

Summer 2009/2010 • Volume 29

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PRESIDENT'S MESSAGE

In these uncertain times I trust that you and your company are doing well despite the downturn in the economy. Based on information I have received from various debt collectors, the downturn in the economy has caused an upswing in the number of matters handed over and an increase in revenue.

Symptomatic of the times, the number of payments has increased significantly, but at lower average instalments and we have yet to see the effects of the National Credit Act where the debt being handed over for collection is supposedly of a better quality, than previously.

When the NCA was contemplated, one of the positive ideas was that although the number of debts handed over for collection may decrease the collectability would be much better due to the more stringent credit checks being done to avoid reckless lending.

What was however not foreseen was the fact that a huge volume of our work comes from clients that are not credit providers in the true sense of the word, but rather stems from incidental credit agreements, for instance medical accounts, where these checks are not done. In practice therefore we do not experience an improvement in the collectability as anticipated but rather a decline due to the worsening economy. We have examples where an additional 3000 payments per month equate to half a million less capital collected. Effectively this means that debt collectors are working a lot harder and collecting a lot less for the same number of payments with the accompanying increase in cost to accommodate this higher workload.

Feedback on my previous report where I advised you of a joint meeting with the Department of Justice, the Council for Debt Collectors and ADRA, where four issues were discussed for inclusion in the Judicial Amendments Bill, namely:

1. The appointment of a candidate debt collector;
2. An admission of guilt fine;
3. Inspectors;
4. Exemptions.

Of the above four changes, number two, three and four was proposed by the Council of Debt Collectors, while the appointment of a candidate debt collector was proposed by ADRA and the terms of such a candidate negotiated and agreed between the three parties.

The latest news on these items is that the ADRA proposal is in danger of being thrown out at a higher level in the judicial system due to an unsubstantiated fear that this may be abused. ADRA will submitting a letter of objection to the Minister with regards to this potential omission as

we feel that it is extremely important to curtail the cost of employment to the debt collecting companies and the hardship that the Council place in the employment of people flies in the face of the government's stated policy of job creation.

We also need the Council to support our initiatives to become a better industry and this can only happen if the industry and the Regulator is dynamic and changes with the economy, technology and best practices applied to collections.

Road shows

Kwa-Zulu Natal and Gauteng has hosted a very successful annual roadshow, while the Cape Town and Port Elizabeth shows had to be cancelled due to a lack of interest. We received extremely positive feedback from members that attended the roadshows.

The informal discussions were very fruitful and many a member was amazed at the crucial issues they have previously missed in applying the Debt Collectors Act to their benefit. It is very true to say many members do not have an adequate understanding of what they may charge and what the implications are of previous rulings by the Council on matters that has served before them. They therefore undercharge significantly and the only forum where they can ask and be advised of these matters are at the roadshows! Many members came to me afterwards and said that the advice they received would change their companies significantly and has given them hope that they may survive and prosper in these economical circumstances.

Media Meetings

We have also had our third annual media meeting and although there was a slight misreporting, we have submitted a correction and in general can report back to our members that debt collectors are not getting the negative media coverage that they received a few years ago. The journalists appreciate a forum where they can listen to and understand the other side of the coin, since they normally only hear the debtors' complaints.

We hope to see you at the AGM where you can once again select a board that can represent you and you company. It has been a pleasure to serve you and please remember that ADRA is the only organisation that represents the debt collection industry and that 67% of registered debt collectors are also members of ADRA.

Arnold Olivier

President

It was meal time during our trip on a small airline in the Northeast. "Would you like dinner?" the flight attendant asked the man seated in front of me. "What are my choices?" he asked. "Yes or no," she replied. Anon

NEWS FROM THE COUNCIL

In the light of the economic down turn it is perhaps appropriate to review the registration trends of debt collectors.

The total number of applications for registration as a debt collector since the inception of the Council reached the number of 29 683 on 28 February 2009. The table below reflects the increase in the number of applications received since 2003:

FINANCIAL YEAR	TOTAL NUMBER OF APPLICATIONS RECEIVED
28 February 2003	8
29 February 2004	6 580
28 February 2005	8 945
28 February 2006	13 251
28 February 2007	18 233
29 February 2008	23 326
28 February 2009	29 683

The total number of approved applications received since 2003 amounts to 29 683. From the available information it appears that since 2005 the total number of applications received has increased by approximately 5 000 per year with an increase since 29 February 2008.

The occupation of debt collector is a volatile one which reflects a high turnover. At the end of February 2009 there were a total number of 10 242 active debt collectors from the ranks of the applications initially approved as opposed to 10 502 on 29 February 2008. However, since 28 February 2009 the number of active debt collectors has increased from 10 242 to 13 426 on 30 September 2009.

During the period 1 March 2008 until 28 February 2009:

- 6 395 applications were received of which 5 950 were approved. (This figure includes applications for registration submitted but which have been cancelled at the request of the applicants prior to approval.)
- 750 registrations were withdrawn due to annual fees not paid.
- 443 registrations were cancelled at the request of the debt collector concerned.

W HENEGAN
EXECUTIVE DIRECTOR
COUNCIL FOR DEBT COLLECTORS

SHORTS

SWITZERLAND

SIX Group, the Swiss financial market infrastructure provider, will offer a SEPA-compatible direct debit service in cooperation with the SECB Swiss Euro Clearing Bank, Frankfurt, starting 2 November 2009. The offer is aimed at financial institutions in Switzerland and 30 other countries within the Single Euro Payments Area (SEPA) that would like to offer their customers the option of collecting standardised euro direct debits throughout Europe.

USA

Due to data breaches and identity theft US\$60bn (€42.2bn) was lost and 35.6 million US consumer records were exposed in 2008, a 47% increase over 2007, according to the Identity Theft Resource Center. The US Department of Justice reported that identity theft has surpassed the illegal drug trade as the number one crime in the nation. In response, federal agencies have mandated 'red flag rules' under the Fair and Accurate Credit Transaction Act of 2003, and Massachusetts enacted the most stringent consumer protection law in the nation.

