

Global Alliance

News from Global Credit Solutions

Second Issue, 2011

With over 15 presentations, 14 additional discussions on multifarious international topics, side meetings, networking with over 50 partners – GCS Group World Conference at Beijing is the place to be in September! The Marketing Committee would request all attending Partners to come with as many ideas & experiences that we can share with all associates...

Look forward to a wonderful meet again!

Marketing Committee, GCS Group:

Michael Niedermeyer (Europe), Greg Cohen (Americas), Sam Omukoko (Africa), Vishal Chowdhary (Asia Pacific)



Message From The Chairman



GCS Group is continuing to expand its services both in Credit and Risk Management Divisions, with high levels of interest from existing as well as new clients. While we are experiencing increasing demand for our collection services, more and more clients are adopting a proactive approach to determining the levels of risk they face in the commercial markets, and as a result seek in depth credit reports that also offer a KYC (Know Your Client) component enabling these clients to be compliant with increasing global KYC legislation.

We are also encouraged with the increasing rate of collection in the commercial sector, and even though consumer collections remain static (in terms of the collection percentages), the fact that GCS Partners are holding their own in extremely difficult economies is in itself a credit to the hard work they are doing on their clients' behalf. The launch of the GCS Verification Service at the beginning of June 2011 has created a great deal of interest with enquiries

being received from around the world. The Verification Services include Due Diligence which is described as the Checking of Facts, and Investigations are the Discovery of Facts! Increasing incidents of fraud, as well as defaulting commercial enterprises and rising unemployment is almost certain to increase substantially the demand for these services

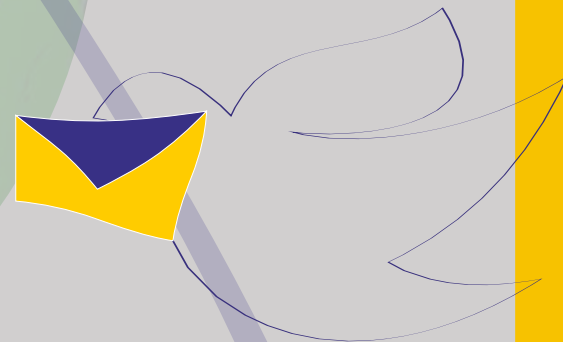
May and June have seen GCS Partners meet in two regions. Our European partners met in Vienna, Austria, and those from the Asia Pacific region traveled to Sydney, Australia. Both meetings have seen new projects being discussed, agreed and now starting to be developed; all of which will be to the betterment of client services. These include upgrades to our Global Case Management System, enabling more detailed analytical reporting, as well as the introduction of our compliance committee. The role of the compliance committee is to evaluate and manage partner performance along with ensuring that all partners are compliant with GCS internal and external requirements, which have also been increased.

Our Management Advisory Board and all GCS partners join me in extending our appreciation for your continued support and wish you well.

Best Wishes,



Neil A. Wood
Chairman & Group Managing Director
neil@gcs-group.com



Events Report

GCS Europe Conference, Vienna, Austria, 12.5.2011-13.5.2011

More than thirty delegates from 19 countries traveled to Vienna from across Europe to attend the GCS regional meeting hosted by our Austrian partners AVS. The meeting consisted of specific target setting and guidelines in sales, marketing and compliance. Open and frank discussions were carried out on growth of business being exchanged between partners. The introduction of partner scorecards to assist in these goals is a first for GCS and will be introduced in GCS World Conference in Beijing for all partners to understand.



Australia Third World Credit Congress and National Convention, Sydney, Australia, 18.5.2011-21.5.2011

Institute of Mercantile Agents Limited held this conference at the Hilton Sydney hotel in Sydney Australia. The event attracted more than 240 + delegates from the collection, credit reporting, debt buying and credit management fraternity. GCS Group also invested in a booth to ensure effective meetings with delegates.



Events Report

GCS Asia Pac Conference, Sydney, Australia, 21.5.2011 – 24.5.2011

APAC Region GCS Partners from across Asia Pacific region met for the group regional meeting in May. A wide range of discussions with specific targets agreed to by the delegates ended with some networking and nights where delegates were able to relax and enjoy some of the sights of a great city.



