

CASIN
PRESENTS

THE GENEVA | PRIVATE CAPITAL | SYMPOSIUM



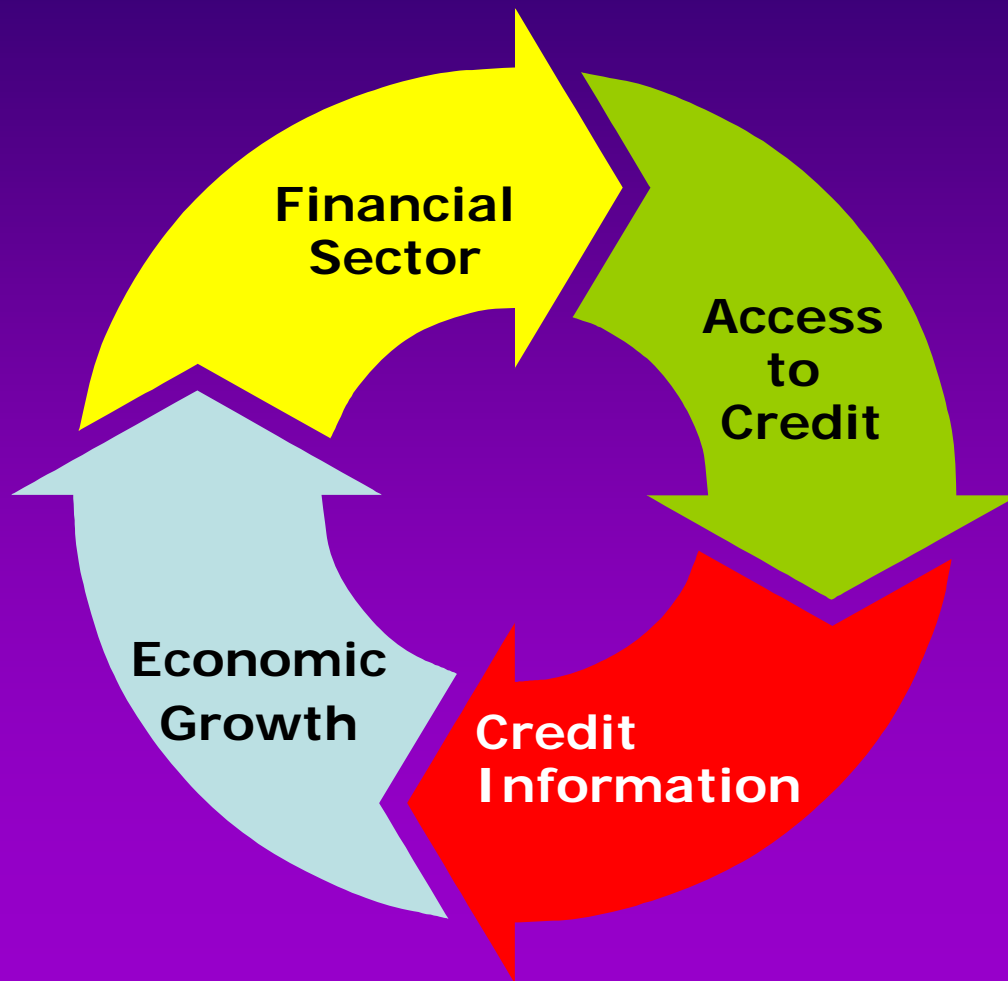
INVESTING PRIVATE CAPITAL IN
EMERGING AND FRONTIER MARKET SMEs
Geneva, September 24th & 25th, 2007

Financial Infrastructure & Risk Mitigation - Commercial Risk Information -

***Presented by Joachim C. Bartels
Managing Director***

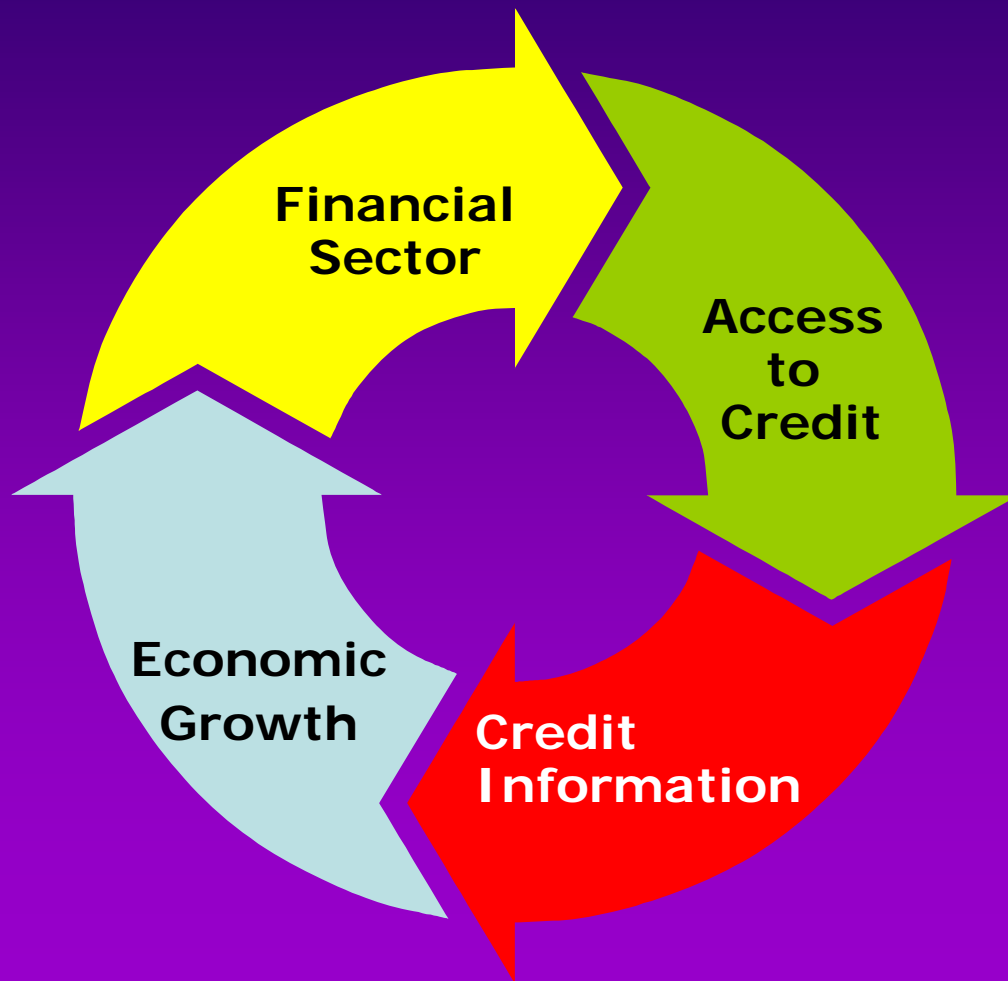
Business Information Industry Association Asia Pacific

FINANCIAL INFRASTRUCTURE & RISK MITIGATION



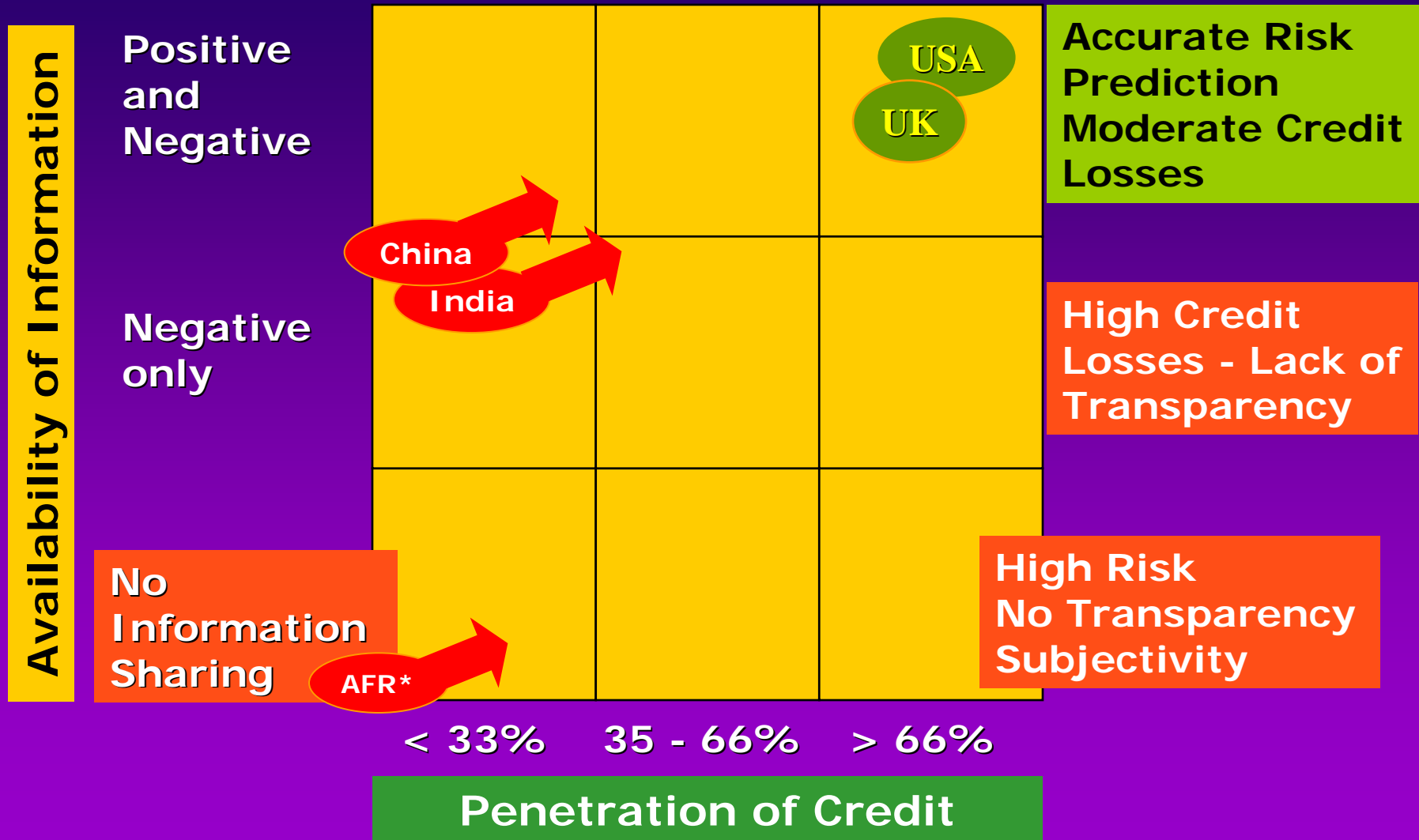
- ***Questions?***
- ***The State of Information***
- ***The SME Dilemma***
- ***Eliminating the Information Deficit***