A young woman was taking an afternoon nap. After she woke up, she told her husband, "I just dreamt that you gave me a pearl necklace for Valentine's Day.

What do you think it means?"

"You shall know tonight", he said.

That evening, the man came home with a small package and gave it to his wife.

Delighted, she opened it. She found a book entitled "The Meaning of Dreams".

FROM THE CREDIT INFORMATION OMBUDSAN

CREDIT AGREEMENTS/ CONTRACTS

The Credit Information Ombud's (CIO) office effectively resolves disputes between members of the credit industry (credit providers, credit receivers and credit bureaux). Written credit agreements / contracts play an important role when the office makes decisions in resolving disputes. The CIO also acts as an educator in matters pertaining to the credit information industry. Caroline Buthelezi, PRO says, "for us to assist in resolving disputes effectively, it is very important that credit receivers supply us with more information because it is always better than less. In addition, supplying us with proof of facts is important because verbal agreements are always very difficult to prove. Here is a brief overview to give us consumers a better understanding about credit agreements/contracts".

What is a credit agreement / contract and how important is it?

- It is an agreement between a buyer and a seller whereby goods are sold or services are rendered in return for money to be paid in the future over a specific period of time. This includes loans and other forms of credit from banks

All credit agreements must be:

- in writing
- be read and understood before being signed
- completed before you sign it
- signed by all both credit provider (representative) and credit receiver
- credit agreements must state description of the goods sold, for example, if it is a copier machine, the model and serial number of the copier machine must be indicated. If it is a loan, the amount of the money you borrowed, rate of interest / finance charges payable, monthly installment, period etc, must be stated

The credit provider in a credit agreement is called a creditor and the credit receiver is called a debtor

What are the most important aspects of the credit agreement/contract?

All aspects of the credit agreement are very important. It is important to read and understand the contents of the contract before signing it. If for some reason you have to sign the second contract, do not assume that its content is similar to the first one, treat it as new, read and understand its contents before signing it.

What if the credit agreement/contract is in a language I do not understand?

Do not sign it, consult the credit provider (representative) for clarity. Make sure that you understand all contents of the contract before signing it. The National Credit Act makes provision for credit receivers to request contracts drawn in a language which they (credit receivers) understand. This can be in any of the eleven official languages of the country.

Furthermore the Act makes provisions for a five working day quote to be provided on request by the credit applicant. This gives the credit applicant ample time to read and understand all aspects of the agreement before signing and committing themselves.

Why do we need written credit agreements/contracts?

- verbal agreements are very difficult to prove
- for future reference, should a dispute arise later, after the contract has been signed
- for you to know your terms and conditions of the agreement before you commit yourself

How many types of credit agreements/contracts do we have?

- we have more than one type of credit agreement, the type of contract is determined by the type of credit you require

Someone is claiming that I have signed a credit agreement I do not know about, what do I do?

- For clarity, request all supportive documentation from him or her (verbally and in writing). This is because we (Credit Information Ombud Office), realized that credit providers sometimes use third parties, attorneys and debt collectors to collect debt on their behalf. They (credit providers) sometimes (sell) their book debt to third parties.

If you do not know anything about that credit agreement/contract:

- inform that organization/person immediately that you do not know anything about that contract (verbally and in writing – fax, email, etc),
- supply him / her with your contact details, this is for them to contact you should they need additional information / clarity to finalized their investigations
- keep proof that you notified him/her of your dispute – e.g. fax transmission
- request written confirmation that your message has been received
- if they agree that you did not sign that contract, same should be confirmed in writing

If you are listed at the credit bureau for the contract you do not know about, and you are not happy with the outcome of the credit provider's investigation, then inform the relevant credit bureau of your dispute, request a reference number, allow them 20 working days to resolve the dispute – if you are still not happy of the outcome of the credit bureau's investigation, then contact us (Credit Information Ombud Office) **(0861 66 2837)**, **website: www.creditombud.org.za**, for **FREE OF CHARGE** assistance. Always remember to have the credit bureau reference number handy when you call us, concluded Caroline.

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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 5 – Explain the Repercussions of Non-payment

Good customer services should be part of every collections activity. For the most part, an organisation tries to rehabilitate accounts that are in collections, so that they can be retained on the portfolio as active, profitable accounts. Poor customer service in collections would damage future customer relationships and may lead to significantly increased attrition, or non-payment. In order to avoid this when negotiating a PTP, it is essential to explain to the customers the repercussions of Non-Payment.

The following are some of the points to remember:

- This rule will force a client to make a promise
- This will also put pressure on the client to keep the promise
- The client fearing the repercussion will give you control

It is best to negotiate after you have stated the payment missed and obtained the reason for non-payment. This enables you to negotiate around the client's circumstance

to obtain a realistic PTP which will be kept. Taking unrealistic PTPs, like insisting the customer pay the full amount immediately, when the client is unemployed and awaiting his pension or UIF, will cause low PTP kept ratios, however it is best practice to always negotiate for the full amount due where acceptable special circumstances do not exist.

It is important to negotiate for the payment of the amount and payment due date simultaneously – in this instance one can affect the other, some customers may make part payments immediately and the remaining payment when they receive their salaries at a later date.

Once you have explained the repercussions of non-payment; e.g. non-payment details being posted on the Credit Bureau or the account being handed over to external debt collectors or legal collections, the client will want to make a PTP and more importantly, will honour it. By explaining the repercussions, you will also be educating the customer on processes which he might be unaware of. This could lead to the customer self-curing in future.

This approach ensures that the credit grantor has control, along with the trust of the client. By informing the customer of the repercussions of non-payment, the credit grantor takes control of the situation and has the client in a place where he now feels the urgency to repay the debt. He will try as far as possible to keep his promise and should circumstances prevent him from fulfilling his obligation, **he will then call you**, to make an alternate arrangement, for fear of what non-payment will do.

