intrum justitia

fair pay

magazine

2•2007

UK vs Germany

Focus on habits in EU's two economic powerhouses

CUSTOMER CASE

700,000 clients
105 bn litres of water
Smooth cash flow rules

INTERVIEW

Davidoff's cash chief says local knowhow is key to success

SWISS DEBTOR INDEX

Young Swiss most at risk of building debt

Name: Meri Mäkkylä
Title: Editor, Intrum Justitia
E-mail: meri.makkyla@intrum.com

So different, so similar

What a wonderful place Europe is with its 728 million people or slightly more than one-ninth of the world's population. Despite differences in language and culture, we share so much that is positive. Unfortunately, as we discovered when examining the spending and payments habits of two of Europe's major economies – Germany and the United Kingdom – widespread corporate and consumer over-indebtedness is something all European countries also have in common. As Intrum Justitia CEO Michael Wolf notes, European enterprises are annually losing around 25 billion euros by having to finance late payers – and that's certainly not what we call fair trading! The maturity stages of credit management services may vary from country to country, yet one thing is all too clear: firms everywhere, regardless of size, share a common need to be paid on time to avoid running into liquidity problems that can lead even to bankruptcy.

The immensity of the problem is underlined in Intrum Justitia's latest European Payment Index (EPI), a unique and meticulously researched review of how companies get paid in Europe. Scheduled for release in May 26, the high quality data contained in the EPI will be available on our website at www.europeanpayment.com.

Of course, life is not just about problems, and I trust you also enjoy reading the other articles in this issue of Fair Pay Magazine that address more positive issues such as how to lift to efficiency of credit systems and processes.

contents

2•2007

fair pay magazine no. 2, May 2007 **Publisher** Intrum Justitia AB, ISSN 1652-5620 **Publisher** Anders Antonsson **Editor-in-chief** Meri Mäkkylä **Assistant editors** Leif Hallberg and Tidningskompaniet **Production** Tidningskompaniet **Printer** Trydells **Subscriptions** info@intrum.com **Change of address** Intrum Justitia shareholders should advise their account-operating institutes. Others should contact the editorial desk. **Editorial desk** Fair Pay Magazine, SE-105 24 Stockholm, Sweden, info@intrum.com **Phone** +46 8 546 10 200 **Fax** +46 8 546 10 211 **Cover**: Germany vs UK. The next issue of Fair Pay Magazine will be published in August 2007. Fair Pay Magazine existe également en version française. Fair Pay Magazineist auch auf Deutsch erhältlich. Fair Pay Magazine finns även på svenska. Fair Pay Magazine hay en español también.

IN BRIEF

Chinese not sold on credit cards – yet

The economic boom in China has resulted in the nation's banks competing to offer attractive incentives to attract credit card holders. Over 30 million credit cards have been issued in China, compared to over 500 million in the USA. However, the number of credit cards in China is expected to double in 2007. Nonetheless, most of the credit card activities of banks are losing money because many who take out a card are not using them. Market leader CMB is said to be the only one showing a profit right now.
Source: China Daily

EU SLASHES MONEY TRANSFER COSTS

Cross-border cashless bank transactions between the EU's 27 member countries will now be faster, simpler and cheaper thanks to SEPA – the 'Single Euro Payments Area'. European finance ministers have given the go-ahead to SEPA, due to come into force throughout the EU by November 2009.
The EU says the decision will generate annual savings of between EUR 50 billion to 100 billion.
Source: Reuters

Stake increased in Intrum á Íslandi

Intrum Justitia is growing its stake in Icelandic Intrum á Íslandi from 25 to 33.3 percent after Kaupthing decided to sell its 25 percent holding to the three other owners. Now Intrum Justitia and the Icelandic banks Landsbanki Íslands and Sparisjóðirnir each own a third of Intrum á Íslandi, which has 150 staff in Iceland and an annual turnover of EUR 17 million.

Irish B2C business open to selling debt

John Cahill (left), Business Development Director, Intrum Justitia Ireland, Kari Kyllonen, Group Purchased Debt Director and Nick Biggam, Managing Director, Intrum Justitia Ireland.

In 2006 Irish companies gave 250,000 instructions to Intrum Justitia Ireland - a figure representing five percent of the Irish population. Late payment last year cost Irish business EUR 11.6m.