FINANCIAL INFRASTRUCTURE & RISK MITIGATION



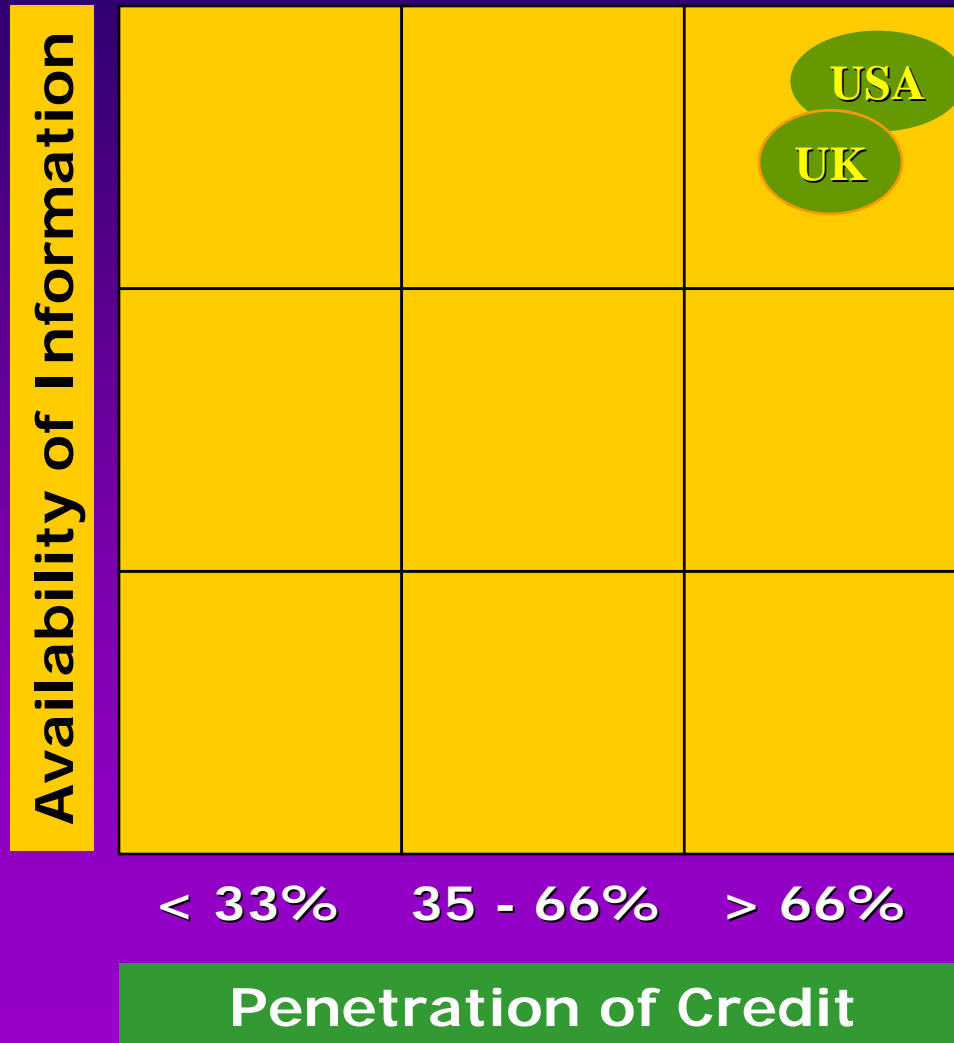
- ***Questions?***

INFORMATION AND CREDIT

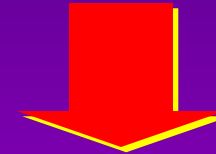


*AFRICA: Excluding South Africa and North African Countries

SUBPRIME CREDIT CRUNCH



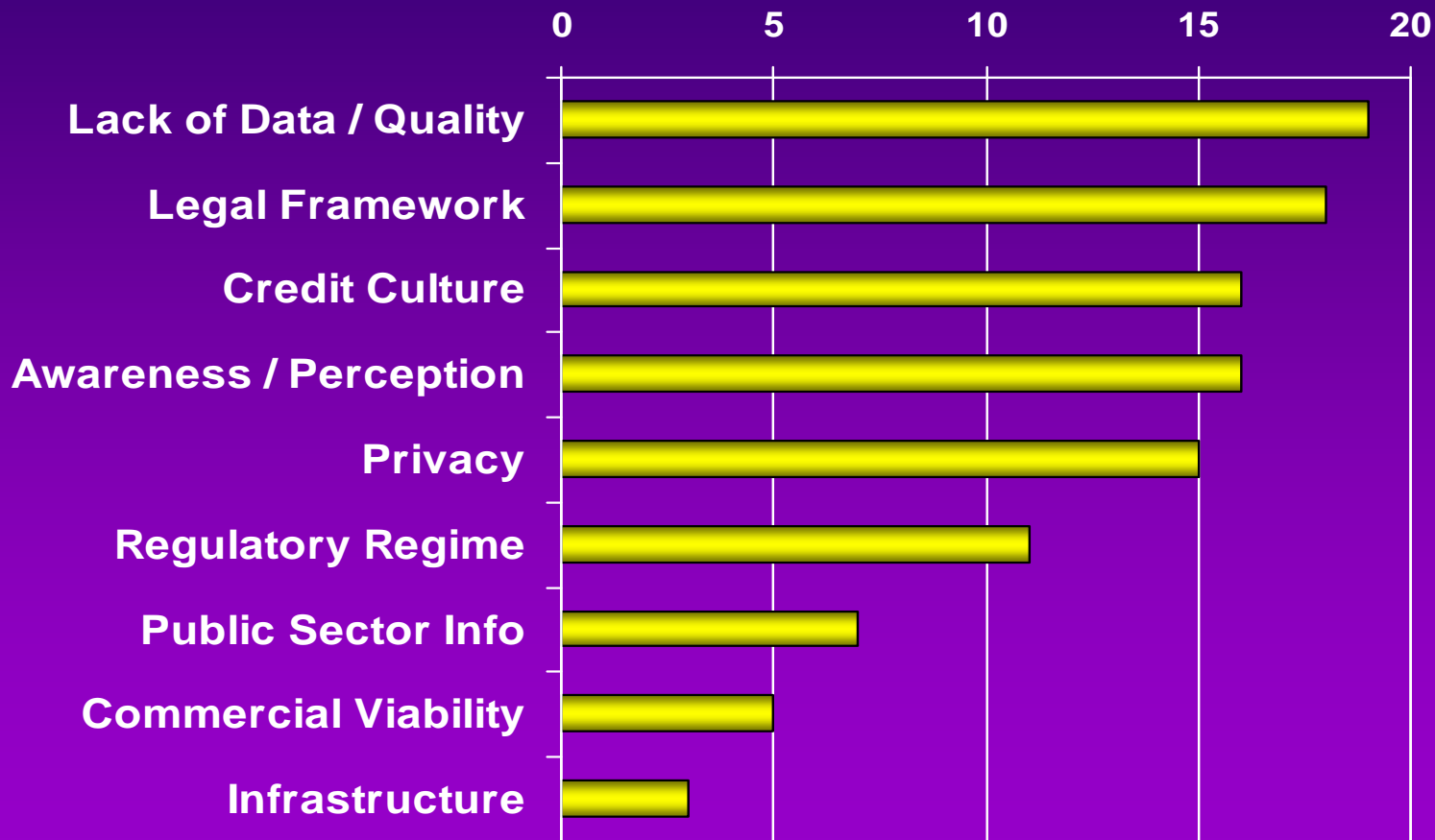
- *State of the Art Risk Assessment & Monitoring*



Information Deficit or Disconnect?

AFRICA - KEY IMPEDIMENTS

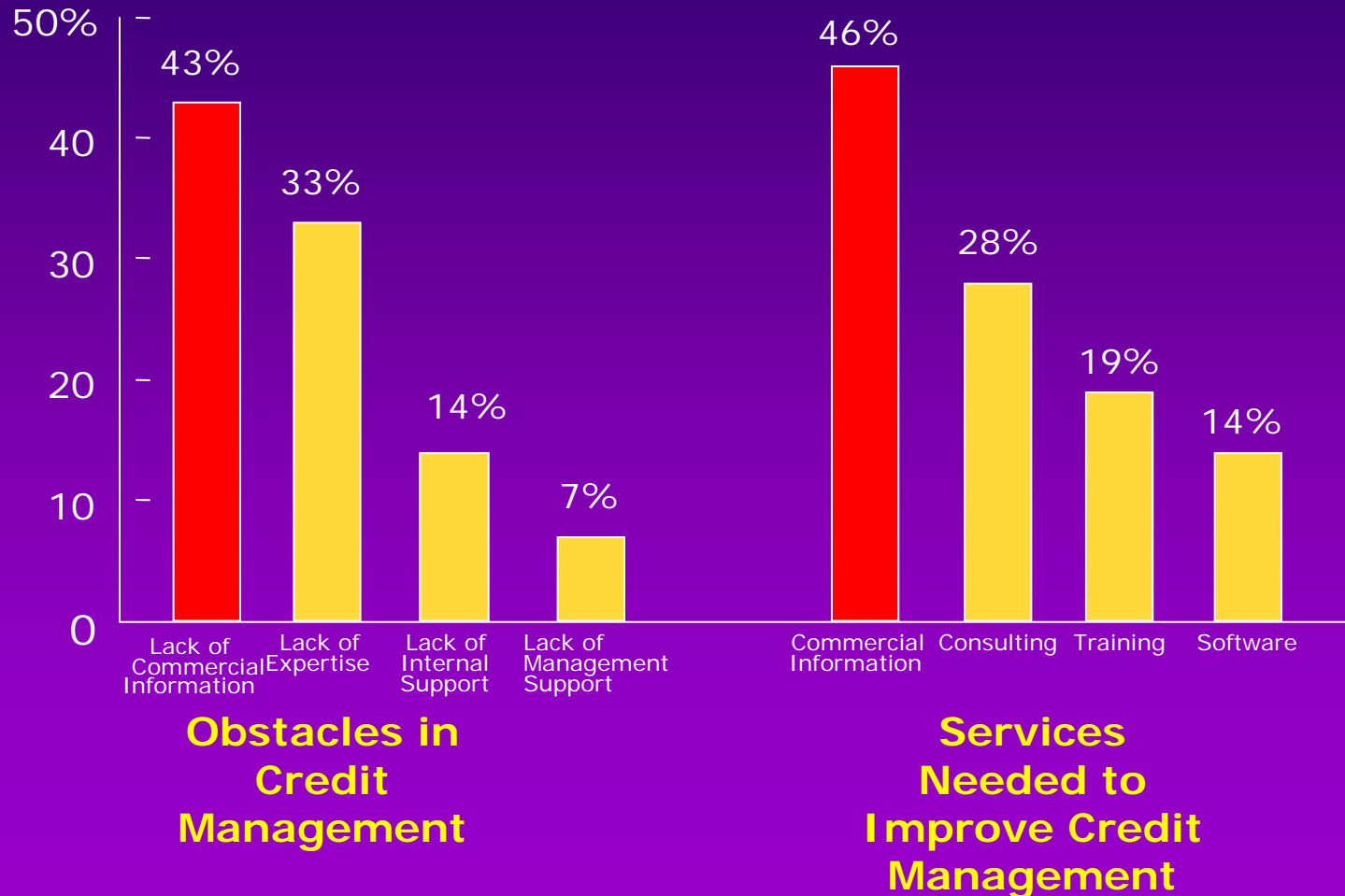
*World Bank Conference on 'Credit Reporting Systems in Africa'
Cape Town, South Africa October 2006*