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EXCELLENCE

Excellence breeds success. Many centuries ago, Aristotle spoke about excellence as not an act but a habit. Excellence is developed by changing your mindset and approaching every single task with care, diligence and rigour.

Excellence is about exceeding the expectations of those you interact with — surprising them, amazing them and loving them. It is about attention to small things, about 'running the extra mile' and about striving for perfection. Excellence comes from working with passion, out of love and in truth.

Everything you do in your life is a reflection of yourself — stamp your work with excellence and success will follow. Say "no" to mediocrity — it is the enemy of excellence. Do not accept second best. Be excellent. Awaken your potential knowing that the power of excellence is within you.

Affirmation: I am committed to excellence

Strive for excellence, not perfection.
H. Jackson Brown Jr

Establishing Compliance

By Rachel Remley

Continuous compliance training can help protect collection agencies and financial institutions.

Collection agencies and financial institutions are always looking for new ways to improve their operations through effective training and management. When it comes to compliance and ethics, solid training practices can reduce the risk of violating the laws governing the credit and collection industry.

Staying up to date on compliance issues goes beyond a routine view of the Fair Debt Collection Practices Act (FDCPA) and Fair Credit Reporting Act (FCRA). Often the most effective way to stay on top of current laws and regulations is to provide comprehensive compliance training throughout the year.

According to Debra Ciskey, director of compliance at Afni Inc. in Bloomington, Ill., individuals in compliance roles at an agency are responsible for understanding potential threats to the organization, which makes continuous training vital. It not only helps them do their job properly, but also reinforces their job expectations.

"We expect collectors to do their job within certain boundaries, but if they don't know what those boundaries are, they can't respect them," Ciskey said. "It's all about knowing consumer rights and how to protect those rights during collection calls."

A well-trained compliance staff can help keep collectors up to date on the latest changes to the law. For example, Afni's compliance staff review recently decided FDCPA cases on a weekly basis to ensure they don't miss any changes, according to Ciskey.

Another major part of continuous training is networking with other compliance professionals. Talking to other compliance officers provides the opportunity to discuss obstacles facing the industry and possible solutions, while complying with the law.

"Training is more than sitting at a computer," Ciskey said. "Networking has to be part of continuous education because someone else's experience can help prevent you from making a mistake."

To maintain a well-rounded education, Afni's compliance professionals attend industry conferences; participate in online training courses available through *Campus*

ACA, the Consumer Data Industry Association and the National Association of Legal Assistants; and read industry publications.

Compliance programs at collection agencies or financial institutions are built on well-established data security and ethics policies. Some agencies might already have related policies and procedures in place at an IT level that take some of the burden off collectors and compliance managers.

For instance, collectors at many large collection agencies do not handle payments and are required to work in a paperless environment. However, secure shredding bins are available for collectors or support staff to discard any printed materials, especially when the papers include consumer information.

Adhering to a set list of ethical policies can also help mitigate the risk of non compliance. One way to ensure compliance with the FDCPA, for example, is to incorporate the law into your company's policies and procedures.

"That way if they follow the policies, they're in accordance with the law," Ciskey said. When conducting compliance training, it's important to ensure your staff members can apply what they have learned. Offering incentives can help reinforce training. For example, Afni held a contest that rewarded staff for using a new disclosure statement when speaking with consumers about their past-due accounts. "The best way to reinforce training is to catch people doing it right," Ciskey said.

Although compliance training can be as simple as handing someone an FDCPA manual, taking it a step further can prevent problems down the road. "First you get a compliance person and then you create a methodology for monitoring compliance," Ciskey said. "But everyone has to know compliance is everyone's responsibility." cm

Rachel Remley is marketing coordinator for Campus ACA.

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Reporter interviewing a 104-year-old woman:
'And what do you think is the best thing about being 104?' the reporter asked.
She simply replied, 'No peer pressure.'

NEWS SECTION

ADRA BOARD NEWS

Members of the Board attended workshops held in Durban and Johannesburg and addressed members on the various challenges facing the industry and also provided members with advice.

The Board also met with members of the media on the 14th of October and updated the media on events within the industry and specifically addressed the media on how the debt review process impacts our industry.

A Board Meeting was held on the 15th of October 2009, which was sponsored by Frans Basson.

The Department of Justice placed an advertisement in the Sunday papers for nominations to the Board of the Council for Debt Collectors. The nominations require quite a lot of paperwork and so Board members are currently hard at work preparing the nominations for submission. The following appointments have been advertised in terms of the Debt Collectors Act, 1988:

- Chairman in terms of section 3 (2) (a);
- Two members in terms of Section 3(2) (b) (111) from the Industry;
- One member in terms of Section 3(2) (b) (1v).

We wish those members who have been nominated the very best of luck.

INTERNATIONAL NEWS

UK

Government closes rogue DCAs

Four companies trading as debt collection agencies in the North West have been closed down by the Companies Investigation Branch.

The four were among six connected companies in Blackburn and Manchester wound up in the High Court this week. Between them they took around £1m in cash, though it is not known if this was in client fees or cash collections, or if clients were ever given the money collected.

UK Wide Debt Management Limited, Frasier Goldberg Limited, ADC Organisation Limited and ADC Recoveries & Legal Services Limited were linked to each other through common directors and/or addresses. They were not members of the Credit Services Association.

For three of the businesses, currently appointed officers could not be located at their known addresses and the companies could not be located at their registered offices or last known trading addresses. The recorded officers of ADC Recoveries & Legal Services denied any knowledge of the company and it could not be located at its registered office.

However, investigators discovered that ADC Organisation traded between January 2005 and October 2008, during which time receipts into its known bank accounts totaled £880,000. In the absence of records, it was not possible to establish what element of that income came from up-front fees paid by clients or cash collected from debtors. It was also not possible to establish whether monies collected on behalf of clients had been paid to those clients by the company.

Frasier Goldberg also traded between May 2007 and September 2008, taking at least £89,000. The trading activities of the other two companies were not known.

In addition, two food companies connected to the debt collection agencies were also closed down.