Irish consumers are ranked as one of the worst late payers in Europe, according to Intrum Justitia's European Payment Index (EPI). Now Intrum Justitia has a joint venture with global investment bank Goldman Sachs to offer the debt purchase solutions they provide elsewhere in Europe.

Nick Biggam, Managing Director of Intrum Justitia Ireland, said, "The late payment trend appears to be continuing downward for the foreseeable future. But, a growing number of major B2C sales organizations are now prepared to incorporate debt sale into their overall credit management strategy."

GRAND OPENING

Marcel van Es, Intrum Justitia's Regional Managing Director, and Dutch Liberal Party member of parliament Hans Wiegel open the Contact NL 'Health Care' exhibition at the imposing Kurhaus Hotel in The Hague in late February, 2007.

Astronomical UK consumer debt

Grant Thornton International's auditors estimate that UK's citizens today have a heavier burden of debt than Africa and South America together. According to the Credit Action charity, which runs education programs on avoiding debt, the total private debt of Britons is increasing by an astronomical million pounds every fourth minute, according to the Daily Mail. Overall consumer debt in UK in 2006 was estimated to be GBP 1.3 trillion – that is more than one million million, a figure with 12 naughts.

UNITED KINGDOM:

Consumer debt

- The second largest economy in EU27.
- 1.7 million people in the UK are said to have debt repayment problems.
- One million people face insolvency.
- The average payment loss rate for the past three years is 1.8 percent.

GERMANY:

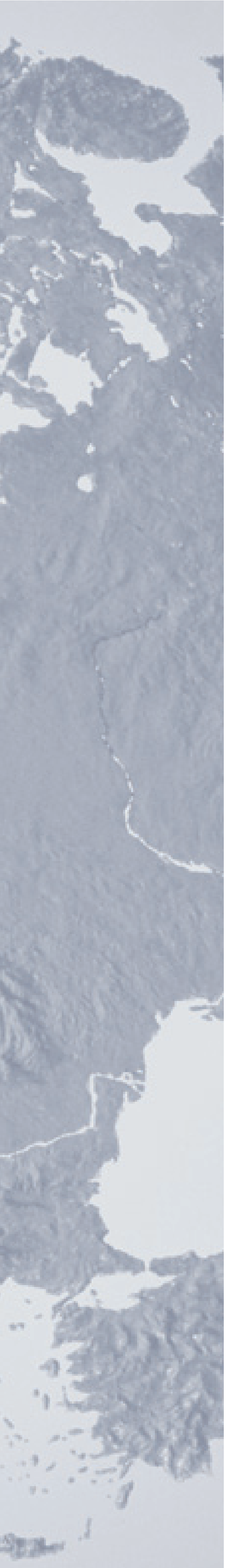
Corporate debt

- The largest economy in EU27.
- Company debt amounted to EUR 21 billion in 2006.
- Corporate debt stands for 53 percent of the total distressed debt portfolio of banks.
- The average payment loss rate for the past three years is 2.2 percent.

The source: European Payment Index

COMING SOON!

Get all the latest figures about Europe's corporate and consumer payment track records in Intrum Justitia's comprehensive annual 25-country European Payment Index. To be published May 26 and available online at www.europeanpayment.com



Save or Spend?

Getting paid on time – or indeed at all – for delivering a service or product isn't a given anywhere in Europe. *Fair Pay Magazine* looked at the different payments habits of two of the EU's largest economies, Germany and the UK.

Here's a question. Who is better at paying what they owe – a German or a Brit? The answer is that in both nations substantial numbers of consumers and businesses alike are all too slow in settling an invoice on time – with potentially devastating consequences for all involved.

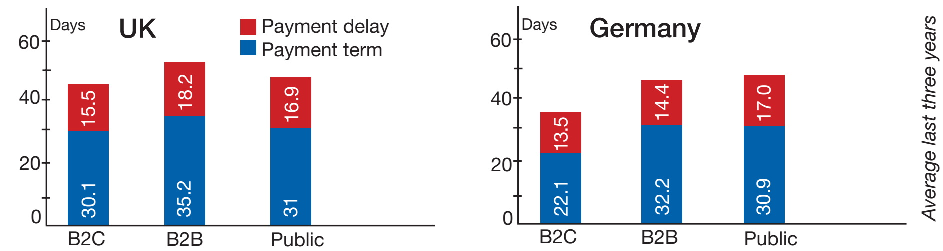
Every year, Intrum Justitia implements a pan-European payments survey studying levels of individual and business payment defaults across 25 European countries. Providing business with a key tool for managing credit risk, the black-and-white figures of European Payment Index (EPI) show that the average payment loss rate for the past three years has run at 1.8 percent in the UK and 2.2 percent in Germany.

