005.

Financial Stability Metrics

PERC and its six United Way Local partners (Forsyth County, NC; Miami Dade, FL; Palm Beach County, FL; Central Ohio; Metropolitan Chicago; Southern Cameron County, TX) are actively fundraising for an innovative project that seeks to measure the efficacy of United Way Financial Stability programs in many counties across the United States. This project is especially pertinent in light of the country’s

- Firms overestimate perceived costs of credit reporting;
- The greatest perceived challenges from a firm’s perspective involve “soft costs” such as policy development and education;
- Consumer communication is important to fully realizing benefits; and, Many thin- or no-file customers are able to attain a credit score when payments are fully reported.

PERC has already embarked on ADI Phase 4: *Turning on the Data Faucet*. This phase will include aggressive outreach to exhort data furnishers to report consumer data to CRAs. Dr. Turner will begin this outreach schedule with a presentation at the National Association of Credit Management (NACM) Credit Conference International Utilities Group in Orlando, FL on June 15 that details the findings of PERC’s most recent report.

current financial climate: “Foundations and traditional funders of United Way projects have been deeply impacted by the economic downturn, and must re-evaluate grants and program. We offer a means to make dollars go further in times of uncertainty. We aim to make good programs better,” said PERC President Dr. Michael Turner.

Specifically, this project will use data from the Locals to identify how efficient each Financial Stability program is in meeting its goals. PERC scholars will use their findings to implement a “Financial Stability Dashboard” that will provide efficacy measures to United Ways across the country. This program will save money by identifying which aspects of the program are most productive and eliminating aspects that are not. Ultimately, this project will help United Ways across the nation reach their goal of helping 1.9 million working American families become financially stable by the year 2018.

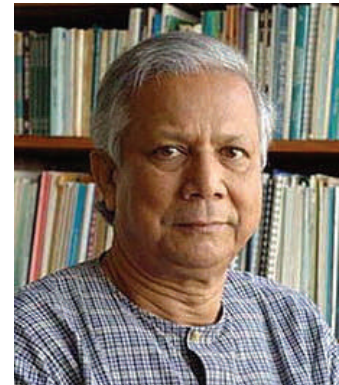
Please contact Katrina Dusek at (919) 338-2798 x 803 or dusek@infopolicy.org if you or your organization have an interest in supporting this project.

What's New at PERC

Muhammed Yunus Fellowship

“Muhammad Yunus has shown himself to be a leader who has managed to translate visions into practical action for the benefit of millions of people, not only in Bangladesh, but also in many other countries. Loans to poor people without any financial security had appeared to be an impossible idea. From modest beginnings three decades ago, Yunus has, first and foremost through Grameen Bank, developed micro-credit into an ever more important instrument in the struggle against poverty.”- Norwegian Nobel Committee, 2006

PERC has been approved directly by Nobel Laureate Muhammed Yunus to host a Fellowship in honor of his work and vital contribution to economic development that is aimed to facilitate an agenda as inspired by Grameen Bank and support staff members dedicated to related projects. Please stay tuned for updates on this exciting new facet of PERC.



PERC Foreclosure Prevention Center

In the coming weeks, PERC will launch an organic initiative designed to help struggling homeowners. Using our in-house expertise on consumer credit, credit scoring, and credit access, PERC staff will volunteer 10% of their work time to operate the PERC Mortgage Foreclosure Prevention Center. The Center will be web-based – including helpful links and resources. The objective of the Center will be to equip at-risk homeowners with the information necessary to help them potentially stave off foreclosure.

As part of this initiative, PERC is also doing volunteer work for the Durham Area Affordable Housing Coalition (DAHC). This work includes developing a software solution that will enable DAHC to streamline its administrative operations and immediately improve its cash flow. As a next step, PERC will develop an application that will help DAHC analyze its performance,

and measure the impact of its programs using data from the new database PERC will build.

“We are committed to doing our part during this period of immense economic uncertainty. There is palpable suffering in our community, and we will only succeed in mitigating this if everyone does what they can. For PERC, this is using our staff skills to directly help those in the trenches,” said PERC President Dr. Michael Turner.