USA

Half Of Americans Could Last Just One Month Without Income

With unemployment continuing to rise in the midst of recession, Americans do not have much of a financial cushion should they suddenly lose their income. According to a survey by Country Financial almost half (49 percent) say they would not be able to pay their bills on time if they went more than one month between jobs.

Whilst they may not be able to sustain their financial wellbeing for very long, Americans are feeling slightly more confident about their job security. Twenty-seven percent say it is very or somewhat likely they could lose their job in the next ninety days, compared with twenty-nine percent who said this in April.

Half of employed American adults say they would tap their savings to cope with a shortfall in income if they lost their job rather than relying on retirement accounts (16 percent) or short-term vehicle like credit cards (7 percent) or bank loans (8 percent).

Of those that are married, almost half (47 percent) say they would be able to get by on just their spouses

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income if they lost their job. Men (39 percent) are less likely to feel secure in relying on their spouse's income than women (57 percent).

Greece

In April, a new law was drafted in Greece regarding debt collection which has a very significant impact on the way in which debt collection can be carried out in that country. Call centres are permitted only to brief debtors of their overdue debts, and are no longer permitted to collect them or proceed with any other collection activities – this can now only be performed by lawyers and bailiffs.

A period of adjustment has been granted. After this time, penalties for breaching the terms of the new law range from €5,000 to €50,000.

LOCAL NEWS

ADRA ROADSHOWS

The second week in September saw Roadshows in Durban and Johannesburg. Arnold Olivier, Stephen Lindsay and Thinus Nortje hosted the Durban Roadshow and were joined by Marius Jonker in Johannesburg. The programme was the same for both venues and was positively received by members.

Realpay Presentation

There was a presentation by Realpay on their system of debiting a consumers bank account on a monthly or weekly basis in order for the consumer to pay off their accounts. This is not a debt order system but in some ways it has similarities however it is far more effective. (see article on page 16.)

Strike Media Presentation(Formerly Mobility Methods)

Presentations were done on this very successful SMS system which has been available to ADRA Members for some time but remains underutilized. We hope to bring you an article from Strike Media in the next issue of ADRA Link. The cost of the SMS is 20c and ADRA get paid 1c for each SMS sent. The more members that make use of this system the more income ADRA derives and this is the type of innovation that contributes to keeping membership fees as low as possible. Should you in the mean time require any further information on them please contact ADRA Office on 011 781 3337.

Relationship with the Council and Industry related news

Arnold Olivier discussed this matter at length. Please refer to the Presidents Message in the previous ADRA Link.

A discussion was held on the cost of telephone call and in particular the cost of collectors making personal calls. This is not only the cost of the call but also the collectors down time.

There was a further discussion held on company's BEE status. (See article on page 17)

About the National Credit Declarator

There were long discussions on the NCA Declarator. The In duplum Rule and The protection of Personal Information (see article on page 13).

Discussion about Legislative changes to the Debt Collectors Act

Feedback was given on the inflationary increase in the tariff as well as the lengthy motivation submitted to The Council on the inclusion of new items in the tariff and the clarification of certain of the existing items. It is hoped that the inflationary increase will be in effect in November 2009.

The Roadshow ended with a finger lunch giving members time to catch up with each other or to speak to Board Members about problems specific to their businesses.

By all account these were two very successful events.

Unfortunately the Roadshows planned for Port Elizabeth and Cape Town had to be cancelled due to lack of support by members.

MEMBER NEWS

New beginnings and goodbye!

At the time I started MBD November 1997, it was my desire to build a great company. A company that would provide all South Africans equal opportunity and a company that would be fully committed to the new corporate South Africa.

With humble beginnings 13 years ago, and a staff complement of just eight, we set out to achieve our goals with great passion. It was a dream to develop world-class people, systems and processes in an industry that was, at the time, riddled with a poor reputation. The industry was not properly regulated and the consumer paid the price. Today MBD employs 2800 staff and the debt collection industry in South Africa is properly regulated, mature and has credibility not only in South Africa but internationally.

I was a part of the industry transformation and I want to thank all the role players and especially my fellow ADRA board members for their contribution in assisting me,

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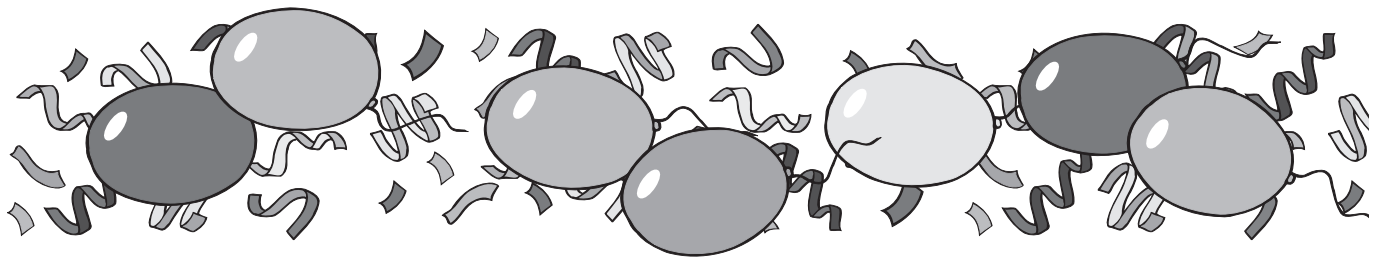
not only to build a great company but also to grow and learn from them. In total I served 6 years on the ADRA board, but its now time to hand over to all the young and talented people out there. Is that not great?

Well, I am leaving MBD from 01/10/2009 but will still serve on its board as a non- executive director. I will devote my time to develop innovative products for our

beloved collection industry at CPB, South Africa's second oldest Credit Bureau.

What others call impossible I have always seen as probable, and that is what I will try and instill into the already great CPB culture. Success doesn't just occur. It's a project that is worked on each day.

Once again, THANK YOU, THANK YOU, THANK YOU!