Importance of Issues Raised

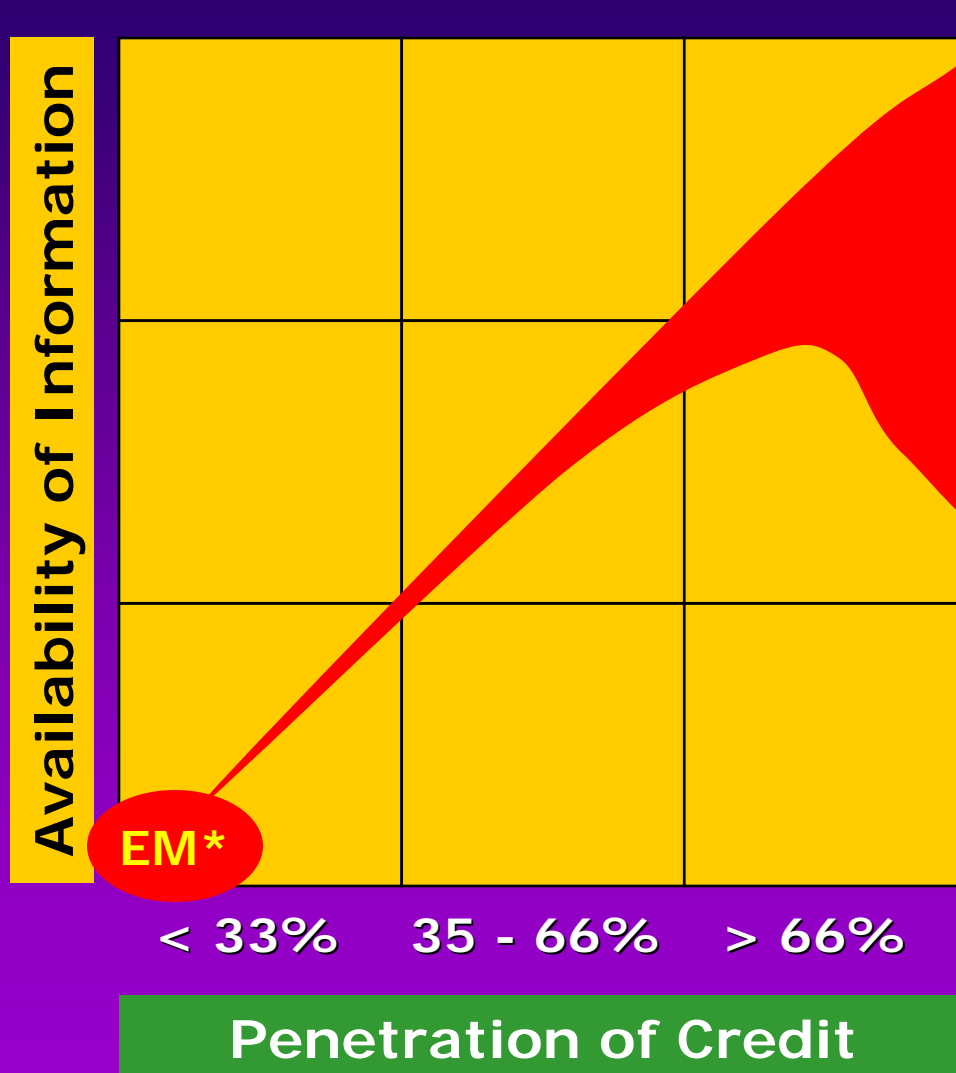
CHINA: LACK OF INFORMATION IS A MAJOR BARRIER TO EXTENSION OF CREDIT

D&B China Domestic Company Interviews

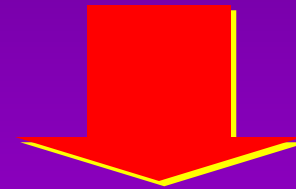


Source: D&B China Domestic Customer Survey, October 2005

SME Lending in Emerging Markets?



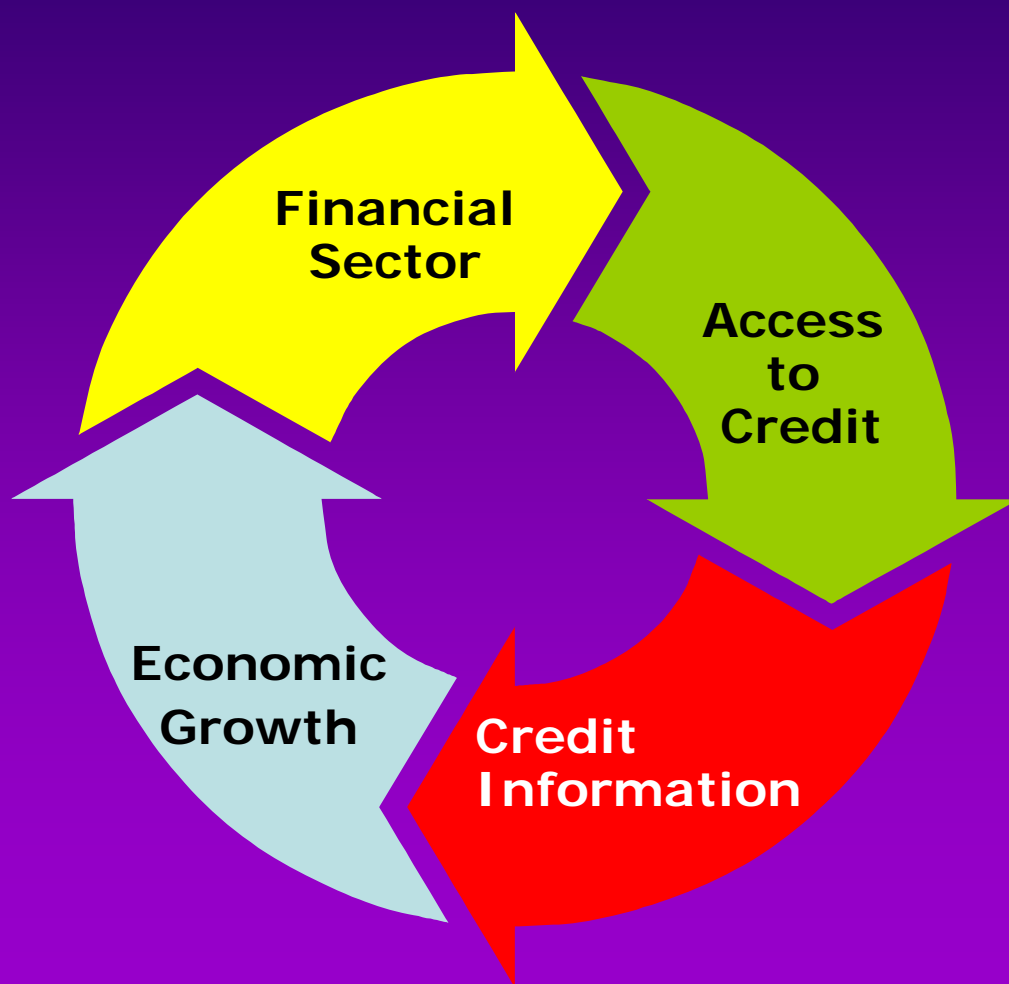
- *High Risk*
- *Lack of Transparency*
- *Subjectivity in Lending*



Why Extending Credit?

* *Emerging Market Countries*

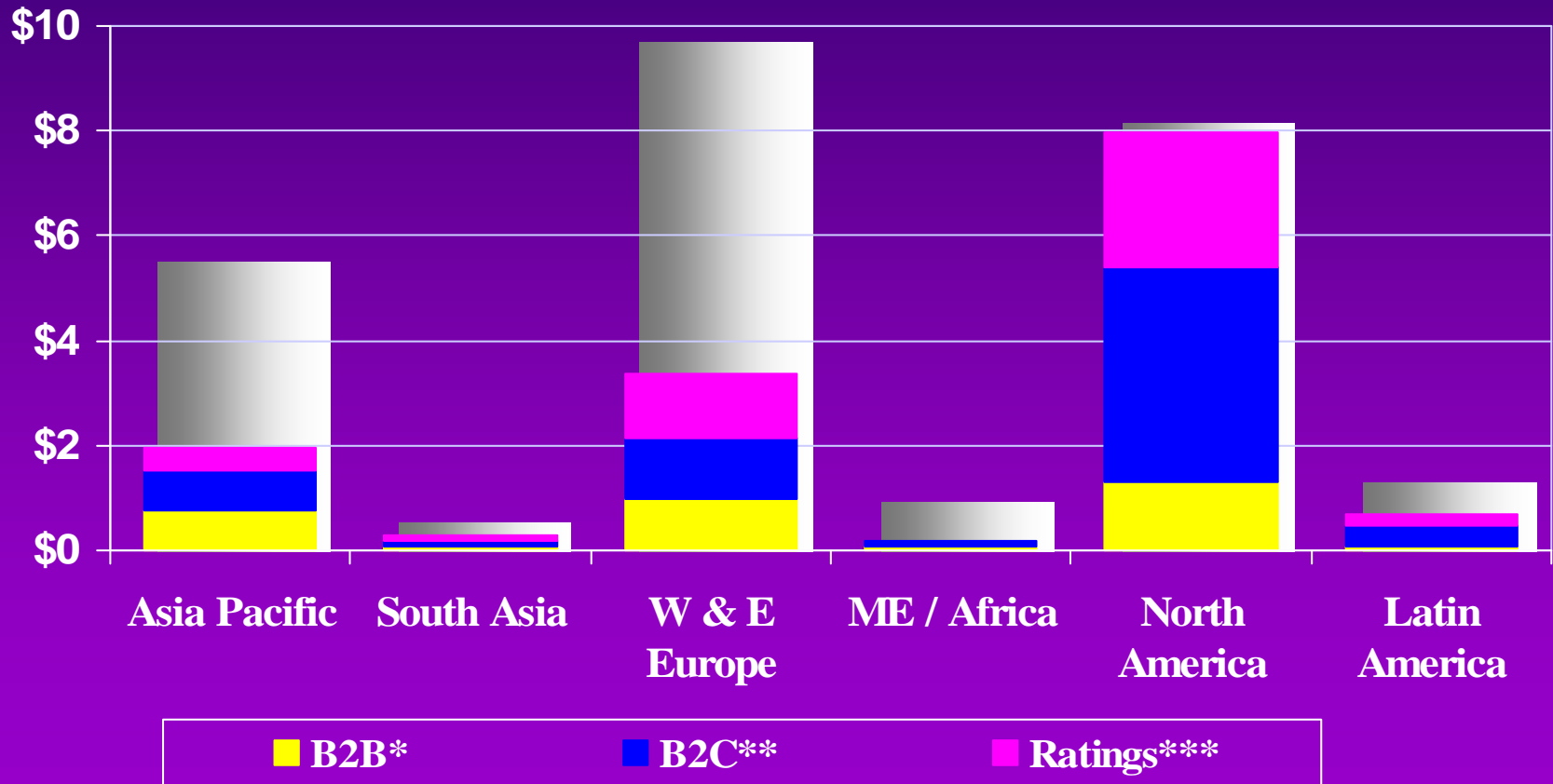
FINANCIAL INFRASTRUCTURE & RISK MITIGATION



- *Questions?*
- ***The State of Information***
 - *Infrastructure*
 - *Attitudes*