"But that doesn't necessarily mean the Germans are slower across-the-board payers than the Brits," stresses Stefan Schär, Head of Research EPI. "German enterprises are actually better at settling what they owe to other firms faster than in Britain – with late payments averaging 14.4 days against 18.2 days in the UK from the spring of 2004 through spring 2006."

But with overdue and default payments in both Germany and the United Kingdom running at worrying levels,

Comparison of payment behavior – UK & Germany

(payment delay + payment term = payment duration)



Source: European Payment Index reports 2004–2006

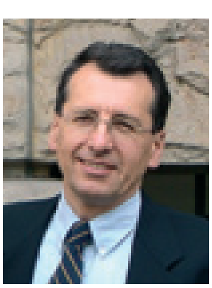
German enterprises are better at settling what they owe to other firms faster than in Britain – with late payments averaging from 14.4 days against 18.2 days in the UK.

is it possible to identify cultural differences between defaulting in German compared to the UK?

The answer is yes. One, in Germany, corporate debt dominates. Two, in Britain, it's private debt that is exploding. However, it is also worth stressing that in both countries the business-to-consumer market bears a higher risk of losing money than the business-to-business market.

A recent study (by Roland Berger Strategy Consultants) in Germany showed national corporate debt was running at a level of EUR 21 billion in 2006. The study said corporate debt made up 53 percent of the bulk of the distressed debt portfolios of German banks, followed by mortgage/real estate loans (34.1%) and consumer loans (12.7%).

In Britain, studies show UK personal debt is running at twice the level of the rest of Europe with total UK personal debts at the end of January 2007 standing at GBP 1.3 trillion. A YouGov study in April 2007 found that 1.7 million people in Britain have debt repayment problems and one million face insolvency. A survey in 2006 by the Credit Management Research Center at Leeds University Business School found that bad debt is now a serious problem for more than one in five of all UK firms, with a third admitting late payment is a serious issue.



"The character of the lending business in Germany is a more relationship-based industry"

Jan Pieter Krahnen, Professor of Finance, Goethe Universitaet Frankfurt.

So what are the underlying differences between growing levels of corporate and individual indebtedness and late payment in the EU powerhouse economies of Germany and the UK?

According to Dr. Jan Pieter Krahnen, Professor of Finance, Goethe Universitaet Frankfurt, a key difference is cultural. He says Germans have a deeply rooted savings culture and are particularly debt adverse compared to the UK's more insatiable appetite for credit.

"The character of the lending business in Germany is a more relationship-based industry, which contrasts with the arm's length-oriented lending relationship in an Anglo-Saxon cultural environment like the UK," Krahnen told *Fair Pay Magazine*.

Krahnen said that Germany, traditionally, has very high debt ratios on the corporate side and low debt ratios on the household level.

"One of the key reasons German citizens have not built up the broad level of personal indebtedness found in the UK is that we basically prefer to save to pay. For that reason, use of credit cards is almost unknown in Germany – most people use a debit card.

"On the corporate side, we have a strong anti-insolvency attitude – with bankruptcy very much viewed as a last resort. The traditional dominance of banks in the German financial marketplace means they like to get involved early on in developing a work-out plan to help stop the company folding."