Select Online 40th Anniversary

Select Online (Pty) Ltd is a highly successful credit management and debt recovery Company operating nationally with their main branch based in central Durban. The Company was founded in 1969 by Dawn Barbara Dorkin, current finance director, In the late 1980's she married Austrian born entrepreneur, Wolfgang Dieter Augl, current director, who brought to Select Online the latest international trends and innovative technology.

In 2002 Select launched their own highly successful internet-based debt collection programme, their 24/7 client reporting system and their credit alert website that allowed users to conduct online credit checks.

The combination of these two websites and predictive dialer expertise ensures that Select recovers faster and offers extremely competitive rates for their services which include credit control, debt recovery, 24/7 reporting ,listing on the credit bureau, tracing and free legal services. Select is a member of ADRA and are registered with the Debt Collectors Council. Select restructured their ownership in late 2006, and introduced their first black shareholder on board. Over the past 40 years Select ensured that their turnaround times are among the best in the industry. They are so confident in their abilities that they operate on a 'no recovery- no charge '

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;

**Two Sons Investigations,
Debt Back Debt Collections,
End Debt Collections and Consulting
Phakamani Debt Collection Services,
HTN Attorney, Nombulelo Rhewa T/A Ibongo Card Collections,
NAPS Management Services
Kelly Marekwa Lokoto Attorneys**

PROTECTION OF PERSONAL INFORMATION

By Daniel Shapiro

On the 17th of August 2009 the Department of Justice announced its intention to table the Protection of Personal Information Bill. The Bill will regulate the processing of personal information of individuals and will have a big impact on private and public entities that collect, process and store personal information of individuals. This will invariably include debt collection businesses.

This is just a bill and must still be formally tabled by the Department of Justice in Parliament. After comments have been invited and finalized by the Portfolio Committee on Justice the Bill may still be amended and will differ significantly from the current version.

The Bill is the next of a string of acts that seek to protect the interest and rights of consumers and will give the individual recourse to enforce and protect his rights as far as the individual's personal information is concerned.

Personal information is widely defined in the bill and includes information such as, but not limited to, an individual's age, physical address, race, religion, gender, marital status, ethnic or social origin, language, telephone numbers, identity number and even a person's blood type.

Parties that process an individual's personal information must ensure that the individual's right to privacy is not infringed upon.

Personal information may also only be processed:

1. If the individual consented thereto;
2. If it is done to give effect to a contract;
3. To carry out actions for the conclusions or performance of such a contract;
4. To protect a legitimate interest;
5. To comply with the law;
6. To pursue the legitimate interest of another party.

Of great concern is the provision in the Bill that determines that an individual's records or personal information must be destroyed, deleted after their retention is no longer authorized in terms of the Bill.

Personal information may be retained after the purpose for which it was initially collected, but may only be used for historical, statistical or research purposes.

Parties that process personal information must also ensure that the information is complete, accurate and

up to date.

A regulator known as the Information Protection Regulator will be established by the Bill and will be responsible to enforce compliance with the Bill and handle complaints regarding the processing of personal information.

As aforementioned this Bill is still in its infancy stage and it will be premature to discuss and analyze it in detail at this time. It is however prudent to take notice of this new piece of consumer protection legislation and the possible impact it will have on your business model and that of your clients as it will definitely have an impact on the debt collection industry.

A copy of the complete current Bill can be obtained from the ADRA office for further personal analysis.

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FASSET KEEPS YOU IN THE PICTURE

Another very good year for Fasset

Fasset's ninth year of operation has proved another very good year. "Fasset was delighted to be recognised by the Department of Labour at the 2008 National Skills Conference, as South Africa's top performing Seta," says Fasset CEO, Cheryl James.

Recognition was based on performance against Service Level Agreement targets entered into with DoL for the 2007/2008 financial year (1 April 2007 to 31 March 2008).

"In terms of Service Level Agreements with DoL Fasset has either met or exceeded 12 of its 14 NSDS targets. Where targets were not met there were very good reasons for this, including administrative timing differences between professional bodies and Fasset's reporting timeframes and the pending changes to the Quality Assurance model," James explains.

During the year under review 3 436 learners were registered on Fasset's 20 learnerships, bringing the total number of learners that have been signed onto Fasset learnerships over the past nine years, to 31 219. Some 15 862 learners have already completed Fasset learnerships and all of these learners have been placed in employment.

All budgeted funds have either been spent or allocated to approved strategic projects, which are currently in progress and for which payment is only due on full completion of all deliverables. "Generally Accepted Accounting Practice (GAAP) does not permit committed funds to be reported as a liability. This unfortunately creates a misconception that there are unspent funds. It is important to emphasise that 100% of budgeted funds have either been spent or allocated contractually to approved projects. The finalisation of all deliverables can take up to four years, during which time the allocated funding is held in trust and is therefore, reflected in the Fasset bank accounts," she reveals.

Unclaimed grant monies are used to fund strategic projects, including Development Projects. Almost R50m in funding was approved, bringing the amount of funding approved for Development Projects to just over R 256 million.

"Fasset continues to support fewer Development Projects with larger amounts of money, concentrating on projects that provide maximum return on investment. Our Management Board has also taken a strategic decision to focus on more levels of the National Qualifications Framework (NQF) when allocating funding," James explains.

In line with this shift in focus, funding was allocated to the Sci-Mathus Bridging Programme and the AAT Certificate Programme. The programmes, thus target a wide spectrum of learners, from matriculants, to candidates who have not completed their accounting diplomas or degrees.

No additional National Skills Fund (NSF)-funding was open to Setas during this period. "The Bonani Virtual Office and Thuthuka Small Practice Projects, for which NSF funding was secured in 2006, will terminate in 2010. Forty-four of the original 45 additional learners on the Thuthuka Small Practices Project are still employed and are still pursuing their qualification. More than 70% of Bonani learners have been placed into full-time employment and the majority of these learners have been signed onto three-year learnerships," she informs.

Lifelong learning remains a flagship initiative. Over the past nine years 41 686 delegates have attended these interventions. "Our stakeholders recognise the important role that lifelong learning interventions play in maintaining professional competence, building CVs and ensuring that skills remain current. Annual attendance of these events continues to grow," she reveals.

