

The Biz

Credit & Collection News from Caine & Weiner

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U.S economy continues upward trend Optimism prevalent at NACM's 117th Credit Congress & Exposition

Las Vegas, NV—"A sense of optimism about the economy was prevalent at NACM's Credit Congress held this year in Las Vegas," said Brad Schaffer, Caine & Weiner's Senior Vice President-Client Services, "Many of the credit and collection professionals who visited our exhibitors' booth and attended our co-hosted hospitality suite expressed hopefulness and confidence about the positive direction of the U.S economy and the bright outlook for the future."

Because the extension or reduction of commercial credit is generally regarded as a bellwether to predict the direction of the economy, credit professionals have a pretty good sense of what's in store for the economy before the public at large.

"The upbeat outlook about the economy was noticeably different at this year's event as compared with the last few conferences," said Schaffer.

With sales rebounding in the U.S. housing industry, increased employment opportunities and a sustained uptick on Wall Street, many



Credit Congress attendees enjoyed the opportunity to socialize at the hospitality suite at the Rio Hotel co-hosted by Caine & Weiner and NACM Connect

analysts and credit professionals now agree the recession, which has plagued the country since 2008, is now winding down.

As an active player in the credit and collection industry and alliance partner with NACM Connect, Caine & Weiner takes an active role each year supporting the annual Credit Congress which is the industry's largest gathering of credit professionals.

Four months after sequester, the economy continues to improve

By Gene Marks
Inc.

Despite all the dire predictions and gloomy forecasts, federal spending cuts that went into effect March 1 have helped the economy. Here's why.

Ask any business owner how the economy is doing and you'll probably hear, "not bad." Especially over the past few months.

The construction industry is certainly recovering: housing starts were up 6.8 percent in May, builder confidence reached its highest level since 2006, and mortgage applications continue to rise.

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Are Credit Unions saying no to more small businesses?

By Patrick Clark
Bloomberg News

During the Great Recession, banks battered by the financial crisis lent less to small businesses. Credit unions picked up some of the slack, using comparatively strong financial health to fill the demand for small business loans. By one measure, that trend has been reversing: Biz2Credit's Small Business Lending Index shows approval rates at credit unions have been falling steadily, while big banks appear to be loosening standards for small business loans.

Biz2Credit compiles its monthly index from 1,000 small business loan applications made over its online platform, with amounts ranging from \$25,000 to \$3 million. Credit union approval rates have fallen each month over the past year, according to the index, declining to 45 percent last month, from 57 percent in May 2012. Approval rates at big banks increased to 17 percent from 10 percent over the same period.

There are two main explanations for those shifts, says Rohit Arora, chief executive of Biz2Credit. As big banks make more loans, they're shrinking the pool of high-quality applicants that credit unions might lend to. (Banks can be more attractive to borrowers

because they're often able to make loans more quickly than credit unions, according to Arora).



For another thing, credit unions that increased small business lending during the recession have been less aggressive about building commercial loan books, Arora says. One reason: federal law caps credit unions' business lending at 12.25 percent of total assets. As any given credit union approaches that limit, it's likely to become choosier about the business loans it makes. (Credit unions have been lobbying Congress to raise the cap. Earlier this year, the American Eagle Federal Credit Union of

Hartford, Conn., said it was winding down its business lending operation rather than risk hitting the limit.)

Bill Hampel, chief economist at the Credit Union National Association, which lobbies for the industry, questioned whether the Biz2Credit index reflected the true state of credit union lending. "A lot of small business lending is relationship-based and requires local knowledge," he says, noting that Biz2Credit's online platform might not offer a fully representative sample of credit union loan applications. While credit unions don't report approval rates, says Hampel, data published by the National Credit Union Administration show that credit unions made \$3.9 billion in business loans in the first quarter of 2013, up from \$3.1 billion in same quarter a year ago.

Hampel did concede that "approval rates might have been higher" during the recession, when credit unions were expanding their business lending books, and bank lending to small businesses was on the wane.

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Competition is heating up in mobile payment system industry

By Adolfo Flores
Los Angeles Times

Forget ka-ching. Its all tap-tap these days.

Restaurants and shop owners fed up with antiquated cash registers and expensive credit card terminals are switching to cheaper devices that plug into smartphones and tablets. And companies such as PayPal, Square Inc. and Groupon Inc. are rushing to meet them, developing sleeker stands to mount tablets running their software or hooking up with existing systems.

The shift is happening as mobile

devices permeate every facet of consumers' lives, including the way they shop and pay for everyday items.

There are players of all sizes in the burgeoning mobile payment systems industry, including big U.S. financial institutions such as Bank of America and small start-ups such as Square in San Francisco. It has become a crowded field, and some of the bigger players are expanding their products to set themselves apart.

