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MATHEMATICAL ILLUSIONS

I hope you enjoyed the last article in last months newsletter. It was a copy of an internet story I had received several times, claiming to solve the "economic crisis."

I thought it was well written and convincing. However, it was totally wrong! It just sounded good.

HELP WANTED

We are looking for a salesman. We have added many new mortgage products including, ***Freddie Mac, I.D. Risk Review, Legal & Vesting, Full Property Reports, Appraisals, Income Tax Verifications, Equiguard for 2nd Mortgage Loans and Authentication Services, and ID Verifications*** as both add-ons or stand alone options. We have also added an ***Application Decisioning*** feature for landlords that approves, declines or conditions rental applications. We will soon be adding new criminal searches. We need someone who can present these and other products and services to potential members.

If you know of anyone with a finance back ground, have them call us. The position also comes with the possibility of becoming a part owner.

RED FLAG INFORMATION

Remember: All users of credit reports; the loan processors, the officers ordering them and the underwriters reviewing them are responsible for complying with the red flag rules.

The FTC announced on April 30, that it will **delay enforcement of the new Red Flags Rule** until **August 1, 2009,** to give creditors and financial institutions more time to develop and implement written identity theft prevention programs. They also said this announcement does not affect other federal agencies' enforcement of the original November 1, 2008 compliance deadline.

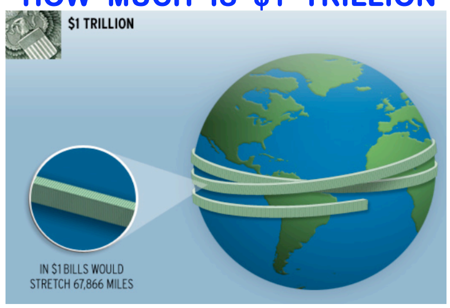
We have information regarding the **RED FLAG** requirements on our web page. Just click on Credit Products and then on **RED FLAG RULES**.

ID RISK REVIEW is now available on our 1, 2 and 3 bureau Merged and Mortgage Reports. **Authentication Solutions** and **Soc. Sec. Searches** are also available on our Mortgage Credit Reports system. Just click on ORDER and choose IDV (Identification Verifications.)

FRAUD SHIELD, SOC. SEC. SEARCHES and AUTHENTICATION SOLUTIONS are available from Experian and on our Merged and Mortgage system. All three products provide information on possible fraudulent activity.

Call or e-mail us if you want either of these services.

HOW MUCH IS $1 TRILLION



With several big spending plans brought up in the past few months, including Federal Reserve program to buy Treasury Securities as well as the Public-Private Investment Program, the estimated total cost of these individual plans has been estimated to be as much as $1 trillion. This stack of cash - in $1 bills - would measure 67,866 miles, stretching approximately 2.72 times around the Earth's equator.

If denominated in $100 bills, $1 trillion would be enough to fill 4.5 Olympic-sized swimming pools, with a total volume of 398,000 cubic feet. For comparison, there is only about $625 billion of $100 bills currently in circulation, according to the US Treasury bulletin, which is enough to fill about 2.8 Olympic swimming pools. (www.cnbc.com)

U.S. CONSUMER CREDIT DECREASED BY $7.48 BILLION

The pace of borrowing by U.S. consumers fell in February as fewer Americans sought credit to make purchases amid what may become the worst recession in seven decades. Consumer credit fell by $7.48 billion, or 3.5 percent at an annual rate, to $2.56 trillion, the Federal Reserve said today in Washington. Credit increased by $8.14 billion in January, more than previously estimated. The Fed's report doesn't cover borrowing secured by real estate. Demand for credit in the U.S. probably shrank further in March, the fourth straight month job losses exceeded 650,000, as unemployment climbed and banks remained reluctant to extend affordable loans. The recession that began in December 2007 has cost 5.1 million Americans their jobs, crippling the consumer spending that accounts for almost 70 percent of economic growth. "Consumers know they have to cut back on debt," said Christopher Low, chief economist at FTN Financial in New York. "But it's hard to change old habits, so we go through these periodic binges of credit, as we did in January, and then we go through a couple of months of paying down our balances." (4-8-09, www.creditandcollectionnews.com)

SPEAKERS

If you would like us to conduct a training class for your employees, we have two you may want. We have one on credit scores and one on pulling and reading reports. Both sessions explain why each bureau is different from the other two and how to get the best information.

We also have presentations for service clubs, churches, employers, high schools and colleges. The presentations range from 15 minutes to one hour. the topics we can cover are: ID Theft, Credit Scoring and Credit Reports.

If you would like us to speak to your employees, service club, church or school, please call us.

FED: CREDIT CARD DEBT DOWN ALMOST 10 PERCENT

The Fed released its latest consumer credit report yesterday afternoon and revealed that revolving credit -- which generally refers to credit card debt -- dropped by a whopping 9.7 %. That means people are paying off their debt and also taking less on to begin with. Could this mean that we are finally getting smart about our finances? In some ways, the drop is surprising, because when times are tough, some people may need to rely more heavily on emergency money sources, such as credit card debt. But in general, most people have the opposite reaction, and start clamping down on their spending. During past slowdowns, Bureau of Economic Analysis data shows that people typically start saving more and spending less, as consumers are doing now. (4-9-09, www.creditandcollectionnews.com)

"THIN-FILE" CONSUMERS MAY FACE DIFFICULTY GETTING CREDIT

Credit card issuers should be working now to redesign their underwriting strategies for the post-recession era, says Brian Riley, director of bankcards at TowerGroup, an independent research firm owned by MasterCard Advisors.