James says Fasset's greatest challenge in the year ahead emanates from the uncertainty surrounding the future Seta landscape. "Fasset will continue to focus on its original Seta mandate and continue to do what we believe is best for our sector. The current economic slowdown enables Fasset to position itself as a safety net for education and training for individuals already in the sector, and for those wanting to enter the sector. Hopefully, through our Development Projects, lifelong learning and our learnerships, Fasset will be able to make that path from the world of education to the world of work that much easier," James concludes.

In the business world, the rearview mirror is always clearer than the windshield – Warren buffet

I like pigs. Dogs look up to us. Cats look down on us. Pigs treat us like equals – Winston Churchill

LATE NEWS - SAFARI INTO DEBT ENFORCEMENT... THE SEQUEL

The second in the Corporate Rebels "SAFARI" events for 2009 once again drew more than 150 speakers and delegates from the Credit Industry. The SAFARI was held in the auditorium at the Indaba Conference Centre on the 21st of October 2009. For those who were handicapped in some form or the other and did not attend – to say the least YOU MISSED OUT.

The Chairman of the conference was Dr Tjaart van der Walt, who needs no introduction in the Credit Industry. Tjaart did a splendid job as Chairman of the SAFARI and in his opening and closing remarks the "words of wisdom" flowed. Amongst the delegates we noticed Judge Monus Flemming, who also needs no introduction to "Credit Agreements", who now sits as Judge on the NCR Tribunal.

A number of debt collectors attended and two ADRA Board members presented. Advocate Jasper Noëth and Clyde Johnston, Debt Collectors Council members, also attended. Arnold Olivier, ADRA President, and a few of the ADRA Board members were there to make sure that the information gleaned at the SAFARI could be put to good use afterwards.

The following speakers delivered presentations:

Ina Wilken

What about the Consumer AND who pays for what?

Who else to fight the plight of the Consumer than the self-appointed "Consumer Activist" Ina. She brought to the SAFARI the story of what is happening with the consumer. I personally think a lot of us do not always think about the impact of all the happenings on the consumer. Ina gave us a lot to think about and see the consumer in a different light.

Adv Jan Augustyn

The NCR perspective

After the presentation of Jan – NCR investigations and prosecutions – we all had a clear picture of all the rights and wrongs from the perspective of the NCR. Jan shared the statistics to date and the way forward.

Dr. Ina Meiring

The NCR declaratory order – the respondents view

Werksmans acted for some of the "major" respondents in the declaratory order. Ina, the driving force, brought to the delegates the story from the respondent's side. Quite an eye-opener to hear (ear-opener?) how "the other side" views things. Needless to say that many items were still left in the dark by the declaratory.

Christo Otto

The MFC view - Credit provider

Christo, an Executive of Motor Finance Corporation, shared in his usual calm and humorous way the happenings within the debt review arena. Delegates got a good understanding

from the point of the "asset-owner" and how they view people driving away with vehicles and then going under debt review.

Simone Monty

"Steps contemplated in sec 129 of the NCA"

Of special interest to all in collections, may you be an attorney or collector, debt counselling is stopped if steps contemplated in sec 129 of the NCA have been taken – so Simone highlighted as an attorney (Eversheds Inc) what she thinks these steps are or could be.

Prof. Cheryl Loots

Proposed changes to the MCA rules

Cheryl is the Chief Magistrate of Randburg Magistrates Court and the Chairperson of the Magistrates' Courts Committee of the Rules Board. Who better qualified to tell the delegates about the effect of the declaratory order and the changes proposed to the rules of the MCA.

Baker Maseko

Debt Collectors and what about Tomorrow?

Baker, the CEO of NICS - I am sure delegates agree with me in that he delivered an "eye-opener" presentation on the finances of collecting debt.

Andre Snyman

Debt Counsellors and their experiences

Andre, the CEO of Consumer Assist, gave a presentation with a different angle and showed us more of the Debt Counsellor experiences on the ground. Stats that Andre put together told delegates who the people under debt review are.

Luis da Cruz

The Wesbank view – Credit Provider and Debt Review

Luis, head of debt review at Wesbank, shared with delegates how Wesbank view the debt review process and their way forward.

Hannatjie Pienaar

The PDA and Tomorrow

As the CEO of CPEPDA Hannatjie once again gave us a sound understanding of the challenges a PDA faces in these turmoil times.

Sipho Mbelle

Collections – the bigger picture

In his normal cool and collected way Sipho, CEO of Creditworx, opened the door to a bigger picture of collections. Good to have heard what is happening outside the borders of SA – now that we are in the global village

Continued on page 16

Optimised collection rates an essential factor underpinning business performance

South Africa falls in the category of countries associated with the highest incidence of defaulting debtors in the world. Typically these debtors are being careless, reckless and negligent with their credit and it has a negative impact on the businesses providing a product or service to them. Debt Collecting and the ability to successfully collect debt evolved from a "last resort step" to an integral business function. It became a critical success factor for many businesses in order to safeguard its levels of cash flow especially in the current economic climate. Therefore the challenge to collectors remains the ability to effectively and consistently find new strategies, techniques and systems to maximise collections from slow or potentially bad debtors and increase their collection rate.

Recent trends saw many collectors moving away from the tedious and time consuming legal route due to high and sometimes hidden costs and a very slow turnover time. With most collectors resorting to deposits from the debtor himself or debit orders the onus for the payment is back in the hands of the debtor and away from the collector. Last said resulting in numerous non-payments and high banking costs for cash handling and disputed transactions.

The need for control in the debt collection process needs to be reclaimed by the collector. This essential requirement for successful debt collection is enabled by the RealPay collection and payment system. The system operates in the early debit order payment stream and is governed by the SA Reserve Bank.