ASYMMETRIES IN INFORMATION

*Information Consumption Based on GDP (Benchmark North America)
Current Information Consumption US\$ 14 bn - Potential US 25 bn+*

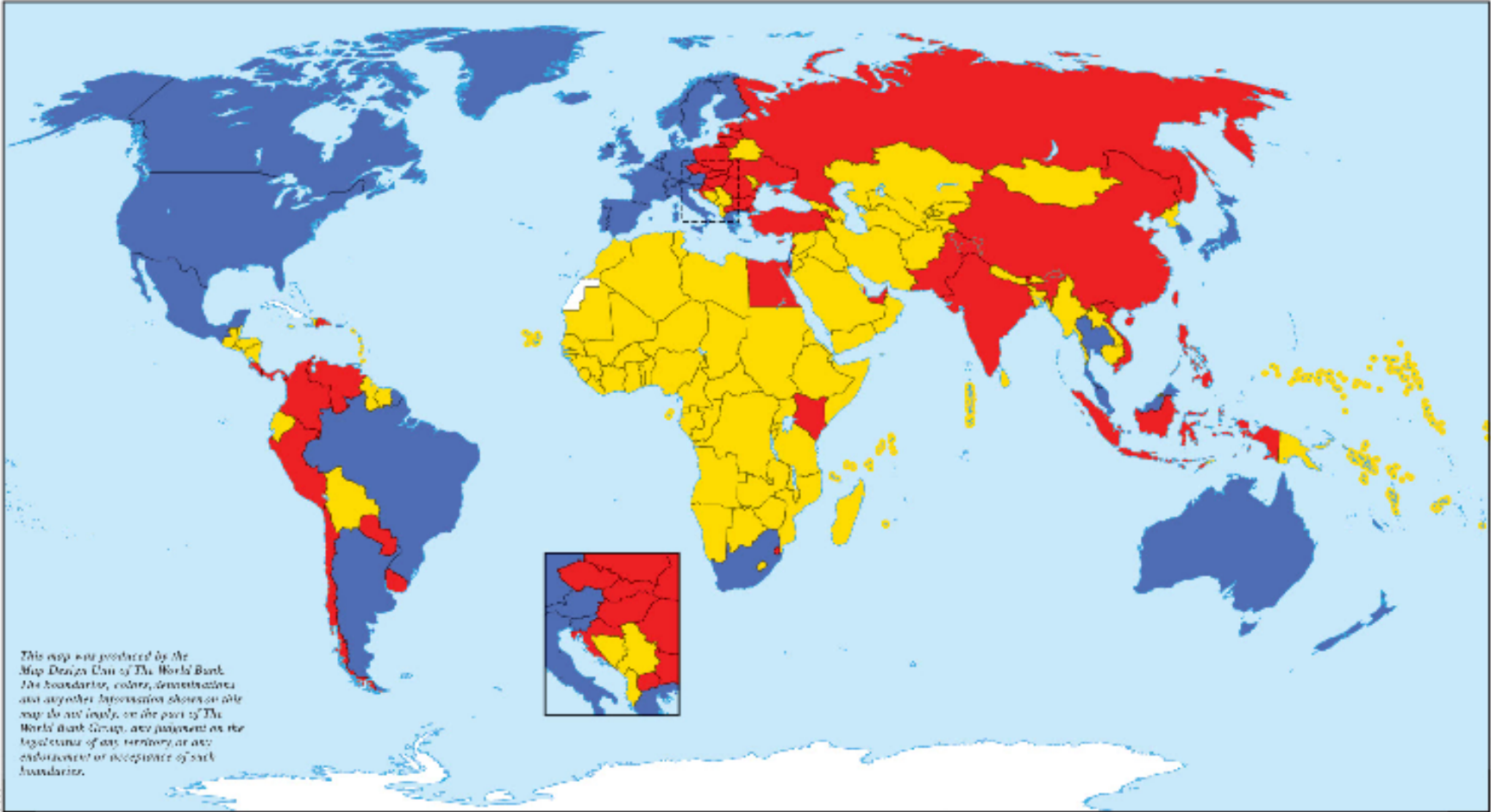


* Business Credit Information ** Consumer Credit Information *** Credit Rating Services