NACM's 115th Credit Congress & Exposition, Nashville, TN, USA, 22.5.2011 – 25.5.2011

This leading event was held at the Gaylord Opryland Resort and Convention Center in Nashville, TN. The annual event was supported by the GCS Partners Caine & Weiner, as usual, by participating as an exhibitor and sponsoring a hospitality suite.





Upcoming Events

Credit & Collection News Collection
Agency Consortium
August 17-18, 2011
Ritz Carlton Hotel, Washington, DC

CSA DBSG Annual Conference
September 8, 2011

GCS WorldConference 2011
September 14-17, 2011
Beijing, China

OSCA (Ontario Soc.of Collection
Agencies)
September 15, 2011
Niagara Falls, ON

ABA Marketing Conference
September 18-20, 2011
Marriott Baltimore Waterfront, Baltimore, MD

National Credit Union Conference
October 1, 2011
Charlottetown PEI

Mail Order World
October 5-6, 2011
Wiesbaden Germany

CLLA's 19th Annual Financial Services
Collections & Credit Risk Conference
November 2, 2011
The Cosmopolitan of Las Vegas, Las Vegas, NV

ACA International's Fall Forum 2011
November 9-11, 2011
Michigan Avenue, Chicago, IL

Score Dormant Debt Conference
November 15, 2011
Toronto ON

Help us make Global Alliance
more informative... Contributions
welcome for each section!





Global Credit Solutions- Being Part Of An International Success Story

Authored by: Michael Niedermeyer

International Director, Mediafinanz AG, GCS Germany

This article is dedicated to our clients, the colleagues from the different GCS Partners and my colleagues at mediafinanz GCS Germany, who are all part of an international success story.

There is no success without needs at the start. And it starts with irony. And the irony of modern Europe is: "It shrinks by getting bigger!!!"

While the EU is extending its horizons, the population is more and more mobile and the use of the international business and commercial areas gets more and more normal. Neighboring countries of Germany and other countries in Europe have become important and crucial markets. About three quarters of all exports "Made in Germany" are delivered to European countries. The amount of goods delivered to member states of the European Union was 63 %. But customers (debtors) are still making use of the existing frontiers, language barriers and the different legal systems, for not paying their bills.

Only those, who are able to act directly in the country of the debtor, will be able to solve this problem efficiently and permanently. All GCS partners in the biggest network worldwide of international debt collection agencies Global Credit Solutions are therefore capable of collecting debts in

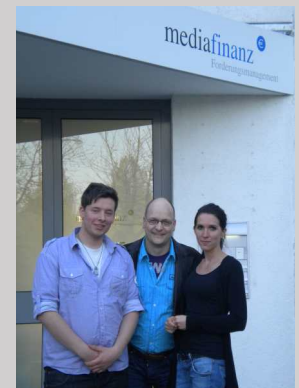
Articles From Partners / Industry Leaders



more than 100 countries worldwide. The uniform IT system and the uniform "Ethics code" enables all GCS partners to act towards the client as one global firm.

This unity is not only represented by General managers and directors at the GCS meetings (worldwide and regional), but also results in uniform presentations at exhibitions and projects, and every single employee is able to feel that spirit.

Some of the partners have started a job rotation program that would go a long way for better understanding in different backgrounds. Ingo Konerding, an apprentice at Mediafinanz underwent training for 4 weeks at our GCS UK partner CCI Legal. He worked for several departments including collection (outbound) and sales. This not only



helped him to improve his business English, it also indirectly improved the entire communication between the two partners. This was followed by Karolina Wartecka from GCSUK to Mediafinanz Germany. She had the opportunity to collect many impressions and ideas, and to improve and practice her German. This kind of cooperation overcomes frontiers and mental barriers for a more effective debt collection.

Debts outside Europe of course also demand for a sufficient solution in the home country of the debtor. About one quarter of all German exports are delivered to countries outside of Europe. The most important countries are the United States (54 billion €) and China (36 billion €). In addition to the problems of debt collection, which had been described for the European area, there are problems due time shifts and very different cultures. Also within some countries there are distances to overcome which are big compared to European standards, and the legal requirements of the different areas within the country must be met. That is where the united GCS Group becomes much more effective than any other debt collection agency

An example of this is Reed Exhibitions Germany GmbH is, as our client, a part of the common success story for more than a year.

