



The ONE SOURCE for all your credit reporting needs

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## SPECIAL ID SEMINAR!!

We will have a special seminar on Jan 17th. The topic is IDENTIFICATION

We will present Experian's Authentication Services, MetroNet Searches and eFunds.

Identification verification is becoming more important each day. 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, and Name, Address and neighbor searches.

MetroNet can be a valuable product for your Collection Dept. It is indispensable for skiptracing. MetroNet's name and address searches will help you locate lost debtors and lost customers. You can locate lost depositors before you send their money to the Secretary of State. MetroNet's Electronic Dir. Assistance will save you money on 411 and 555-1212 calls.

We will have two seminars on Jan. 17th, to demonstrate and explain these services. The first will be at 9:30am and the second will be at 1:30pm.

Call or e-mail us to reserve your place.

## DECISION BASED LENDING

If you would like more uniform decisions for loan or tenant applications, you might be interested in our Decision Based Lending.

KCB Express Credit Reports, 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 KCB Express Credit Reports 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.

Call or e-mail us today if you are interested.

## MASSIVE DROP IN CONSUMER CREDIT REPORTED FOR SEPTEMBER

The Federal Reserve said Tuesday that September saw the largest drop in consumer borrowing in more than 14 years, led by a huge drop in auto and boat loans. But credit card borrowing increased by a substantial amount in the month.

Officially, the total drop in consumer credit was \$1.2 billion. The last time such a large drop was registered was April 1992, when total consumer borrowing dropped by \$1.8 billion.

Many on Wall Street were surprised by the drop. Analysts polled by MarketWatch were expecting consumer credit to increase in September by about \$5.4 billion.

Despite the overall drop, revolving credit — like credit card loans — increased by \$2.85 billion, an annual rate of 4.00%, to come in at \$857 billion total outstanding. Non-revolving loans — such as auto loans — fell \$4.05 billion in September.

The figures released by the Fed do not include mortgages and other real property-backed loans.

Although the drop in total consumer credit was large and shocking, there is a good chance the numbers could be amended next month. Case in point: in September's report, the Fed adjusted August's total consumer borrowing increase to a huge \$9.13 billion, up from the initial estimate of \$4.99 billion. (11/8/06, by Patrick Lunsford, CollectionIndustry.com)

## CONSUMERS CONSERVATIVE ABOUT DEBT THIS HOLIDAY SEASON, DELOITTE REPORTS

Consumers are in a conservative mood when it comes to running up debt for the coming holiday season, according to a survey from accounting firm Deloitte & Touche.

Deloitte's 21st Annual Holiday Survey found that 63% of holiday purchases will be paid for by cash, checks or debit cards. Also, 38% of respondents say they will not use credit cards for holiday shopping.

The survey predicts a 7% increase in overall sales from November through January, down from 7.8% last year.

Roughly 82% of consumers surveyed say they feel secure about their jobs, Deloitte reports.

In addition, 68% think the economy will improve or stay the same next year, compared with less than half who said that in 2005.

And while the housing slump has received widespread media attention, 92% say a recent change in the market value of their homes will have no impact on holiday spending. (2006-11-17, creditandcollectionsworld.com)

## TRENDS IN CONSUMER BORROWING - LATE PAYMENTS INCREASED NEARLY 13 PERCENT

Experian Consumer Direct, a leading provider of online direct-to-consumer credit reports, scores and monitoring, today announced the results of a recent National Score Index study showing a 16.9% decline from 2001 to 2006 in the rate at which consumers are opening new credit accounts and a 12.6% rate at which late payments of 90 days or more are increasing. The national average credit score is 675 -- 7 points lower from 2001 when it was 682. National and statewide results for the study can be found on Experian's National Score Index® Web site at <http://www.NationalScoreIndex.com>. The rate of consumers opening new accounts, including installment loans (i.e., auto and student loans) and revolving credit accounts (i.e., bank and retail credit cards), in 2006 has fallen to 41.0% from 49.3% in 2001. The rate at which consumers were 90 days or more late in payments increased 12.6% from 2001 (39.6%) to 2006 (44.6%). "The drop in the rate of consumers opening new accounts in 2006 may give the appearance that they are being more conservative with regard to using credit, however this may not be the case when combined with other results from our study," said Ty Taylor, president of Experian Consumer Direct. "Although our data shows a drop in the rate of consumers opening bank credit card accounts, it also shows that their balances on other types of loans, such as installment loans, are increasing." (11-20-06, credit and collectionnews.com)

## RIISING DEBT, STRESS ENSNARE TWENTY-SOMETHINGS

In an effort to be known for something more than bad grammar, poor fashion, and an utter lack of irony — today's generation of 20-somethings are trying to leave their mark by being the Debt Generation.

Nearly two-thirds of people in their 20s carry some debt, and those with debt have taken on



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more in the past five years, according to an analysis of the credit records of 3 million 20-somethings that Experian, the credit-reporting agency, did for USA Today. Their late payments are rising, and they're more likely to be late than other Americans are.

