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PRESIDENT'S MESSAGE

Changes to the legislation

During the last month the directors of ADRA were faced with the fact that legislation directly affecting our business in a serious manner was being contemplated by the Debt Collectors Council and the Department of Justice without any consultation with ADRA as to the impact or the practicality of such legislation. We found this out after making an unrelated enquiry and suddenly were given two days to submit our comments on a very complex piece of legislation with far reaching effects on our debt collecting companies.

The directors were extremely disappointed with the non-transparent manner in which this was handled and approved a direct approach to the Honourable Minister of Justice requesting an extension of the timeframe in order to submit our comments. This was granted and the EXCO members attended, for the first time, a joint meeting between the Debt Collectors Council and the Department of Justice.

The outcome of this meeting was satisfactory considering that there will always be a conflict of interest between the parties concerned and at best there will be tradeoffs during negotiations. We are quite satisfied that we have achieved the best we could for the industry and certainly legislative parameters within which we can operate. The haste with which this had to be done resulted from a opportunity to get certain matters into the Judicial Matters Amendment Bill and I must thank the EXCO members for making themselves available for a meeting in Pretoria at extremely short notice.

Although some detail will still be worked out when drafting the regulations we feel that for the first time we worked with the authorities and that the result is better than it would have been if all the parties worked independently and it was achieved in a relatively short space of time in amicable circumstances.

The final draft of the relevant issues includes:

1. **The appointment of a Candidate debt collector** – This is the enabling clause in the act that will allow the Council to draft regulations that will allow the debt collecting company to employ new employees on a probation period without paying the full annual fee plus registration. A reduced once off fee will be payable for

the first 3 months together with various other aspects like the number of times a person may be registered as a candidate debt collector.

2. **Admission of guilt fine** - This will enable a debt collector that is charged with improper conduct to pay an admission of guilt fine at the discretion of the Council. This will save a lot of legal and travelling cost where the transgression is minor and the collector admits his error.
3. **Inspectors** – The Council has appointed an inspector that may under certain circumstances and without warning call on a company or any branch of that company and inspect the company for compliance with the act. Certain conditions have been included on our insistence to avoid the inspector going on a general fishing trip when he does these inspections but it is clear that the Council needs such powers in order to unearth certain unscrupulous operators.
4. **Exemptions** – Certain categories of operators in the debt collection market (like Tracers or Field agents) may be exempt from opening a trust account or any other provision of the act on good cause shown and at the discretion of the Council.

Please understand that this is not yet law and the above is an outline only. The act will contain many conditions and limitations but in the whole we feel very positive with regards to the co-operation we experienced and contribution we were able to make in this regard.

We have also submitted an application for the increase of our current fee's end expenses' on which we believe a 10% increase has been granted and is now awaiting the ministers signature. In addition we have also submitted an application for new items to be included and are still awaiting the outcome of this application. We believe that most of the items may be allowed in some form or to some degree but the pending court cases with regards to some of the items applied for is causing the delay.

I hope that by the AGM in November 2009 we will have all of this wrapped up.

Arnold Olivier
President

NEWS FROM THE COUNCIL

The Minister for Justice and Constitutional Development has reappointed the following current members of the Council, whose term of office expired on 30 June 2009, for a further term expiring on 31 December 2009:

- Adv J J Noeth S C as chairperson in terms of section 3(2) (a) of the Act;
- Ms Y P Sidlova (magistrate) in terms of section 3(2)(b)(i) of the Act;
- Ms R Ferreira and Mr C Johnston (debt collectors) in terms of section 3(2)(b)(iii) of the Act;

- Ms Machaba (auditor) in terms of section 3(2)(b)(iv) of the Act; and
- Ms I Wilken (representing consumer interests) in terms of section 3(2)(b)(v) of the Act;

In the previous issue, the appointment on 4 March 2009 of Mr B Maseko, Mr C Sensani and Mr J Van Rensburg, for a period of three years, was reported.

The Council is currently constituted by nine members.

W Henegan
Executive Director - Council for Debt Collectors

FROM THE CREDIT INFORMATION OMBUDSAN

FRAUDSTERS DO NOT TAKE A BREAK

The global economy is going through a down turn. That does not mean that fraudsters are taking a break though. Fraud is more common than you think. With the internet becoming more and more accessible in our societies, the fraudsters are always fishing for bait and are constantly searching for better ways of committing fraud. From small businesses to large organizations and institutions the fraud factor is a reality we all can be faced with at anytime during the course of our credit lifetime. As long as you have an ID book, you are at risk. It's how you protect your personal information and monitor it from time to time that helps you keep ahead of the criminal rings.

Phishing (pronounced "fishing") is when a fraudster sends out e-mail messages (randomly or obtained illegally), pretending to be from another company (e.g. a bank). The purpose of these e-mails is to extract your personal information such as credit card numbers, banking details (e.g. account numbers, passwords) and identity information; or gain a response leading to a financial transaction. This information can then be used by the fraudster to commit fraud in your name. A genuine financial organisation will never ask for your username or password via e-mail.

Phishing or identity theft occurs when thieves pose as banks or other companies to gain customers' trust and then their personal data.

Spoofing is when a fraudster creates a website that looks like a genuine website and has a similar address (URL). The fraudster then commits online fraud by urging people to transact on this fake website - deposit money, purchase items, etc.

The processes above are initiated by the fraudster sending an e-mail purporting to be from your bank; from a lottery administrator or someone who has access to bank accounts of deceased persons.

Key-loggers - One new way involves fraudsters collecting information by using key-loggers and installing these onto computers.

These devices then capture your key strokes on the keyboard, enabling the fraudster to access your passwords and other personal information.

To prevent this from occurring:

- Physically check for key-loggers on the back of your computer each time you log on.
- If possible, avoid using vulnerable machines for Internet banking, such as those at Internet cafes.

Scams: these are popularly known as 419 scams – A scam disguises itself in various forms and has become one of the most used schemes to trick people into being victims or accessories to crime. It is evident that the people who introduce these schemes base their efforts on the naivety and greed of people.

Other common areas of fraud include:

- ATM card skimming

What you can do help prevent being a victim of phishing or Identity theft:

- Always protect your secret PIN.

- Don't write the number down.
- Cover the keypad when entering your PIN.
- Don't give the number out to anyone.
- Know where the security cameras are located. While many ATM's have cameras, they won't be positioned to record the keypad.
- Be wary of any offers of "help" with ATM transactions.
- Be suspicious of a machine that has signage indicating the use of a specific machine.
- Use a different machine if you feel uncomfortable about the ATM instructions.
- Report anything suspicious or strange about the ATM machine to the bank.
- Alert the bank immediately to any suspicious activity around an ATM.
- Call your bank immediately if your card has been retained by the machine.
- Be on the lookout for suspicious transactions on monthly statements.
- By obtaining a copy of your credit profile and keeping in touch with your credit history on a regular basis, you will be able to immediately assess whether or not anyone has obtained credit on your name.

If you are refused credit at any company – ask why. They are obliged by the National Credit Act to disclose reasons for credit decline to applicants.

You can also call the credit bureau and ask for a copy of your credit profile. This will cost you R20.00 (you are entitled to one free report per year). If there is anything on your profile that you disagree with, call the bureau back and lodge a complaint for a problem to be resolved. The credit bureau will give you a reference number.

If, after 20 working days the problem is not solved, you can call the office of the Credit Information Ombud on 0861 66 2837 for help. His service is FREE OF CHARGE.

"We as consumers should be aware of possible risks when using the Internet and e-mail. Alert messages are shown everywhere and in every possible format. Organizations are also doing what they can to advise customers on how to safeguard their hard earned money. We also believe that we must never tire of raising the awareness on how to always protect and manage our finances, always proceeding with extreme caution. We must always be consistent with our messages, thus creating an informed society.

The important thing to remember is - if it seems too good to be true, it probably is!!!

This is from Caroline Buthelezi, PRO at the office of the Credit Information Ombud. This office serves to resolve credit bureau disputes and educate the general public about credit information matters.

Tip of the Issue

Maximising the Productivity and Effectiveness of Collectors – Part 4

Introduction

Collections is a key area of any credit granting organisation, and it is common for organisations to invest in processes, technology and strategy in an attempt to increase the efficiency and effectiveness of this area. Unfortunately, it is also common for organisations to overlook the most important factor in collections – the collectors who make contact with customers every day.

This issues tips continue our discussion on negotiation and the different ways of improving a collector's negotiation techniques.

Negotiation Tip 3 – Know your Customer

In any negotiation situation, it is extremely important to know the person you are negotiating with. In collections, this equates to understanding the customer's risk profile, current and previous levels of delinquency and their previous promise history.

This information can usually be obtained from the collections system. The collections system should hold the risk profile classification usually in the form of a "risk grade", the total number of times the customer has been delinquent, the total number of promises previously kept and the total number of promises broken. By using this information, collectors will be able to understand who they are dealing with and the type of communication approach that would be appropriate for each customer.

For example, a customer that is in collections for the first time and is a low risk type should receive a "basic assertiveness" call. This is where the collector makes a straightforward request for payment.

On the other hand, a customer who has a history of being in collections and who has broken many promises in the past should receive a "strongly assertive" call. The collection agent should also be wary of the customer making false promises as the previous history indicates a tendency to make promises and then not keep to them. In these instances, the source of income should be confirmed to ensure that the promise-to-pay is realistic.

Understanding who you are negotiating with, ultimately allows collectors to engage in better quality negotiations which should increase their promise kept rate.

Negotiation Tip 4 – Build Trust

An interesting fact about collections is that customers who develop a feeling of trust towards the organisation and the collector, who has dealt with them, have a higher

propensity to honour promises to pay and to pay their instalments in future.

In a collections call, trust must be one of the objectives, without it; there won't be an honest and open communication but just a feeling of manipulation, suspicion and potentially intimidation.

If trust is not built up, it can result in the following:

- Broken promises - if the customer feels they cannot trust you, then they are somehow relieved of their side of the bargain.
- Poor collections results – this can be due to the promises not being kept rate as well as customers not communicating honestly with collectors, thereby making it more difficult to set promises up.
- Customer attrition - banks particularly have to maintain a strong image of trust in the minds of their customers. If this is broken, customers have a high likelihood of moving to another bank that they perceive as more trustworthy.
- Damage to the company image - untrustworthy behaviour by collectors can cause severe damage to the brand and image of the company, not only in the mind of the customer, but also to their circle of friends and relatives, and in extreme situations, to the newspapers.

Trust is built in a number of ways:

- Collectors showing an expected picture of the organisation (polite, professional)
- Collectors keeping promises made to a customer such as faxing them a statement or calling them back at an agreed time
- Collectors honestly and openly expressing their need to help the customer regularise their accounts
- Collectors respecting confidences

The importance of building trust in negotiation is something that should be part of every collector's development and is one of those key aspects that differentiate a good collector from a bad collector.

