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CREDIT & COLLECTION NEWS

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C&W Executive Ranks Grow

Bill Lovitt joins firm as Senior VP-Client Services

Schaumburg, IL— Bill Lovitt has been tapped by Caine & Weiner to head up client service for the central U.S. market.

In his new position he will share responsibility with Frank Dispensa, Vice President –Midwest Operations to oversee sales, client service, marketing and maintain alliance partner relations.

Lovitt has over 25 years of credit and collection experience. His experience includes operations, accounting and marketing.

He holds an MBA from Loyola University and is a Certified Credit Executive and Certified Expert

Witness. He has served as a Board member of NACM/ Chicago-Midwest and served on the Board of Advertising Media Credit Executives Association (AMCEA). He has been on several committees in both associations.

His background includes positions with Dun & Bradstreet, Sara Lee, Continental Grain Company and ADVO. As such he has a broad base of experience.

"We are extremely pleased to have Bill on our executive team", said Greg Cohen, President and COO. "Bill's exemplary record and credentials will enrich Caine & Weiner and help us achieve the sales and revenue goals we have set".

Bill is a public speaking enthusiast and has held the office of Area Governor for Toastmasters International.

He resides in Palatine, Illinois with his wife and two children.

No-Fee Credit Cards Make Comeback

No-fee credit cards are enjoying a renaissance. Over the past few weeks, American Express and Citibank have issued no-annual-fee, no-late-fee credit cards with interest rates that vary depending on the customer's credit history. Commerce Bank introduced a card earlier this year with no fees and the same floating rate for all its bank customers.

"Customers really dislike late fees", said Anthony Jenkins, an executive vice president at Citibank. "Everyone's really busy, leading complicated lives. They want to be treated fairly".

The moves come as fee, and consumer complaints to bank regulatory agencies, are increasing. For 2005, penalty fees, such as late and over-the-limit charger's, are expected to rise 11%, to a record $16.5 billion, and bring total fee income to $54.9 billion, says bank advisory firm R.K. Hammer.

Consumer Spending Inches Up

Washington, DC, Consumer spending rose 0.5 percent last month as post-hurricane insurance payments led to the biggest jump in income in 10 months, a recent government report showed.

Personal income jumped 1.7 percent, the biggest rise since December 2004, as insurance payments in the wake of hurricanes Katrina and Rita rose at a $120 billion annual rate, the Commerce Department said.

The gain in spending matched expectations on Wall Street, but the increase in income handily outstripped forecasts for a 0.3 percent rise.

The income gain, however, followed a downwardly revised 0.9 percent drop in August that reflected plummeting rental and personal business income after the storms. Rental and proprietors' income declined again last month but not as steeply.

While spending rose last month, the increase was more than accounted for by surging energy prices. Adjusted for inflation, spending fell 0.4 percent after a 1 percent August drop.

The Departments inflation measure, closely watched by policy-makers at the Federal Reserve, shot up 0.9 percent, the biggest rise since February 1981.

But excluding food and energy, the so called PCE price index advanced just 0.2 percent. Over the past year, this core price index has risen 2 percent, a level considered to be at the upper end of the Fed's comfort zone.

Post-Dated Checks and Credit Card Payments Under the FDCPA

Washington, DC —The Fair Dept Collection Practices Act (FDCPA) provides several provisions regarding the acceptance, solicitation and deposit of post-dated checks and post-dated payment instruments. The Act does not prohibit the acceptance of post-dated checks or other instruments; the Act merely prohibits debt collectors from misusing checks or instruments.

If a debt collector receives a check or payment instrument post-dated by more than five days, the collector is required to send a written notice to the consumer three to 10 days before depositing the check. This notice must be provided to the person who wrote the check.

The notice is meant to remind the consumer that he wrote the check so he can make sure the account has sufficient funds to cover the amount.

If the collector receives a series of post-dated checks, where one is to be cashed each month, the collector must provide the requisite notice prior to depositing each check.

The same notice is not necessary for a credit card payment. The card holder does not have to be concerned with having sufficient funds and being assessed bank and service fees for a dishonored credit card transaction.

U.S. Credit Card Industry in Revolt

Chicago, IL— Nobody seems happy with the U.S. Credit-card industry these days-not the consumers who use the cards, the retailers and merchants who accept them or the lawmakers who oversee the industry.

The merchants accuse the industry of illegally fixing the processing fees it charges them and they are not taking it any more. A growing number have filed suit against the industry's two biggest associations, alleging violations of U.S. antitrust law. Meanwhile, consumers accuse the industry of larding its contracts with fine-print "gotcha clauses" that trigger rate increases and penalties-and they're not taking it anymore either. A growing number are complaining to the Better Business Bureau, where credit card gripes are now the third-largest source of complaints and to representatives of Congress, who are beginning to stir. A flurry of bills have been introduced this year in the U.S. Congress to protect consumers from what critics characterize as industry abuse.