Global Business Credit Information Industry

- SOPHISTICATED CREDIT SOLUTION STAGE
- TRADITIONAL CREDIT REPORTING STAGE
- PASSIVE CORRESPONDANT STAGE

Source: World Bank Survey



10007 08 11

10007 08 11

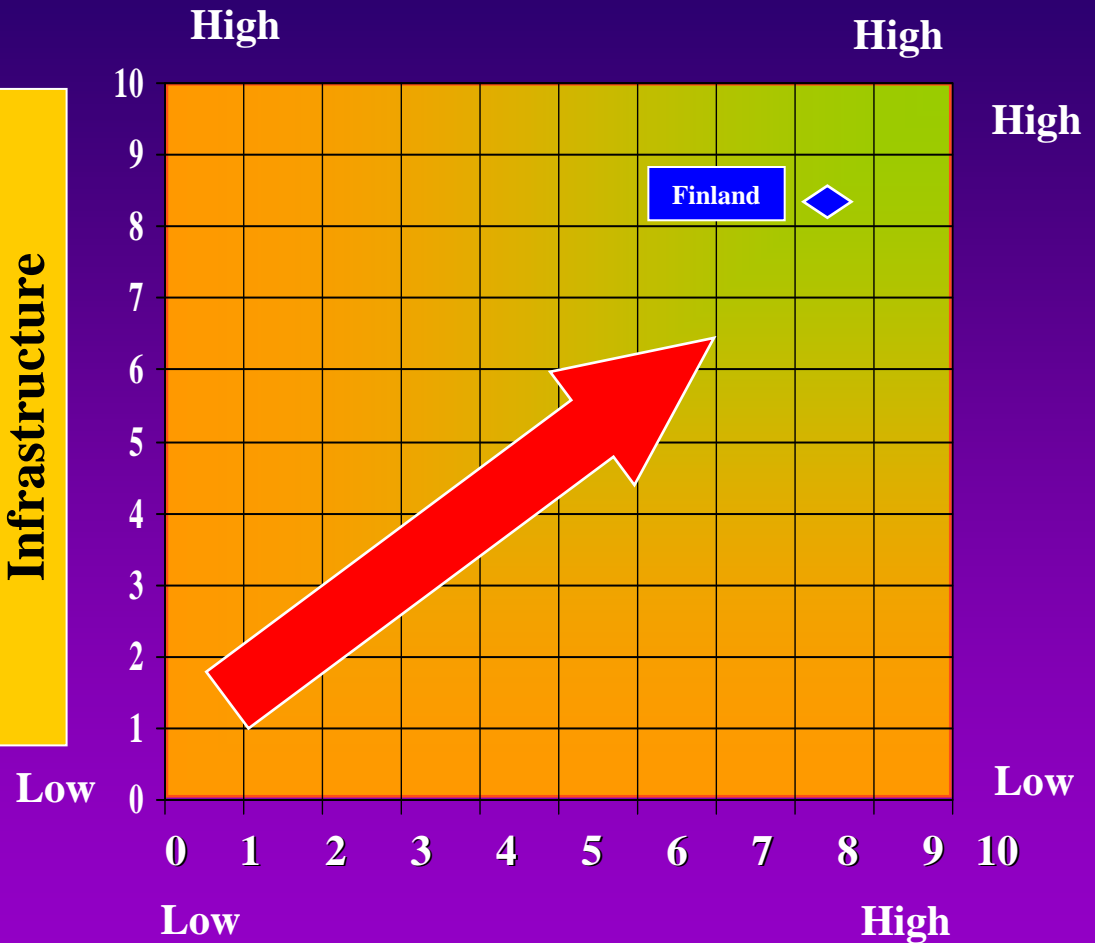
EFFECTIVENESS OF INFORMATION

INFRASTRUCTURE CRITERIA

- GOVERNMENT
- LEGAL
- ICT
- BUSINESS
- CREDIT
- HR Development

IMD Rankings

Sophistication of Country Infrastructure

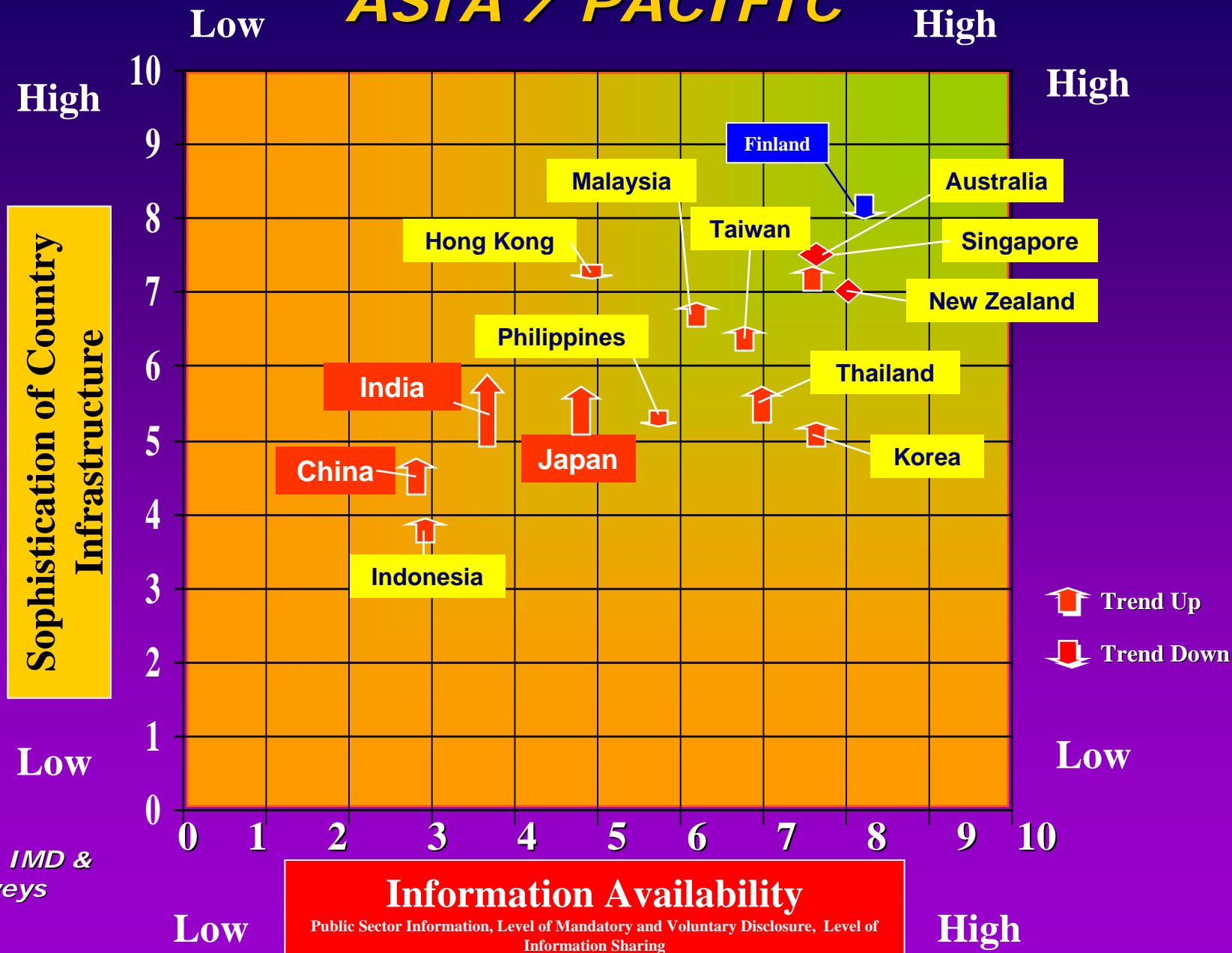


BIIA Surveys

Information Availability

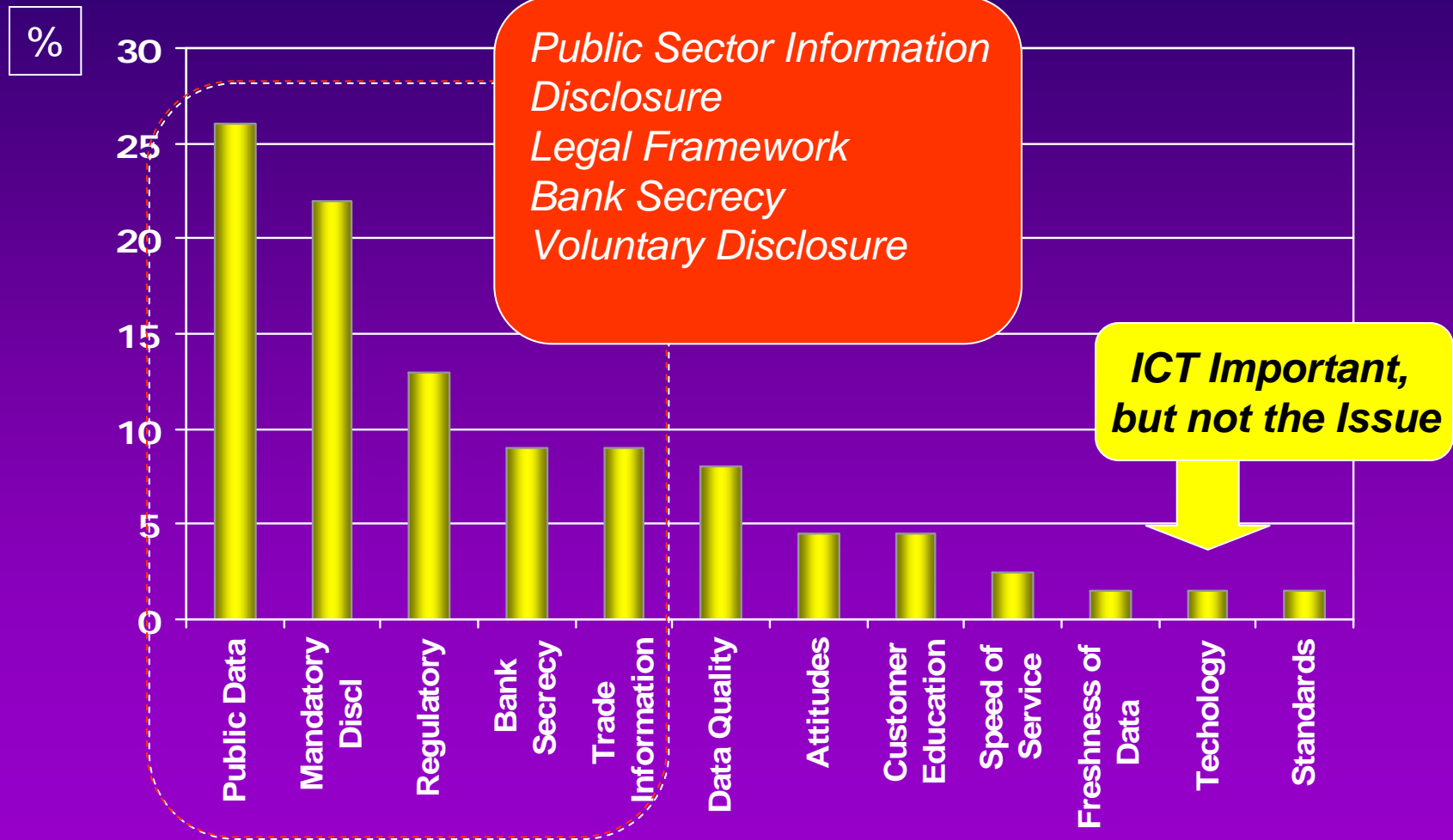
Public Sector Information, Level of Mandatory and Voluntary Disclosure, Level of Information Sharing

ASIA / PACIFIC



Source: IMD & IEI Surveys

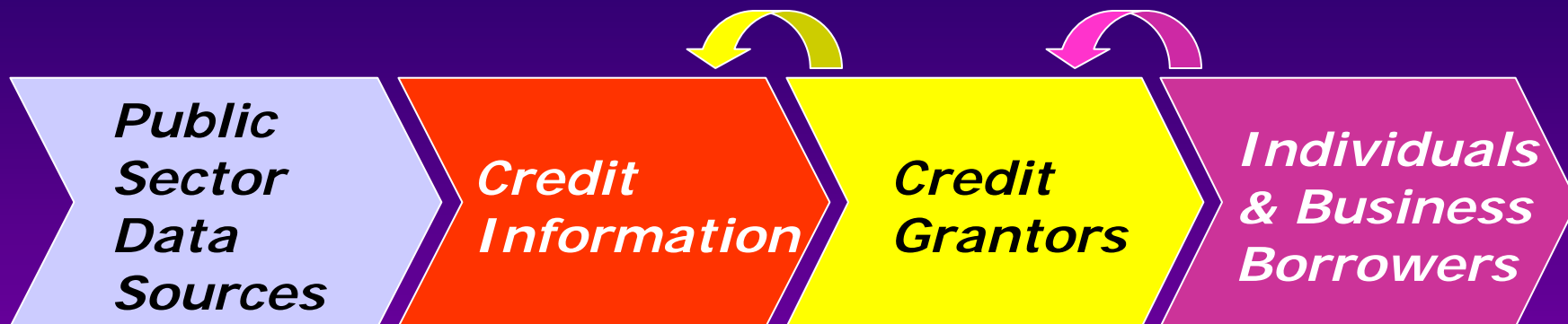
SUCCESS FACTORS – ICT OR INFORMATION?



Source: BIIA & World Bank Survey of Commercial Credit Information 2006

Business Information Industry Association Asia Pacific - All Rights Reserved - www.biaa.com -

VALUE CHAIN IN LENDING / TRADE CREDIT GRANTING & INVESTMENT



THE DIGITAL DIVIDE

**Public
Sector Data
Sources**

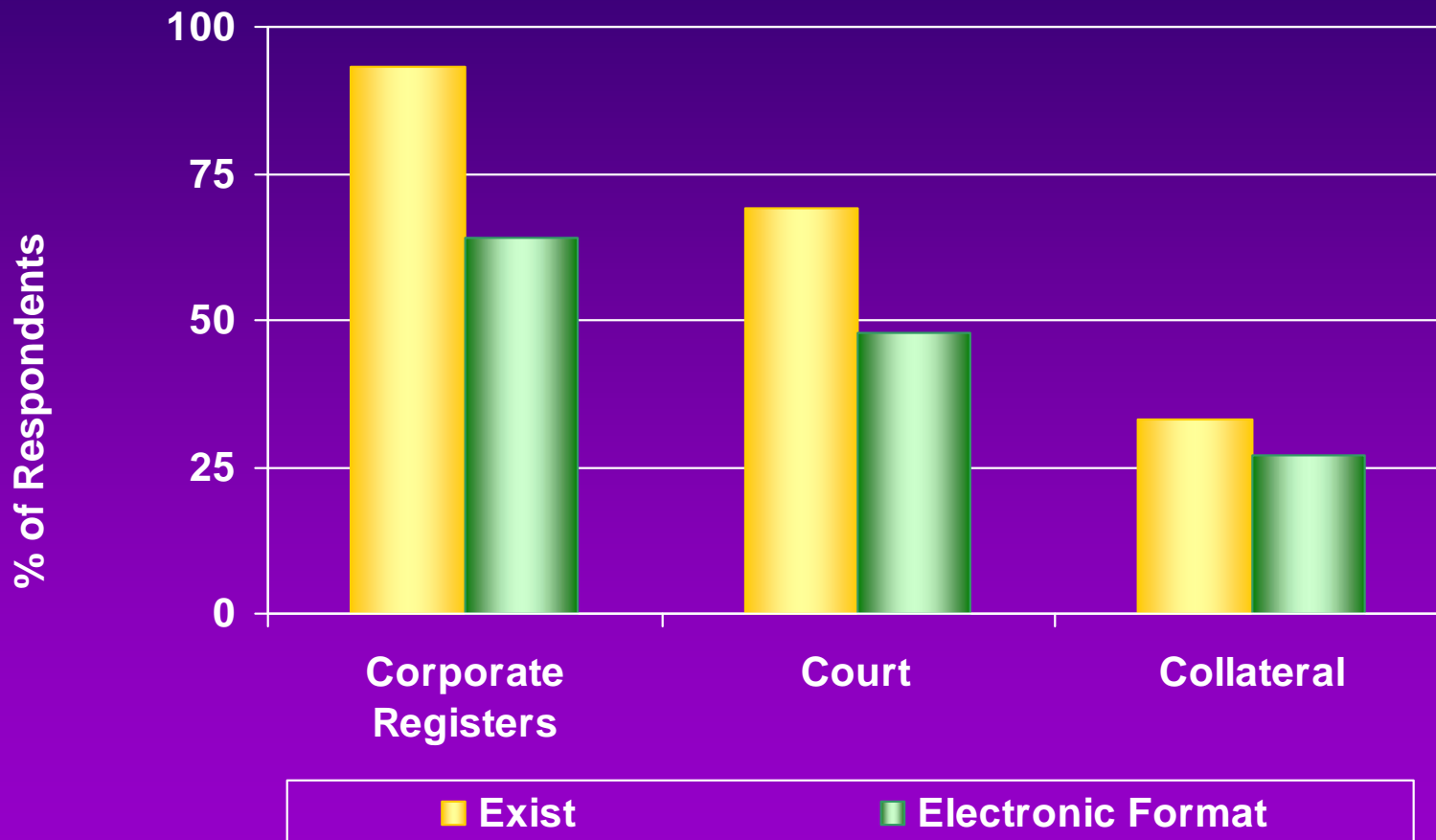
**Private
Sector
Credit
Information**

**Private
Sector
Credit
Grantors**

**Private
Sector
Borrowers**

***Imperfect Information =
Imperfect Decisions
Lack of Economic Development***

DEFICIENCIES IN PUBLIC SECTOR INFORMATION (PSI)