According to Krahnen the major difference with the UK is the survival in Germany of the traditional relationship between a bank and its customer, corporate or individual. While acknowledging that this is slowly changing, he believes the relationship-based system remains at the heart of

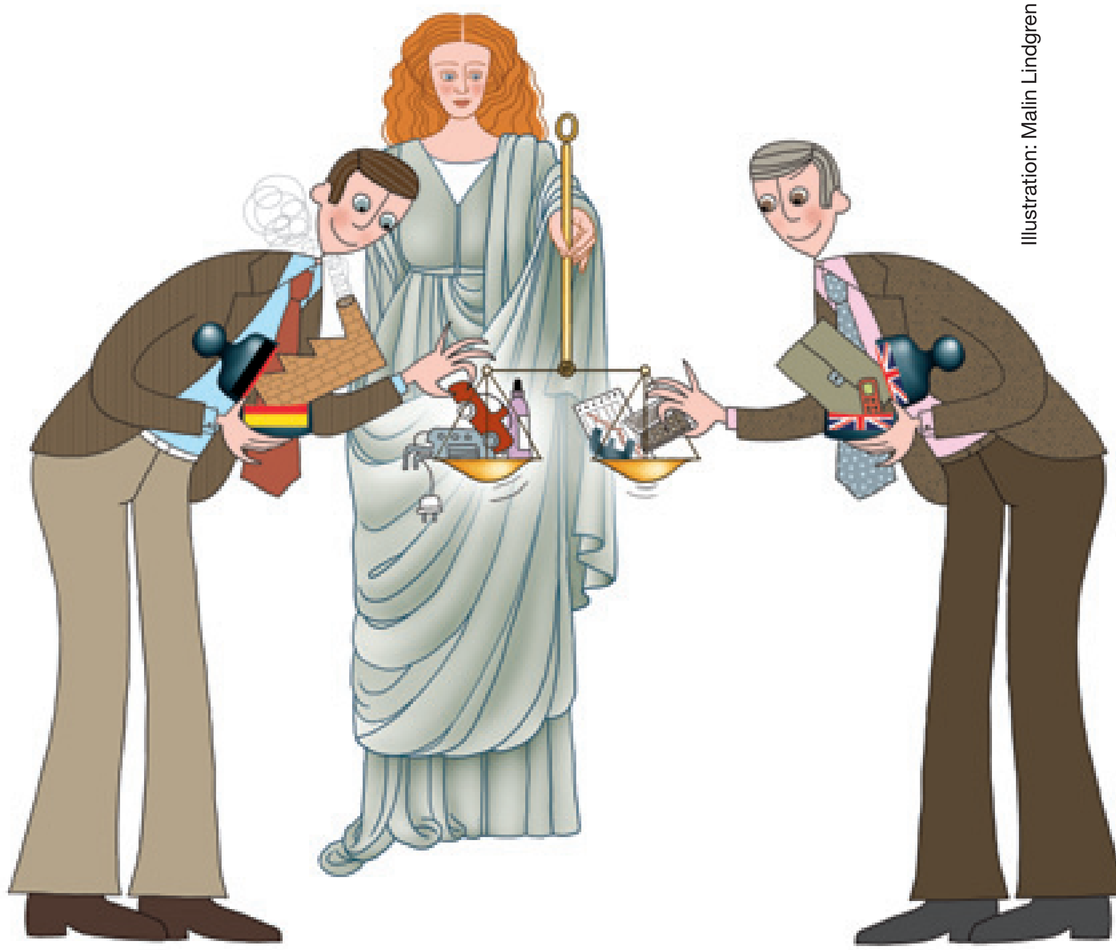


Illustration: Malin Lindgren

Germany's credit psyche.

Things could not be more different in the United Kingdom, where bad debt has soared in recent years to astronomical levels. However, Heather Greig-Smith, Deputy Editor of *Credit Today* magazine doubts those figures portend a personal debt crisis.

"Some economists we speak to say the volume of unsecured lending will not spell general economic disaster despite many people taking on far more debt than they can ever hope to repay," she told *Fair Pay Magazine*. "A lot of people get into problems because of unemployment, sickness or divorce, not because they're living beyond their means."

Another factor in the UK is that attitudes towards bankruptcy have shifted, with fewer stigmas attached to people 'writing off' their debts.

"Solutions such as individual voluntary arrangements (IVAs) involve people paying what they can afford to their creditors over a five-year period, then the rest is written off," says Greig-Smith.

"A lot of people get into problems because of unemployment, not because they're living beyond their means."

Heather Greig-Smith,
Deputy Editor of Credit Today magazine

Corporate liquidations in the UK are also increasing. Some 52,717 debtor bankruptcy petitions were filed in 2006 by companies compared to 12,393 in 1996. But the *Credit Today* deputy editor notes it is a relatively modest increase from a low level. However, she adds businesses are becoming much more sophisticated in the tools they use to manage the cash cycle, and are looking carefully at data and the people behind organizations they do business with.

