



From Glen Bullivant:

It is sometimes difficult to believe how time passes so quickly, but here we are again with another Newsletter. As you read this issue, the European Union will have grown further with Bulgaria and Romania joining the family of nations which makes up this varied melting pot of culture language, history and tradition. This has refuelled debate in the United Kingdom on those two stalwarts of UK concern – immigration and the Euro. Actually, the Euro seems now to be sliding much further down the political menu as far as both citizens and politicians concerned. Even the support that had hitherto been expressed amongst UK business has shown signs of diminishing. Research carried out by the Credit Management Research Centre (CMRC), University of Leeds Business School and home of the Institute of Credit Management Chair in Credit Management, together with Atradius, number two in the world credit insurance market, has revealed some interesting pointers. Their UK Export Survey 2006 has indicated that if a referendum on the Euro in the UK was held in 2006, 56.7% of UK exporters would reject the single currency, with 43.3% in favour. This compares to a “yes” of 50.2% and a “no” of 49.8% back in 2002. Much has happened in four years!



Immigration, however, is heatedly discussed, and this topic dominates the pages of the tabloids and the quality broadsheets alike. In 2006, the population of the United Kingdom topped 60 million for the first time and the prospect of free movement of labour from the new member states of Bulgaria and Romania has refuelled the speculation of economic migration on a grand scale, much as the pessimists had feared on the accession of Poland to the EU. What is certain is that this debate is as heated in Holland, Germany, France and other countries just as it is in the UK. Add to that the ever present security problems surrounding flying and living a normal daily life, and one cannot help but get the impression that at a time when the EU extends its borders even further, its very member states are beginning to look ever more closely at their very own borders. Life really can be a conundrum these days!

Customer service and customer satisfaction appears to be climbing up the flagpole of most forward thinking companies at long last, and to nobody’s surprise, credit management is at the very heart of that process. All of us in credit management have always known that a satisfied customer is always far more likely to pay (and pay on time) than one who feels that he has been let down. Give anyone an excuse not to pay, and they will grab it with both hands, so why it has taken so many companies so long to grasp that concept has to be a bit of a puzzle. The answer probably lies with the accountants (apologies to all accountants out there!). If the driving force behind commercial decisions on efficiency is purely financial, it is almost inevitable that something somewhere suffers. This can all too often be the service offered to customers – minimum order values, “streamlined” delivery timetables, automated “help desks”, and the dreaded telephone complex of “Press 1 for this, Press 2, for that, Press 3....etc. We all know that staff is an expensive outlay, but unless we utilise knowledge and experience, we spend vast sums of money on hardware and software and end up distancing ourselves even more from our customers and their requirements. Getting close to our customers is what we in credit do best, so it is obvious that credit management and customer service are two sides of the same coin.

Credit management and customer service know no boundaries or borders. I spend much of my time wandering around the European Union talking to colleagues in France and Germany, Holland and Denmark, Spain and Italy, and wherever I go I hear the same thing – meet customer needs fully and payment is easier. Let the customer down, and the fight is on. It is a tough world out there, but the one who gets it right first time, every time is the one who wins.

FECMA members:

Austria	www.credit-manager.at	Ireland	www.iicm.ie
Belgium	www.ivkm.be	Italy	www.acmi.it
Denmark	www.dkforum.dk	Malta	www.macm.org.mt
Finland	www.luottomiehtet.fi	Netherlands	www.vvcm.nl
France	www.afdcc.com	Sweden	www.kreditforeningen.se
Germany	www.credit-manager.de	United Kingdom	www.icm.org.uk

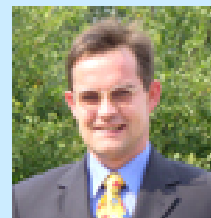


PRESIDENT'S COLUMN

by **Jan Schneider-Maessen B.ec,CCM**, President of the Federation of European Credit Management Associations
Vorsitzender des Vorstandes Verein für Credit Management e.V.

Dear Credit Manager, dear colleagues,

first at all I would like to wish you a "Happy New Year". The Year 2007 is already 2 weeks old and for me it seems more and more that time flies by. Since the election in Venice in October last year I am the new President of the Federation of European Credit Management Associations and in this function I was asked by Glen Bullivant to introduce a President's Column to this Newsletter. And I am very glad to do so.



The question you are probably most interested in seems to me the following:
"What should and could be the role of FECMA for every member state members?"

