



The ONE SOURCE for all your credit reporting needs

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## CREDIT TRAINING

If you are unable to attend our seminars, we can provide training at your business. We would be glad to meet with your credit personnel and review and/or explain any of the products we offer. We now have on line training. We can work with up to five of your employees at one time.

## ID VERIFICATION

Have you signed up for our ID Verification programs? Whether you are a bank, credit union, land lord or just cashing a check, any of our three verification services may save you from losses.

**Experian Authentication Services** can help you verify several forms of ID, current and previous addresses and OFAC.

**MetroNet** is a suite of services. It can help verify current information, provides Electronic Directory Assistance, Soc. Sec. searches and verification, Name, Address and neighbor searches and business searches.

It is indispensable for skiptracing. MetroNet's Electronic Directory Assistance will save you money on 411 and 555-1212 calls.

**eFunds** reports negative checking account histories. **eFunds** can help verify current and previous address and driver license numbers and institutions that have close the consumer's accounts with cause. eFunds's cost is probably less than what you are now paying for checking histories.

**OFAC Search.** Have you tried our OFAC Search through KCB Express Credit Searches? February's newsletter lists the data bases searched by the OFAC Search

More information on each of these are on our web page. Or you can call or e-mail us today if you wish additional information or if you wish to sign up.

## DECISION BASED LENDING

If you would like more uniform decisions for loan or tenant applications, you might be

interested in our Automated Decision Based Lending.

The Automated Decision Option, allows you to set (up to) twelve (12) application options, (up to) 3 types of credit scores, a Fraud shield score, and (up to) 33 credit report options.

The Automated Decision Option also can set up as many levels of acceptance and conditional acceptances as you wish. Each level also can have its own letter of acceptance or decline (Adverse Action Notice).

With over 100 decisioning rules, you can not only decision applications in real time, but it is also possible to detect fraud, verify application data, screen against OFAC, and service sub-prime markets.

## CREDIT CARD DEBT - WHAT DO AMERICANS REALLY OWE?

13% Carryover More Than \$25,000 Each Month While Median Hovers at \$6,600.

According to a new survey released today by CardTrak.com®, the median amount of credit card debt carried by Americans is about \$6,600 while the mean (or average) credit card debt load is nearly \$9,900. Based on an online poll of slightly more than 55,000 consumers that concluded in April, 61% said they carryover debt each month on their credit cards, while 31% said they pay-off balances monthly and 7% stated they have no credit cards. Of cardholders carrying debt, over 64% had balances under \$10,000. However, an astonishing 13% of the same group said they carry total credit card balances in excess of \$25,000. Robert B. McKinley, head of CardTrak.com, says, "While the average working stiff may revolve between \$6,000 and \$7,000 each month, the nation is bloated with credit card high-rollers who carry five-figure balances." McKinley notes there has been much debate about the definition and calculation of U.S. credit card debt. However, the CardTrak.com poll results confirm the latest industry data. (6-1-2007, creditandcollectionnews.com)

## FED PLANS TO REVISE CREDIT CARD RULES

Additionally, along with larger font-size, credit card companies will have to say on monthly statements what interest and fees a customer had paid so far for that calendar year.

If the Fed gets its way, credit card companies will no longer be able to obfuscate interest rates and fees in tiny print.

In the proposed rule, which the Fed released

yesterday, credit card companies will have to tell customers 45 days before terms of a credit card contract are changed. And the rules would expand the list of changes requiring advance notice to include those involving penalty interest rates, which often range above 30 percent.

Additionally, along with larger font-size, credit card companies will have to say on monthly statements what interest and fees a customer had paid so far for that calendar year.

Consumer groups, of course, feel the rules do not go far enough. Big on the list: charging interest on debt that has been paid.

The Fed will seek comment for four months, then make changes based on those comments before issuing final rules. (by Mike Bevel, insideARM.com, May 24, 2007)

## MEDICAL DEBT BECOMES CONSUMER DEBT WITH CREDIT OFFERS

One way for hospitals to decrease the levels of bad debt they're carrying is to pass that particular buck on to credit cards. Both banks and health insurers are offering consumers lines of credit to pay for health care.

According to an article running in the San Jose Business Journal, everyone from Aetna to Bank of America to Kaiser to UnitedHealth Group are hoping to take advantage of what they are forecasting to "huge business" in the next five to ten years.

For example, Aetna and Bank of America joined forces to offer a general purpose card with incentives to encourage health care spending. UnitedHealth Group chartered Exante Bank to offer healthcare-specific lines of credit.

The consumer, of course, is still left owing, regardless of who is holding the debt. This solution does little to combat claims of overcharging uninsured patients that are being levied against hospitals, and doesn't necessarily address the unpaid debt itself. It does offer hospitals cleaner ledger books. (by Mike Bevel, insideARM.com, May 18, 2007)

## REPORT: LATE CARD PAYMENTS NEAR 7% IN FEBRUARY

The percentage of current credit card receivables that became past due between 1 and 29 days during February 2007 was 6.7%, according to Card Analytics Consulting Inc., which publishes a monthly "Credit Card



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Metrics" report.

