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Newsletter °47

May 2009



BOARD OF DIRECTORS

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Marco Recchi (Secretary), Italy (+39 06 59 23 346)

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NVI (Netherlands)



VSI (Switzerland)



AIA (Czech)



NIF (Norway)



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Instruction

The newsletter is organized in the form of flipping book, with the index, option of downloading, printing and page changing.

The content is organized like in the previous newsletters:

- FENCA news,
- FENCA article,
- News from Brussels,
- News from Our Members,
- Publicity.

Now, instead of scrolling down the whole text, it is you who decide what you want to read and you jump to the selected article.

The screenshot displays the cover of the FENCA Newsletter 43, January 2009. The cover features the FENCA logo and a list of board members. Below the cover, a navigation bar is visible with a dropdown menu set to 'Cover', a page indicator '1 / 5', and icons for search, print/download, and page navigation. Red circles and arrows highlight these controls with the following labels:

- Choose the chapter (pointing to the dropdown menu)
- Zoom it! (pointing to the search icon)
- Print or download (pointing to the print and download icons)
- Change pages (pointing to the left and right navigation arrows)

You can directly print from the web page pages you selected, but you will get a better quality if you download the whole document in .pdf and print selected pages

from there. Also **only** in the .pdf file you can use clickable links, for the needs of your readers we provide text of references at the last pages of the newsletter.

FENCA News



Elections:

- We learnt that our Vice President, Mr Carsten D. Ohle leaves BDIU at the end of the year, therefore it will be impossible for him to continue with FENCA. As the Board decided earlier to maintain the total number of its members on the level of 4, we announce new elections (for one member) for the coming AGM.

Conditions for the candidate to be elected:

To be electable as a Board member the candidate has to be a member of a National board or appointed by a National board.

Nominations for new board members require:

- a proposer
- a seconder
- written consent by the nominated persons that they agree to their nomination

Nominations must be made in written to the Secretary and has to be received no later than 28 days before the AGM.



Visit in Kiev

On May 17th President of FENCA took part in the press conference organised by ACBU in Kiev.



Interview with Mr President published by Ukrainian newspaper Izvestia on page 8.



Congress in Prague

Thursday 24.09.2009

15:00 Opening of the FENCA
Reception Desk for Participants

18:00 Welcome drink

19:00 Opening of the Congress,
Kornel Tinguely, President of
FENCA, Switzerland

Opening speech: Vladimir
Gazarek, President of AIA

Opening speech: Czech
government representative

Opening speech:
Representative of the Czech
Chamber of Commerce

20:00 - ? Welcome Diner*

* **dress code: business suit**

12:15 - 14:15 Lunch break



14:20 **Conflicts' solution**



Tim Fearon

15:00 **Late Payment Directive**



Hans Ingels

15:35 - 16:10 Coffee break



16:10 - 17:00 Questions & Answers
Ivo Klimes

20:00 - ? Reception + Gala diner
and dance*

* **dress code: business suit / evening
dress**

Friday 25.09.2009

09:35 **Field collection through
Europe**



Marco Recchi

10:15 **Data protection**



prof. Vittorio Colomba

10:55 - 11.30 Coffee break



11:35 **EU Law**



Stefan Zickgraf

**During the day there will be organised
a field trip for accompanying persons:**

Strahov, Loreta and Prague Castle, lunch
on the boat with the waterside sightseeing
of Prague, Mala Strana and Cathedral of
St. Nicolas

Saturday 26.09.2009

9:30 AGM FENCA

At 12:00 there will be organised a field trip for accompanying persons and the Congress' participants upon subscription:

Townhall and Powder Gate, walking by old streets to the Jewish Town, Old Town Square with Clock Tower, Tyn Cathedral and around Wenceslav Square.

20:00 - ? Concert and elegant diner in the city (upon subscription)

The concert and diner will be organized in the Kaiserstein Palace.