"Credit line deployment will be much more conservative," Riley tells Collections & Credit Risk sister publication CardLine. In a report released this week, Riley predicts punitive fees, such as late and over limit charges, will represent only 20% to 30% of issuers' credit card revenue during the immediate post-recession period, which could run from 2010 through at least 2012. That would compare with 40% to 50% of revenues such fees represented before the recession.

Interest fees will represent 65% to 80% of credit card revenues after the recession, up from 50% to 60% of revenues. Issuer caution will lead to only 4% to 6% growth in new-account acquisitions post-recession, Riley projects, compared with 6% to 8% growth before the recession and a 4% to 10% contraction in accounts this year.

Card issuers will be less likely after the recession to issue and maintain credit for consumers who revolve balances, use a high percentage of available credit and have low credit scores or blemished payment histories, Riley says.

Consumers with thin credit files will have more difficulty getting their first cards. But issuers still should offer a variety of appropriate financial products to consumers with varying credit profiles, Riley says. For example, issuers that decline applicants for a credit card should direct them to debit and prepaid card products, which would generate transaction revenue while beginning or maintaining broader financial relationships with a variety of consumer segments, Riley says.

Credit scores, while useful, should not be the only measure issuers use to determine the likely risk and reward of offering a credit card to a particular consumer, according to Riley.

"Issuers must take a more holistic view of their customers, looking not only at their credit scores but also their past payment history, credit-line management, debt burden, cross-sale potential and the duration of the customer relationship," Riley writes in the report. (© 2009 CreditandCollectionsWorld. com and SourceMedia, Inc.)

BUSINESS OWNERS SHOW CONTINUED ECONOMIC CONFIDENCE

Small-business owners in April continued to show confidence in the economy, as they perceived conditions for their businesses improving, according to a monthly survey Discover Financial Services sponsors. The findings show economic confidence among small-business owners rose to its highest level in 14 months.

The monthly Discover Small Business Watch index increased to 88.5, up from 78.2, representing the third consecutive monthly increase in economic confidence. The Watch is a monthly report measuring relative economic confidence of 750 randomly selected small-business owners based on their responses to six questions. Its creators established a base index of 100 when the Watch began in August 2006.

"While we saw confidence rise almost across the board, small-business owners who have been open less than two years showed the most enthusiasm for the economy that we've seen in that category since June 2007," Ryan Scully, Discover business credit card director, said of the report's findings.

"At the same time, the economic environment is challenging. Most owners still rate the current economy as fair or poor and continue to keep business development spending on hold," Scully said.

The percentage of small-business owners who say the economy is getting better nearly doubled, to 31% from 16 % in March. Although small-business owners believe business conditions are improving, 91% still ranked the economy as fair or poor.

In this month's survey, 32% of owners saw economic conditions for their businesses improving, up from 24% that did in March. Some 21% of owners say they plan to increase spending on business development over the next six months, which is unchanged from March. (© 2009 CreditandCollectionsWorld.com and SourceMedia, Inc.)

FEDERAL TRADE COMMISSION URGES NEW STANDARDS TO PROTECT AGAINST IDENTITY THEFT

The Federal Trade Commission (FTC) recently issued a new report to Congress on the use of Social Security numbers (SSNs) in the private sector, and the message is clear: Companies need to do a better job of authenticating their customers' identities.

The FTC's report calls on Congress to create new national consumer authentication standards that would require companies to establish "reasonable procedures" to authenticate new or existing customers. The only organizations that currently are subject to nationwide standards are financial institutions regulated by the federal banking agencies. While the report notes that the financial industry uses authentication, it also shows that identity fraud remains an issue for the industry. For nonfinancial organizations, the report mentions that there are not sufficient incentives to improve authentication systems — in part because organizations are spared the full cost of identity theft. Therefore, the report suggests that new government requirements may be necessary to set guidelines.

The FTC says that "reasonable procedure" requirements should provide flexibility to the private sector to implement appropriate programs for its business and should be adaptable over time to new technology. The FTC believes these measures would make SSNs less available to identity thieves and also would make it more difficult to misuse personal information.

The report also recommends steps for all companies to improve data security, including outreach to consumers and businesses on the protection of SSNs and improved coordination and information sharing among organizations that routinely use SSNs.

For more information on Experian's fraud products and services, call us at 309-353-5527.

KCB INFO SERVICES HOURS

Monday - Friday 9:00am to 4:30pm

KCB Information Services offers: Consumer credit reports, Business Credit reports, Employment Credit reports, Residential Mortgage Credit Reports, Merged Credit Reports, Criminal background checks, Tenant Screening Reports, Flood Zone Determination, Flood Life of Loan Certification, Identity Authentication and KCB Checking History Reports.

KCB Information Services has served businesses since 1928 and serves Central Illinois for Experian and Equifax.

"You cannot help the poor by destroying the rich. You cannot strengthen the weak by weakening the strong. You cannot bring about prosperity by discouraging thrift. You cannot lift the wage earner up by pulling the wage payer down. You cannot further the brotherhood of man by inciting class hatred. You cannot build character and courage by taking away people's initiative and independence. You cannot help people permanently by doing for them, what they could and should do for themselves."
Abraham Lincoln