Reed Exhibitions Germany, located at Düsseldorf, stands for 12 exhibitions and congresses, 337.000 visitors of exhibitions, 4750 participating companies and 365.000 square meters of exhibition space. With debts in more than 70 countries, GCS Group was of great use for the client. We managed to effect good collections worldwide and therefore have created a big win-win relationship with Reed. While Reed has GCS Germany as single contact, the whole group contributes to the success and creates the International Success Story!



Support Your Economy – Share Your Data! Ansonia Credit Data

Authored By: Bill Weiss

Vice President Of Sales, Ansonia Credit Data

Have you ever noticed that people sometimes use the term “Kleenex” to refer to a tissue? Now that’s what I call brand recognition. Some of us know that the same thing happens in the Business Credit world, although a lot more people blow their nose than pull a commercial credit report. I’m not suggesting that people not use any particular source of credit – that’s not my intention at all. I’m just saying that there are alternatives out there, and for a myriad of reasons, we all need to make sure we’re aware of what is available to us.

While we are emerging from the recessionary economy of the past few years, the world will never be the same as it was – companies must be able to adapt to highly-competitive environments and shrinking profit margins to survive. Following the demise of the world’s credit markets, we need to find new ways to extend credit to companies, especially newer and smaller companies that are willing and able to pay on time. They can’t easily get a bank loan as was once possible, and they can’t borrow against their home equity, either. The conventional means of evaluating creditworthiness must change to accommodate current conditions and to allow economies to grow.

In the new age of Google, Cloud Computing, Wiki-everything, and the like, new types of information on just about anything imaginable is now available within seconds, right at your fingertips. You don't even need to be sitting in front of your computer anymore. Companies looking to evaluate their prospects' and customers' creditworthiness need to be aware that there are new credit information sources available that may provide better, faster, cheaper, and more relevant information than conventional means of credit reporting – and if creditors support these new sources, everybody wins.

While the Business Credit world has traditionally been well behind the curve as compared to its Consumer counterpart, it has experienced a major evolution in recent years. Companies are no longer forced to vet prospective customers through a single credit source as their sole credit provider, as there are many new players in different industries and niches that have a lot to offer. With the recessionary environment causing credit departments to be more cautious about extending credit, we must find new ways to justify the extension of credit.

One way that companies can help is to provide their accounts receivable experiences to the credit bureaus (I'm not talking about the credit bureau that they've been using for the past 100 years – I'm talking about providing it to ALL of the relevant credit bureaus). This practice has been around for quite a while, but only a small percentage of companies actually participate. If you want more current credit information that benefits your customers, your industry, and your economy, you should be reporting your data to the credit bureaus. Why?

1. *Cut down on expenses:* Credit information from the big bureaus is really expensive! If everyone uses one provider of credit, and that provider has a monopoly on the credit

business, what motivation do they have to price competitively? This is the Information Age and the cost of information should be trending downward. The most immediate impact of using multiple credit sources that you will realize is the improvement to your bottom line. There is no correlation between price and quality here – spending too much money on credit information, just because it's the way you've been doing it for years and years, shouldn't happen. Share your data and promote competition to keep your credit providers honest and ensure they're working to continuously improve their products.

2. *Improve Customer Relations:* Your customer buys from you, and pays you promptly; they deserve to have this information available to other vendors. If you think that your competitor will steal all of your customers just because you're reporting information to the credit bureaus, you're kidding yourself. This information is being used to evaluate credit, not to create a marketing list. If your customer can acquire credit terms from other vendors, within your industry or outside of your industry, they have a much better chance of buying more from you in the future. If your competitor is pulling a credit report on them, it's not because you're reporting payment experience on them – it's because they're looking for a better product or price.

3. *Gain additional leverage on customers who don't pay you:* This is a no-brainer. If your customer is not paying multiple vendors, and they know that you report your payment experience to multiple credit bureaus and the other guy doesn't, who do you think they're going to pay sooner? It's important to make sure you report on all of your customers, good and bad, to make sure you're not

just creating a blacklist. This will also encourage the slow payer to become a timely payer – again, if they know their payment habits are being shared, that will motivate them to prioritize your invoices accordingly.