Sunday 27.09.2009

6:30 - 11:00 Breakfast & Check out



Ferber-Software – Your IT Partner For Successful Debt-Collection

What is it that makes your debt-collection management successful? Perhaps it is because you have focused, for instance, on specific branches of industry and/or activities or on particular types of clients? Do you collect hundreds of thousands of ultra-small amounts using high-octane efficiency? Or are you an expert in B2B business?

Whatever debt you collect – you can now optimise the management of all your debt-recovery operations with IKAROS.

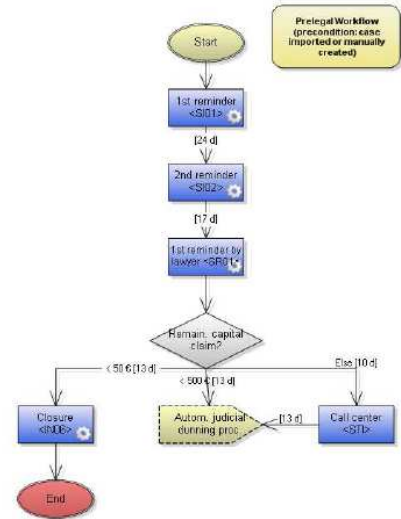
Are you also interested in meeting the special requests of your clients when it comes to the providing of interfaces, reports, workflows etc. ? Do you score extra points over the competition by offering conditions that can be fashioned in a particularly flexible style? Do you receive your account solicitation services on customer creditworthiness or address lists from just one specific service provider?

Whatever debt you collect – IKAROS adapts to your individual needs.

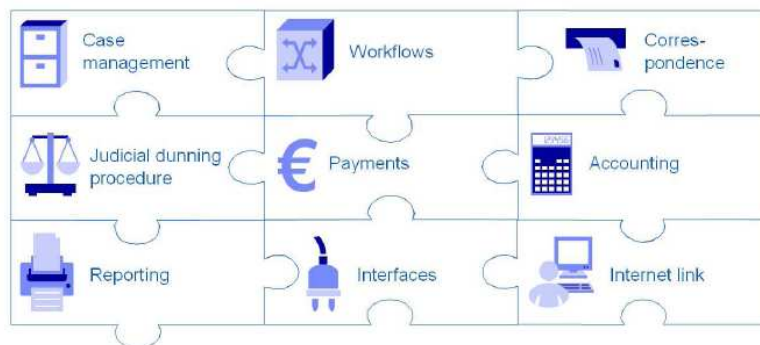
Is it imperative that your IT service provider is a reliable and efficient business partner? Do you wish to become actively involved in the future development of your software? Do you expect projects to be successfully brought to fruition on time and to the agreed budget?

Whatever debt you collect – your satisfaction and your success are the most important targets on our radar. That's what we aim to collect.

Take us at our word. We are looking forward to meeting you at our booth at the FENCA meeting in Prague.



Optimizing you debt-collection management



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Contact information



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FENCA Article

Interview with President of FENCA for Izvestia, Ukraine

"Outsourcing is cheaper"

The Associated Collecting Businesses of Ukraine (ACBU) has become a member of the Federation of the European National Collection Associations (FENCA) recently. What does it give our collectors and how does the European collection market develop? Interview by Kornel Tinguely, the President of FENCA.

Question: What is the influence of the financial crisis on European collectors? Do you have to collect more debts?

Answer: The financial crisis is partly caused by inner problems of banks which didn't have any substantial influence on our business. But the crisis spread on the economy in general and it created problems for different branches, car manufacturers, for example. Thus, the total effect is quite perceptible. I cannot give particular figures now as the data for 2008 is still being processed and the exact statistics will appear at the end of June. Moreover, though the financial crisis started over a year ago, its effects spread only at the end of last year, so the problems will appear now.

Q.: What is collection business in EU like? How many players are there on the market? What is the size of companies?

A.: Our federation unites national associations of agencies, only one from each country. Now we have 17 members. In their turn, they embrace about 1400 companies which make up about 90% of the market in these countries. The scale of companies presents a wide range – from companies that include one person to huge network companies that work in different countries at the same time.