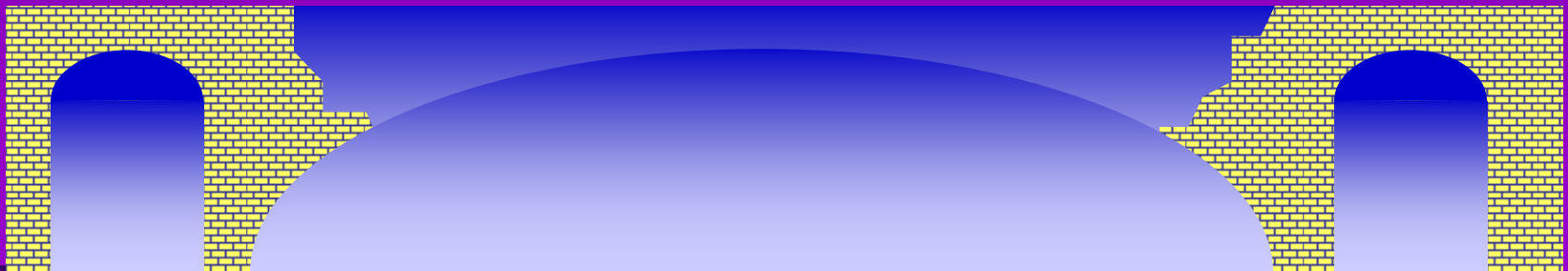
THE IMPERFECT WORLD OF INFORMATION

• Underdeveloped Infrastructures

- Difficult to Access***
- Paper Based***
- Poor Quality – Out of Date***
- Lax Compliance***
- Lack of Legal Framework***

• Attitudes of Businesses

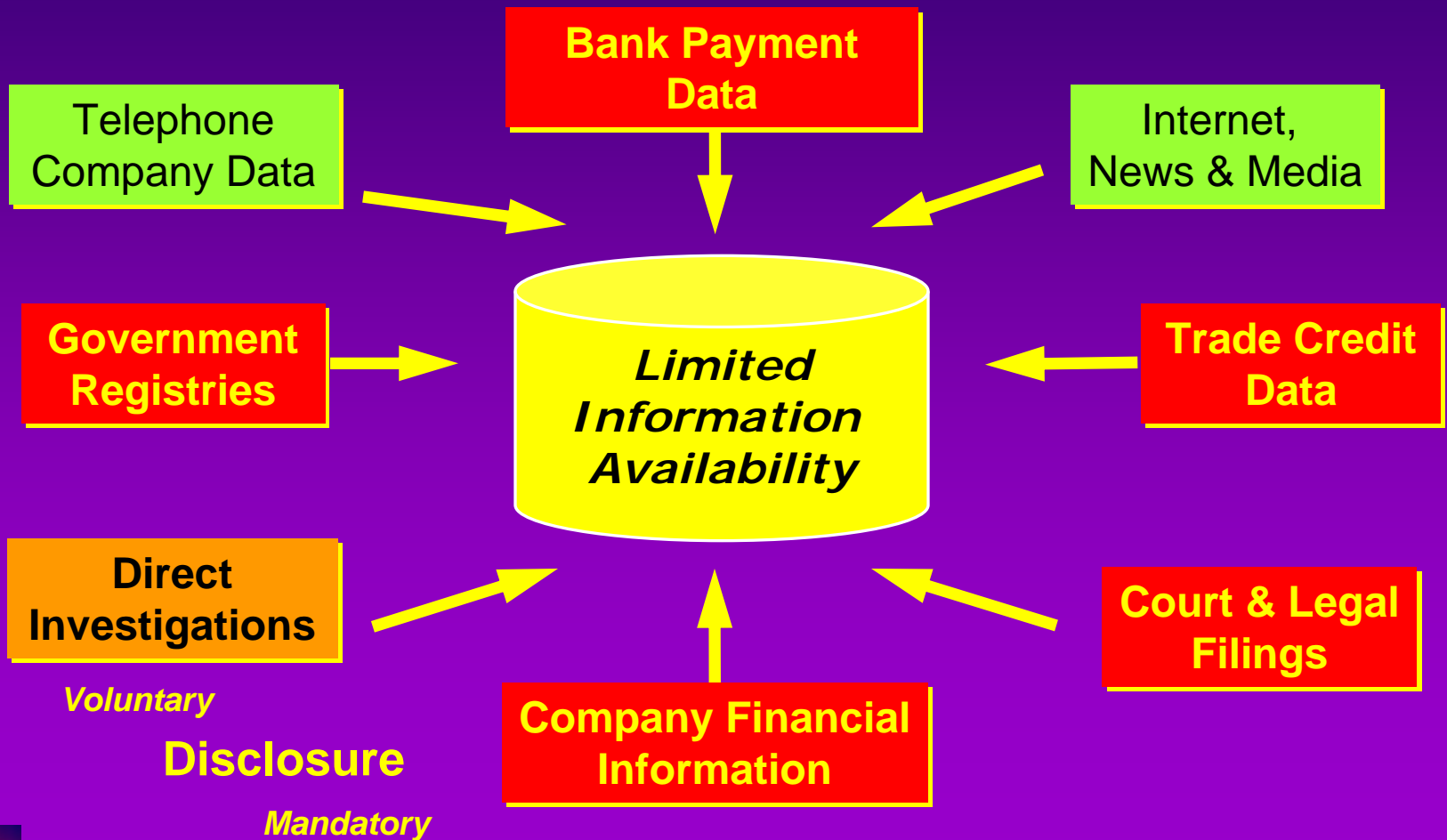
- Information is Secret!***
- Lack of Voluntary and Legal Disclosure***
- No Enforced Compliance***
- Lack of Transparency***



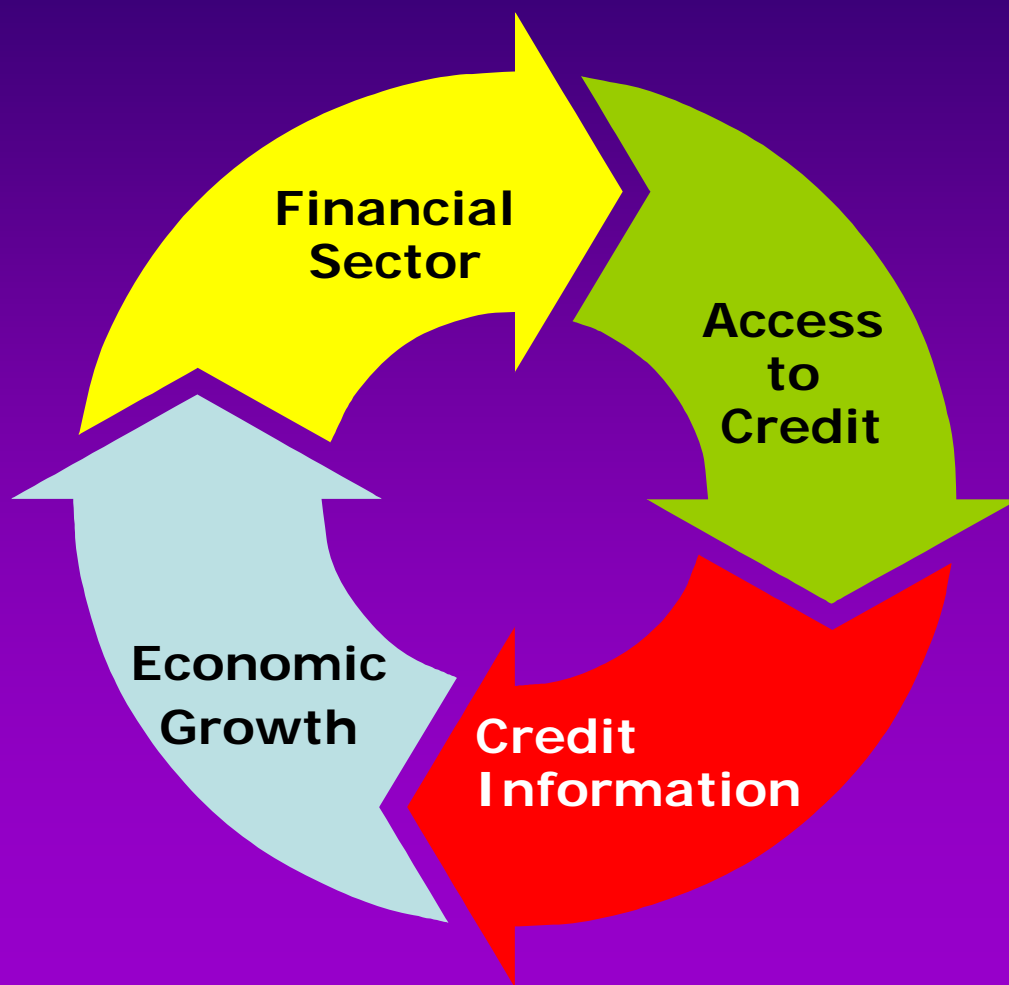
DATA ON COMPANIES

“Not Always Sufficiently Available to Make Reliable Business Decisions Involving SMEs”

David Emery, Sr. Vice President D&B Asia Pacific



FINANCIAL INFRASTRUCTURE & RISK MITIGATION



- *Questions?*
- *The State of Information*
- *The SME Dilemma*

SME CHARACTERISTICS

- ***VERY DIVERSE IN NATURE***
- ***OWNERS MINGLE BUSINESS AND PERSONAL FINANCES***
- ***DIFFICULT TO IDENTIFY CLEAR SUCCESS FACTORS***
- ***INDEPENDENT ANALYSIS (RATINGS) NOT AVAILABLE***
- ***HIGH COST OF TRADITIONAL RISK ASSESSMENT MAKE LENDING TO SMES TOO COSTLY***
- ***SMES ARE MORE VULNERABLE TO CREDIT LOSSES***