4. *Support both large and small companies:* Sharing credit information benefits everyone. Currently, most of the companies that report their experiences to credit bureaus are larger. This is because they've been more sought out by the credit bureaus (large portfolios give the bureaus a bigger bang for their buck), and because they're technologically savvy enough to pull it off. Payment experiences at smaller companies mean just as much as those from the Fortune 1000. Because of advanced technology it's no longer a major project to share your data. In fact, most software packages have canned reports that will do the trick. Further, the smaller credit bureaus will jump through more hoops to make your data work, so if you think you need an I.T. staff to put this together, that's just no longer the case. It's usually sent through email or other secured means of electronic transmission, and is very easy to set up.

5. *Decrease the number of direct inquiries from other credit grantors:* What do you do when someone calls, emails, or faxes you for a trade reference request? Do you spend the time to look up the customer and fill it out? Are you concerned that if you give them a bad reference there will be backlash? A good credit bureau will field these requests free of charge, and will provide the information to your requestor free of charge as well (in hopes they get a new subscriber out of it). You report your data, so you don't have to spend time on manual reference requests. It costs the requestor time to conduct such investigations, and it costs you time to prepare and send a response back, too.

6. *Enhance your collection recovery efforts:* Pulling credit

reports is not the only way to get good credit information on your customers; in fact it's the most laborious. There are software tools that will push information about your customers' right to your desktop – why not utilize them? Many credit bureaus offer inexpensive portfolio-monitoring tools. For example, they can push to you e-mail alerts on your customers, or provide web-based software to help manage portfolios or tools that can provide credit insights in batch. The cost to monitor customers via a web based batch processing tool vs. pulling credit reports is always going to be less.

7. *Help your local economy by helping small businesses grow:* Small businesses are the lifeline of our economy, and without the traditional means of acquiring capital to fund new businesses, credit is more important than ever. It's easy to find information on large companies – the big challenge has always been on small ones. Reporting on all of your customers will assure that credit grantors have as much information as possible to make credit decisions.

Aside from sharing your data with the credit bureaus, it's important to take note of what these "other" credit bureaus have to offer. Do their reports contain data that is relevant to your industry? Many credit bureaus have industry specific options available. How your peers are being paid is an excellent way to gauge how you will be paid as well. It's nice to have a cross section of how your industry is being paid, as well as others, to get a good handle on a prospect's payment habits.

If the data on the credit reports you're using isn't current, you should be looking for alternative sources. Business Credit information has been notoriously stale in the past, but with new electronic delivery options available, this should no longer be the case. Many of the smaller credit

bureaus are more agile and can deliver more current data faster than ever before.

Also, consider what information you are using to make credit decisions. Different companies have different data, and different levels of reporting. If you're using a few basic data elements to decide whether to extend credit, why pay for superfluous information that you're not using? Try to pare down your usage to the information that you need. You may be surprised to find other credit bureaus have better, more relevant data, and by employing this strategy with your current credit provider, can help you save money as well.

There are a lot of good providers of Business Credit information. I don't really pay attention to what brand of tissue I use—I don't do our shopping and have never felt the need to chime in on that subject. Maybe we use Kleenex—I'm not sure, but I'll bet that if Kleenex were the only brand of tissue available, there would not be a lot of time spent improving the product and the cost would continue to rise. That would also be one heck of an expensive box of tissues.

Contest Quarter 1, 2011 Issue Answers

1. lqinuetsne >> delinquent
2. ococteurtsnri >> reconstruction
3. tseircgrtnruu >> restructuring
4. intgitsvieoa >> Investigation
5. renconfeemt >> enforcement

And the winner of the Swatch Wrist watch is

Muza Sunnooman from GCS
Australia



Over 46,000 Clients,
More Than 3.3 Million
Debt cases annually,
450,000 Customized
Credit Reports...