Q.: How is this business regulated?

A.: It depends on the country. It usually requires certain certification or a permit. Before engaging in this activity, the collector has to prove that he is not a swindler and he has the right to do it. In some countries, for example, in Germany, a permission of the court is necessary. A potential collector will have to pass an exam on laws. Besides, the association in this country is quite strong. It gives an opportunity to study, after which you pass an exam, get a certificate and automatically become an authorized collector.

Q.: The authorities in Ukraine try to institute licensing of collection activity...

A.: I heard about the conflict of Ukrainian collectors with the Ministry of Justice which considered this business illegal at one time. Such conflicts are destructive not only for the market players but also for the economy in general. Collectors perform a part of courts' work. And if no legal proceedings are instituted, it will cost less for the lender and will be faster for the creditor. And all the others also need debts to be returned as they pay for credit defaults in the end. Conventionally, if goods are systematically stolen in a shop, it will include its cost in the price of others.

Q.: What part of bad loans is given by the banks to the collectors?

A.: The banks outsource the processing of such loans in most cases. Though it also depends on the country. The banks in Germany, Spain, Italy and Scandinavian countries give all of their bad debts to collectors. I personally work in Switzerland where the banking and insurance sectors are huge. One could expect that the demand for our services would also be great. But no – banks and insurers here prefer collecting their debts independently.

Q.: Can debts be repurchased?

A.: Repurchase of debts is widely used in the USA where everything is bought and

sold (he laughs). But it is not so widespread in Europe. Three years ago it became a regular practice in Great Britain, and this form of work is also popular in Spain and Poland. This market is very well organized in these three countries, unlike the other ones. However, as the new rules BASEL-2 came into use, many banks started to sell bad debts. It also depends on peculiarities of laws. For example, Italian banks and telephone companies cannot write off a bad debt without paying taxes. That's why they sell such debts.

Q.: Besides financial institutions, who can use the collectors' services?

A.: Any company, in principle. Many European companies of different size outsource debt collection simply because it is cheaper.

Q.: What are the rates of European collectors?

A.: On average, about 10% from the sum of loan. Collection of small sums is a bit more expensive, big ones – a bit cheaper. The price also depends on the overdue time period of the loan.

Q.: What methods do your collectors use? The imagination of a typical Ukrainian lender usually portrays a person with an iron and a solderer...

A.: It seems to me that you already use the same methods as we do. The agency has a call-center, a lot of young beautiful women... (he laughs). On the whole, Ukrainian lenders must soon change their attitude to this business.

Some ethical standards must surely be adhered to. You must not call the debtor at two a.m. or visit him with a team of shaven-headed hunks armed with a bat and a gun. Several years ago, the following incident took place in Germany. There was an agency called "Moscow". Its employees were Germans, but they used, let's say, rude methods of work. In the end their permit was taken away by the court. The debtor is first of all a person and you should treat him politely even if he doesn't

always behave so. Yes, there are swindlers among debtors, but not all debtors are like that. The person may have a valid reason not to repay the loan, for example, he may have lost his job, his salary may have decreased or his expenses may have increased because a baby was born. In this case it is necessary to compromise and reschedule the debt.



Q.: What can you say about confidential information protection?

A.: This is a matter of legislation in each country. According to internal standards of the Federation, it is forbidden to collect the information which is not essential for debt collection. Let's say, we need the name, surname, date of birth, address, telephone number and credit history, no more.

Q.: What is your impression of the Ukrainian market?

A.: I know little about it, but the things going on here are quite typical of the market which develops from zero. Each company behaves aggressively and tries to get the market share. There are also mistakes as many things are done in a hurry. But on the whole I was pleased by the level of local agencies. For example, they pay a lot of attention to training of their employees.

Q.: How will the participants of the Ukrainian Association benefit from its membership in FENCA?