Schär nonetheless remains somber about debt levels in Germany, the UK and across Europe.

"Late payment is damaging in any language, threatening cash flow and solvency. Regardless of the country, a sale is not a sale until the product or service has been paid for – in full!"

David Noble

WATER OR MONEY

It’s all in the flow

Healthy drinking water is vitally important for everyone. And it is the job of the PWN Water Company Northern Holland to keep it flowing around the clock.

That is why PWN works closely with Intrum Justitia – to ensure uninterrupted flow by getting more invoices paid on time. The company has been around since 1920. PWN supplies drinking water to the entire northern region of the Netherlands, home to around 700,000 customers using 105 billion liters of water per year or approximately 130 litres per person.

Because the groundwater in northern Holland is mostly brackish, PWN uses surface water from the Rhine and the IJsselmeer Lake, which has being purified in the sand dunes. The large dune area is administered and taken care of by PWN. In addition to drinking water, PWN has two

PWN's debt collection rate has notably improved, states Carlo van Zwol.

"It is really clear we share the same values with Intrum Justitia"

other business pillars – nature conservation and recreation.

Although PWN is responsible for supplying drinking water, it also has to ensure it gets paid so as to be able to operate successfully. As a last resort, PWN will turn off the taps to a bad debtor.

PWN prefers the option of a good credit management process to get their invoices paid before cutting off a customer's supply water. PWN follows a simple, but thorough procedure. First, an invoice is sent. If the invoice is not paid, a reminder will follow and, if necessary, a second reminder. However, if no payment is made following the second reminder, the claim is handed over to Intrum Justitia.

This approach works: In the ten months that PWN has cooperated with Intrum Justitia, there has been a strong improvement in results.

"Our previous collection partner brought in one third of the unpaid invoices. Intrum Justitia is already ensuring that half of the open invoices are paid," says Carlo van Zwol, Manager PWN customer contact center.

The cooperation is moving into a new phase where the internal collection process will be accelerated. "Nowadays we wait four weeks between a reminder and handing over to Intrum Justitia, with the total procedure taking 12 weeks. Because we send out quarterly invoices, we want to finish the whole process within that time frame. An unpaid invoice should be in the hands of Intrum Justitia before we send out the next quarterly invoice."

Cooperation is the key. Apart from better results, Van Zwol believes the excellent cooperation with Intrum Justitia is greatly important.

"It is really clear we share the same values with Intrum Justitia," says Van Zwol.

"We are customer oriented, we like cooperation and we aim to innovate – just like the values I find at Intrum Justitia. We can follow the status of claims online. And if we want to recall a claim because one of our customers is in a debt recovery program, we can do that without cost. Intrum Justitia's thinking is fully aligned with ours, which is highly valuable."

Madeleine Bosch

Young climb the debt mountain

Intrum Justitia's Swiss Debtor Index shows that the young are most likely to amass debt. Lifestyle and attitude are key to evaluating credit risk. Gender is irrelevant.

The typical Swiss debtor lives in a city, is between 25 and 34 years old, single, has no formal training and does not live in German-speaking Switzerland. This is the result of an analysis of Switzerland's largest credit rating database managed by Intrum Justitia. The database allows Intrum Justitia to provide 2.5 million credit reports on businesses and private individuals. IJ Switzerland processes approximately one million debt collection cases each year.

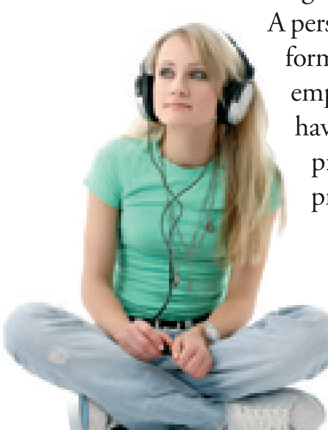
Young people are significantly more at risk than senior citizens. Those in the 25–31 year age group are at a clearly higher debt risk (minus 61 percent) than the Swiss average.

Photo: Getty Images

Senior citizens over 65 years old are very well positioned, as their debt risk is by far the lowest (plus 49 percent). But risks exist in this group: every eighth Swiss citizen would be close to financial disaster if they did not receive such support as old age benefits and other similar income supplements.