& More from GCS Group Study: Key Findings and Results

*Authored by: Vishal Chowdhary
Managing Director – GCS India*

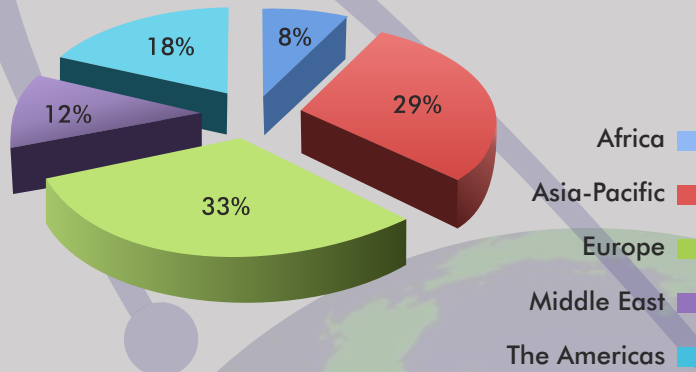
GCS Group Marketing Committee carried out a study amongst its partner countries last year to carry out an analysis of our current worldwide reach on multiple services, and thereby create an information pool for all stakeholders. Some of these findings have been shared at a few events (GCS Annual / Regional Conferences etc.) and are publishing the same here for all concerned to really feel our “globalness”. The study analysis also answers many questions asked often by partner offices, clients and prospects!

- ☺ Number of GCS Group Partner Companies: 98
- ☾ Number of countries covered by the Group: >110

Participation in the study:

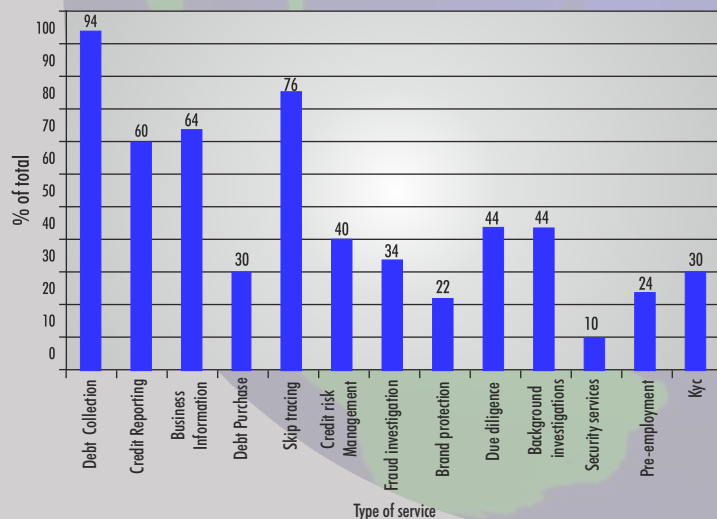
- ☺ Number of Countries: 44
- ☾ Number of Partner Companies: 50
- ☺ Sample Size of study: 54%

Participating Regions:

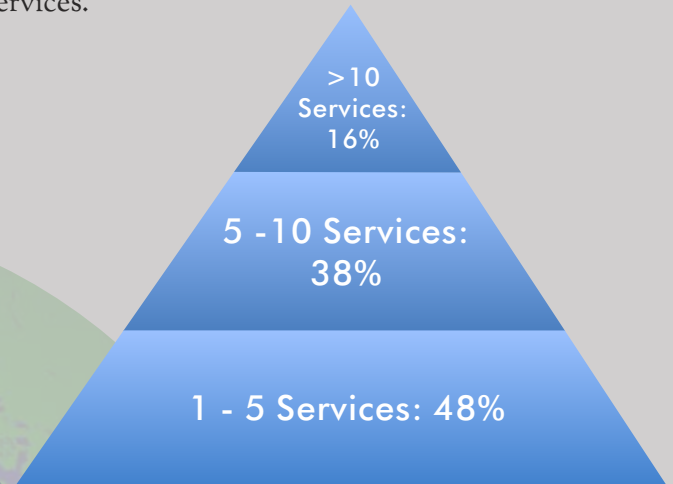


The GCS Group offers more than 13 services across the globe.

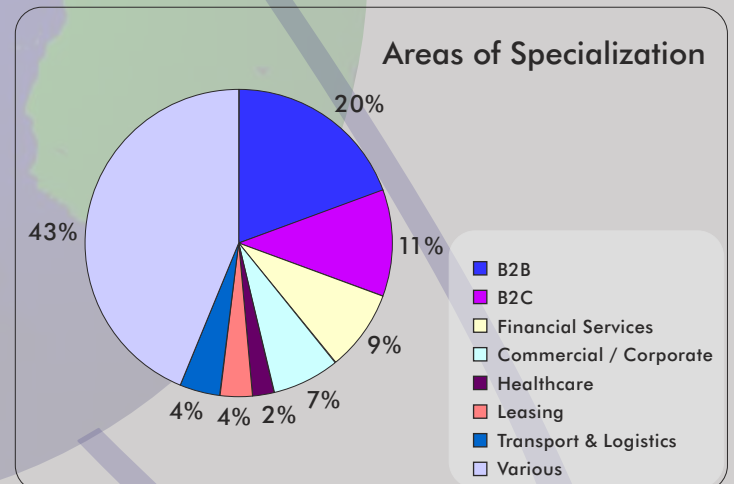
The service offered by most partners is Debt Collection, followed by Skip Tracing, Business Information, Credit Reporting, Due Diligence, Background Investigations, etc.