The system allows you, the collector, to:

- Collect monies directly from the debtor's bank account into your bank account;
- Collect funds immediately after the debtor receives his/her salary - Enabled by a signed mandate or voice recording;
- Receive full editing rights on each and every transaction, thus allowing you to change the pay date/collection date, collection amount, tracking days as aligned with the mandate;

- Track accounts - an excellent functionality where an account is "flagged" for a chosen number of days. Should money not be available at the first attempt, various collection attempts over the chosen tracking period are made in order to collect the funds; &
- Manage costs as a reduction in telephone bills is very common.

From a management information perspective same day web based reporting on the successful or failed collections are available and updated in 7 time slots throughout the day. Graphical, billing and future dated reports are also available as a management tool. Furthermore, neither installation fees nor training fees are charged and assessments are included as part of the offer.

Focussing on the debt collecting industry we have an understanding of the needs and requirements of debt collectors and constantly aim to innovate around these needs and requirements. For more information contact Luan Cloete at 083 657 9136. Alternatively contact our RealPay 24 hour call centre on 012 664 4104.

Prior to signing up for RealPay, we used various other methods for debit orders which were either not very effective; or it resulted in a huge administrative burden for us.

I was introduced to RealPay at a regional ADRA meeting in Durban in 2008, and signed up within 1 week of their presentation. RealPay has since been a breath of fresh air.

Our collections has increased significantly and our related expenses has decreased, which has resulted in more attractive margins and a better bottom line.

Well done RealPay ... Your system is real value for money !!!

Regards

KEVIN BEEKRUM

NDC CREDIT MANAGEMENT

continued from page 15

Tony Richards

DCASA – next steps

The Chairman of DCASA, Tony, did not mince words, he reminded us of all the successes that has been achieved till today.

Charlie Teuteberg

The CPA

Delegates at the end of their seats to get some grip on this CPA and the impact .. well Charlie, attorney at TK Inc, did a splendid job informing all of the broader picture of what is in "store" (or shall I say "jail") for us.

The SAFARI concentrated on the plight of the consumer in all the happenings within the Credit Industry, not forgetting the importance of all the role players in the arena.

Evaluations of the delegates gave a rating of 4 out of a possible 5 for the SAFARI, indicating that they were happy and that it was value for money.

Both Baker and Sipho pushed for a Formal Forum where "credit matters" can be discussed as to avoid discussions in isolation that lead to "no-where-slowly".

I trust that we see you at the next SAFARI in 2010

JH Eugenè Joubert

It does appear from the above that the Safari cleared up, and also raised, some very contentious points. As so many ADRA Board members attended the Safari, and I quote from the above 'were there to make sure that the information gleaned at the SAFARI could be put to good use afterwards', I am sure we can expect to read their comments and opinions on these points in the next issue of the ADRA Link. – Ed.

B-BBEE IN A NUTSHELL

By Werner van Rooyen (B-BBEE Champion; VeriCred Collections)

Broad-Based Black Economic Empowerment

B-BBEE is regulated by the B-BBEE Act No. 53 of 2003 but, it is not punishable if you do not comply. It is a business own choice if it wants to participate in B-BBEE or not. It does, however, makes business sense to participate in B-BBEE. Organs of state and large corporate business will preferably procure from businesses that do have a B-BBEE scorecard certificate. In order to make sense out of B-BBEE the Government introduced the Codes of Good Practice. This Code of Good Practice gives measurement to B-BBEE through the seven elements of B-BBEE.

The Seven Elements of B-BBEE are:

1. Equity
2. Management
3. Employment equity
4. Skill development
5. Preferential procurement
6. Enterprise development
7. Socio-economic development

The Three types of Enterprises

In order for you to know which of the seven elements you must comply with, if any, you need to know what type of enterprise your business are. The three types of Enterprises indentified by the Codes of Good Practise are:

1. Exempted Micro Enterprise (EME)

- Turnover is less than R5 million per annum
- Automatically qualifies as a Level 4 or Level 3 Contributor to B-BBEE
- There are no points to realize

2. Qualifying Small Enterprise (QSE)

- Turnover is between R5 and R35 million per annum
- Has to comply with only 4 of the 7 elements of B-BBEE
- Each element is weighted at 25 points
- The QSE Scorecard:

Component	Element	Points Available
Direct Empowerment	Ownership	25
	Management	25
Human Resources	Employment Equity	25
	Skills Development	25
Indirect Empowerment	Preferential Procurement	25
	Enterprise Development	25
Residual	Corporate Social Investment	25
Total		175/100

3. LargeEnterprise

- Turnover is above R35 million per annum
- Must comply with all 7 elements of the Generic Scorecard
- The Generic Scorecard:

Section	Subsection	Points Available
Direct Empowerment	Ownership	20
	Management	10
Human Resources	Employment Equity	15
	Skills Development	15
Indirect Empowerment	Preferential Procurement	20
	Enterprise Development	15
Residual	Corporate Social Investment	5
Total		100

Continued on page 18



MAKING THE MOST OF YOUR DEBT

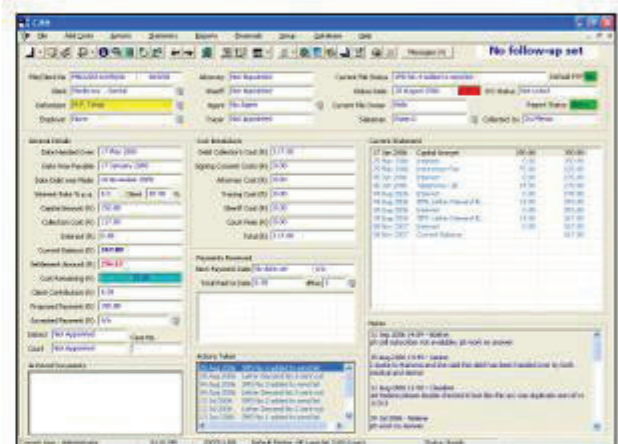
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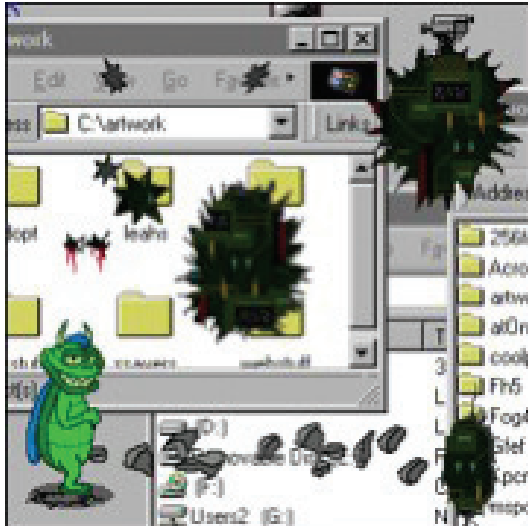
TECHNOSPEAK

By Mike Romyn



Is your computer very slow or behaving erratically?