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THE NEW WAYS TO CONTACT DEBTORS

The days of traditional methods of contacting debtors may be behind us, as alternative contact strategies come of age

By *Shaun Maloney*

The use of technology-driven debtor contact methodologies has seen a dramatic increase over the last three years.

No longer are collections departments constrained to letters and outbound calling strategies. Automated technologies such as interactive voice messaging (IVM), e-mail and SMS are now being used on an ever-increasing level to augment or replace traditional contact strategies.

Without a doubt, the USA pioneered automation in outbound contact. In the 1980s and 1990s receiving robotic telephone calls selling double glazing, carpet cleaning or advising you that you had been 'chosen as the lucky winner' were commonplace. It is no surprise that the US market has since implemented regulations to restrict automated-contact technologies and protect the public from persistent unsolicited marketing calls and spamming and these regulations are now being replicated in other markets. However, the benefits of such regulation is that contact technologies are now being used strategically and responsibly, gaining acceptance within the credit and collections industry worldwide and, more importantly, legitimacy with government regulators.

In September 2008, OFCOM, the UK communications regulator, released a statement officially recognising voice messaging as a legitimate contact method and its clear public benefit.

Public acceptance of IVM

However, the biggest change in recent years has been seen in the public acceptance of alternative contact methods and their value as opposed to the various letters and outbound-calling strategies traditionally employed by most credit and collections departments.

In 2007 an independent survey company contacted debtor customers of a large telecom provider within the UK who had been contacted via automated IVM. Nearly three-quarters of all those surveyed thought that it was a very good idea, contributing to a total positive opinion base of 86%. The survey results showed that few consumers would prefer being contacted by a real person. In most cases this was because consumers were embarrassed to speak to a real person about their debt with many, in fact, considering a person-to-person discussion about their debt to be potentially confrontational. Additionally, consumers surveyed appreciated having some advance warning of, and choice about, speaking to a real person, which was afforded them by IVM.

SALES TECHNIQUES ON THE COLLECTION FLOOR

Positivity and persuasion can improve the collector-consumer relationship

By *Cathy Orlando*

While most collection professionals probably don't consider themselves salespeople, many successful collection negotiation techniques are actually based in sales. For instance, developing a good rapport with the consumer, actively listening, identifying the consumer's needs, overcoming obstacles and exploring options are just a few salesbased techniques that are so vital to a collector's work with a consumer. Collectors must sell consumers on their services, their trust and an idea—the benefits of resolving a debt. Persuasion is a powerful tool that can help consumers with debt turn what may be an uncomfortable situation into a workable plan with a positive outcome. Persuasive techniques, such as helping consumers see the benefits of a repayment plan, benefit both collectors and consumers.

Focusing on the positive results of the consumer's decision to repay a debt allows the collector to overcome consumer resistance or avoidance. For example, a successful sales person would not emphasize the past by telling a customer, "You should have used this product long ago—now you have problems because you didn't." Instead, a good salesperson would simply say, "This is what our product can do for

Why choose voice messaging?

The motivation for introducing automated contact methods within the credit and collection industry are not that varied from company to company. For both the mature and emerging country markets it is about reducing cost of collection and speed to contact – reaching the right party quicker, and so prompting payment ahead of other debts in the consumer's mailbox.

In the current economic climate, smaller credit and collections teams operating under increased pressure to collect earlier in the collection cycle continue to look for direct debtor contact methods that emulate the human contact in engagement and a debtor prompted cure outcome.

For emerging markets and new adopters of this technology, where contact centre seats are more affordable, a key driver is the ability of credit and collections teams to be more targeted in their debtor contact strategies. For instance, the South African market has poor mail delivery rates, but one of the highest mobile phone penetration rates globally, hence the extensive use of text messaging as a contact method. Unfortunately this market also suffers from 85% of mobile phones being prepaid with a 45% number-churn rate per annum, which creates a challenge of right party contact. Applying automated technologies to scenarios such as this can provide cost-effective scale and targeted delivery within the collections process.

Instant feedback

The common theme across all companies and countries is the drive by credit and collections teams to become more targeted without adding complexity and cost. Unlike traditional contact methods, automated technologies provide instant feedback to identify the most effective contact method at an individual debtor level. What worked last time and what did not? This level of granular debtor segmentation and the application of a propensity-to-pay score is fast becoming a must-have within the blue-chip finance and utility sectors around the world. The increased use of automated technologies within the credit and collections industry results in reduced operational resource, lower cost-per-pound or dollar collected and reduced bad debt churn.

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you based on what I know about you." Likewise, a persuasive collector should focus on the present by treating the consumer's current financial situation as a matter that can be managed and resolved with the collector's services.

Follow-up is essential in collections. It is this ongoing contact and customer service that maintains the trust and strong working relationship the collector has cultivated with the consumer. Follow-up calls to consumers provide an opportunity to reinforce and strengthen the consumer's commitment to staying on track with an agreed-upon payment plan.

As with any working relationship, consistency, active listening and professionalism are essential qualities for successful collectors, who are, in essence, selling consumers on the opportunity to solve their problems.

Cathy Orlando is an instructional designer for Campus ACA.

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NEWS SECTION

ADRA BOARD NEWS

Since the publication of the last ADRA Link there have been 2 Board Meetings with a lot of discussion and decisions being taken on some very critical issues.

There have also been 2 presentations to the Board, one by the Consumer Profile Bureau (CPB) and the other by Pay@.

CPB

ADRA is negotiating with CPB to use their system of listing consumer payment profiles exclusively for ADRA Members. In other words ADRA members would be able to list each debtor's payments profile, update it monthly and have this profile exposed to as many Credit Providers as CPB can get the profiles distributed to.

This gives Credit Providers a much better understanding of a possible creditors payment history and also over a longer period of time whereas the traditional Credit Bureau do an adverse listing but do not give any payment history. Credit providers would have a much clearer picture of the Debtor and their ability and willingness to pay back their debts and so be in a better position to make a decision on whether to extend credit or not.

Negotiations are still ongoing but we will hopefully be able to get some Members to do a test on this exclusive system in the near future.

Pay@

Pay@ are already operational and offer a convenient and secure service for cash and card transactions at selected retail outlets. This would mean that a debtor would be able to pay into a Debt Collectors bank account at the bank or via Shoprite Checkers, a number of Spar's and Pick and Pay outlets.

Pay@ are currently consulting with the Council on the legality of a debtors payment going into their account and then being switched into the Debt Collectors trust account. If Council's permission is received ADRA will enter into negotiations on the fee structure and logistics of testing the system.

At the last Board Meeting a lengthy discussion was held on the relationship of the stakeholders in the Debt Collection Industry.

This led to the drawing up of a strategy with goals to be achieved in the Immediate, Short Term and Medium Term.

The immediate goals are already being worked on and some are nearing completion. It is our intention to update members on this strategy during our National Road show scheduled for a little later this year.

Finally at the time of going to press ADRA had a joint meeting with The Council and The Department of Justice over some long outstanding issues. This is the first time ADRA has been included in these discussions and it is hoped that ADRA will be able to give valuable Industry input at this level on an ongoing basis.

Meeting with the Council and the Department of Justice

Thinus Nortje, Marius Jonker and Arnold Olivier received a notice late Friday afternoon, the 17th of July 2009, from the Council that

the Department of Justice will be able to see them at 10:00 Monday morning, the 20th of July 2009. We jumped at the opportunity as this would have been our last chance to give our input on the proposed amendments to the Debt Collectors Act.

The amendments we were most concerned about were the ones dealing with the candidate debt collectors and the inspectors. The meeting was a very fruitful one.

We walked away with more favourable amendments than those presented to us initially. The creation of legislation or the amendment thereof is a painful process and one will be naive to think you will get a perfect piece of legislation at the end of the day. We had to compromise some, but so did the Council and at the end of the day everybody walked away reasonably content and with a cooperative spirit having been established between the parties.

We view this as a victory for the industry. The Department of Justice now knows about ADRA and also learnt more about the industry and will in future consider what they have heard and hopefully apply same to draft legislation and/or ask ADRA for their input.

The new draft will be circulated to the members once we have received it from the Department of Justice. There will however be no more opportunity for submissions as they had to submit it on the 20th of July 2009, otherwise the process would have had to start all over again.

It will still be a while before the new amendments will be implemented as regulations regarding the amendments still have to be drafted. The Department of Justice will also provide us with the draft regulations for our input before same will be finalized.

Bank Charges Project

This is an ongoing project to try to get more reasonable bank charges for the smaller collectors who do not have the negotiating power because of the size of their companies.

The day was very productive and can be regarded as a great success.

Lunch was served under a 100 year old tree and was superb cuisine "uit die boonste rakke!"

INTERNATIONAL NEWS

TANZANIA

A collection agency in the state of Tanzania is to publish the names of 40 high-profile debtors, including influential members of parliament, past and present cabinet ministers and senior government officials. It says they have failed to pay back loans given to them under the defunct Commodity Import Support scheme, which collapsed amongst claims that 180bn Tanzanian shilling (103m Euros) was outstanding. Ibrahim Msolopa, executive director of MICL debt collections agency, appointed to collect the money, said: 'We will have no shame in exposing anybody. We have given them ample time to pay back the debt.'

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UK

MPs debate debt collection concerns -

An MP is to challenging ministers to ramp up debt collection guidance and sanctions for bad behaviour in a parliamentary debate.

Andrew MacKinlay, Labour MP for Thurrock, told Radio Four's You and Yours programme that he was concerned about "appalling" behaviour by call centres and debt collectors who he said "pick on the most vulnerable and people who can't articulate their problems". His comments followed examples raised by the programme of debt collectors chasing vulnerable individuals.

MacKinlay is calling on government to beef up Office of Fair Trading (OFT) guidance on debt collection and also questioned the use of automated diallers in contacting debtors. His call comes as the OFT is updating its guidance. He said people should be entitled to speak to an employee of the company with whom they have the debt and that collections activity should cease when there are disputes. "The banks are employing these companies in order that they can have denial," he said.

MacKinlay added: "In my view debts should not be sold. The law should be reviewed." He labelled the OFT "abysmally weak".

One of the companies to feature on the programme was HFO Services, a debt collection agency and debt buyer that has been a Credit Services Association member since 2006. It was accused of threatening behaviour over a debt in dispute. In a statement the company said it was conducting an investigation into the allegations.

UNITED STATES

Unlawful debt-collection practices would be subject to action by the attorney general under a bill that is headed to a vote of the Senate.

Senate Bill 328 would make the Department of Justice the enforcement agency. It would do so under the Unlawful Trade Practices Act, the US's basic consumer protection law.

The committee acted after hearing testimony on 5 February 2009 by a Salem woman who said she was the target of unlawful collections practices. Examples of such practices include threatening arrest, using abusive or profane language, or attempting to collect interest or fees in excess of the actual debt.