A.: As Ukraine is not a member of the European Union, we have a limited possibility to help you as far as lobbying of branch interests is concerned. Though more intensive information exchange we will allow you to move towards European standards. Your association (ACBU) will communicate with your politicians and tell in what direction this market is moving in Europe. We will also provide technical assistance. It will partly be legal help, but not in the sense of local laws which your collectors know better, I hope (he laughs). For us, the interest lies in the fact that your companies will help us collect the money which Ukrainian companies owe the European ones.

Kornel Tinguely has been working with loans since 1987, when he started his career in Creditform. Now he is a shareholder and the Executive Director of this company. He has been a member of FENCA General Secretariat since 2002, and in 2004 he was appointed President of the Federation.

Source: Economic News

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As the leading debt collection system, Nova offers efficient, functional and reliable solutions for its users. As one of the largest IT-suppliers in northern Europe, Tieto offers the deepest understanding of our customers businesses and needs.

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FENCA Profile



prof. Vittorio Colomba

Vittorio Colomba, lawyer in Modena, teacher of Juridical Computer Science at the Faculty of Law at the University of Modena and Reggio Emilia.

Holder of the chairs "Security and Privacy " and "Protection of Digital Data" at the Master in "Security of Data Processing Systems" at the University of Modena and Reggio Emilia.

Head of the Juridical Committee of the Privacy and Development Laboratory set up by the Italian Guarantor for the protection of personal data.

Author of many publications about Data Protection Law.

Consultant at Unirec (National Association of Companies dealing Collection, Management and Information of Credit) for all the matters involving the protection of personal data during Credit Collection activities.

News from our Members

News from Poland

Four times more cases for debt collectors than one year ago

The crisis causes that the debt collection companies have more and more work.

The volume of the cases accepted for the mass collection quadrupled, if to compare results from April 2009 and April 2008 says an executive director of one of the collection companies in Poland.

The executive director adds that banks having worse results more likely use services of outsourcing of debt collection companies. Together with the growth of the supply, prices of debts fall down. Additionally the prices are compressed by the dropping effectiveness of the "soft debt collection", which means contacts with a debtor by phone and written way.

Prices are also falling, because companies more and more often are forced to apply methods called "hard debt collection" (the legal way).

But this is already a problem of debt collection companies.

For the debt collection companies it means increasing costs and a fall in profitability, because to recover the debt it is no more sufficient to make several phone calls or to send several letters. More and more often debts have to be recovered on the legal way.

But it costs a lot, so debt collectors do everything to avoid the legal way, leading more intensive debt collection campaigns, calling more often and sending letters to debtors.

An indicator of the "soft debt collection" improves a bit the fact, that creditors (like banks or telecommunication firms) get rid of debts at the accelerated speed. "For example, we receive cases from banks immediately after few days of the retard in the payment of the first rate of credit" says an executive director of one of the collection companies in Poland. That allows lessening the cost of the debt collection on the side of financial institutions. It can be expected that this occurrence will be more and more often.

There is a significant interest of customers in the payment monitoring, to early discover irregularities and problems, what improves effectiveness of actions.

The crisis causes that the reasons of the payment jams are far much serious than before. Among companies this are growing problems with the liquidity, among particular customers this is a worsening of the financial situation of many families.

Currently the disciplinary reminder about the payment is insufficient, because customers, even having a good will often don't have financial means to repay their debts.

The dropping effectiveness of the "soft debt collection" is the most visible in the segment of corporate debts. Here are observed higher volumes of transactions and more often cases are redirected to the court. In cases of particular customers this kind of actions are often too much costly.

The sum of the debt collection done by the court or by the bailiff touches 30-40% of the debt, depending of the procedure. Theoretically, if the debtor looses, has to cover costs of the court and/or the lawyer. But the debtor doesn't always have the money to repay condemned debts.

"Hard debt collection"

Sum of the debt: 2272 €

Basic costs

Suit fee: 68 €

Minimal costs
of the legal
representation:
545 €

Executive bailiff
fee: 341 €

Total cost of the debt processing: **3226 €**,
additional costs constitute 42% of the
debt's value.