My vision concerning the above stated important question is as follows:

- 1. FECMA should increase the possibility for every single member to get in contact with his/her colleagues from all different member countries.**
- 2. FECMA should introduce one or more courses concerning the differences in Credit Management all over Europe and this country by country.**
- 3. FECMA should introduce itself as "the" organization, where all European Credit Managers meet each other.**

We always used to live and will live in a global world – once in a time more and once in a time less. Today the degree of globalization is increasing again. And today the level of globalization reached a degree, where the leading economists are talking about a phenomena of the so called **"Glocalisation"**. Therefore it is important for us to increase our knowledge concerning different cultures, languages and of course practices.

Therefore, the FECMA Council decided to put its emphasis on exchanging the content of the different Credit Management courses of each member country under each others in the past. Which is just a first step of receiving knowledge about each others practices. The second step would be that we introduce courses for Credit Managers where they receive the necessary knowledge concerning the Credit Management practices of every single European country. Once we started to exchange our academic knowledge concerning Credit Management we noticed, that the academic level is quite similar to each other. But we also noticed very important differences, which are basically based on the different legal systems, the language and most important the cultural differences.

Therefore, during the next two years, I would like to put most of my efforts in establishing FECMA as the organization in Europe, where all Credit Managers can exchange their know-how and practices under each others.

Yours sincerely,
Jan Schneider-Maessen

Contribution from Sweden

This year's Big Credit Prize went to Susanne Hermelin

Each year, the Swedish Credit Association awards the 'Big Credit Prize' to someone who has made a major contribution to the credit field.

Susanne Hermelin at Dell won the prize in 2005 and the jury's basis was: "Susanne Hermelin has been awarded this prize because she has spent the year building up Dell's credit function in Southern Africa. Susanne has used her many years of competence and great interest in credit issues, plus her good management experience, to build up an organisation with efficient work procedures and staff in a short space of time. Susanne has demonstrated a sense of purpose and efficiency, and built up an organisation in the above environment that supports the company's credit and risk management".

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1. How does it feel to be awarded the Big Credit Prize?

I feel really honoured to receive this prestigious award. It's something I'll remember for the rest of my life. My own company has also noted the distinction, so it's not just significant to Dell in Sweden but worldwide. I myself have looked up to those who won the Big Credit Prize before me. Now I'm the person others are looking up to, which is nice.

2. Why were you awarded the prize?

I was awarded the prize for my work in Southern Africa in 2004-2005. That was when I built up credit operations within Dell in Johannesburg in the same way as I did at Dell AB for the Nordic credit department in Stockholm, through many years of competence in credit issues and good management experience. It took me nine months to transform a poorly functioning credit operation into an efficient organisation for customer claims, lending and risk management. Before I left Johannesburg, I also recruited a credit manager who has successfully taken over.

3. How important are the credit issues in your company?

Credit issues are extremely important to Dell, since we work through a direct model involving a low level of tied-up capital and risk-taking to optimise our results.

4. What do you think is important for lenders to focus on?

As a lender, it's important to keep up with the development because we live in a 'fast-moving world' where the lending conditions and claims operations can change rapidly.

5. Why are you a member of the Swedish Credit Association?

I'm a member because of the good network that comes with the association. You also receive constant information on innovations within our sector through the member's magazine as well as from people holding lectures at the association's meetings.

6. Any more you want to add?

Working in Southern Africa is very different from working in Sweden. As a manager, you have to show that you're a manager in a different way from when you're working in the Nordic Countries. You also have to run your employees differently from the way you do here at home. But I was clearly proactive in absolutely the right way. The employees' questionnaires sent by Dell in Stockholm and Johannesburg show that both of the teams gave me the highest mark as a manager. That's good – it shows I did well.

When I was offered the option of building up the credit operations in Southern Africa, I had no hesitation, even though it would mean a long absence from my family and friends. I believe that people regret not taking such a chance, and it's had the effect of developing me as both a manager and a person.

Today, I have a new role at Dell and am working as a project manager with our new global claims system, and I've recruited a new credit manager in the Nordic Countries who's successfully taken over that role.

FACTS ABOUT DELL

The company was founded in 1984 by Michael Dell. It sells IT systems directly to private persons and companies. Dell is currently one of the world's major companies with over 65 000 employees.

Contribution from Finland

Ulla Heikkilä, Chairperson
Luottomiehet – Kreditmännen r.y.

Statutory expiration of receivables should only apply to recession-era debts

The Finnish parliament is currently working on a proposed amendment to the Enforcement Act whereby all receivables would expire at the end of the 15th year following the date on which the related judgment ordering payment became enforceable. Guarantors, whether natural persons or companies, would also be released of liability along with the debtor. No statutory time limit exists on the liability of debtors anywhere else within Europe or in the world.