LOCAL NEWS

Debt recovery industry hits back

Debt recovery agents are in uproar over the negative picture depicted of them on an E.TV programme where a debt collector is shown trespassing on the property of a debtor and addressing him in what could be construed as threatening language.

Thinus Nortje, media spokesman of the Association of Debt recovery Agents (ADRA) which represents the roughly 14 000 debt recovery agents active in South Africa, said

the depiction of collectors was wholly inappropriate and completely inaccurate because this was simply not the way they operated.

"We represent the overwhelming majority of registered debt collectors in South Africa and this is simply not the way we work.

"In almost all cases recovery is limited to telephone calls demanding payment and even these are limited. No calls are allowed on a Sunday or before six in the morning or after nine at night.

"It is simply untrue that we trespass on the property of people that we try and collect money from," Nortje said.

He said individuals who most frequently entered the property of indebted persons by breaking down gates and doors were repossession agents who had to be accompanied by a Sheriff of the Court and with a summons in execution of property which is issued by the court and even then they would only do so if they are refused reasonable access.

Nortje said the Debt Collectors Act of 1998 stipulated very clearly what was acceptable practice and what was not.

"It seems that the existence of this act which provides widespread protection to the debtor and binds debt recovery agents to a very specific Code of Conduct is not all that widely known because even our honourable minister, Mr. Jeff Radebe, in a recent statement, called for legislation to regulate the industry."

Among the many caveats and restrictions contained in the legislation is a Code of Conduct that specifies exactly what a debt collector is allowed to do.

"It stipulates very clearly that a debt collector, in the process of collecting a debt, shall have due regard for the person, the property and the civil rights of a debtor, and shall ensure that any action taken against a debtor does not humiliate, threaten or cause distress to such a debtor. This in practical terms means no scaling of walls and no threatening language," Nortje said.

"They are also not allowed to use obscene, defamatory or threatening language when communicating with a debtor or abuse or intimidate a debtor in any manner, in order to induce the debtor to pay an outstanding debt.

"There are many more rules and regulations – most offering protection to the debtor – but also making it crystal clear what the rights of the debt collector are."

The regulator of the industry is the Council for Debt Collectors, a statutory body with the power to monitor and regulate the industry in accordance with the rules and regulations of the Debt Collectors Act. It monitors the conduct and professionalism of debt collectors and seeks to promote a culture of good governance within the profession, thus contributing to protecting the public at large, as well as creditors.

"Debt recovery as a discipline is one of the most highly regulated professions in South Africa. Every step that we take has to comply with all the rules and regulations laid down in the 1998 Act."

continued on page 12

continued from page 11

Nortje conceded that there were some “cowboys” operating outside the bounds of the law and that had done the debt collecting industry a great deal of harm, but that ADRA in cooperation with the Council for Debt Collectors are doing everything possible to rid the industry of these unscrupulous operators.

“There is also the issue of the rights of the person or company who granted the debt in the first instance. They had a reasonable expectation that the debt would be paid and it is our job to see that the expectation is fulfilled in an ethical and legal manner.”

Asked what debtors should do in the event that they get to deal with debt collectors who operate outside the bounds of the law, he said their first call should be to the police to have the debt collector evicted from their property and charged with criminal trespassing. Secondly they could call the Council for Debt Collectors who would investigate the complaint and institute disciplinary proceedings against the debt collector where needed and thirdly the Association of Debt Recovery Agents at their office in Randburg who will investigate the matter and take steps against the transgressing debt collector if needed.

The Standard Bank of South Africa Limited v Hales and another [2009] 2 All SA 416 (D)

The High Court considered whether proof of over-indebtedness is enough to compel a court to initiate debt review proceedings in terms of Section 85 (a) of the National Credit Act, 2005.

The plaintiff sought to foreclose on a mortgage bond registered in its favour over the immovable property of the defendants, as security for a loan given by the plaintiff to the defendants. The defendants fell into arrears in respect of their monthly repayments of the loan and, having failed to heed notice given to them by the plaintiff in terms of the National Credit Act, failed to pay any further bond instalments.

On the matter being taken to court, the defendants admitted all the allegations of the plaintiff, with their only defence being that they were over-indebted as contemplated in Section 79 of the National Credit Act and that they were applying for relief from such over-indebtedness in terms of Section 85 of the National Credit Act. Section 85 gives a court the discretion to refer a matter in which it is alleged that a consumer under a credit agreement is over-indebted, directly to a debt counsellor to evaluate the consumer’s circumstances and make a recommendation to the court under section 86(7).

In this instance, the Court decided not to exercise its discretion in referring the matter to a debt counsellor but rather decided that the defendants would be relieved of a substantial portion of their monthly burden if judgment

were to be granted in favour of the plaintiff. An order was thus granted for payment and interest owing on the amount due, as well as an order declaring the immovable property of the defendant’s specially executable.

Deneys Reitz Inc

MEMBER NEWS

We are very pleased to welcome the following new members to the ADRA fold and hope that you will become active members and take advantage of the many benefits we offer;

Bentley Credit Control, JDT Financial Services,
Powerhouse Utilities (re joined),

Linkages Consulting and Financial Services,
Turnstone Trading 50CC t/a Farmacres 22,

QCK Lezmin t/a Commercial Debt Corporation,
Campbell Collection Services t/a Campbell Credit Control

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Verification Solutions



What is Verification Solutions? And why is it important to your organisation?

Re-establishing contact and updating details with inactive, dormant, lost, or missing stakeholders (customers, shareholders, policyholders, beneficiaries) is now a business necessity, rather than just an exercise of compliance. Individuals are changing their contact details (cell phone, landline, email etc) repeatedly, moving addresses frequently and in some cases leaving the country altogether. Even though technology has improved, data is not always up to date and access to certain data has become more restricted with changing data protection laws. In addition, typical response techniques, such as post, email, and telephone are becoming less effective, due to saturation by blanket postings, spam, and telemarketing. Companies therefore find themselves managing an increasing amount of inactive accounts, which are not only a burden, but also a lost opportunity.

The Shareholder Partnership (TSP) provides a range of customised local and global verification & tracing solutions that suits all type of businesses including Credit Providers, Attorneys, Debt Collectors, Insurance companies, Pension Funds, Third Party Administrator and Public companies. TSP's service complies with the NCA, Debt council and all other pending and relevant legislations. In view of our considerable experience in dealing with consumers details, we are confident our company is equipped to meet clients' requirements in an efficient and cost effective manner.

Services Offerings

- Individual and Company Tracing
- Employment Verification
- Data Cleansing and Bulk SMS
- Deceased Estate and Executor Tracing
- Local and International Capability

TSP brings together local expertise with international best practice. Contact us for a solution to your missing customers.

FASSET KEEPS YOU IN THE PICTURE

A milestone graduation

It was a very proud moment for Fasset (the Seta for Finance, Accounting, Management Consulting and Other Financial Services), the Debt Collecting industry, training providers, employers and learners when sixty-seven learners recently graduated from Fasset's Pilot Debt Collectors Learnership.

"This is a first for Fasset. It is not only the first time that we are welcoming a lot of new debt collectors into the debt collecting profession, it is also the first time that Fasset has developed a learnership from scratch. Fasset's other learnerships came from environments which had very formal training in the past. You are representatives of a new industry which has developed over the last couple of hundred years and is now being formalized and recognised as a profession that young people can follow," Fasset CEO, Cheryl James explained.

James commended learners for having the backbone to see the learnership through. "

It has been tough. It may have been the first time that many of you have studied since leaving school. You had the backbone to stick it out and you are going to bear the fruits of that today," James observed.

Acknowledging that the debt collector's job is very difficult, James urged learners to retain a sense of humor at all times: "You are dealing with difficult circumstances. You are often dealing with difficult clients and with people who do not want to talk to you. I encourage you not to lose your sense of humour and the sense of fun that we need to have to enable us to do our jobs properly."

Keynote speaker and Chairperson of the Debt Collectors Council, Advocate Jasper Noeth SC congratulated Fasset "for this achievement". "If Fasset had not taken the initiative, we would not be sitting here today," Noeth explained.

The debt collectors industry, through the Association of Debt Recovery Agents (ADRA), expressed the need for a Debt Recovery Learnership. Fasset commissioned research in 2003, which confirmed that this was indeed the case.

Fasset then facilitated the development of the NQF Level 4, FET Certificate in Debt Recovery. The qualification was registered with SAQA in December 2004. Having registered the qualification, a training provider was commissioned to develop the necessary training material.

Five employers participated in the Pilot Programme, which commenced in August 2007.

Noeth cautioned that an academic qualification alone did not suffice for career success. "You have to start at the bottom, and with the daily experience that you gain climb the ladder step by step until you have reached the top," he reminded.

Hammond O Credit Control employees, Muzi Biyela and Violet Matsimela enjoyed the learnership and believe they have benefited enormously from the process.

"A qualification is very important in South Africa. You need to get a qualification so that you can be employed. The learnership is relevant to the debt collecting industry." Biyena observed. Reflecting on the modules that he had completed, Biyena identified the module on legalities as the module that he had enjoyed most.

Matsimela has been employed in the debt collection industry for the past three years. "I really enjoyed the learnership. I learnt a lot of things that I was not aware of," she revealed.

Providing the employer's perspective, Olivia Bowes from Munnik Basson & DaGama Inc (MBD) explained that the firm had signed eight learners onto the learnership. "The learnership is addressing real skills needs within the sector. It is very relevant in our environment. You could actually see the impact it is having on performance.

We will definitely sign more learners onto the learnership," Bowes informed.

'Airplane graveyards' in areas such as California's Mojave Desert are now home to 2,587 idle commercial aircraft, up 25% on a year ago, according to UBS. In total, airlines have mothballed more than 12% of the global fleet in response to collapsing demand. Among the parked planes are 470 that are relatively modern in production models. That oversupply isn't good news for Boeing and Airbus as they try to whip up new sales.

DEBT RECOVERY LEARNERSHIP - GRADUATION CEREMONY

On the 4th of June 2009 Fasset held its first Debt Recovery Learnership Graduation. The event took place at the Sci Bona Discovery Centre in Newtown Johannesburg.

There were 67 graduates of which 18 were from ADRA member companies.

The guest speaker was Advocate Noeth, SC from the Council for Debt Collectors.

The event was well attended by friends, family and colleagues of the graduates.

The significance of the event was summed up by the message from Cheryl James, CEO of Fasset:

“Today’s graduation of the learners who have completed the Debt Collectors Learnership is a milestone in the implementation of skills development in the Fasset Sector.