Although the percentage of people ages 22 to 29 with debt has declined, those with debt are making up for those without. Their total debt is up 10 percent, to an average \$16,120 as of Aug. 1, compared with five years earlier, Experian's analysis found. Every type of debt - from credit cards to college to personal loans - has risen.

The 20-something generation isn't finding a lot of sympathy with the Boomer Generation. Most Boomers see 20-somethings' debt levels as a result of the "Instant gratification takes too long" school of thinking indicative of those in their twenties. (Nov. 20, 2006, by Mike Bevel, CollectionIndustry.com)

### **NEW REPORT FORECASTS RISING DELINQUENCIES INTO 2008**

Rising unemployment and falling credit quality will produce higher rates of credit card delinquencies in 2007 and 2008, forecasts a report from Bernstein Research.

The net loss ratio on credit card portfolios will rise to nearly 6% in 2008 from this year's 3.5%, the report states.

"We expect meaningful deterioration in consumer credit quality in the U.S. through 2007 and 2008," it notes.

The net loss ratio for major credit card issuers fell from 4.65% in 2005 to 3.2% in the first half of this year as a result of changes in federal bankruptcy law and a late 2005 surge of bankruptcy filings.

The report sees the ratio rising to 3.5% for all of 2006, 5.2% in 2007 and 5.95% in 2008. It forecasts bankruptcy filings will rise from less than 8,000 weekly in the first half of 2006 to roughly 27,000 by the second half of 2008.

In addition to forecasting rising joblessness, the report expects a drop in consumer use of home equity loans to pay down credit card debt, a trend many economists have noted as interest rates rose earlier this year.

It also sees more delinquencies as a result in card issuer underwriting standards that it says loosened considerably in 2003 and 2004.

Authors of the report were unavailable for further comment. (2006-11-03, credit&collectionsworld.com)

### **CONSUMER CREDIT WOES COME IN THREES, EXPERIAN FINDS**

Consumer payments that are 90 days or more overdue have risen 12.6% in the past five years, according to a new study from credit bureau Experian.

The Experian National Score Index also found that the average consumer credit score has fallen seven points since 2001 to 675 in August of this year.

The drop has come because consumer late payments and delinquencies have risen in that five-year period, average consumer balances on credit cards and other loans have increased and the average balance-to-credit-limit ratio also has risen, says Pete Bolin, Experian's manager of analytics.

"They somewhat hit the trifecta," Bolin says of deteriorating consumer credit quality.

Experian's study found that the average consumer balance for revolving debt rose from \$7,270 in 2001 to \$12,300 this year.

The average installment loan debt rose from \$17,000 in 2001 to \$20,000 today. Consumers opened 19.6% fewer new credit card accounts from 2001 to 2006.

Looking at loan categories, Experian found late payments for car loans fell 4.1% in the past five years, late payments for bank cards fell 11.9% but late payments for installment loans rose 15.5%.

The rate at which consumers were opening new credit accounts from 2001 to 2006 fell 16.9%.

The Experian study as based on a national sampling of 3 million consumer credit file, studying data from August 2006 and August 2001. (2006-11-20, creditandcollectionsworld.com)

### **DEVICE DISABLES CAR IF PAYMENTS ARE LATE**

It just may be the ultimate in electronic alerts. A system being used by some Valley auto dealerships reminds sub prime borrowers to make their monthly car payments on time - or else. The system, appropriately named On

Time, is a starter-interrupt system that incorporates up-to-date financing information. Three days before borrowers must make a payment, the unit flashes the number three, with the device counting down to two days and then one day if money hasn't been received. In the event of non-payment, the device will begin to beep, and eventually On Time will disable a vehicle. The system, made by Sekurus Inc. of Temecula, Calif., is designed for drivers with poor credit histories, typically when buying used vehicles with financing provided by a dealer. Alan Underwood, manager of Jones Auto Outlet in Mesa, has used On Time for more than two years. "This is for a person who wouldn't qualify for normal bank financing due to a derogatory credit history, a bankruptcy or repossession," he said. It also can be used for buyers with no credit history.

On Time, which is being used by more than 1,500 dealerships, aims to improve borrowers' payment behavior, thereby allowing more people to qualify for credit. The dealers pay \$220 to \$260 per unit for the devices, according to the company. Sekurus claims more than 250,000 devices have been installed. "It reduces the collections/repossession rate drastically, from maybe 25 percent to 5 or 6 percent," Underwood said. "It teaches people who haven't had that training to make payments on time." (11/8/06, Creditandcollectionnews.com)

### **ON LINE LENDING**

LOANSPQ is an online lending platform that allows your customers to apply for loans over the internet. If you don't have a web page or if you do and you would like to be able to accept applications over the internet, LOANSPQ could be a very cost effective way to join the 21st century.

### **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.

*"Integrity without knowledge is weak and useless, and knowledge without integrity is dangerous and dreadful."*  
- Samuel Johnson