

# TheBiz

CREDIT & COLLECTION NEWS

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## Economy on upswing Credit Manager survey reports good news

**Columbia, MD**—The National Association of Credit Managers (NACM) reported in their latest survey that the U.S. economy continues to show strong growth.

Although the May figures trail the record high registered in April, the sustained growth brings good news to economists and the business sector.

The survey, published since



January 2003, is based on figures obtained from approximately 500 Credit Managers during the last 10 days of the month with equal representation between the manufacturing and service sectors.

The NACM, headquartered in Columbia, Maryland, supports more than 25,000 business credit and financial professionals worldwide with a wide variety of industry services, tools and information.

The survey asked respondents to comment on whether they are seeing improvement, deterioration or no change in various favorable or unfavorable

factors. The representation is from all states except some of the less populated ones.

The economy showed strong growth in May, with an overall reading of 60.2%. Although the reading is less than the preceding month, the rate of change in May, relative to April, slowed with greater deceleration in the service sector. However both months have higher readings than the months preceding March 2004.

The survey suggests little problem exists with the manufacturing sector. Although growth in sales

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### Public Company Bankruptcies are at lowest number in six years

Approximately 110 public companies will file for bankruptcy in 2004. But this is substantially fewer than in any of the past six years, based on improving conditions in 2003 and the anticipation of continued economic growth in 2004, according to recent forecasts from PricewaterhouseCoopers.

Since 2001, Chapter 11 bankruptcy filings of U.S. public companies have declined 48 percent (from 257 to 133 in 2003). Similar conditions in 1992 preceded an eight-year decline in total bankruptcy filings.

A positive outlook for 2004 is also supported by

expectations that interest rates will remain low, even if the U.S. economy is expected to rise at a 4.5 percent annual rate. The risk premium on AAA-rated corporate debt is expected to remain low and may narrow further during 2004.

## Caine & Weiner combines e-mail videos with other sales tools

Van Nuys, CA—In their on-going use of cutting edge technologies, Caine & Weiner recently added e-mail video clips to their other sales tools.

“June was the first month we’ve used the new medium”, said Greg A. Cohen, President and COO, “and we intend to continue using it in a variety of different ways”.

The video clip is sent as an

email attachment allowing the recipient to view the mini-movie from their PC.

The first clip created by C&W’s Marketing Department thanked attendees for visiting their booth at a recent industry trade show.

Future clips will be created to support sales efforts, introduce new services, welcome aboard new clients and other

applications.

“The new media”, Cohen said, “will be used to augment our traditional sales materials such as brochures, pamphlets, rate cards and specialized materials. However, we have some ideas on the drawing board our clients will find compelling”.

The email video clip is just the latest of several resources developed by

Caine & Weiner as part of their guerilla marketing campaign and to enhance customer service.

“Marketing financial services”, said Cohen, “all too often lacks creativity and innovation. We have perhaps the finest product in the industry and email videos are one of the ways we’re going to let people know what we have to offer”.

## One in four credit reports has errors

Washington—One fourth of consumer credit reports have errors that are serious enough to disqualify consumers from buying a home, opening a bank account or getting a job, and an overwhelming majority contain mistakes of some kind, according to a recent survey.

Serious errors found in the credit profiles maintained

on 90 percent of American adults include consumer accounts incorrectly listed as delinquent or in collection that actually belong to another person, said the report by Public Interest Research Group.

Of the 197 credit reports collected from people in 30 states, 79 percent has some sort of error, while 54 percent included personal

identifying information that was misspelled, outdated, belonged to someone else or was otherwise incorrect. Thirty percent contained credit accounts that consumers had closed but that remained listed as open.

Spokesmen for Experian and Trans Union didn’t immediately return telephone calls seeking comment in the PIRG survey. Equifax

spokesmen couldn’t immediately be reached.

PIRG called on Congress and state legislatures to strengthen consumers’ right to seek redress in the courts when a credit bureau fails to protect personal data.

## Credit card late fees gouging users.

Phoenix, AZ— Now, more than ever, you need to read the fine print on your credit card agreement.

Card users are being slapped with late fees and punishing interest rates faster than ever before. And the penalty rates are higher than they’ve ever been, on the verge of breaking 30 percent.

The consumer advocacy group Consumer Action says 31 percent of banks trigger their penalty rates with just one late payment and 35 percent say it would take only two late payments to kick in.

In addition to late payments, 44 percent of the banks say poor payment histories with other creditors, such as missed car

payments, could lead to a higher rate on your card.

The penalty interest rates for late payers average 26 percent but could zoom past 30 percent if the Federal Reserve jacks up interest rates as expected in coming months.

The average monthly late fee is now \$36.50.