PERC will tap into its network of friends and supporters from the financial services, credit reporting, risk assessment, academia, and consumer advocacy communities for assistance. PERC will also be seeking to recruit volunteers with a particular expertise in this issue area. To support this effort, directly through contributions of time or resources, or to take advantage of the PERC Mortgage Foreclosure Prevention Center, please contact Katrina Dusek at dusek@infopolicy.org.

PERC Events in Brief

Recent Events

Second APEC Business Advisory Council

Dr. Michael Turner presented at the Advisory Council meeting in Brunei Darussalam on May 11-15, 2009. He spoke on credit reporting standards in the Asia-Pacific region on behalf of the Asia-Pacific Credit Coalition.

FairIsaac's InterACT 09 Conference

At InterACT 09, FairIsaac's annual risk conference held March 10-13, 2009 in New York City, Dr. Michael Turner presented on cross-border data access for lenders and third-party credit providers. He covered and reviewed current legislation to create better credit markets through data sharing, while stressing the importance of positive data.

APEC Business Advisory Council (ABAC)

Dr. Michael Turner attended the ABAC meeting on Feb. 11, 2009, held in Wellington, New Zealand. Dr. Turner participated in discussions about financial identity and credit reporting systems as part of a larger, APEC-wide financial inclusion agenda. For more information, please visit the ABAC website at www.abaconline.org.

Forum on Business and Energy

PERC President Dr. Michael Turner spoke at the NMSDC Petrochemical & Energy Industry Group Procurement Connections Forum in New Orleans on Jan. 27, 2009. He discussed Recovering but Not Recovered, PERC's latest research publication on small business recovery in the Gulf Coast.

Kenyan Bankers Association

Drs. Michael Turner and Robin Varghese, both of PERC, shared preliminary findings from their assessment of the credit information sharing implementation process to members of the Kenyan Bankers Association. The meeting was held Dec. 9-13, 2008, in Nairobi, Kenya.

Upcoming Events

Dr. Michael Turner will be presenting at the **National Association of Credit Management's Credit Congress 2009**. The meeting will be held in Orlando, FL on June 14-17, 2009. He will focus on the positive effects of utilities reporting customer payment information to credit reporting agencies. For more information, or to attend, please see NACM's conference website at creditcongress.nacm.org.

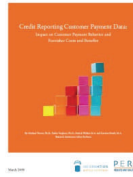
PERC will represent the APCC at the **ABAC/ABA/PECC/SEACEN Dialogue** on July 27-28 in Bangkok, Thailand. PERC associates will be joined by fellow APCC supporter Tony Hadley of Experian and will promote APCC agenda items such as a regional framework for credit information sharing and proposals for initiatives that could have APEC-wide impacts.

PERC will represent the APCC at the **Third ABAC Meeting** in Danang, Vietnam on August 25-27.

Recent Publications



New to Credit from Alternative Data (March 2009) This report highlights the findings of previous studies, *Give Credit Where Credit Is Due* and *You Score, You Win*, but specifically focuses on the new to credit consumer population and how their ability to obtain credit is increased through the reporting of alternative data.



Credit Reporting Customer Payment Data: Impact on Customer Payment Behavior and Furnisher Costs and Benefits (April 2009) This study examines the impact and benefits that accrue to consumers, lenders and utilities and telecommunications firms when telecoms and utilities report customer payment information to credit bureaus.



Optimal Consumer Credit Bureau Market Structure in Singapore: Theory and Evidence (April 2009) This paper examines the relationship between market structures and regulatory framework of the credit information sharing, and the performance of the financial sector.

Staff News

Dr. Michael Turner, PERC President, was invited to apply for an Ashoka Fellowship. The Ashoka Foundation recognizes innovative and committed social entrepreneurs in the areas of civic education, economic development, environment, and more.

PERC welcomes **Murilo Pereira** as its newest Adjunct Fellow. Murilo brings a wealth of knowledge and expertise to the PERC team. He has 16 years of experience within the financial market and has served as the Managing Director of Experian Brasil for ten years. PERC is very happy to welcome him as an Adjunct Fellow.

Adam Rodman, Manager of Special Projects, has left PERC to pursue his education at Tulane Medical School. We wish him luck in his endeavors.

Jamie Hester recently joined PERC as the 2009 PERC Summer Fellow. She graduated in May from the University of North Carolina at Chapel Hill with a BA in Public Policy and will be attending law school in the fall.



Asia-Pacific Credit Coalition

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.