"I think the credit-card industry is reaching a tipping point," said Travis Plunkett, the legislative director at the Consumer Federation of America. "People are just fed up with the approach that the large credit-card issuers have taken over the past five years".

Bankruptcy Bubble's Size Surprises Banks

New York, NY—For more than eight years, big banks lobbied aggressively to make it harder for consumers to file bankruptcy.

Now that the new bankruptcy law have taken effect, was the investment worth it? The early data suggest that sometimes you have to be careful what you wish for.

Bankruptcy filings were supposed to snowball in the months before the tough new law went into effect on October 17, but the avalanche of petitions and the lines of debtors streaming out the courthouse doors even caught the credit card issuers who supported the new law by surprise.

In recent days the nations five biggest credit-card-issuing banks have said that the unexpectedly large flood of filings shaved hundreds of million of dollars off their earnings in the third quarter. With tens of thousands of petitions still being processed and Hurricane Katrina's impact on cardholders still being sorted out, the bankruptcy rush is likely to result in well over a billion dollars worth of losses by the end of the year.

Do you have business news or something compelling to report?

Please Email Frank Draper at frank.draper@caine-weiner.com

Study Shows Automatic Payments Surpass Checks for First Time as Bill-Paying Method

Oakbrook, IL— Automatic payments have for the first time surpassed check writing as the dominant method for paying recurring bills, according to the results of a MasterCard research study.

The study showed that more than two thirds of U.S. households (67 percent) now pay some recurring bills automatically compared to those writing checks (64 percent). Nearly four in ten households link payments automatically to a credit card (38 percent) and three in ten households charge them automatically to a debit card (31 percent). In addition, among automatic bill paying households, the number of bills paid automatically rose in the last five years, from an average of 3.1 bills per household in 2000 to 4.4 bills today. During the same period, the number of checks written declined by nearly 50 percent, from 4.4 to 2.4 among these households.

"Consumers have embraced the convenience of using their credit and debit cards to automatically pay their recurring bills," said Donna Johnson, Vice President, New Markets, US Acceptance, MasterCard International. "They value knowing their bills are paid on time, without worrying about late fees and even earning rewards, depending on the payment card they use".

The survey also found that half of the card holders would consider adopting additional recurring payments.

U.S Consumers Are finally Shifting Into Lower Gear

Business Week Online— Since the economic upturn began almost four years ago, the consumer has powered the gains in demand. But now the Energizer Bunny looks to be slowing down. That's not necessarily a bad thing, since the business sector and the government's hurricane-rebuilding effort will pick up much of the slack and a spending pause will give shoppers time to pare down debt loads and add to savings. But considering that household buying accounts for more than two-thirds of real gross domestic product, any turn in this sector changes the direction of the overall economy as well.

The latest spike in oil prices along with the Federal Reserve's resolve to hike interest rates have accelerated the erosion in consumer fundamentals. Cheap loans are becoming a thing of the past. Faster overall inflation is squeezing purchasing power. And, most important, a house can no longer be treated as a piggy bank. A reversal of fortune that could cause a bigger drain on the economy than the slowdown in home construction.

Worries about higher fuel costs pushing up other prices have caused long-term rates to increase as well. The twist for the outlook: Higher mortgage rates will only make it more difficult for consumers to take cash out of their homes, creating a bigger drag on spending.

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TheBiz

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Your satisfaction with our service is our highest priority!

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 the firm has offices strategically located across the country to service their 3,500 clients.

Bankruptcy Laws Requires Collectors to Negotiate with Credit Counselors

The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 went in effect October 17, 2005. The Act not only affects those who wish to file bankruptcy, but also those who try to collect the delinquent debt owed by the consumer. Section 109 (h) requires that all individual consumers who wish to file for bankruptcy must participate in an approved credit counseling program within six months of filing.

The requirement that consumers must now participate in credit counseling includes a requirement for debt collectors. An addition to Section 502 of the Bankruptcy Code requires that debt collectors must work with credit counseling companies to negotiate reasonable payment schedules. If a debt collector refuses to work with the consumer's credit counseling company, their proof of claim could be reduced by up to 20 percent.

The new section requires that debt collectors who in the past refused to work with credit counseling companies, will not be required to work with them or risk having their claims reduced. This section does not mean that all offers from a credit counseling agency must be accepted. Rather, it requires that a debt collector participate in negotiations to reach a "reasonable" repayment schedule. The only clarification offered to define "reasonable" is that the terms of the repayment schedule not exceed the repayment period of the original loan, or a reasonable extension of it.

Non profit budget and credit counseling agencies qualified to provide the required credit counseling must be approved by the U.S. Trustee. A list of all credit counseling agencies approved by the U. S. Trustee will be maintained by the clerk of the court.