Not only are we celebrating the first group of learners to complete this Learnership but we are also recognizing, for the first time, a group of learners who have completed a Learnership that was developed by our sector from scratch. This Learnership did not exist in our sector prior to the establishment of the Seta’s. The government’s focus on formally recognizing occupations and the skills that people acquire through the world of work is a testament to the fact that Seta’s are making a difference in the lives of learners.

I would like to thank all the stakeholders, from employers to training providers and learners, who have been involved in this Learnership and to congratulate you all on making a difference to the skills profile of those who are graduating today. The future of young people in this sector has indeed been improved by the excellent work that has been done



At O’Hammond Credit Control Colin Carmichael was the Mentor, Ruth Brassington the Assessor and Daphne Thurlwell the Moderator. Final Moderation was done by Russel Mc Diarmid. The learners were Muziwenhlanhla Biyela and Violet Matimela.



At Pholosa the mentors were Lebohang Mhlangu, Vashnie Pillay, Naqeebah Hassenjee and Deenen Govender. The Assessor was Alinah Nkwanyana. Final moderation was done by Russell Mc Diarmid. The learners were Oupa Raselomane, Zanele Maeko, Sibongile Ndaba, Dawn Mbatha, Evelyn Tshabalala, Thabang Kumbani, Lefoma Mahlaba, Lufuno Mutavhatsindi and Gcinie Mngati.



At MBD Inc. Darien Ribberts was the Learnership Coordinator and Mentor and Charisse Zerf was the Training Manager. Stanley Hermanus and Quinteline Ramjee were Assessors and Moderation was done by Russell Mc Diarmid. The learners were Abram Mathudi, Percy Moeketsi Pitso, Delane Ndlovu, Siphilwe Radebe, Nompumelo Molombo, Ngobile Nhlapo, and Duduzile Given Sithole.

in formalizing the recognition of skills attained in your industry.

As Fasset we look forward to recognize more and more learners as they obtain this qualification in the future.”

The three ADRA member companies that were represented by learners on this Learnership were MBD Inc., O’Hammond Credit Control and Pholosa Asset Management.

Well done and Congratulations on being the first graduates of this Debt Recovery Learnership.

THE 'SECTION 129 LETTER' DEBATE

By *Stephen Lindsay*

Members who utilise the Section 57/58 Consent to Judgment as a collection process are increasingly being frustrated by the various Magistrates Court's interpretation of Sect 129 read with Sect 130 of the National Credit Act. Most Courts are now insisting that the Section 129 notice be sent by registered post prior to the signature of a Consent to Judgment in terms of Sect 57/58. What follows is my interpretation of the various sections of the Acts.

Section 129 of the NCA provides that:

Debt enforcement by repossession or judgment

Required procedures before debt enforcement

129. (1) If the consumer is in default under a credit agreement, the credit provider-

- (a) may draw the default to the notice of the consumer in writing and propose that the consumer refer the credit agreement to a debt counselor (.....), with the intent that the parties resolve any dispute under the agreement or develop and agree on a plan to bring the payments under the agreement up to date; and
- (b) subject to section 130(2), may not commence any legal proceedings to enforce the agreement before-
 - (i) first providing notice to the consumer, as contemplated in paragraph (a),
(.....) and
 - (ii) meeting any further requirements set out in section 130.

Whilst Section 130 states as follows:

Debt procedures in a Court

130. (1) Subject to subsection (2), a credit provider may approach the court for an order to enforce a credit agreement only if, at that time, the consumer is in default for at least 20 business days and-
- (a) at least 10 business days have elapsed since the credit provider delivered a notice to the consumer as contemplated in 129(1) (.....);
 - (b) in the case of a notice contemplated in section 129(1), the consumer has-
 - (i) not responded to that notice; or
 - (ii) responded to the notice by rejecting the credit provider's proposals; and
(.....)
 - (3) Despite any provision of law or contract to the contrary, in any proceedings commenced in a court in respect of a credit agreement to which this Act applies, the court may determine the matter only if the court is satisfied
 - (a) in the case of proceedings to which sections 127, 129 or 131 apply, the procedures required by those sections have been complied with; (.....)

Sect 129 therefore requires that a credit provider **may** bring the Consumers default to his **attention** with the view of resolving the matter through, among others, a Debt Counselor. Should the credit provider however choose to approach a Court for an order enforcing the agreement he **must deliver** such notice to the consumer (once other pre-conditions have been satisfied).

Sect 65 and Sect 168 provides that:

Right to receive documents

65. (1) Every document that is required to be delivered to a consumer....
-if no method has been prescribed for the delivery of a particular document the person required to deliver that document must
- (a) make the document available to the consumer through one or more of the following mechanisms:
 - (i) in person at the business premises of the credit provider, or at any other location designated (.....), by ordinary mail;
 - (ii) by fax;
 - (iii) by email; or
 - (iv) by printable web-page; and
 - (b) deliver it to the consumer in the manner chosen by the consumer from the options made available in terms of paragraph (a).

Serving documents

168. Unless otherwise provided in this Act, a notice, order or other document that, in terms of this Act, must be served on a person will have been properly served when it has been either-
- (a) delivered to that person; or
 - (b) sent by registered mail to that person's last known address.

Section 130 clearly requires **delivery** of the notice and as such the delivery methods prescribed in Sect 65 is applicable. Posting by registered post is only required once the service of documents is called for. (Sect 168)

Sect 130 (3) however places a duty on the Magistrate to only grant a judgment if the court is satisfied that

- (u) in the case of proceedings to which sections 127, 129 or 131 apply, the procedures required by those sections have been complied with;

This sub-section has bestowed Magistrates with a discretion to prescribe the form of proof they require to satisfy

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themselves that the S129 letter was delivered i.e. they must be satisfied that a notice was delivered in accordance with the modes of delivery prescribed in Sect 65. They may however not prescribe an alternative mode of delivery or demand that the notice be served (Sect168).

The NCA does not come to the assistance of Magistrates in prescribing what format the proof of delivery must be presented, nor does the Magistrates Court Act provide clear guidelines.

It is submitted that alternative options such as an affidavit or an attorney's certificate confirming delivery should suffice. A certified copy of a bulk posting remittance should similarly be sufficient.

Of concern is the fact that most collectors are, at great cost, complying with the Court's request. Collectors should consider instructing their Attorneys to argue this point before the practice is irrevocably entrenched.

In considering the stage in the collection process by which the notice must be delivered one needs to appreciate what this requirement attempts to achieve. It is obvious that the intention is to prevent the granting of civil judgments against over indebted consumers. The legislator expects a consumer to approach a Debt Counsellor for relief and has placed the onus on the credit provider to inform him of this right prior to approaching the court for an order enforcing the credit agreement.

Sect 57/58 of the Magistrate Court Act provides that on receipt of a demand (or summons) a debtor may in writing consent to a Judgment (Sect58) or make an offer to settle the account in installments together with a consent to Judgment in the event of further default (Sect57).

It is common practice to start the collection process with a demand for payment. In response a debtor can:

- ignore the demand,
- settle the account,
- contact the collector with a payment proposal, query or a reason why he cannot pay or,
- provide a signed consent in terms of Sect 57/58 (as stated above).

It is clear that by sending a demand for payment, a Credit provider does not necessarily intend instituting legal action (approaching the court), nor is legal action the only possible outcome. It is only in the last instance, where a consent was provided, where legal action might follow.

It is further important to note that the signing of the Sect 57/58 consent on receipt of a demand happens at the instance of the Debtor (not the Credit provider or his Collector) who on receipt, may elect to furnish the credit provider with these documents.

Some Courts are however insisting that the Sect 129 notice be delivered prior to the sending of a demand for payment. Sect 130 of the NCA only requires the credit provider (among others) to deliver the notice prior to approaching "the court for an order to enforce a credit agreement". As indicated above, a demand does not constitute an intention

to approach the court for such an enforcement order. As such the Sect 129 letter does not need to be delivered prior to the sending of a demand.

Other Courts insist that the Sect 129 notice be delivered prior to the debtor's signing of a Sect 57/58 consent. I reiterate that these documents are signed at the instance of the debtor. A credit provider can not anticipate the signing of a consent. The fact that collector may request the debtor to provide a Sect 57/58 Consent (and may further even provide pro forma consent documents) as an alternative to settlement does not change the situation. The signing thereof remains at the consumers discretion. It is not a foregone conclusion that a consent will be provided as a debtor can still settle the debt or refuse to sign due to various reasons (dispute loan, unemployed etc.). There is simply no way of knowing that a consent will be signed and as such a credit provider cannot deliver a notice in the period between the demand and the actual signature of the consent.

Nor is the credit provider's intention relevant to the argument. The Act does not require the credit provider to deliver the Sect 129 notice if he intends approaching the court. He only needs to deliver before actually approaching the Court.

Similarly, in a Section 57 scenario, a debt can be settled by monthly installments without ever becoming a judgment.

Support for this argument can be found in Sect 59 of the MCA which clearly states that:

59. Written request constitutes first document in action-

If no summons is issued in an action the written consent referred to in Section 57(2) and 58 (1) shall constitute the first document to be filed in the action (.....).

The first document to be filed in an action is the first step taken in approaching a court for an order. It is the document on which a case file is opened and to which a case number is allocated. Without submitting the first document the matter never comes into the court's domain.

It is also not the signing of these consents but the actual **filing** thereof which constitutes the first step.

Although the sending of a demand and the signing of a consent precedes possible legal enforcement it is not the final step before approaching a court. The Credit provider may send the notice at any time before approaching a court (if the other pre-conditions are present) but still has the opportunity up and until 10 days preceding the **filing** of a written consent.

Again collectors are cautioned against blindly complying with Magistrate's requests as once these incorrect practices become entrenched, they will be very difficult to remove.

Disclaimer: It is important to remember that laws and government policies are constantly changing and accordingly the author takes no responsibility for the accuracy or currency of the information provided herein. If you require particular information or advice you are advised to consult with your attorney or legal adviser.

TECHNOSPEAK

By Mike Romyn



WINDOWS 7 available for FREE!

Microsoft has released a RC (release candidate) of Windows 7 which anyone can download for free (1 year free license). I have downloaded it (a whopping 3.5Gb) and so far I am very impressed. They might just redeem themselves from the unpopular Vista operating system.

To run Windows 7 you will need:

- Internet access (to download Windows 7 RC and get updates)
- A PC with these system requirements:
 1. 1 GHz or faster 32-bit (x86) or 64-bit (x64) processor
 2. 1 GB RAM (32-bit) / 2 GB RAM (64-bit)
 3. 16 GB available disk space (32-bit) / 20 GB (64-bit)
 4. DirectX 9 graphics processor with WDDM 1.0 or higher driver

Some of the benefits are as follows:

Improved taskbar and full-screen previews

The taskbar at the bottom of your screen is what you use to launch programs and switch between them when they're open. In Windows 7 you can pin any program to the taskbar so it's always just a click away, and you can rearrange the icons on the taskbar just by clicking and dragging. The icons are considerably bigger, too, so they're easier to use. Hover over the icons and you'll see thumbnails of every file or window that is open in that program, and if you hover over the thumbnail, you'll see a full-screen preview of that window. Move the cursor off the thumbnail and the full-screen preview disappears.