The percentage of current receivables two months prior that flowed into the 30-59 day delinquency bucket during February was 1.6%.

The percentage of 1-29 day delinquent receivables from January that flowed into the 30-59 day delinquency bucket in February equaled 24.3%. This metric gauges the success of initial collection efforts.

The percentage of 1-29 day delinquent receivables from six months prior to February that flowed to charge-off during February was 5.5%, and the percentage of 30-59 day delinquencies five months prior to February that flowed to charge-off was 23.1%.

The bankruptcy rate during February was 0.70%. Net credit charge-offs were at 4.0% and net credit charge-offs lagging six months were at 4.2% in February, according to Card Analytics. (© 5-31-2007 CreditandCollectionsWorld.com)

### OVER-55 SEGMENT OF POPULATION LEADS IN BANKRUPTCY FILINGS

Americans over the age of 55 are filing for bankruptcy at a faster rate than the general population as growing mortgage debt and higher health care costs make them more vulnerable, a new study shows. The trend of rising bankruptcies among older Americans is likely to continue for the foreseeable future, according to the study's authors, John Golmant and Tom Ulrich, researchers at the Administrative Office of the U.S. Courts. They found that the aging of the population alone does not account for the rise in older filers and that "bankruptcy courts can anticipate an influx of new bankruptcy petitions as the baby boom generation continues to age." Rising costs for housing and health care, especially prescription drugs, have made older Americans more dependent on credit. This makes them more vulnerable to financial rough spots. (5-10-07, creditandcollectionsnews.com)

### FAIR ISAAC COMBATS CREDIT MANIPULATION

Fair Isaac Corp. said Tuesday the next version of its widely used FICO score will no longer consider certain types of credit card accounts, closing a loophole that allowed strangers to coattail on a cardholder's good credit. The new FICO score formula won't include authorized user accounts \_ users on credit cards who are

not responsible for paying the balances but are approved to make purchases with the cards. Often, authorized users are family members of a cardholder, such as college students on their parents' cards or spouses who have little or no credit of their own. These types of accounts can improve a credit score if the primary cardholder kept low balances and paid the balance on time over a long period. Fair Isaac plans to introduce the new scoring methodology in September to one of the three major credit reporting agencies: Equifax Inc., Experian Information Solutions Inc. or TransUnion LLC. The other two reporting agencies will receive the update some time in 2008, Fair Isaac said.

The company's action comes after lenders and industry officials raised concerns over credit renting, a little-known but growing practice that allows people with bad credit to piggyback on strong payment histories of credit card holders. The person with a low credit score pays a fee to rent a spot as an authorized user on a stranger's account. The payment for the person allowing the piggybacking on his or her credit history depends on the quality of his or her credit line. 6-5-07, creditandcollectionnews.com)

[related story from the Wall Street Journal]:

After researching the market and discovering a number of companies that sell the right to become an authorized user on complete strangers' credit accounts, Fair Isaac decided it was time to close the loophole, according to Ron Totaro, vice president of global scoring solutions at the Minneapolis-based company.

Seasonedtrades.com and Instantcreditbuilders.com, which sell the right to be an authorized user, didn't respond to requests for comment about how the decision would affect their operations. Such services have been known to charge customers \$1,000 to \$3,000 and to promise to boost scores by as much as 200 points. (FICO scores range from 300 to 850.)

Fair Isaac estimates roughly 1% of consumers will be affected by the change. ( by Jaclyne Badal, Sunday, June 10, 2007 provided by WSJ)

### AVERAGE CREDIT SCORE IS 98 POINTS LOWER WITH ONE LATE AUTO PAYMENT

The average credit score for U.S. consumers with no late auto payments is nearly 100 points higher than for those who have at least one late payment, according to the latest National Score Index(R) study by Experian Consumer Direct(SM), the leading provider of online

direct-to-consumer credit reports, scores and monitoring products.

The national average credit score for consumers with no late auto payments is 703, while the average score for consumers with at least one late payment is 605. The average credit score drops further to 580 when an auto payment is late by 90 days or more.

Texas had the lowest average credit score for those with at least one late auto payment at 592 and also had the highest monthly auto payment of \$570. Conversely, consumers in New Hampshire had the highest average credit score for those with no late auto payments at 728 and an average monthly auto payment of \$442.

The study also found that:

\* Nationwide, 12 percent of consumers have at least one late auto payment on file

\* The national average balance on an auto loan is \$15,654

\* The average U.S. monthly auto payment is \$495 28 percent of the U.S. population has at least one auto loan or lease on file

"An automobile can be one of the larger purchases consumers make over their lifetime and their credit score is one of the factors lenders use to determine the interest rate and loan terms," said Ty Taylor, president of Experian Consumer Direct. "Paying bills on time and spending within your means are cornerstones of effective credit management, which can have a positive impact on a consumer's credit score."

More information about Experian's National Score Index study, plus additional credit data at the state and local levels, can be found at <http://www.nationalscoreindex.com>. (Experian, 6-13-07, insidearm.com)

### 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 eFunds Debit Reports.

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

"Conway's Law"

In any organization there is one person who knows what is going on. That person will probably be fired, out-placed or laid-off very soon.