



Introduction

The recent recession has produced a turbulent economic environment, affecting individuals and corporate Britain in equal measure. The non stop growth of the credit culture has had significant impact on individuals, leading to mortgage defaults, reduced spending on the high street and a general tightening of the belt. Business is no different with banks being unwilling to provide loans to invest in new opportunities and also no extension of overdrafts.

The natural credit in the supply chain has therefore become even more important with businesses extending credit terms and delaying payments to offset the corresponding pressures on their own budgetary constraints. This fragility in the credit market has led businesses to an increased awareness of the credit worthiness and general financial health of its client base.

Credit rating and data providers are set to play an increasing role in helping businesses to stay abreast of their client's financial health, manage their debtor situation and be aware of any impending insolvency. Many providers of such data now provide an ongoing service to alert of any activities that are likely to affect the credit worthiness of their clients, e.g. CCJ issued, new accounts filed, in addition to providing risk/delinquency scores and offering recommended credit limits. This supplements the traditional credit check/report process which still plays a major role in checking process of new or prospective clients.

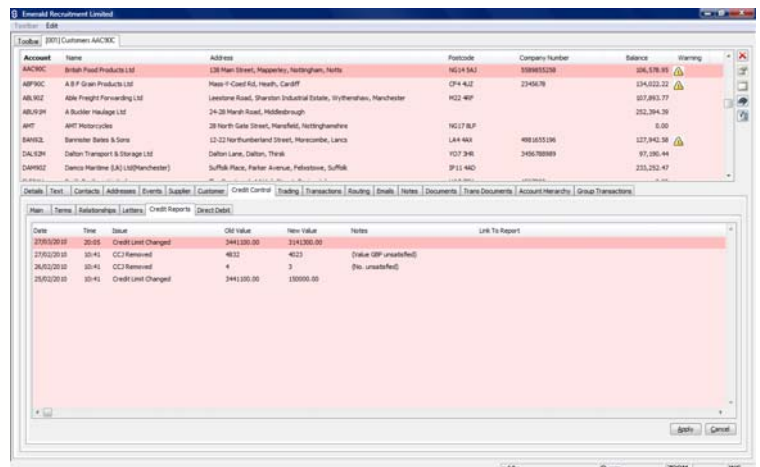
Given the recession, you would expect the popularity of credit insurance to have increased, however, the cost of this service has also increased and hence its take up has remained static. What has changed however, is the credit insurance companies insistence of being kept informed of any changes to your clients trading experiences that may influence their willingness to cover the debt.

In the case of credit rating and insurance solutions, the manual effort involved in acquiring and processing the data is significant and the island of information gleaned is more often than not, disparate to the commercial business solutions in place. By easing the manual processes required and integrating such solutions with the finance systems, there is an opportunity to increase efficiency, reduce costs and drive down poor credit performance.

Credit rating, what's the score?

There are many excellent providers of risk management data including D&B, Equifax, N2, Credit Scorer and Credit Safe to name a few. The format of the information provided varies in each case, but the content is more or less consistent, detailing the following key occurrences:

- county court judgements (CCJs) added or removed
- new recommended credit limits
- new accounts filed
- change in delinquency or risk score
- change in net worth
- insolvency information detected
- change in number of employees



Utilising the above data, enables a business to determine the score for each of their clients, whether by setting a risk category or credit limit of maybe both. But how do you make these changes filter through to your systems? It's great to know the score, but are you winning or losing?

About Safe Credit Control

Safe Credit Control takes the data provided by your credit rating agency and interprets it according to your rules. The resultant information is recorded against each client's record and most importantly will alert the credit control team to action events based in the defined workflow rules.



Product bulletin

Credit rating, what's the score?

Rules for each reported incident may lead to the event being actioned or ignored based on tolerance levels that are defined. A common example being a change in credit limit; if the change from previous to new value is an increase or decrease that exceeds a set value, then an alert is raised.

Generated alerts manifest themselves as events in the relevant credit controller's workflow and may also option generate automated emails to the credit controller, the client themselves or any other related individual. The content of each email is built using a definable series of insertion tags, for example name, address, credit limit.

In certain cases, additional system data is updated as a result of a credit report. Recommended changes to credit limits may be stored as a recommended limit against each client and therefore not overwriting the actual client credit limit. Reports and alerts may be generated on both the actual and recommended credit limit.

To use a term from the football terraces, you need to shoot to score, so why not take a closer look at the fantastic credit control and query management software from Safe. Integration with credit rating solutions are a winning partnership and will actively help your team to manage debtors more effectively.

Contact us

For further details on Safe Financials and Safe Credit Control, please email info@safecomputing.co.uk or visit our website at www.safecomputing.co.uk.