**Do you have business news to report or something exciting to say?**

**Email Frank Draper at [frank.draper@caine-weiner.com](mailto:frank.draper@caine-weiner.com)**

## Otis joins the Caine & Weiner team

Van Nuys, CA—Pillsbury has its doughboy, Energizer Batteries has their rabbit, Kellogg's has Tony the Tiger and Caine & Weiner has, well, Otis!

Otis, a cartoon character with an ever-ready, albeit goofy smile, has been chosen to appear on selected C&W sales brochures, marketing material and trade show advertising. In a recent "appearance" at a

Phoenix industry event, Otis "laughing" heads were handed out. His image also appeared in a comic strip and tri-fold brochures.

The decision to enlist Otis



as a marketing tool was the brain child of Robert E. Caine, C&W's Chairman and CEO, who months earlier had purchased several Otis laughing-heads to be used at trade show give-a-ways. Having retained an extra one on his desk as conversation pieces, it occurred to Caine that an animated version of Otis had promotional value, and as they say, the rest is history.

"Otis allows us to convey our financial services in a non-traditional manner", Caine said. Many collection agencies promote their services in an uninspired, shop worn fashion. Otis helps us convey our wide selection of accounts receivable management services in a light-hearted manner.

To have your own Otis contact us at [otis@caine-weiner.com](mailto:otis@caine-weiner.com).

## Equifax First to add credit card activity alerts

Atlanta, GA —Equifax, one of America's leading providers of credit reports, announced this week the introduction of Equifax Credit Watch, their new credit monitoring product.

One of the features of the new credit monitoring product is that customers are notified within 24 hours if charge card balances have increased by a specified dollar amount. Users can

select the dollar amount or percentage increase, that when exceeded, will trigger the alert.

Another credit management tool, the inactive card alert, informs Equifax Credit Watch customers when charge card activity occurs on their credit file after a self-selected period of inactivity,

With these product en-

hancements, Equifax Credit Watch customers gain greater peace of mind. The new alert features give consumers ultimate control over their credit by equipping them with tools to monitor credit information.

Since its launch in 2001 Equifax Credit Watch has helped customers quickly detect changes in their Equifax Credit Report and

protect themselves against the impact of identity theft.

According to the Federal Trade Commission, in 2003 over 10 million cases of identity theft were reported.

## Antidote to overseas outsourcing—small town America!

As U.S. companies continue their global search for cheap labor for call centers and other office operations many find they need look no further than small towns like Nacogdoches, Texas.

It's the flip side of the outsourcing coin. As big companies face quality concerns and political

backlash from moving jobs overseas, America's small towns are emerging as alternatives.

U.S. Bank recently picked Coeur d'Alene, Idaho (population 36,259) for a new call center for its growing credit-card services division.

While India, the Philippines

and other countries offer dirt-cheap wages, the expectations often are not delivered and exorbitant real-estate development costs are also of concern.

Rural U.S. communities are often wired with high-bandwidth fiber-optic cables allowing for more traffic and cheaper calls, not the case in India where

telecom cost is often higher than the labor cost.

Delivering jobs to rural America can solve unemployment problems and the residents generally have a good service ethic. "Talk with them on the phone", commented an observer, "and you can hear the smile in their voices".

*Your satisfaction with our service is our high-test priority!*

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## TheBiz

The Biz is published quarterly by Caine & Weiner to provide our clients and business partners with industry news and credit/collection information.

Information contained in The Biz is acquired from a wide range of sources.

Comments or questions can be directed to the editor.

### Chairman & CEO

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*Caine & Weiner is an international accounts receivable management company that provides commercial and retail credit & collection services to the global business community.*

*Established in 1930 by Sidney Caine and Charles Weiner our firm has offices strategically located across the country to service our 3,500 clients.*

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and new credit applications is not as strong as last month, they are still very strong.

The number of customer disputes declined; offsetting this favorable factor is the slightly increased aging of accounts. However the "dollar amount beyond terms" doesn't appear to be a problem. It needs to be watched for further deterioration in future months since it would indicate increasing customer cash flow problems.

Although the service sector continues to grow, the amount of slowing in May's

growth rate is somewhat surprising. There were significant decreases in each of the favorable factors with the sub-index falling 940 basis points.

The one positive to take away from this performance is that the index still exceeds ratings posted prior to March 2004.

Overall, the sub-index of unfavorable factors held its ground, with one significant negative change: erosion in "dollar amount beyond terms". This increased aging of accounts may simply be a return to more normal levels from the extremely favorable April

reading of 65.7%.

The largest contributors to the decline was slower growth in the favorable factors; sales, new credit applications, dollar collections and amount of credit extended.

In total, these items fell 590 basis points, largely caused by declines in the service sector. The results do not appear to be reason for alarm. The readings are still quite strong, indicating a vibrant economy.