Source: Marcin Jaworski , "Cztery razy
więcej zleceń dla windykatorów niż rok
temu"
Gazeta Prawna, 22. 05.2009



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News from Brussels

In the edition in June.

Place for your publicity

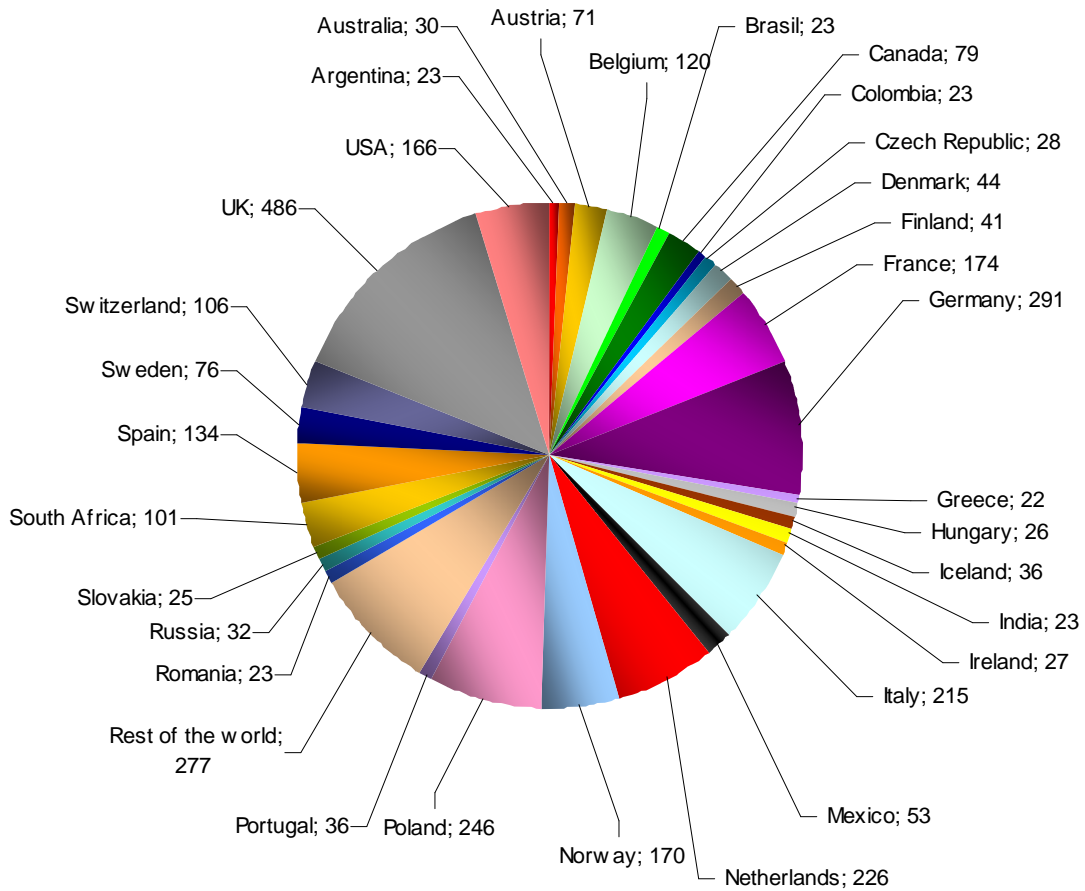


Here is the place for your
publicity or article. For
more information contact
us at

office@fenca.com

Our readers

As for March 25th we crossed the line of 3000 readers, all of them connected to the debt collection industry.



Member countries



Belgium:
<http://www.abrbvi.be/>



Czech Republic:
<http://www.aiacz.cz>



France:
<http://www.ancr.fr/>



Germany:
<http://www.inkasso.de/>



Great Britain:
<http://www.csa-uk.com/>



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Poland:
<http://www.polskizwiazekwindykacji.pl/>



Portugal: <http://www.aperc.pt>



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Russia: <http://www.napca.ru>



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