According to the analysis, the gender of a person provides no indication about how he or she manages money.

The lowest debt risk is demonstrated by those who live in urban areas (above 10 percent). In cities, the risk potential is above the Swiss average (minus 14 percent) while rural areas are slightly above the mid-range (plus 3 percent).



A person's career is significant: workers without formal education (minus 51 percent) and self-employed individuals (minus 36 percent) have the highest negative risks. Those best protected against debt are employees with professional qualifications and long employment record (plus 51 percent). The monthly budget of a single person is subject to a higher debt risk than the Swiss average due to higher costs of living. Surprisingly, single parents are at a slightly lower risk (minus 18 percent) since alimony is usually paid by divorced fathers. Those most financially stable are couples without children (plus 26 percent), followed by families (plus 18 percent).

YOUNG IN THREE TIMES MORE DANGER THAN ELDERLY

0–24	25–34	35–44	45–54	55–65	65–74	>74
- 11%	- 61%	- 32%	- 4%	+ 9%	+ 49%	+ 50%

Intrum Justitia's Swiss debtor index illustrates how the risk to end up in debt is spread among different age categories. The percentages indicate the difference compared to the Swiss average.

QUICK FACTS

Intrum Justitia is Europe's leading Credit Management Services (CMS) group. Its objective is to measurably improve clients' cash flows and long-term profitability by offering effective services and high quality in relation to both clients and debtors in each local market. Intrum Justitia's services cover the entire CMS chain, from credit information via invoicing and reminder management to debt surveillance and collection of written-off receivables. The group has more than 90,000 clients, revenues of SEK 2.9 billion and around 2,900 employees in 24 markets. The company was founded in 1923 in Sweden and has been listed on Stockholmsbörsen, the Stockholm Exchange, since June 2002. The head office is located in Nacka, outside Stockholm, Sweden. President and CEO: Michael Wolf. For more information on the Intrum Justitia Group, visit **www.intrum.com.**

Intrum Justitia Group	**2006**
Revenues, SEK M	2,939.6
Operating profit (EBITA), SEK M	156.7
Cash flow from operating activities, SEK M	463.7
Collection cases in stock, SEK M	15.4
Total collection value, SEK billion	89.4
Average number of employees	2,954

For definitions, see www.intrum.com

Analysts who cover Intrum Justitia
ABG Sundal Collier – K Melhuus & J E Gjerland
Carnegie – Mikael Löfdahl
SEB Enskilda – Stefan Andersson
Handelsbanken – Peter Grabe
Standard & Poor's – Joakim Ström
Kaupthing – Nina Glifberg

Financial report dates 2007	
Capital Markets Day, Helsinki	22 May
Interim Report (January-June)	26 July
Interim Report (January-September)	8 November

Intrum Justitia AB
SE-105 24 Stockholm, Sweden
Phone: +46 8 546 10 200, fax: +46 8 546 10 211
www.intrum.com, info@intrum.com

Fair Pay Web now open to debtors

Intrum Justitia's debtors will now find it far easier to settle their debts by accessing the online Fair Pay Web tool.

The new web service is a pan-Nordic project, which Sweden became the first to launch in February. Next on the list is Finland, followed by Norway and Denmark. Increased accessibility are the key words.

"There are interactive customer websites in both Holland and Belgium. Hopefully, this project will work out so that other countries will follow the lead," says Christina Nilsson, responsible for the new web service.

A debtor has his or her own personal page, accessible 24 hours a day, where current debts are listed.

"The debtor proposes an amount, the desired payment interval and a date for settlement to start. The application is reviewed by a collection agent, who hopefully approves it and sends a confirmation."

Every collection letter provides an individual code and password, which is used to log in to the customer web page. Even those who have an older collection letter lacking login information, can easily order it from Intrum Justitia.

"Security is very high and no-one other than the actual debtor can see his or her details," says Nilsson.

Photo: Roger Schmidt

For the global Oettinger Davidoff Group late payments and bad debts are serious issues. Oliver Lindemann, Cash Manager, explains globalization's impact on credit management and how a reliable agent network lessens the burden.

