



From Glen Bullivant:

When I first embarked upon the task of editing the FECMA Newsletter, I was well aware of how difficult it would be to produce an Editorial for each issue. Sometimes, ideas are rushing around with all the velocity of Concorde in its heyday - other times, the writer sits looking at a blank screen, searching in vain for inspiration. At the FECMA Council meeting when I volunteered for the role (I use the word "volunteered" in the not too literal sense), I did undertake to be provocative, if not even controversial. Regular readers will have noticed, therefore, that I have introduced into my editorials an element which in the UK is often referred to as the Soap Box. That is to say, when there is something I want to say, I stand on my editorial soap box and shout it out loud to all in FECMA world. Surprisingly, some may say, these thoughts and opinions do not seem to have stirred up a hornet's nest of argument or controversy.



Now, I have to ask myself, why is that? Is it because nobody reads it anyway? Is it because everybody agrees with me? Is it because you are all so kind and understanding, and prepared to let a silly old fool get it off his chest? The latter, probably, together with the general consensus that providing the old fool continues to take his medication regularly, no harm has been done. I have duly taken my tablets, and now I have another issue to raise, and this time I expect somebody out there to take issue with me. Good - there is nothing as healthy as a heated debate.

Actually, the issue was raised by our good friend in Malta, Josef Busuttil, Director General of MACM. He has been in the vanguard of the struggle with banks and businesses to do something positive about dishonoured cheques on the island of Malta. It would make an interesting discussion topic for all FECMA members - not just on the matter of what you do in your country about cheques that fail to be cleared, but to what extent cheques remain a major method of payment in B2B transactions. Everyone talks these days about electronic funds transfer, direct debits and the like, but in the UK, at least amongst SMEs. Cheques retain an important position. So let us hear more from you all on this topic.

My issue, however, focuses more on the role of banks themselves, and the parallel role of credit managers in commerce and industry. In the UK, unsecured lending by trade creditors runs at well over twice the level of bank lending, most of which is secured, and as a consequence, customer counselling, negotiation and deal making plays an increasing part of the UK credit manager's daily routine. The relationship between supplier and customer is often seen as being much closer in respect of the trade supplier than that of the bank and the customer. How widespread is this in Europe as a whole? Is the UK economy unique? Perhaps the growth of small and medium sized enterprises, which has been a feature of the UK scene in recent years, is being replicated in France and Germany, Holland and Spain. If that is the case, does the French or German credit manager find himself or herself faced with the same situation - the bank won't help any more, so is it now up to me? Are the financial institutions become less flexible, more system driven, less knowledgeable even?

Maybe this is in reality the same point I was making last time round - who is more interested in customer service? The supplier who needs the business and needs the payment. Credit management has always been something of a balancing act, however sophisticated the systems and processes, and in the end it comes down to people and judgement. So, colleagues, you have my challenge - what do banks do to earn their vast profits, and what do we do to keep ourselves ahead of the game? Over to you!!!

FECMA members:

Austria www.credit-manager.at
 Belgium www.ivkm.be
 Denmark www.dkforum.dk
 Finland www.luottomiehiet.fi
 France www.afdcc.com
 Germany www.credit-manager.de

Ireland www.iicm.ie
 Italy www.acmi.it
 Malta www.macm.org.mt
 Netherlands www.vvcm.nl
 Sweden www.kreditforeningen.se
 United Kingdom www.icm.org.uk

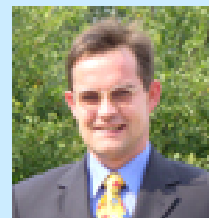


PRESIDENT'S COLUMN

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,

Credit Management in a European context, what do we know about each other's practices in the field of Credit Management? How huge are the differences between, let us say, a French Credit Management approach and a Finish Credit Management approach? A simple question, which is quite difficult to answer.



Therefore, during its last meeting in Helsinki the FECMA council decided to enable its members to share the practices step by step in the different countries. We would like to start doing this by exchanging our know-how. The first step will be taken by exchanging a standard Credit policy country by country.

By implementing this project, we will enhance the value of FECMA for every single member. Of course, an initiative like mentioned above is asking for your help. I am personally convinced, that through such projects we will spread and exchange our know-how throughout Europe.

Jan Schneider-Maessen

Contribution from Malta

The Future of FECMA

Josef Busuttill Dip M. MCIM; MBA(Henley)
Director General – Malta Association of Credit Management
Vice President – Federation of European Credit Management Associations

I would like to start by wishing well Mr Jan Schneider-Maessen and Ms Valerie Collot, who were elected President and Vice President of FECMA respectively in a meeting held in Mestre, Italy, last October 2006. As the other re-elected Vice President, I also make part of this team, having the responsibility to move forward the objectives of FECMA to the benefit of all the Association Members and to the Credit Management as an important organisational function. This entails hard work and commitment, but I am sure that with the support of every Association Member, we will achieve our goals.

Referring to the President's Column of the last issue of the FECMA Newsletter, I perfectly concur with the vision for FECMA as asserted by Mr Schneider-Maessen. However, please allow me to add some food for thought.

Living in the European Union, with all the differences in languages, business cultures and geography, makes it difficult to harmonise the European business environment. These differences may also effect the way credit is granted, extended and managed in various parts Europe. This is evident if one had to compare the DSO in the EU countries. The 'modus operandi' becomes an integral part of the business culture and cannot be changed or harmonised overnight. Nonetheless, being the organisation representing the European credit managers, FECMA can be instrumental to promote good credit management practices in Europe. This can be done in two ways:

1. Promoting an effective and efficient legal framework within the EU.

Despite the differences that may exist between the EU member states, certain issues pertaining to the credit function are common to all of us. FECMA should therefore organise European Forums and Working Groups to discuss pertinent issues, such as: The Company Law; Data Protection; Enforcement of Judgements; Consumer Credit Directive; Late Payment in Commercial Transactions Directive; to name but few. These Forums will then come out with sound recommendations to be presented to the EU Commission for their due consideration.