SMES AND CREDIT

***Bank and Supplier
Credit Policy and
Credit Processes***

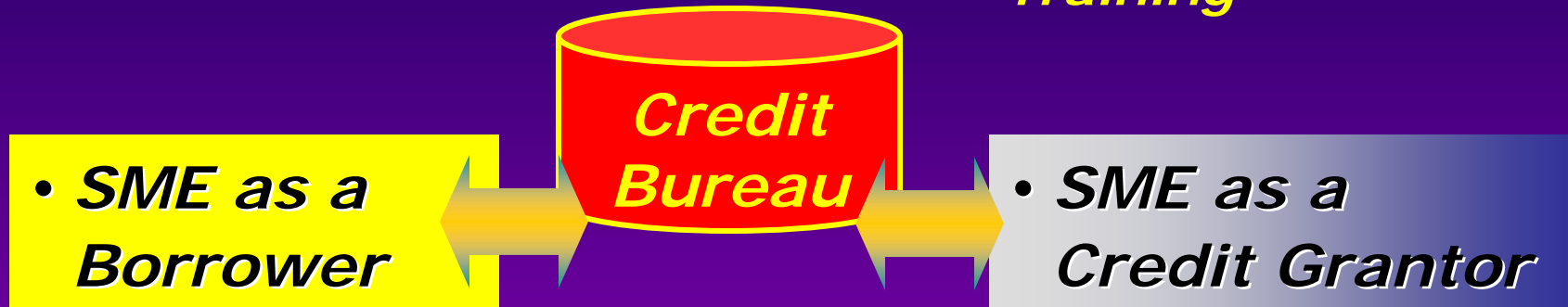


***SME Customers
Demand for
Liberal Credit
Terms***

Cash Flow?

SME ISSUES

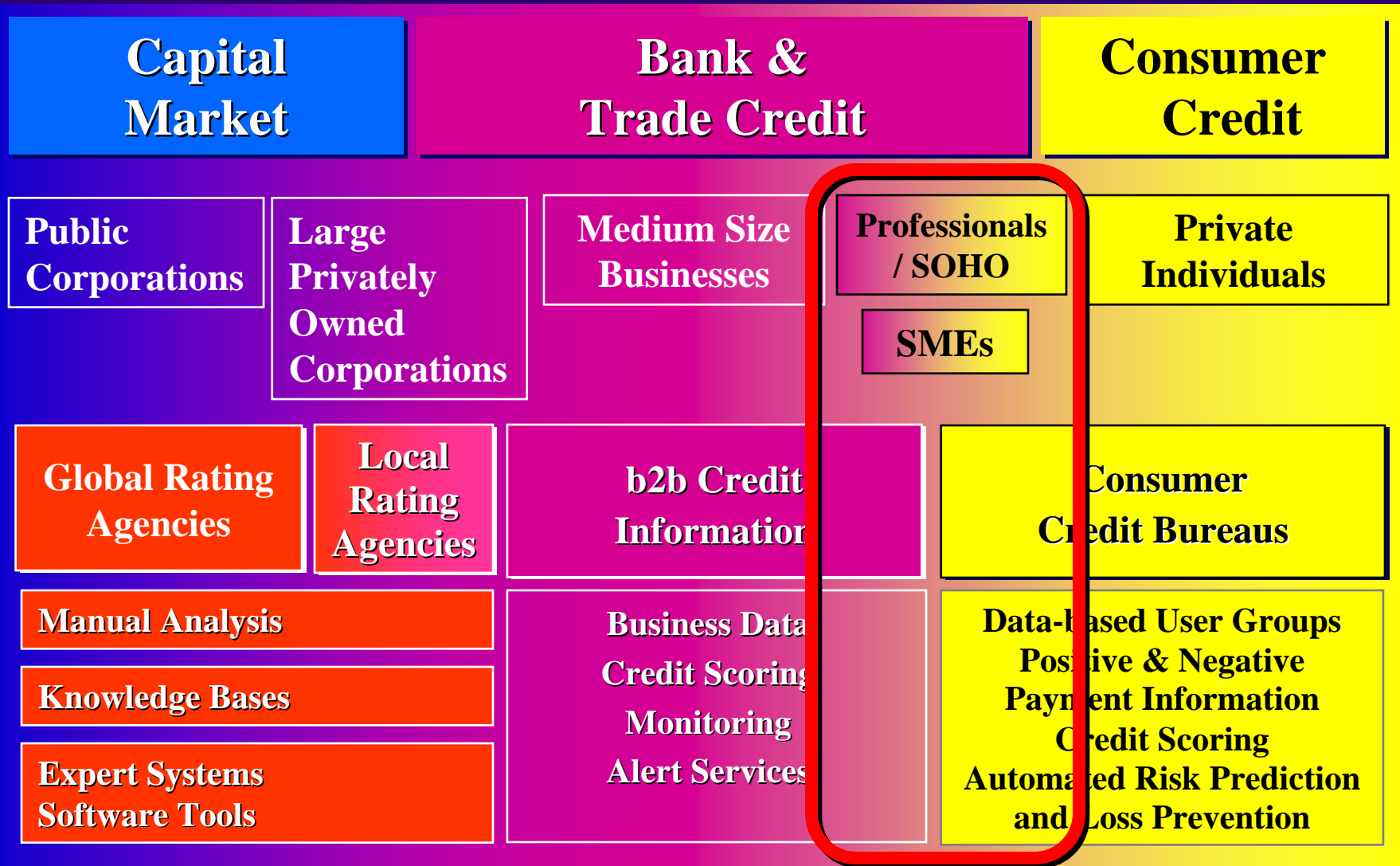
- ***Credit Advisory / Training***



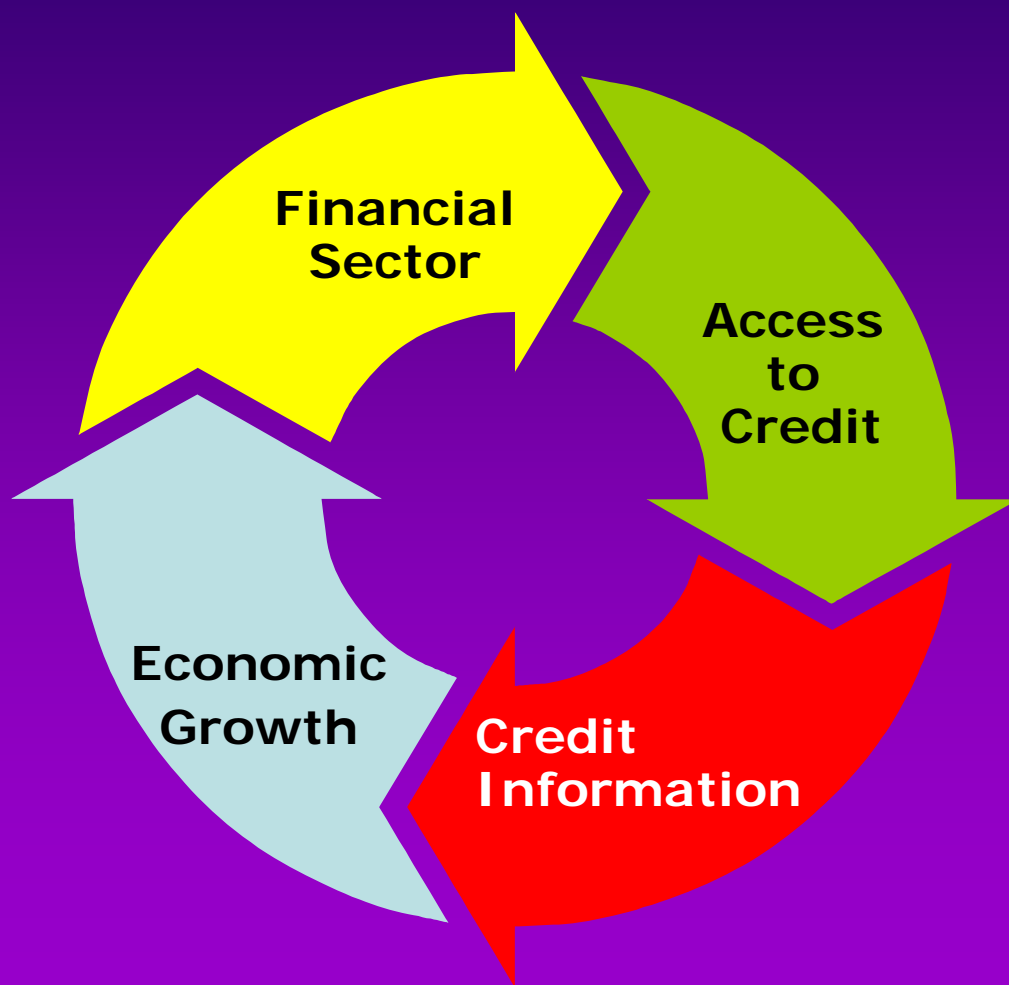
- ***Objective Credit Process***
- ***Better Access to Credit***
- ***Lower Cost of Borrowing***
- ***Faster Decision Process***

- ***Access to Accurate, Reliable and Timely Information***
- ***Availability of Decision Support***
- ***Accurate Loss and Fraud Prevention***