The Swiss company has clear, well-defined and strict payment terms yet these terms also differ depending on the product in question – for example, a four-day credit period applies in its cigarette wholesale division – and the target market. "We have to differentiate between the local and export markets which are completely different. However, we work with a strong network of overseas agents who control the local invoices so we do not suffer directly from payment problems," says Oliver Lindemann.

While the European market is considered to be quite homogenous, emerging and less developed, markets pose a greater challenge as business grows more global. Despite offering vast business opportunities, these markets also involve risk. The group recently added an agent in Russia. "When developing new markets, as we did in Russia, we are very cautious and insist on advance payments. After three years we review the situation with the agent or supplier and, if satisfied, we switch to an invoice system with normal 30-day credit terms," Lindemann explains.

"It is in our best interests to help out a little if an agent runs into trouble."

"You should never overestimate the importance of having reliable agents if you want to be successful in such markets," he says. "While it's the agent's responsibility with their local market knowledge to find reliable customers, it's in our interests to help out if an agent runs into trouble."

Understanding the local market is a fundamental principle not to be overlooked. This applies to customer-specific information as well as general information on the business culture, key players and legislation. Knowing, for example, that in India it is necessary to go through the banks for accreditation, or that in the US it is more common to pay with checks than by wiring transfers as is the norm in Europe, are key details.

Lindemann says the emergence of companies providing reliable details on customer creditworthiness in local and export markets, has greatly improved the credit management process, accelerated by the development of the internet. "This information is now available online and is easy, quick and useful when conducting a background check on a potential customer. In local markets, this information is very reliable, but for export and emerging markets it can lose some of its quality," he adds. He believes that these information companies will offer more export market information in the future, in line with the growing globalization.

Regarding developments in Europe, Lindemann says all the hard work introducing the IBAN procedure to standardize and speed up payments in the EU is paying off. "It will make life a lot easier for cross-border payments but it was a lot of work to get all the correct supplier information." He believes European regulatory bodies will play a major role in helping out with similar initiatives. "They need to help us ensure fast payments with acceptable fees become the norm so that companies get their payment justice across borders," he says. "However, it is somewhat of a Catch 22 situation as too many regulations can also hinder payments. If you have to do a mountain of paperwork for every single payment, then it gets too expensive."

Alannah Eames

"You should never over-estimate the importance of having reliable agents," says Oliver Lindemann, Cash Manager, Oettinger Davidoff Group.

A nose for the local market

Claudia, Holly, Charlotte and Abi all have different ways of keeping track on what they spend.

Helping young consumers

How the EU can provide young consumers in Europe with better financial knowledge.

Young consumers in particular have only vague ideas about what things really cost as they spend their money. The result is that a growing number get calls from debt collection agencies about unpaid bills. In Sweden, where as many as one third of all consumers in the 15 – 25 age group receive such payment reminders, private economy advisors have called for financial education to help consumers make the right choices.

Now the European Union is coming to their help.

At an EU conference in late March 2007 to raise awareness of the need to provide high-quality financial education to consumers, Internal Market Commissioner Charlie McCreevy spoke of the "glaring knowledge deficit among consumers and investors on financial matters".

McCreevy emphasized that financial education would give consumers the knowledge they need about mortgages, credit and debt handling, and also long-term savings and pension provision.

Consumer Protection Commissioner Meglena Kuneva pointed out that one way to empower consumers would be to increase their financial capability, and give them more confidence in their ability to utilise financial services.

Kuneva highlighted the complexity in educating consumers in financial services if they have difficulty reading or performing simple calculations. Even well educated citizens can have problems with financial terminology and calculations. One way to protect consumers effectively would be to provide them with the right pre-contractual information, she suggested. "Good, clear understandable information can help a capable consumer make the right decisions between competing products."

Citigroup's Dara Duguay noted that before 'financial illiteracy' can be effectively tackled the problem must be generally recognized. For example, it is also becoming increasingly clear that consumers' spending is seldom balanced by personal savings.

Many EU member states have launched programs – primarily for schools, universities and teachers, as well as website and print publications – with advice and tips on making good sound financial choices.

The EU Commission has equally been active. One of its initiatives includes web-based consumer education tools targeted at trainers and others in consumer's education as well as the 'informed' consumer.