Desktop enhancements

Windows 7 simplifies how you work with the windows on your desktop. You'll have more intuitive ways to open, close, resize, and arrange them. With Windows 7, it's easier to do things you do all of the time. For example, before, when you wanted to compare two open windows, you had to manually resize your open windows to show them side by side. With Snaps, you can simply grab a window and pull it to either side edge of the screen to fill half the screen. Snap windows to both sides, and it's easier than ever to compare those windows.

Jump Lists

With Windows 7, Microsoft focused on keeping the things you use most right in front of you. One example: The new Jump List feature. It's a

handy way to quickly reach the files you've been working with. To see the files you've used recently, just right click on the icon on your taskbar. So right-clicking on the Word icon will show your most recent Word documents. Plus, if there are other files you want to keep handy, you can just pin them to the Jump List so they'll always appear. That way, the documents you're likely to want are just a couple clicks away.

Windows Search

Looking for something on your PC? What's your first instinct? If you use the web a lot, you probably start by looking around for a search box. Now, you can find things on your computer the same way. Introduced with Windows Vista, Windows Search helps you find virtually anything on your PC quickly and easily. Windows 7 also makes search results more relevant and easier to understand. Looking for a file, e-mail, or application? While you can easily look through folders and menus, there's an even faster way. Just click on the Start button and you'll see a search box at the bottom of the Start menu. Just enter a word or few letters in the name or file you want, and you'll get an organized list of results.

Better device management

One of the great things about PCs is how they let us use such a wide array of devices. In the past, you had to use several different screens to manage different types of devices. But With Windows 7, you'll use a single Devices and Printers screen to connect, manage, and use whatever printers, phones, and other devices you have on-hand.

View Available Network (VAN)

Windows 7 makes viewing and connecting to all of your networks simple and consistent. You'll always have one-click access to available networks, regardless of whether those networks are based on Wi-Fi, mobile broadband, dial-up, or your corporate VPN.

The above is an extract from Microsoft's website. You can download your own copy of Windows 7 at the following link:

<http://www.microsoft.com/windows/windows-7/get/download.aspx>

Happy Nerding!



MAKING THE MOST OF YOUR DEBT

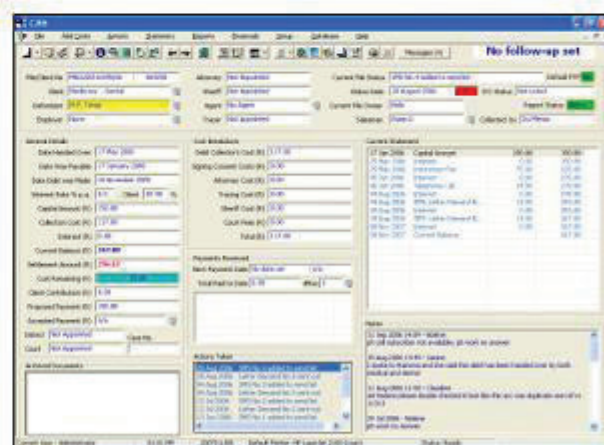
Debt Recovery & Management Software

Manage your legal processes and Debtor relationships simultaneously

This software package is designed for Law Firms, Debt Collectors, Para-Legal's and In-House Debt Recovery Departments.

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- A single consultant can efficiently **manage up to 600 active matters**.
- User friendly.
- Generated Diary.
- **Tracks** collection process.
- Costs are **logged**, disbursements **calculated** and trust funds **balanced**.
- **Vital Reports** Generated.
- Includes a powerful **search engine**.
- The software is **network** enabled or can be used as a **stand-alone** package.
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STRENGTHENING YOUR GAME

Continuous improvement strategies can help ensure your company's survival

By Sara Bobrowski

Good athletes know that in order to improve, they must identify their weaknesses and implement training strategies to overcome them. In business, whether the problem is your stagnant hiring procedures, out-of-date collection technology or so-so client satisfaction rates, any weakness in today's tough economic climate can be the kiss of death. Clients demand collection agencies that can deliver the very best.

How do you get to be the best? By employing the principles of continuous improvement, responding to both internal and external cues for change and recording the results so you can do better next time. A solid continuous improvement strategy can help any company overcome its weaknesses for greater profit and opportunities for growth.

"At a deeper level, [continuous improvement] means survival," said John O'Donnell, vice president of credit and collection operations for Afni Inc. in Bloomington, Ill. "Our business is very competitive, and in today's economically challenging times, it is very difficult to earn a profit. Our culture of continuing to challenge the status quo has kept us competitive and—at least so far—able to ride out the storm. If you continue to do things the way you've always done them, you won't get that competitive edge."

Even if your current policies and procedures seem to work just fine, there may be a better way to achieve success. Continuous improvement strategies will help you monitor how your company is running and identify any internal weaknesses so you can adopt more effective ideas, processes or technologies.

"One thing that continuous improvement has allowed our company to do is expand on the ways a consumer can pay us," said Dallas Bunton Sr., IFCCE, MCE, CEO-chairman of North American Credit Services in Chattanooga, Tenn. "We now provide consumers a way to pay online through a payment portal. We provide them security to get online, look at their account balance, send a note, send a question or send a payment. We don't get too many hits on this yet, but our clients see that we have offered this and really appreciate that we have provided this innovative tool for consumers." Companies can design their own continuous improvement plan or follow a preformatted program. The key is to determine which program or process best fits your company and how you work. For instance, Tina Hanson, vice president of State Collection Service in Madison, Wis., noted that her company's use of ACA's Professional Practices Management System (PPMS), which is at its heart a continuous improvement program, inspired her company to start logging and tracking client issues. "It's important to know what's going on with your clients and to keep in touch with them," Hanson said. "Logging and tracking issues has really allowed us to keep a close tie with our clients and we are able to be proactive with reports and other processes. The client is confident that we can fix issues that come up and this has been a big benefit."

Continuous improvement practices can help companies investigate and eliminate problems—often before they occur. The four basic steps to a continuous improvement strategy are as follows:

Make a plan

- Define, establish and document any policies or equipment that needs updating or changing.
- Provide the appropriate resources.

Take action

- Implement the changes and record what you did.

Check your results

- Did the results meet your expectations?
- Conduct management reviews, internal audits and external evaluations.

React to any deficiencies and praise any improvements.

- Remember to take both preventive and corrective action.

Continuous improvement is important for companies of all sizes.

"There is a notion among companies that continuous improvement or quality assurance is too big of an undertaking for small or medium-sized companies, and this is just not true," said Mike Gardner, president of Credit Clearing House of America in Louisville, Ky. "Continuous improvement can be as simple or as complex as you want to make it. Big or small, the process will be the same—it's what you make of it, but is so important to do."

Gardner noted that any agency that has been able to stay in business for at least 12 months has executed some sort of continuous improvement strategy, even if the agency isn't aware of it. Companies that don't fix problems would go out of business very quickly. Gardner gave the following example: Think about riding an airplane. Every big jetliner does a preflight check to make sure everything is up to code and in the best working order possible. If something is not, the flight crew changes it and records those changes to improve service for the next flight. When you get on a smaller airplane, you hope the flight crew has done this same check because it is no less important for the smaller plane to be in the best working order as well. The key to success when implementing a continuous improvement program is getting everyone in the company involved. Without all employees doing their part, the program will crash. Every person needs to feel comfortable pointing out errors and bringing up any ideas on ways to improve processes. A company can only find success if its culture includes a continuous improvement program in which both staff and upper management drive the constant process of improvement. Company leaders should explain the process of continuous improvement to all staff members and empower them to look for opportunities to improve without always having to get approval from management.

"We have moved this process down the organization so everyone participates," Hanson said. "Any collector—any one in the company, in fact—can make a difference. We really encourage those folks doing the work to suggest a better way to do things if they find a way. We want them to know they have a voice to fix it so they feel they can make a difference. We give them the tools to feel empowered and this is effective in increasing morale and the bottom line."

Continuous Improvement Tools

To properly identify areas for improvement, a variety of documentation tools can help.

Client issues form: This form is used to log issues brought to the company's attention by a client. For example, if a client calls to complain that a report was received late or there was a problem with the remittance of funds, a client issues form should be completed and logged. Without a system of recording and reviewing client issues, many of these issues end with the person who takes the call and solves the problem. The client issues form helps get client

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requests beyond the front line and back to the management team or sales team, who can then work to identify the root cause of the issue and develop long-term solutions. In addition, the client issues form helps track the number of days it takes to resolve an issue and whether a particular department is responsible for or responding to a high number of client issues. If you can't measure something, you can't manage it. The client issues form helps quantify a previously ambiguous area of customer service.

"My saying is: If it moves, we measure it," Hanson said. "We need to know what we're doing and how well we're doing it, and we cannot know this if we aren't looking at every piece and measuring it. What are those key performance indicators and what are the most important things to measure? Go through what to measure against because the criteria could be different now than it was two or four years ago." Client issues may not necessarily be mistakes. By tracking the reason for all client calls, an agency will be able to identify an area where the company's standard processes are not meeting a client's expectations. For example, if a client is calling every month requesting special reports, the agency may recognize the client expects reports more often than the agency typically provides them or expects information that is not included in a standard report. By identifying this trend, the agency can either establish additional or specialized reporting cycles for that particular client or, if it seems the client simply does not understand the agency's reporting system, the agency may clarify the system with the client, decrease future calls and eliminate client frustration over the matter.

"We have an employee assigned as a PPMS administrator who employees go to with every call a client makes and the administrator tracks them and reviews the calls by making a report," Bunton said. "I go over this report with the administrator once a week and we see who's involved in the calls, how quick is the follow-up, figure out the problem and determine the improvement. This really forces you to stay on top of every issue that comes across your company." Bunton recalled one time he met with a client about an ongoing communication issue. He was able to show the client a report documenting every request employees had answered and how quickly each issue was resolved. The report also detailed how many issues the client had brought up, which helped the client realize how many calls he was making.

Nonconformity and corrective/ preventative action report:

This form is used to log issues brought up by company employees. A nonconformity can be written up when an employee notices a mistake or recognizes an inefficiency in an established procedure. Examples of possible nonconformities include:

- Client requirements not followed.
- Legal requirements not followed.
- Internal agency procedures not followed.

Tracking nonconformities can prevent further damage, improve service and satisfy clients. It's important that employees don't

see the logging of nonconformities as a negative activity. The identification of a potential problem before a client calls to complain about it should be applauded, not punished.

Continuous improvement status report:

This simple form provides a roadmap for completing continuous improvement projects once a client issue or nonconformity has been identified. It helps the company establish steps and deadlines for completing the improvement project.