INFORMATION SOURCES ON SMEs

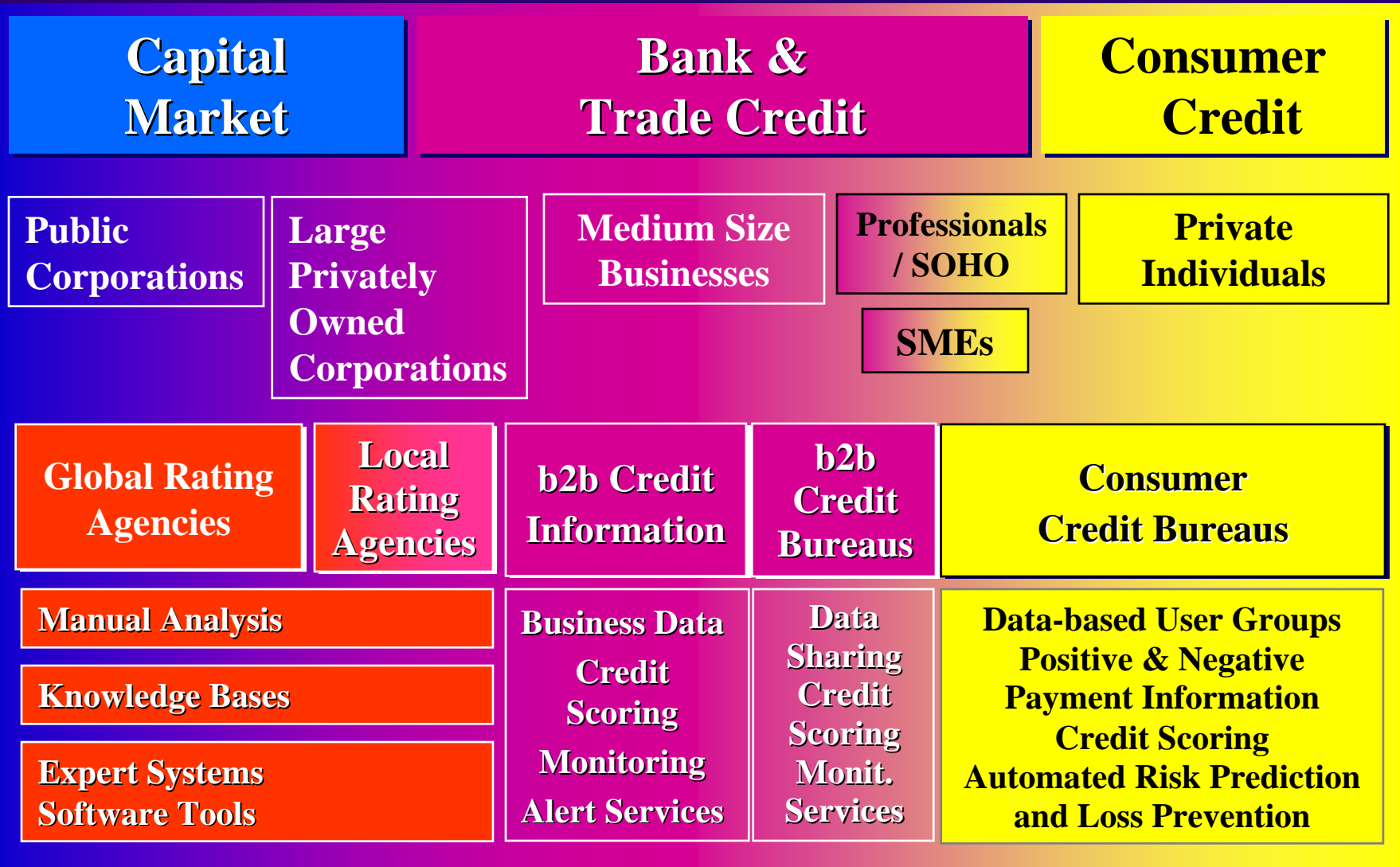


FINANCIAL INFRASTRUCTURE & RISK MITIGATION



- *Questions?*
- *The State of Information*
- *The SME Dilemma*
- ***Eliminating the Information Deficit***

INFORMATION AND SMEs

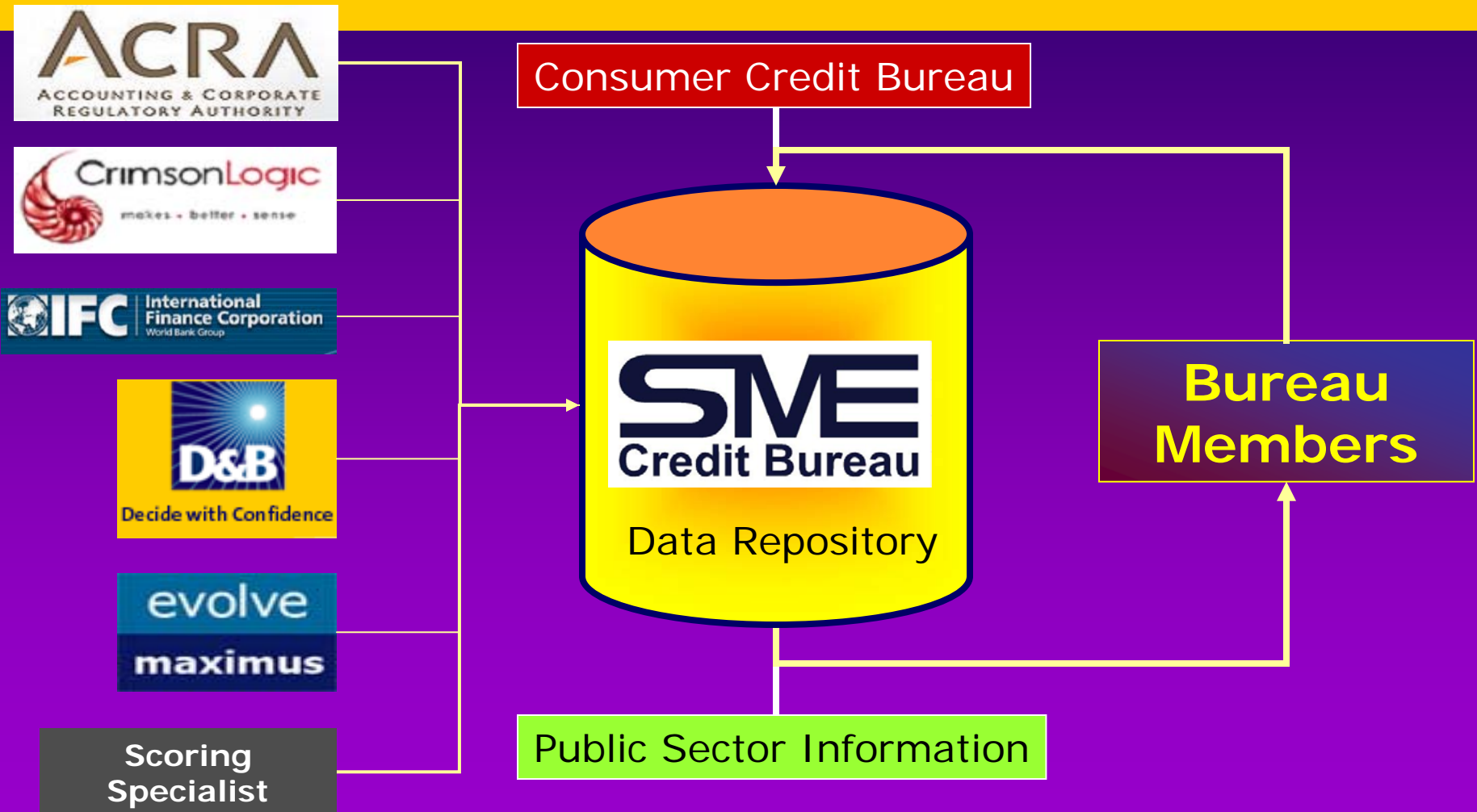


SME INITIATIVES

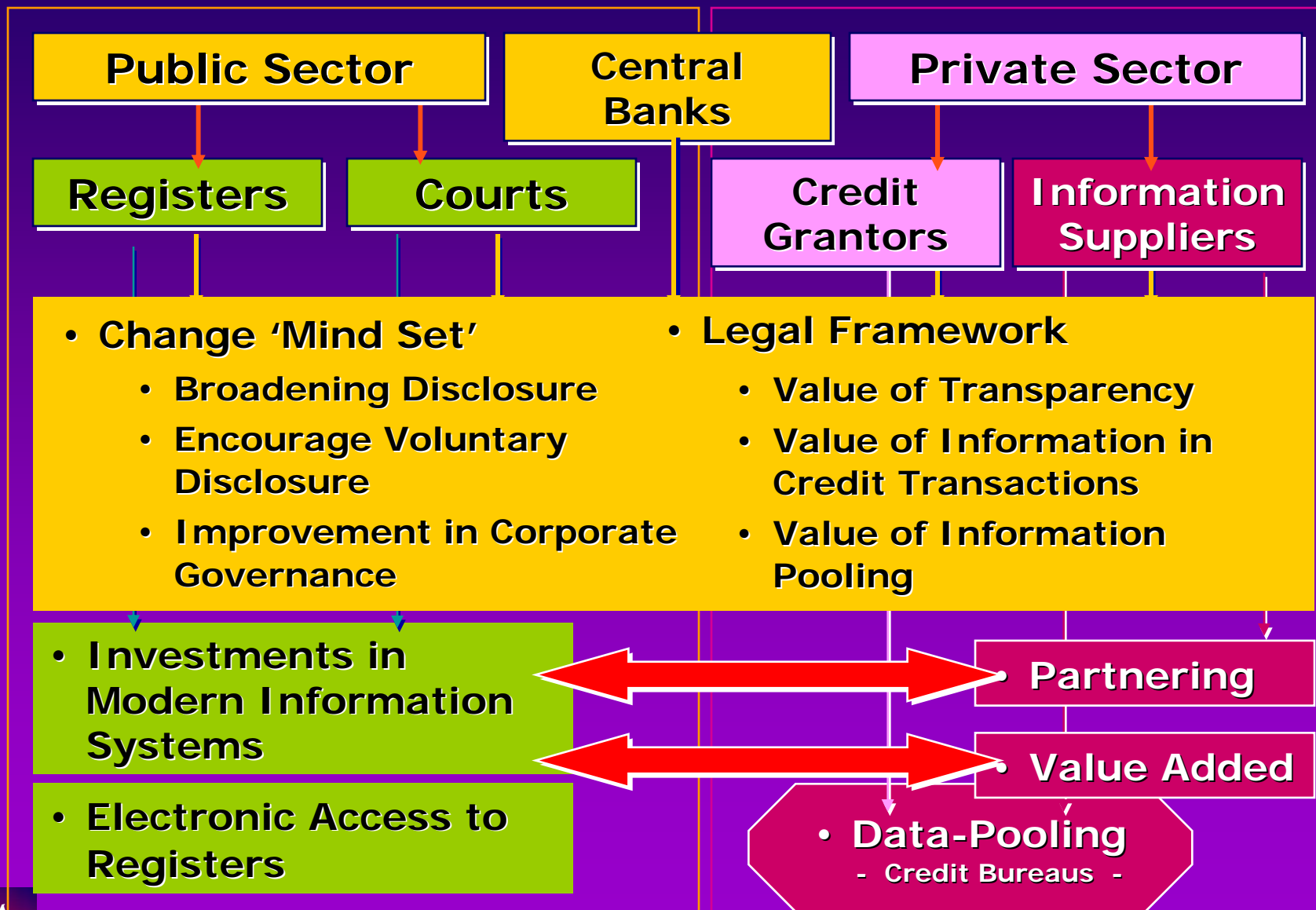
- ***North America:***
 - ***Sophisticated SME Solutions***
- ***Europe:***
 - ***SME Databases are being Developed by Consumer Credit Bureaus***
- ***ROW:***
 - ***SERASA / EXPERIAN Brazil***
 - ***SMERA India – SME Rating Services***
 - ***ICRA India - SME Rating Services***
 - ***SME Credit Bureau Singapore***
 - ***Hong Kong Commercial Credit Bureau***
 - ***IFC (World Bank Group) Credit Bureau Initiatives***

SME CREDIT BUREAU - CONCEPT

Singapore Role Model



ELIMINATING THE INFORMATION DEFICIT



CASIN
PRESENTS

THE GENEVA | PRIVATE CAPITAL | SYMPOSIUM



INVESTING PRIVATE CAPITAL IN
EMERGING AND FRONTIER MARKET SMEs

Geneva, September 24th & 25th, 2007

Thank You

BIIA is not responsible for the use which might be made of the information contained in this presentation or report. Nothing in this presentation implies or expresses a warranty of any kind.