Maximum numbers of Partners worldwide offer up to 5 services, whereas 16% of the partners offer more than 10 services.



Specialization: The Group is diversified in its specialization, with some partners specializing in highly focused areas like healthcare. However, the majority of the partners specialize in B2B Collections.



The following numbers of the group reflect the massive size in terms of worldwide mandates handled:

GCS Group Global Annual Figures



- ☺ Number of Clients > 46,000
- ☾ Debt Collection Cases Handled > 3.3 Million
- ☺ Credit Reports Published > 450,000
- ☾ Skip Tracing > 260,000
- ☺ Debts Purchased > 18,000
- ☾ Background Services > 17,000
- ☺ KYCs > 6,000
- ☾ Fraud Investigations > 700

Our Top Global Market Share: (Basis information received from participating partners):

- ☺ Debt Collection Services: 4.1%
- ☾ Skip Tracing: 7.2%
- ☺ Background Investigations: 5.7%

Industry Involvement By GCS Partners:

- ☺ 64% of our Partners take active part in Industry Events
- ☾ 68% of Partners / their representatives were Speakers at Industry Events
- ☺ 46% of Partners have Written Professional Articles
- ☾ 62% of Partners are Active Members of Professional Bodies

A similar study and a little more extensive study is being undertaken again this year, and the questionnaire would soon be shared with all partners. We urge you all to participate in the study to make it a solid informative tool for the group.

Horwath Capital China is a professional consulting firm providing a wide range of management consulting services including credit information, collection, credit risk management and debt recovery. At present, it is one of the very few companies in mainland China providing international credit management services covering all aspects of individual and corporate commercial risk management services. At present, there are more than 60 staff members working in Horwath Capital China and most of them are legal and financial experts.



David Yu, the Managing Director & CEO, is a Doctor at Law graduated from the China University of Political Science and Law. He is also a Doctor at Finance graduated from the Central University of Finance and Economics. He served as an arbitrator in Labor Dispute Arbitration Committee and a

researcher in China University of Political Science and Law. His expertise areas include corporate law, security law, property law and financial law. He has a wide range of coverage in various industries including media, real estate, finance, international investment and trade, medicine and chain-store operation. He is regarded as one of the top lawyers and he provides legal retainer services to a large number of local enterprises.

After the global financial crisis, the problems of overseas accounts receivable collection and potential bad debt became more serious for Chinese foreign trade enterprises. We received a lot of requests from the local enterprises asking for protection from their overseas credit. Due to our people, channel and network capabilities in debt collection, we have successfully worked out a co-operation

Showcasing Partner- Horwath Capital China

agreement with GCS, the largest debt collection and credit risk management organization and become the only partner unit for GCS in China such that we would be able to leverage GCS's largest worldwide coverage network to provide credit collection services to our clients. Obviously, we have a clear advantage over local law firms and other local debt collection agencies. This has enabled us to quickly expand our business and become a more well known credit management consulting service provider among Chinese foreign enterprises.

Horwath Capital China provides quality services in our overseas credit collection businesses in various aspects including:

- ☺ Signing formal agreements with customers
- ☺ Timely follow up action after client acceptance
- ☺ Timely report on our progress of work to customers
- ☺ Immediate remittance to customers after collection
- ☺ Commitment to good business ethics and professionalism
- ☺ Detailed report after job completion

How can I avoid a Customer dispute?

Customer disputes can often be avoided by being flexible and realistic. This may involve: a delayed payment timetable, an installment arrangement or a reduced payment amount. It is advisable in communication with your customers about compromises, appropriately use “without prejudice”.

On which points I have to take care when I communicate with my Customer?

Any communication you have with a customer can ultimately appear as evidence in court. Always ensure that requests for payment are accurate, comprehensive and comply with best practice. Keep records and make records of all verbal communications.