Flowcharts:

By diagramming procedures and work instructions, a company provides employees with detailed step-by-step instructions for completing their work and reduces the chance that steps will be missed or completed out of order. One way to improve outcomes is to eliminate as many "decision diamonds" as possible in the flowchart—those areas where an employee must use discretion regarding which direction to go when a flowchart "branches."

These tools—among others—will help strengthen your company's continuous improvement process. They can help you gauge where your company stands and what it may still need to do.

"Continuous improvement is all about learning from your mistakes, continuing to drill into your data and turn it into useful information—information that leads to better decisions and treatment strategies based on fact and not gut instinct or manager feelings," O'Donnell said. "We absolutely need this type of approach in this economic time. It is as important as ever to be managing our expenses and minimizing stranded treatment costs. We do so by analyzing all aspects of our collection process, reducing waste and driving efficiency." The bottom line is that continuous improvement can help increase your bottom line. Reduced expenses mean more profit, which means a better use of your resources, which means more business to keep your company going.

Who can argue with that? "When things go wrong, continuous improvement gives you a pathway to not only find your way out, but also tells you what to fix and gives you a way forward to prevent it in the future," Gardner said. "Continuous improvement is synonymous with saving money. In current economic times, we are getting more accounts, yes, but collectability is down because of the hard times. So, contrary to popular belief, collection is tougher. Continuous improvement can be simple—it doesn't have to be complicated—and a simple program will help to save your agency. This is a tool you need to implement."

Sara Bobrowski is ACA International's PPMS coordinator.

For information about PPMS, visit <http://www.acainternational.org/ppms>.

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SMS your debtors for only 19 cents per SMS. This has proved to be a very cost effective way to improve your collections.

We have had some very pleasing reports from members who have taken advantage of the SMS system offered exclusively to ADRA members. Whether you send 1 SMS message or 1 million messages per month you will pay the same low rate of just R 0.19 (ex vat) per submitted SMS message .

For more information on this exclusive offer contact ADRA head office (011 781 3337 or email info@adraonline.co.za) for more details.

TALKING POINTS

A RAMBLE (RANT?) ABOUT THE CREDIT LANDSCAPE

There is something that both the Debt Collectors Act and the National Credit Act have in common – no doubt with several others – which continues to bother me, and I suppose that my concern is the product or result of an almost Victorian upbringing. I was always taught that I should never buy something that I could not pay for, and that is a principle that I have followed all my life.

I know that in these modern times when prices of all the things that one wants or needs have rocketed, and there are strong peer pressures to keep up with the Jones's, this is all much more difficult. But it seems that people – meaning you and me and the other men in the street – have either forgotten or perhaps never learnt that there is an obligation to pay for what one has purchased or for services that one has received.

I also know that a whole lot more temptation is placed before us these days, with the mouth-watering adverts screaming about the savings that one can obtain by spending “only R1399.95” instead of the usual R1750 – this week only, for whatever the product happens to be. You get the picture. And that is aided and abetted by galloping technological advancements, so that the beautiful TV that you purchased a couple of years ago has now been superseded and you now have to have that new digital model. We are all exposed to a multiplicity of pressures to go out and buy.

And add to this mix the very important need to distinguish and understand the difference between buying only what you need as opposed to what you want.

Paying for it is another story, and what really gets my goat is the unpaid doctors bills and school fees. You see, we go to the doctor because we need his help, usually with some urgency. Never forget that to obtain his qualification has called for an enormous investment in time and effort on the part of the student practitioner to say nothing of the amount of money that he, his family and the State has invested in his qualification. So he is entitled to be paid and handsomely for his knowledge and experience and the time that he has allocated to you. But actually pay him? That is a much lower priority.

Of course, and quite properly, we all want the best for our children, often for something that we never had ourselves, and a good education is certainly at the top of my list. Pay the school fees? That's another issue, complicated in my view by what seems to be a prevailing feeling of entitlement to freebies.

I agree completely that there were aspects of the Hire Purchase laws that needed attention, and that advertisers needed a bit of taming, and that the Usury Act needed an update, but I think that this has all gone too far. Significantly the micro-lending business which I personally find quite iniquitous, has not been touched. I know that micro lending meets an important need, but my gut-feel is that such need is the result of the failure of the regular banks to provide for it.

What the Debt Collectors Act and the National Credit Act have done more effectively than anything to make it easier for the debtor to avoid, escape or defer liability for the lawful obligations that he has (perhaps irresponsibly) contracted for. Do people realize that for every right that they are so eager to claim, there is a concomitant obligation? If I am entitled to something, another party has the obligation to allow me to acquire it. If one purchases something, there is an absolute obligation to pay for it.

Now - at long last - to the point. The common factor shared by the two Acts that I mentioned is that they are dedicated to the protection of the downtrodden and exploited consumer, who

has been taken advantage of by rapacious traders, and in the result, we poor collectors are demonised.

Surely the same amount of inventiveness and attention that has gone into the Acts should be devoted to developing a process whereby our broad populace is taught about the obligation to pay, promptly, for what they receive.

But wait a minute. If that is done too effectively, that will have a negative effect on the business of debt collectors! Where do we go from here?

Geoff Mansell

Open letter to all Registered Debt Collection Agencies AND individual Registered Debt Collectors

During the last few years we have seen a drastic swing in the debt enforcement arena in South Africa. Not only was law reform uncontested by the very people responsible for recovering the outstanding dues from credit consumers, but also over-powered by consumers through their strong political affiliations. Credit providers on the other side of the scale proved to be “one voice” in speaking to the “powers” that can make a difference, and at the end of it all, made meaningful representations to ensure that the “sun shines” over them as credit providers to some meaningful extent.

South Africa has, in my mind, seen, during the current time slot, a piece of credit law reform legislation with the single most wide impact on business since 1901 – by the way, that was the year in which the first data-bank with credit information was started. Most, if not all, credit providers – by the way those are the employers of debt collection agencies and individual agents – have spent thousands, if not millions, of scarce SA Rands to ensure that they see the sun coming up the next day after promulgation of the latest law reform. Sadly so the facet of business that is the hardest hit by this credit law reform was shining in their absence at the debating arenas.

All of the debating done and dusted and Regulation 11 of the National Credit Act crept in without opposition from the very industry it would put out of business, namely the debt collection agent. Many have cried “foul”, but regulation 11 came in to stay and any debt counsellor can now do what debt collectors in the past has seen as “holy territory”. The same could be said for many other provisions of the National Credit Act and eventually all these statutes led to a new way of enforcing debt – no more debt collection. Debt collectors in the past would negotiate with debtors and do their utmost for their principals – now we have debtors paying debt counsellors to protect their interest and the debt collector is left outside the debt enforcement loop.

The only reference made in the National Credit Act to debt collectors is short and bitter: No debt collector may register as a debt counsellor and debt collectors who buy debtor books must lose their identity and register as credit providers. How bitter sweat the path of the debt collector who gives everything to collect on behalf of principals. **Were we too silent in our struggle?**

Credit providers are the ones who have to take the decision in the debt review process regarding consent to have debt restructured leaving the debt collectors once again outside the debt enforcement loop – some credit providers have granted their attorneys the mandate to screen and approve/object to the debt review proposals as attorneys may act on their behalf in court – you might want to remember that debt collectors

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have NO locus standi in any court and cannot **represent their principals**.

The National Credit Regulator now lodged proposals to change the National Credit Act and Regulations to provide for procedures that clearly side-step the debt collector even further and only allow the debtor and debt counsellor into court during the review procedure – help me but I have not seen a proposal by the organised debt collection fraternity to counter this one.

Déjà woo - I quote from the ADRA LINK dated Oct 1997 when a similar situation arose, namely the proposed Open Democracy Bill for enactment.

The Open Democracy Bill to be enacted.

What seems very inexplicable is de facto no new phenomena. In the previous "SA" the peoples of SA were used to the SA Law Commission undertaking a study in a specific field and new Legislation was born to solve a problem or to curb something. The peoples were disillusioned when the new Act was promulgated and made a lot of hullabaloo. Debating would then start but we all knew that amendments took a long time and Law was actually reserved for the "learned few".

Today we have a more ticklish situation. As our Supreme Law we have the Constitution. All Law is subservient to the Constitution and, may it be seasoned or modernistic Law, they all have to pass the Constitutional Test. Unfortunately very few peoples have read the Constitution and most do not even appreciate where a Constitution stems from, yet many of them belong to some or other sports club with their own constitution.

In the Constitution we are assured of the Right to our Privacy and only a Law of General Application may limit this right. If we look at our data, as being one of the items of "our private life", we find that everybody uses data on us as if it is their data and if it is their right to disclose our data to whoever asks for it. Yet, SA does not have a Law of General Application to limit the total privacy of our private data. So all the peoples who disclose our data will fail the Constitutional Test and we will all be blissful.

Question "will we really be happy with such a scenario?". The members of ADRA will be out of business the same day as the Constitutional Court finds that all Recovery Agents are unconstitutional as they gather and disclose private information on the public and they have no Law of General Application authorizing them to do so. If you disagree with this statement you should depict this in your mind eye: You yourself buy something on credit and do not pay. Your information is then transferred to a Debt Recovery Agent (we trust that he is an ADRA member) to start collecting. Stop there and think. What information is transferred to the Recovery Agent? Is this information that is transferred not private information protected by the Privacy Clause in the Constitution? Don't I as a Citizen have the protection of the Constitutional Court? The answer to all the questions is YES.

Section 56 of the germinating Open Democracy Act takes it a little further and I quote from the latest draft: "... a record containing personal information may not, without the consent of the individual to whom the information relates, be disclosed ". Look back at the depiction, did the credit grantor have your consent to disclose your private information? If so in what format ? Now place yourself in the galoshes of the Recovery Agent. Do you know if your clients have their debtors consent to transfer private data to you? Maybe you can argue that, that what your client gives you, is not private data: then ask yourself, your balance on your account is it private or not? Do you not regard your ID number and address as private? Do you not regard any details that you gave the credit grantor as private?

Yet, very few people have read the Constitution, don't even

speak about the Open Democracy Act. Boy ..oh ..Boy, have you seen what good back-seat drivers we all are? My plea is that we all get involved and read these 2 pieces of Legislation and get our act together, later we might be in the same boat as in the past What seems very inexplicable is de facto no new phenomena. In the "previous" SA the peoples of SA were used to the SA Law Commission undertaking a study in a specific field and new Legislation was born to solve a problem or to curb something. The peoples were disillusioned when the new Act was promulgated and made a lot of noise. In the "new" SA the people will have to learn that "human rights" is protected by the Supreme Law, our Constitution, and only Law of General Application, like the Open Democracy Act, can limit those cherished rights. So please read the O D A before you weep. Eugène Joubert. (10/1997)

YES and so we go on and on now we moan and groan again as our "holy territory" diminishes as we don't tend to the flock. When are we going to stand up and do something? Ostriches are known for what we are doing at the moment! History repeats itself EXCEPT in October of 1997 we had to dig deep into our pockets and face the music – some companies gave up valuable time and resources to fight the fight and WE WON most of those rounds – can't say the same today? The Open Democracy Bill disappeared then but today the National Credit Act and the Consumer Protection Act is alive and well.