The rationale offered for the proposed legislative amendment is that Finland is still estimated to have at least 20,000 recession-era debtors who have not accepted the voluntary debt restructuring settlements offered by their creditors or filed for financial reorganisation. The amount of recession-era liabilities in the debt enforcement system totals EUR 1,608 million, which represents some 35 per cent of the current aggregate debt enforcement volume. These old debts generate EUR 35 million in annual remittances to creditors, which is probably the key reason why debtors with the ability to pay have not wanted to voluntarily restructure their debts.

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However, under an amendment to the Enforcement Act that went into effect in the spring of 2004, enforcement will end with respect to some EUR 1,500 million of recession-era debt on 1 March 2008, and the remainder will also become unenforceable within the following couple of years. These limits on enforceability effectively ensure a chance for recession-era debtors to regain their human dignity and put a stop to life-long financial liability and related social and societal problems.

The statutory expiration of receivables constitutes more drastic interference with constitutional property rights since it limits more than just enforcement. The Constitutional Committee of the Parliament has deemed it possible to redefine the property rights of creditors in connection with the Debt Restructuring Act on acceptable grounds and provided that such regulation is required by compelling social needs. However, the position of creditors may not become unreasonable even on an individual basis.

What is the compelling social need on the basis of which receivables whose enforceability period has run out have to be declared expired? According to the government bill the financial situation of a debtor should be as clear as possible to prevent uncertainty in relation to the possible unwinding of asset transfers through a recovery action brought against the debtor's estate after his death.

In other words, the opposing interests are in reality the creditor's right to recover the credit extended and the hopeful anticipation of the debtor's heirs with respect to a potential inheritance.

Only one MP remembered the words of Georg Malmsten's song in the course of the preliminary debate according to which "one always has to repay what one borrows in this world". No one addressed the protection of property rights guaranteed under the constitution. The statements made reflected guilty consciences about poor recession-era management. By legislating the expiration of even crime-related liabilities based on the simple passage of time as a permanent part of our legal system, politicians are washing their hands of the matter and forgetting about the losses suffered by creditors.

One would hope that at least the Constitutional Committee would include members who would calmly weight all constitutional rights on the same basis. Recession-era debts could very well be forgiven through specific legislation. The expiration of receivables should, in any event, allow for the two years following the end of the enforceability period during which the creditor is able to petition a court of law for extended enforceability on the grounds that the debtor has materially through his or her actions hindered the creditor's ability to collect.

REFORM OF PROCEDURE CONCERNING RECOVERY OF UNCONTESTED DEBTS The Committee proposes streamlining and reform of the processing of uncontested debts

The processing of payment demands concerning uncontested debts, i.e. so-called summary matters, should continue to take place in the courts, in the opinion of a Committee set up by the Ministry of Justice. It proposes that the processing of these matters be streamlined by several reforms. The Committee investigated two alternatives in which the processing of uncontested debts would either continue to take place in the courts or would be delegated to private collection agencies or the State Debt Recovery Office. The best option, in terms of the legal protection of debtors and financially, was the continuation of processing in the courts.

Uncontested debts are the kind of simple and clear matters that the district courts can resolve through a written procedure. Most of them involve, for example, invoices that have been left unpaid, and the recovery of unpaid rents and credits. Some 140,000 uncontested debts are handled by the district courts every year. The Committee proposes that the processing of uncontested debts could be streamlined by making it possible to **transfer them between district courts**. There would not necessarily be any need to process the matter in the court of the debtor's domicile as now happens, but they could be transferred within Finland for processing by those district courts that have free capacity.

The Committee proposes that a summons concerning an uncontested debt could be delivered to the recipient **by normal mail**. Currently, the summons is often delivered by a summoner. The Committee also proposes the introduction of an **Internet-based channel**, through which any creditor could make application for a summons concerning an uncontested debt. The processing fee for such an electronic application for a summons would be lower than an application made on paper. At the present time, electronic applications are only made by the largest collection agencies by means of a special user connection

The development of electronic applications and an electronic register of court decisions would also make other reforms possible. The Committee proposes that **the creditor could apply for the recovery of his debt at the same time as he applies for a summons**. Currently, the creditor must make separate application for debt recovery after the court has issued a decision.

The Committee proposes the development of a procedure in which the debtor **could give the creditor his consent for the direct recovery of a debt** before the payment demand is presented at the court. By giving his consent, the debtor would avoid the matter being dealt with by the court and the accompanying costs.