How can I strengthen the Debt recovery actions?

Your customer is entitled to ask for documentation supporting a claim. It is even more critical in litigation. Debt recovery action is strengthened if there is a properly maintained file of contracts, invoices, receipts, emails, file notes of conversations and records of work performed.

How shall I react on Collection failure?

As problems arise, question if there are lessons to be learned to avoid similar problems in the future. Consider requiring customers to fill in and sign a Credit Application containing your standard trading terms and conditions and requirement for personal guarantees.

When shall I start Legal actions?

Always make every effort to recover the outstanding monies amicably. Don't make the legal threat too early, as no one really wants to make a credit problem become a legal problem. Legal action should always be a last resort and consideration should be given to using the services of a third party before the legal option.



Why is it beneficial for me to use the GCS Network for my International Collection?

The success of GCS is based on their business model, consisting of a network of active partners with offices located in major world capitals. This world-wide network of GCS specialists overcome legal requirements, monetary and language barriers from a diversity of cultures, which otherwise could hinder off-shore businesses transactions in today's global marketplace.

International debt collection services are performed on a contingency basis—no recovery, no fee. Collection activity includes written demands, telephone contact. Personal visits to the debtor's place of business can also be arranged.

If legal action is necessary to obtain payment, which would require additional expense, it is undertaken only upon your approval.

When legal action is pursued, GCS offer's substantially reduced legal costs, due to the volume of files that their offices handle, while having the local knowledge of the legal system, that are essential to obtain recovery

Based on over 1,100 responses to a Credit Today Salary & Job Satisfaction Survey, covering all levels of the credit profession, the following details of how the credit profession as a whole spends its time.

Collection activities	-	25%
A/R activities	-	15%
Financial analysis	-	10%
Internal meetings	-	9%
Deductions/claims	-	7%
Computer systems	-	6%
Personnel issues	-	5%
Direct customer contact	-	4%

Credit Cards--A Modest Beginning

Credit Cards, used virtually everywhere in the world today, had their beginning back in the late 1800's when consumers and merchants used credit coins and charge plates as currency.

In 1949 after a New York businessman, who had forgotten his wallet, was unable to pay for his dinner, the idea of having carrying a card as a cash replacement was conceived. A decade later the card was replaced with plastic and the bill had to be paid in full at the end of each month. By 1951 there were 20,000 Diners Club card holders.

By 1965 over 5 million cards were in circulation. By 1996, U.S Consumers had nearly 1.4 billion cards which they used to charge \$99 billion in goods annually. The projection by this year's end is 1.6 billion cards in use.

The second person a customer will have contact with after the salesperson is usually someone from the credit department," says one senior credit manager. "How this contact is handled can affect a customer's perception of the entire organization, either positively or negatively. That's why it's so important to recognize the credit department as a critical area of customer contact within your company. Make sure your people are making the most out of every customer contact." Here are some of his ideas for improving customer satisfaction.

Factoids

Members of the Commercial Collection Agency Association of the Commercial Law League of America (CCAA) report that business-to-business or commercial accounts, received by CCAA members declined sharply in the First Quarter of 2011.

The dollar amount of these accounts placed for collection declined by approximately 23% from the First Quarter of 2010.

In the First Quarter of 2011, forty-nine percent of CCAA members compared to twenty-five percent in the Fourth Quarter of 2010 reported that the collectability of the accounts they received during the First Quarter of 2011 improved.

U.S. Bankruptcy cases filed in federal courts for fiscal year 2010, the 12-month period ending December 31, 2010, totaled 1,593,081; up 8.1 percent over total 2009 bankruptcy filings of 1,473,675, according to statistics released by the Administrative Office of the U.S. Courts.

Business filings comprised 56,282 of the total, down 7 percent from the 60,837 filings in 2009.

Non-business filings totaled 1,536,799, up 9 percent from the 1,412,838 filings in 2009. This is the highest number of non-business filings for a fiscal year since 2005, immediately prior to the implementation of the Bankruptcy Abuse Prevention and Consumer Protection Act in October 2006.



"There's an error in my bill. You accidentally sent it to someone who has no money."

"You handled the audit so well , we're promoting you from Accounts Receivable to Accounts Deceivable."



"If you know how to bag, we have an opening in our Collections Department."