The first modules tackle:

- Basic consumer rights, the advantages of the Internal Market and redress possibilities in case of problems
- Financial services (comparing prices, asset allocation, understanding products and services, etc)

Each topic has been developed at three different levels:

- Basic, adult equivalent to the end of primary school
- Intermediate, adult equivalent to compulsory school leaving (typically age 16)
- Advanced, equivalent to entry to higher education

More information on this at: www.dolceta.eu

Another EU initiative involves the 'Europa Diary' aimed at informing young people of their rights, increasing their awareness and enabling them to make more informed consumer's decisions. The 'Europa Diary', designed in 20 languages, is distributed free-of-charge to schools, together with a teacher's kit to provide an additional teaching resource.

The Commission has also engaged in examining if the pre-contractual requirements in various EU directives and regulations contained too little information, too much, or if those requirements were at all understood by consumers.

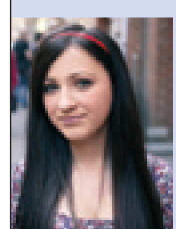
The Commission has now launched a 'focus group' to better understand how wide the gap is between what consumers know and do not know in the financial area, and on that basis propose new EU initiatives. In order to get to an overview of what financial education is available in the member states, the Commission has contracted a study to map out the various schemes. "We look forward to seeing this overall picture when the report is ready by September 2007", McCreevy said.

Leif Hallberg and Pia Skaerbak

Do you keep tabs on what you owe?

Abi Fielder, age 13, Brentwood, UK
"I'm cautious about how I spend my money. If I use a card, I always make sure there's money in the account. My mobile is on a fixed monthly contract of around 20 pounds. Occasionally I buy stuff on the Internet, but make sure I read the small print carefully."

Charlotte King, age 14, Brentwood, UK
"I have a top-up mobile and 20 pounds lasts over amonth, so I'm not worried about bills. I have a Solo debit card, which I can get cash out on, so I don't buy a lot of stuff. I'm pretty orderly."



Claudia Burelli, age 14, Essex, UK
"I have a debit Solo card and when I took Holy Communion I got 800 pounds as a present. But then I bought lots of Christmas presents over the Internet and many proved more expensive than I'd anticipated due to extra shipping costs. I lost control and by Xmas I was down to 20 pounds."

Holly Tremain, age 14, Essex, UK
"My mobile has automatic top-up through the Virgin network and costs 10 pounds a month, which is fine for me. I only buy clothes twice a year, in the autumn and spring, never in-between. So, yes, I keep tabs on my money."

Photo: Frida Hedberg

Sender:
Intrum Justitia AB
SE-105 24 Stockholm
Sweden

Why credit management pays off

Is it critical for my business area? Do I need external help? What help can I get? There are many questions about credit management. Intrum Justitia's CEO Michael Wolf provides some answers.

Why should every company ensure it has professional credit management?
"European business and official bodies lose around EUR 25 billion ever year because they are obliged to finance unnecessary credits. It is late paying customers who put the company they are buying from at risk of suffering liquidity problems and in some case going bankrupt."

What is Intrum Justitia's position in the marketplace?
"Intrum Justitia has extensive experience of every area of credit management, from credit information and invoicing via collection through collecting assets that have been written off. We are in 24 markets – and have partners in 160 countries outside Europe – which means we can offer our 90,000 customers help in reducing risks related to credit sales, regardless of where their customer is in the world."

How do you work with expired credits?
"Every day we are in touch with thousands of consumers discussing their financial responsibilities. We send SMS's, we telephone and talk to them, we send and receive letters – in short, we know how Europe's credit market is evolving. We use the information and experience gained from all this contact partly to be better in the way we inter-relate with consumers, and partly to help our customers in their sales processes. With up to date and comprehensive credit data they are able to reach credit decisions and offer the right range of credits."

Isn't it risky to outsource such an important area?
"We have huge respect for the fact that contracting out such a key process is a major decision for many companies and must be carefully thought through. Therefore, we have invested substantially in training specialists who really understand both the needs of the customer as well as the wishes and conditions of the consumers."

What is the impact on the other business processes of my company?
"Intrum Justitia can increase the efficiency of a customers own systems and processes, above all customer care, credit and accounts ledger systems. By linking these with Intrum Justitia's own comprehensive credit information database we can lift the efficiency of a customer's processes step by step."