I quote from the ADRA LINK dated May 2001:

"If the brave do not lead, the timid will not follow. Be brave!"

You must admit that our world has changed radically! With change comes challenge or crisis, opportunity or impotence, prosperity or poverty. It takes a brave person to flourish in spite of the pace of change. Workplaces continue to right-size, outsource and re-scale. The economy is swinging from retail to e'tail. Entire trades have been replaced by automation and companies by globalisation.

In the collection industry it is no different. Collection companies are under pressure for results and then comes the squeeze on commissions. Furthermore we have the "e" development and clients expect collection companies to keep up with their own IT progress.

Maybe I have missed the boat somewhere, should we not be collecting the debt from the debtor? If we as collectors get involved in all these side shows when do we collect? Yet if we don't lead (even only with the chin sometimes) we won't make it. So you have to balance the outlay in IT and hope you make the right decision and will live to tell the story.

But I suppose it all has to do with being a mover and shaker, a change in attitude and making it work in an ever changing environment. Visualize what will happen when your company is firmly persuaded that they are part of a winning combination, formula or team. When they are alert to opportunities, fight like demons and take setbacks in their stride. Observe what happens when people burn their bridges or ships in the belief of their greater cause. Victory! This belief doubles their strength, gives them courage and "superhuman" abilities. Vanquished nations are frequently conquered not as a result of a military disadvantage, a lesser fighting force or the advantage of higher ground, but as a result of a lack of morale, esprit de Corp, co-operation, fellowship and resolve. The confident change and consistent awareness of a re-vitalized attitude brings about a sense of belonging and purpose.

Individual, group and national perceptions are incredibly powerful. Military structures, colleges, religious organisations, secret societies, clubs and gangs, all provide this sense of purpose and belonging. Greater recognition, responsibility and accountability go with promotion. Rank, hierarchies and access

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to the inner sanctum are all created to give the individual a sense of belonging. Understand that their primary mechanisms of motivations are based on the three great motivators, respect, recognition and reward, which in turn, rest on the foundations of inspiration or intimidation.

Over the centuries the Americans created the "American Dream". They assembled a lasting perception that all good things come from America. Everything is bigger, better, smarter, freer. Emigrants desiring to be free, sailed for the shores of the New World. They bought into the dream, sacrificed their homelands and mother tongue and helped create the most powerful nation on the face of the earth. They produced a perception was "the land of the free". They swore an allegiance to the flag and the constitution. They bought into the perception that they are the best!

Consider any aspect of your life. Consider your perceptions and attitude towards your potential, ability, competency, genius, capacity, talents and skills. Having identified those perceptions that can and should be developed, you will now be embark on the adventure of radically renovating them. The Chinese have a lovely saying. It goes like this "The best time to plant a tree is 25 years ago. The second best time to plant a tree is now." There is no better time than now to reject those prohibiting perceptions and replace them with positive empowering perceptions.

Everyone I speak to has been influenced in some or other way by these "prohibitive perceptions" and "limiting beliefs". Some in a minor way and others in a severely incapacitating, potential numbing manner. Some compound these perceptions and prove their mentors right by surrendering to the perceptions and enlist in the camp of the Moaners and Groaners. They firmly convince themselves that they are incapable of success, unable to win, powerless to change their circumstances, incompetent in the arena of life, helpless to do anything right, unfit to walk on the face of the earth, unworthy to acquire prosperity and ineligible for victory. Their self-worth is at an all time low. They loose hope and faith and merely exist.

On the upside, most Movers and Shakers who embarked on innovative action, concepts or programmes also flopped! The difference is, they recognised and acted on the principle of the Daruma ! They stood up and gave it another shot and do you know what? They floundered and flunked again. They were also confronted with the opportunity of accepting the prevailing prohibitive perceptions and giving up, but had the good sense to realise that they could either change the way they thought, their direction or the way they were doing things. Once they did that ... surprise ... they succeeded !

Debt grew from 200 billion rand a few years ago to 620 billion currently and this only credit extended in the private sector. The Government and semi-government sector has never been serviced to the full potential and we see the cracks in those structures with very little help coming forward. Looking at the number of debt collectors and their staff, it did not grow at the same curve, so who is servicing the credit grantors and their challenge ? Who is keeping track of the IT changes and Who is staying ahead of market movements ? The brave and bold step out there and risk the investment into E-COM and service their clients needs. Time to moan and groan is not now, with the growth figures in the credit industry the debt collectors needs to be positive and tackle the job at hand with a lot of energy

**It takes a brave person to survive and prosper!
Be a Mover and Shaker Or moan, groan and fail !
Eugene Joubert (05/2001)**

We have our Movers and Shakers - I take my hat off and salute people like Pat Harding, the late Clive Morkel, Clyde Johnston and those who gave more than what was asked for to fight the

fight. We never had anybody to hide behind and hoped they would do the job – we were the people who had to stick our necks out and fight the fight. I remember sitting in Parliament with Clyde and being attacked by the different political parties saying that we don't even have a place because attorneys should be doing the collections as they are professionals: debt collectors don't even have education and we want to have a statute of our own – yet WE WON against all odds. I must add that I do see a number of companies and individuals still showing that same glue that held us together then – but the glue is hardening and has lost its appetite for fighting the fight and holding us together.

In the declaratory order requested by the National Credit Regulator I did not see ADRA being sited as a respondent to a most important issue, rather our regulator was sited BUT I did not see the Council for Debt Collectors voicing their opinion in protecting their constituency who pay their salaries. What happened to the debt collection fraternity? Why did we not join as a "friend of the Court"? Should the NCR succeed in one of the motions, namely the interpretation of the in duplum rule, then he will just about wipe the debt collection industry from the table.

I have heard many a member blaming the ADRA board for not doing this or doing that – my question always stays the same to such a member "there are those who watch things happen and there are those making things happen and there are those who still wonder who was responsible for what had happened – **which one are YOU?**

ADRA had made tough stances for what they believed in. In May 2000 ADRA had no issue in voicing its opinion with the Minister of Justice:

Head Director - Ministerial Services - Dept. Justice

COUNCIL FOR DEBT COLLECTORS

I refer to previous correspondence with the Dept. of Justice regarding the Council for Debt Collectors.

As you are aware, ADRA is doing it's utmost to regulate the Debt Collectors via this self regulatory body, awaiting the appointment of the Statutory Council. I am well aware of the efforts of the Department, to finalise the nominations and the issue of finding a suitable Chairmen for the Council, and for these efforts we, as an organisation, is thankful.

Urgency was created by the promulgation of the first 7 Articles of the Act on Debt Collectors, however, the delay in appointing the Council is causing us to backslide as far as regulation is concerned. Debt Collectors that refuse to be regulated by ADRA canvass work and operate along the very same lines that caused the investigation into an Act in the first instance back in 1988.

ADRA is spending substantial amounts, of the reserves built up to aid the Department in settling up the Council, on disciplinary hearings to regulate members. Debt Collectors are now saying that the Minister will never appoint the Council and that ADRA should also stop regulating the fraternity. If ADRA does not stop its regulation then those questionable Collectors merely resign to rid themselves of the only form of discipline. All of this is contra productive to all the efforts of ADRA and the Department.

The only real regulation is through the Dept. of Trade and Industry and the Code of Conduct issued by the Harmful Business Practises Committee. Most complaints are from businesses and this Committee does not entertain complaints from a business, only do they hear consumer complaints. Therefore it follows that this is only partial regulation.

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Against this backdrop, please see this as a **plea** ; on behalf of ADRA **and** the businesses involved in credit granting, we **urge** that the Minister appoint the Council from the nominations forwarded (since Nov. 1998)

We cannot allow the situation to return to the state of uncertainty that prevailed prior to the act, but this time delay is doing just that.

We trust that our request be considerate favourably.

Yours in Service - EUGENÉ JOUBERT -
VICE PRESIDENT ADRA

Mr Eugène Joubert - Vice President: Association of Debt Recovery Agents

COUNCIL FOR DEBT COLLECTORS

Thank you very much for your letter dated 11 May 2000.

I do have appreciation for the frustration on the side of your Association. However, I should give you the assurance that the Minister is just as anxious to get the Board off the ground. In fact it would be contra-productive to activate Parliament (and a number of other individuals and bodies as well) to consider and to pass legislation without the will of bringing that legislation into operation. In fact it would negate the role and the function of the Legislature.

The final memorandum containing the proposals for the appointment of the Board is, I believe, on its way to the Minister. We really hope to have it finalised shortly.

I will keep you abreast of developments. In the meantime, kindly accept our apologies for any inconvenience caused in the process.

With regards, - JN LABUSCHAGNE - HEAD: MINISTERIAL SERVICES

ADRA in ACTION and ACTION in ADRA – come on debt collectors – protect your turf and spend some resources in order to save your slice of the business cake – red ants are ready to polish off the last crumbs of the “holy ground”. ADRA needs more than your subscription cheque and moans – ADRA needs you to stick your neck out and risk like we had to some 15 years ago in order to get recognition.

We have no less than 4 issues on the table:

- 1 The inclusion of the Debt Collectors Fees and Expenses in the *in duplum* rule.
- 2 The regulation 11 issue which allows debt counsellors to receive funds from debtors and distribute it back to credit providers.
- 3 The impact of the new version of the old Open Democracy Bill – now called the Consumer Protection Act.
- 4 The move of the Minister of DOJ to make public statements, that shortfalls on asset based finance deals should be written off.

My question to **YOU** as an **ADRA MEMBER** is – when are you going to get into **ACTION**? Or are you one of those that are still pondering on the question, **WHO** is supposed to be **IN ACTION**?

Eugene Joubert

We Want to Hear from YOU!

Send letters to:

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ADRA Link

E-Mail: info@adraonline.co.za

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MOTIVATE FOR PRODUCTIVITY

By **David Cherner**

Evaluate how your employees think, work and act to bolster their productivity.

During these tough economic times, businesses need to focus on leadership, motivation and team building. Employees are worried about issues at home—how to pay for their child's education, how to pay for medical care, whether to buy a new car or house—which often means less productivity in the workplace. While these problems are important, managers and leaders need to ensure their employees continue being productive.

Using motivated leadership to produce productive team building is, in many ways, a balancing act that requires an appreciation for how your employees think, work and react. On the other hand, proper leadership requires control and direction to motivate employees to be productive. After all, leadership doesn't make decisions—people do—so your role as a leader is not an exercise in forcing decision-making. Rather, your role is to guide people in the right direction so they make the right decisions. What inspires your employees and what makes them productive?

