

# KEWANEE CREDIT BUREAU

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## SB794 AND HB436 WOULD LET COLLECTION AGENCIES CHARGE INTEREST

### CREDIT CARD CHARGE-OFFS REACH \$754 MILLION

Credit Card charge-offs reached the 6 percent mark in February, at a record \$754, according to the Fitch Credit Card Performance Index released in early March. (ACB Communicator 4-97)

The bills...would amend the state's Interest Act to allow a licensed Illinois collection agency to charge and collect [5%] interest. The collection agency must provide debtors with a written notice 30 days before interest is charged. The Senate bill was referred to the Senate Committee on Financial Affairs. The House bill was referred to the House fiduciary Committee's Civil Law Division.

### VISA AND MASTER CARDS

The Gallup Organization survey of more than 1,000 consumers last Fall, found that 71% of all consumers of financial institutions, those with at least one deposit or loan account, held one or more VISA cards.

Among the other general purpose brand credit cards, MasterCard was held by 53 percent of consumers questioned, while Discover Card was held by 30%. American Express was held by 20% of the consumers. At least 81% of the consumers reported having either a VISA or MasterCard and 65% of those questioned said that they have used their VISA or MasterCard more frequently. Of those asked, 44 percent said it was their VISA card that was used most often. MasterCard was the card-of-choice among 21 percent of the consumers. The Survey also found that 64 percent of the consumers held at least one credit card issued by a retail store.

### SUBPRIME AUTO LOANS HIT A POTHOLE

It was a cruel winter for subprime auto lenders.

Mercury finance Co of Lake Forest IL stunned the markets by announcing it had over-stated profits for the last fiscal years and then defaulted on its loans. Within days more bad news. Dallas based JayHawk Accpt. Corp. filed for Ch. 11. Olympic Fields Ltd, had its debt rating lowered & Cole Taylor Financial Groups spin-off of its subprime auto subsidiary, Reliance Accpt. was poorly received.

The turndown in the entire segment is expected to be temporary, but investors are more likely to focus on individual companies rather than the whole segment. (Collections and Credit Risk April 97).

### OUTSTANDING CREDIT EDGED UP .3% IN DECEMBER

Outstanding auto loans crawled up to \$377.8 billion in December from \$376.7 billion in November. Revolving credit climbed to \$462. billion from \$460.4 billion. All other consumer credit was at \$354.8 billion, up from \$353.7 billion in November. Over all outstanding consumer debt grew \$3.7 billion from \$1190.8 billion in November to \$1194.5 billion in December. (Collection & Credit Risk, April 97)

### MORE INFORMATION ON OTHER SERVICES FROM THE KEWANEE CREDIT BUREAU

The "PROFILE SUMMARY" provides 17 statistical summaries of the consumer credit report. Some of the categories are "INSTALLMENT BALANCE", "REAL ESTATE BALANCE," "REVOLVING BALANCE," "AMOUNT PAST DUE," and "REVOLVING AVAILABLE." The "REVOLVING AVAILABLE" is a very interesting statistic that lets you see what percent of the total lines of all the credit cards is used. The Profile Summary also gives the Total Number of Public records, the number of delinquent accounts and the number of current accounts that were previously delinquent.

### KEWANEE CREDIT BUREAU HOURS

Monday - Friday 9:00am to 4:30pm  
Kewanee office: 206 1/2 W Second  
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