"It was a very simple solution, which

makes it very difficult to develop differences," said David Kaminsky, senior analyst for emerging technologies at Mercator Advisory Group. "Now you see them trying to expand into these slightly more complex tablet systems."

The standard bearer has been Square, among the first companies to enable credit card payments to be accepted on mobile phones.

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Debt disputes need not be in writing, court determines

By Charisma L. Miller, Esq.
Brooklyn Daily Eagle

The United States 2nd Circuit Court of Appeals, which encompasses New York, has ruled that the Fair Debt Collection Act (FDCA) does not require a notice of a disputed debt to be in writing to be deemed valid.

New York residents Karen Hooks and Geraldine Moore agreed in 2009 to purchase a timeshare from Wyndham, a firm specializing in vacation resorts, not realizing that the document they signed was a mortgage. Neither Hooks nor Moore made any payments toward the mortgaged timeshare.



Wyndham enlisted the services of Forman, Holt, Eliades & Ravin, LLC, a debt collector, to collect on the timeshare debt. Forman Holt sent a notice to Hooks and Moore stating that "unless you notify us in writing within thirty (30) days...that the debt... is disputed we will assume that the debt is valid."

Hooks and Moore filed a lawsuit against Forman Holt, asserting that while the FDCA does require that debtors be notified that they can make a statement disputing the debt, that statement does not need to be in writing, as the letter sent from Forman Holt demanded.

The FDCA requires that notice of a debt sent to a debtor from a creditor or debt collector must contain "a statement that unless the consumer, within thirty days after receipt of the notice, disputes the validity of the debt, or any portion thereof, the debt will be assumed to be valid by the debt collector.

The act also states that in order for a creditor to be required to "cease collection of a debt," the debtor must dispute the debt in writing. Reading the two sections of the act as one, Forman Holt argued that in order for a debt to be appropriately disputed, the dispute must be made in writing.

The court disagreed. Handling this issue of the first time, the 2nd Circuit Court of Appeals said that the "right to dispute a debt is the most fundamental" part of the act, so fundamental that it was necessary to "ensure that the right can be exercised by consumer debtors.

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Jim McGee assumes active role in NACM Connect Companies relationship



Caine & Weiner is pleased to announce the appointment of Jim McGee as Assistant Vice President-Client Services.

In his new position Jim will take an active role in the trusted alliance partnership that Caine & Weiner has established with NACM Connect Companies since the relationship began in 2004.

As a highly regarded industry veteran, Jim's 25 year background serving the credit and collection industry well qualifies him to relate to the ongoing challenges faced daily by accounts receivable management professionals in the highly competitive global marketplace. Jim will provide members of the NACM Connect Companies with a dependable and highly knowledgeable source they can turn to for discussing collection strategies and implementing effective collection solutions when first and third party assistance is crucial.

In his spare time Jim enjoys fishing. As a history buff he enjoys reading. He has a son and two daughters and is the proud grandfather of three grandchildren.

Caine & Weiner is pleased to have Jim on the executive team.



Americans were much more charitable last year

By Angela Johnson
CNMoney

Lackluster economic growth and stubbornly high unemployment didn't stop Americans from being generous in 2012, according to a report on charitable contributions released this week.

Donations for everything from disaster relief to animal rescue totaled an estimated \$316.2 billion in 2012, up 3.5% from the previous year, according to the Giving USA foundation and Indiana University's Lilly Family School

of Philanthropy. "Historically, giving is a lagging indicator of the economy," said Heisman. "The positive data in Giving USA's report indicates Americans may be feeling more confident about the global economy."

Giving by individual donors climbed almost 4% to \$228.9 billion, while corporate donations rose by 12.2% to \$18.2 billion, the report said.

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The Biz

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Caine & Weiner—Since 1930, the world-class accounts receivable management solution for 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 2,500 clients.

Overhaul efforts in Washington reflect few lessons of housing crisis

By Jesse Eisinger
New York Times

Nearly five years after the government took over the mortgage giants Fannie Mae and Freddie Mac, Congress is slouching toward remaking how Americans buy homes.

Gingerly, Senators Bob Corker, Republican of Tennessee, and Mark R. Warner, Democrat of Virginia, have been working up a bill. Yet it's striking how much the process is being dominated by emotional battles and financial interests.

as well as figuratively, we have the contingent that despises Fannie Mae and Freddie Mac. These people continue, against the evidence, to consider them the central cause of the financial crisis. Their preferred solution is to wipe these companies from the earth and somehow get the government out of housing. The hope is that a thousand flowers will bloom on their graves, as private investors rush in to finance mortgages.

speaking, we are talking left of center—is a group of financiers that favors a plan to bring back Fannie and Freddie. The argument, forwarded by the banker James E. Millstein, who served as the chief restructuring officer in President Obama's Treasury Department, is that they can be fixed.

In the right corner, politically In the left corner—politically

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