Appreciating how employees make decisions requires knowing what makes them tick. Addressing productivity can be approached in a number of ways. Some employees want to know their worth to the team and need regular reinforcement. Some employees are more productive when they contribute to group efforts. Some employees work harder based solely upon their level of compensation and staff title. Knowing how to communicate with your employees will make it easier to communicate your company's goals. And don't forget to consider how your employees respond to criticism. Does your criticism have to be expressed carefully or does the

employee want immediate and honest feedback? Is it appropriate to highlight what the employee is doing right before discussing what needs to be improved, or does criticism have to be relayed by other management personnel?

Motivating your team requires your employees to buy in to the company's goals. You're selling them your goals, and, after all, the art of sales is ultimately an exercise in psychology, evaluating how people think and respond to certain situations. Leaders have to understand how their employees think and respond, and tailor the sales technique accordingly. Answer the call to leadership by knowing your employees. Cm

David Cherner is ACA International's legal counsel and legislative director of state government affairs.

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TRY TO KEEP YOUR CIRCLE OF TRUST

I AM sure most of us have watched Meet the Fockers, and it was after watching it again over the Christmas holidays that I had a thought. Robert De Niro's character Jack was constantly talking about his 'circle of trust', and how detrimental things would be without it. I thought to myself: that is actually a bit like things around us today. For so long we were all in that 'circle of trust' – with our customers – and in the current climate our circles have taken a bit of a bashing.

In credit management we see this first hand. Many of the customers we have had for so long are now starting to leave our circle, not able to pay their invoices as they once had. They are extending payment times, avoiding calls and generally trying to hold off for as long as they can before settling accounts.

Communication is the key, our customers are the same people we relied on and appreciated for so long, and now that some are having difficulties, it is not a time to abandon the circle, but indeed an opportunity to strengthen it. It is a time to look outside the box and see what we can do to help. We are not to become banks and over stretch our

own limitations, but listening to customers, offering some advice and working together to try and reach a satisfactory resolution to both parties is what we should focus on.

We appreciated them when the going was good, and in time things will turn around again, and we want to ensure that our customers are given the same value now as they were in the past and indeed in the future.

Jack found it hard to give his future son-in-law a chance and allow him in the circle, but, like all good movies, the happy ending was that he eventually made the circle stronger than ever.

So the moral is: do not scrap a circle and write your customers off. If you just take the time to talk and listen and work with them, when things pick up, you may find more 'Fockers' in your circle and watch it grow from strength to strength.

By **Maura McClean**
Credit Manager, Grafton ESP.
E-mail: mmcclean@graftonesp.com



LASTLY-NEWS FROM HEAD OFFICE

This has been quite a busy period in the office.

We have had two board meetings both with full agendas. The second board meeting mainly took the form of a strategic session where significant decisions were taken as to the role of ADRA and its members in the ever changing collections industry. We will be able to give members more insight into this at the national workshops to be held in the next few months.

The workshops will be held in Johannesburg, Durban, Port Elizabeth and Cape Town. They will again be informal with feedback from board members on the current state of the industry and time set aside for answering questions from members.

The new corporate stationery and look of ADRA will have been launched by now and we trust you are as excited about it as we are. It has taken several months

to finalize with several changes having been made since the first presentation at the Lekgotla in March this year.

We are in the process of finalizing a sponsor for the new website and then this too will be launched. It will reflect the new corporate look of ADRA but also have the mechanisms in place to expand it and continually update it.

Finally we have purchased Pastel as the accounting package for ADRA and have been busy re-loading all members and getting the cash book entries re-entered from the beginning of the financial year. We just need to bring the balances over from Quick Books and balance the bank accounts and then we will be "live" on Pastel.

Colin

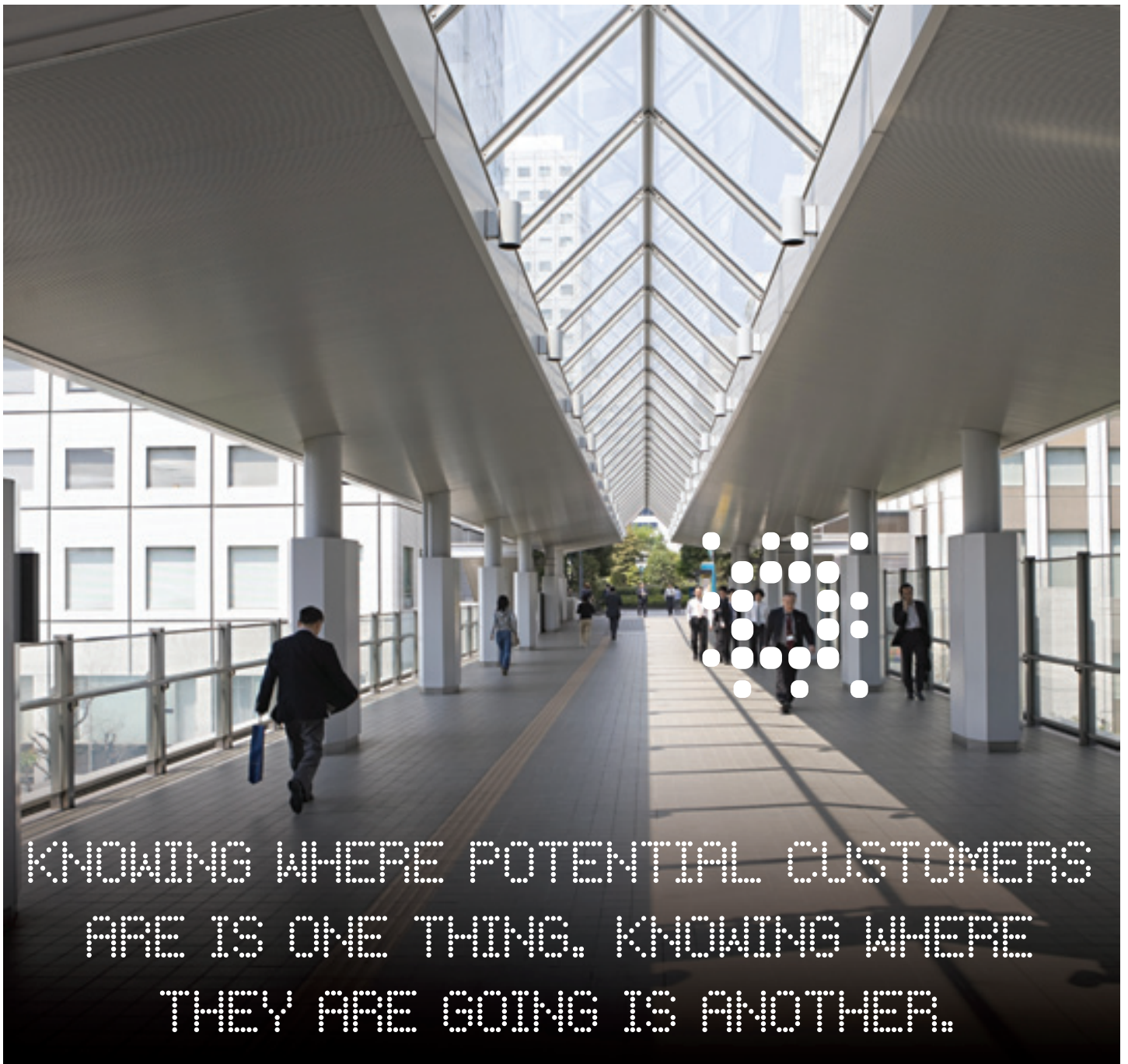
SMS • SMS • SMS • SMS

SMS your debtors for only 19 cents per SMS. This has proved to be a very cost effective way to improve your collections.

We have had some very pleasing reports from members who have taken advantage of the SMS system offered exclusively to ADRA members. Whether you send 1 SMS message or 1 million messages per month you will pay the same low rate of just R 0.19 (ex vat) per submitted SMS message .

For more information on this exclusive offer contact ADRA head office (011 781 3337 or email info@adraonline.co.za) for more details.





Knowing where a customer comes from, gives you a good idea of where they are going. The key to attracting the right customer and building a successful relationship is to recognise and treat them as an individual.

We have the opportunity today to be better informed than ever before about the aspirations, behaviour and individual circumstances of prospective and existing customers.

As a global leader in providing analytical and information services to organisations, Experian understands the importance of added-value customer information.

By combining the power of our comprehensive consumer credit history database, scoring expertise and sophisticated software, we deliver a truly holistic solution to the South African credit granting industry.

Whether assisting you target, acquire, establish or strengthen customer relationships, let Experian give you the competitive advantage.

Tel: 011 799 3400

E-mail: info@experian.co.za

www.experian.co.za

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Operating since 2001, Revenue Red has significant experience and expertise in the areas of credit, collection, origination, process engineering and system delivery. Combining our experience, with a specialised internal systems development team, we deliver scalable, robust systems which make a **significant impact** on the **bottom line** of every one of our customers.

CURRENT DEBT MANAGEMENT PLATFORM

Track, measure and manage early arrears collections within an organisation. While excellent at running the business, core / host systems are not very good at managing internal collections. Revenue Red provides customised systems that integrate with the host system to perform this function properly.

OUTSOURCE DEBT MANAGEMENT PLATFORM

Proactively manage 3rd party collection agents. Revenue Red provides systems which measure agent compliance / performance and intelligently manage debt distribution and placement. All commission billing between parties is automated as well as the financial and administration tasks involved in agent management.

DATA INTEGRITY SERVICES

Many companies suffer from incorrect or incomplete data. Revenue Red performs a holistic data investigation which involves tracking down the sources of bad information and reporting on the severity of the problem. This is followed up by a project to correct / enrich the existing data, remedy the bad sources of data and implement data quality monitoring software.

BUSINESS PROCESS ENGINEERING / WORKFLOW

Whether its collections, origination, credit applications or product applications, well defined and timely processes are vital for smooth functioning and maximum productivity. Revenue Red offers a unique interactive methodology to define each step in the process and then transform this into a fully functional browser based application. The application incorporates escalation, performance measurement and capacity management. For example, SARS's liquidation and deceased estate system (which is extremely complex – 5 workflows with over 200 steps per workflow), took 5 months from concept to live implementation.

SARS

Country wide Debt Enforcement
Estates/Liquidations Workflow

Woolworths

Admin Orders Management
Outsource Debt Management
Credit Card Recovery

Netcare

Hospitals
Outsource Debt Management

Truworths

Outsource Debt Management

Bond Busters

Mortgage Origination System

Bank Windhoek

Data Cleaning & Data Integrity Maintenance

Snyman & Part Namibia

Collection Management System

Namibian Post Office

Current & Outsource Debt Management