2. Education.

Education is the key to success. FECMA should take the role to educate the credit profession in Europe. It should involve itself more in research programmes, publishing papers and articles in various European languages and develop a 'one' European education programme in credit management.

Living in an electronic era, should make our work easier but every FECMA Association Member should be committed to achieve these goals. It is therefore, the responsibility of the FECMA officials to encourage Members to participate wholeheartedly, and the best way is to lead by example!



Source: Ministry of Justice Finland
Compiled by Risto Suvala



CREDIT-RELATED LEGISLATIVE PROJECTS

Review of the Business Reorganisation Act

Objectives and purposes

The government bill proposes to change the Business Reorganisation Act to make the selection and approval of businesses for reorganisation as timely and appropriate as possible. A more detailed description would be required of applying businesses of the means by which the business will be restored to health. The processing of reorganisation applications by courts would be speeded up and applications supported by significant creditors could be approved without further investigation. The number of district courts handling reorganisation matters would be limited in order to make the process more efficient.

Timing

The related government bill was brought to Parliament on 29 September 2006. The goal is to institute the proposed changes as soon as possible.

Review of legislation regarding the enforcement of business injunctions

Objectives and purposes

The government bill proposes to change the Act governing business injunctions in order to reinforce the enforcement of business injunctions by the police by requiring tax, customs, debt enforcement and employment compensation security authorities and other public officials designated in the Act to pay attention to the enforcement of business injunctions. To this end these authorities would receive electronic information from the register used to record information relating to business injunctions. Provisions regarding the recording of business injunctions in the Trade Register and Foundation Register would also be added to the Act.

Legislation governing the publication and disclosure of tax information would be changed such that tax officials would have the same right as the other aforementioned governmental authorities to provide information to the police for the enforcement of business injunctions.

The scope of business injunctions is proposed to be revised such that no party enjoined from engaging in business would be permitted to conduct business in Finland through an entity set up in another country.

Timing

The related government bill was brought to Parliament on 29 June 2006. The goal is to institute the proposed changes as soon as possible.

Enforcement Act overhaul

Objectives and purposes

The key objective of debt enforcement legislation overhaul is successful, quick and economical debt enforcement that supports the debtor's voluntary performance. In order to reach related efficiency targets, means will be sought that appropriately consider the debtor's acceptable minimum subsistence needs and the legal, human and constitutional rights of the various parties in interest.

The bill proposes the enactment of a new debt enforcement code that would supersede the 1895 Enforcement Act. The bill is largely based on earlier partial amendments made to the Enforcement Act. Provisions governing the principles of debt enforcement and general procedures would be incorporated in the debt enforcement code in their 2004 revised form. Provisions regarding attachment, sale of assets and the remittance of proceeds mirror the Act passed by Parliament. A time limit on debt liability would be added to the debt enforcement code. Receivables would legally expire upon the expiration of the debt enforcement period (15 or 20 years). As under current law, a court of law could still extend the enforcement period by ten years if the debtor materially hinders the creditor's ability to collect. The enforcement period could not be extended, however, if such extension could be deemed unreasonable with respect to the debtor.

Timing

The related government bill was brought to Parliament on 29 June 2006. The goal is to institute the proposed changes from the start of 2008.

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Updating of credit information legislation

Objectives and purposes

The purpose is to enact credit information legislation that would also apply to the credit records of business owners and legal entities.

Current law only addresses in detail credit information pertaining to consumers. The application of the Personal Data Act to persons functioning as business owners or in some other business capacity is subject to a number of differing interpretations.



Timing

The committee issued its final report in February 2005, which was sent for comment in March-May 2005. The related government bill is intended to be submitted during the current parliamentary term. The next Parliamentary elections will be held in March 2007.

Tracking and evaluation of personal data legislation

Objectives and purposes

The objective is to evaluate the effectiveness of the Personal Data Act as a general piece of legislation governing the handling of personal data and the need for and significance of specific provisions, and to ensure the effectiveness and consistency of the legislation. A plan for the investigation of Personal Data Act application practices and its effects will be prepared at the first stage. Specific legislation will also be reviewed as well as its connection to the Personal Data Act and international requirements applicable to Finland.

Required legislative and other measures will be evaluated at a later stage on the basis of the information gathered.

Timing

The first stage will be carried out in the course of 2006.

Preparation of class action legislation

Objectives and purposes

The committee established by the Ministry of Justice proposes the enactment of legislation to govern class action lawsuits. It is proposed that such class action legislation would include special procedural provisions required for the adoption of class action proceedings. In all other respects class actions would be governed by the provisions of the Code of Judicial Procedure applicable to civil actions. The new law would be applied to civil actions heard in general courts of law. A class action would be a legal action where the plaintiff brings suit on behalf of a specified class of plaintiffs without the class or the members of the class being named parties to the proceedings. A class action would only be possible with the class in question as the plaintiff. The handling of a matter as a class action would require that several persons share the same claim in relation to one defendant on the basis of the same or similar facts. Class action judgments would be binding on the plaintiff representing the class, on any class members who have expressly joined the class and on the defendant.

Timing

The committee delivered its report to the Ministry on 16 March 2006. The related government bill is intended to be submitted in the autumn of 2006.

Guidelines for the FECMA Newsletter

Articles of about 500 words, if possible with graphics or pictures.

Deadline for the autumn/winter 2007 edition

15th September 2007. Contribution expected from the Netherlands, France, Denmark and Italy to write an article for this edition. Other countries may feel free to contribute as well.