More and more I come across people who are having problems on their PC's and other than installing Norton Anti-Virus they have no idea what to do next!



In this issue I thought I would give you a few tips to try and help solve the problem.

First off you need to have the following updated and running:

1. Anti-virus package
2. Anti-Spyware (Adaware and Spybot)
3. Personal Firewall (Windows XP has one by default)

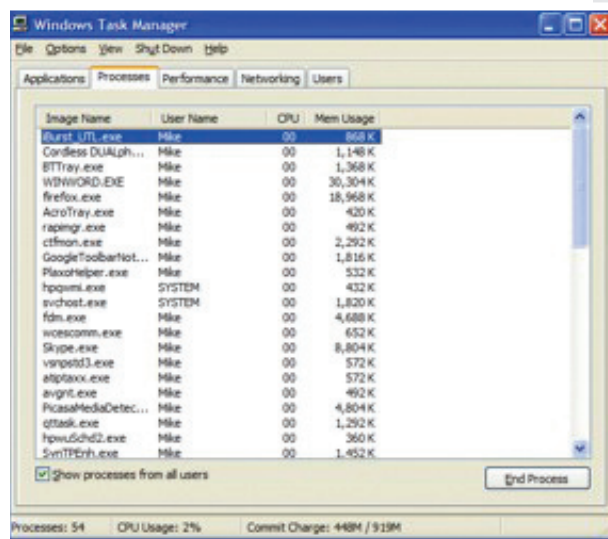
TIP: Sometimes you have to run the antivirus scan in "SafeMode" to get rid of persistent viruses. You can get into safe mode by restarting your computer and then holding down the F8 (function key 8) as windows is starting up. Restart the computer when finished.

The next thing to do is check all the services (programs running in the background) that are running on your machine. It is possible that a nasty piece of code is running on your machine and is not being picked up by your anti-virus program. This is quite tedious but after the first time it becomes easier. To view your services either do CTRL-ALT-DELETE or right click over the task bar at the bottom of your screen and select Task Manager. This will bring up a window with tabs at the top

and you must click on the Processes tab. You will now see a list of running processes and if you look at the names, some of them will be obvious (eg. WINWORD.EXE is Microsoft Word and iBurst_UTL.exe is obviously the software for iBurst) and these you can ignore. It's the less obvious ones that you need to get to grips with. The way to do this is to type the name of the process into Google search and look at the results that come up. Often it's a Microsoft process and you should take a note of the name and then you can ignore it into the future. If the process in question is harmful then you should pick up this fact from the Google results and the various remedies. The results can be confusing sometimes but you need to wade your way through many of the results to determine if the process could be harmful. What I am suggesting is not easy but the more you do the easier it becomes. There are some free utilities available through the internet which can make this process easier. You can try "iKnow Process Scanner 1.0.1" which is available from the following link <http://www.iknowprocess.com/download/setup.php>

The last thing I can suggest is to run a program that will clean up your registry, which can become clogged up over time. I use programs like BugDocPro and RegistryMechanic to do the job.

I hope this helps get your machines up and running the way they should.º





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CALCULATION OF REMUNERATION

1. What does remuneration consist off?

“Remuneration” is defined in chapter one of the Basic Conditions of Employment Act (hereinafter referred to as the Act), as any payment in money or in kind, or both in money and in kind, made or owing to any person in return for that person working for any other person, including the State.

The following payments are included in an employee’s remuneration for purposes of calculating pay for annual leave, payments instead of notice and severance pay:

- Housing or accommodation allowance or subsidy or housing or accommodation received as a benefit in kind;
- Car allowance of provision of a car, except to the extent that the car is provided to enable the employee to work;
- Any cash payments made to an employee, except those listed as exclusion further to this article;
- Any other payment in kind received by an employee, except those listed as exclusions further to this article;
- Employer’s contribution to medical aid, pension, provident fund or similar schemes;
- Employer’s contributions to funeral or death benefits schemes.

The following items do not form part of remuneration for the purpose of these calculations:

- Any cash payment or payment in kind provided to enable the employee to work for example: equipment, tools, laptops or similar allowances or the provisions of transport or the payment of transport allowance to enable the employee to travel to and from work;
- A relocation allowance;
- Gratuities, for example, tips received from customers and gifts from the employer;
- Share incentive schemes;
- Discretionary payments not related to an employee’s hours of work or performance, for example: a discretionary profit sharing scheme;
- An entertainment allowance;
- An education or schooling allowance.

The value of payment in kind must be determined as follows:

- A value agreed to in either a contract of employment or a collective agreement, provided that the agreed value may not be less than the cost to the employer for providing the payment in kind; or
- The cost to the employer for providing the payment in kind.

2. How to calculate remuneration:

According to section 32 of the Act, an employer must pay remuneration no later than seven (7) days after the

employment contract is terminated.

An employee’s monthly remuneration or wages is four and one-third times the employee’s weekly remuneration or wages, thus to calculate an employee’s weekly remuneration, the employee’s monthly salary must be divide by four and a third (4.33).

Example:

The employee’s monthly remuneration is R12,000.00, divide the salary by 4.33 = R2,771.36. This is the employee’s weekly remuneration.

To calculate the employee’s daily remuneration, simply divide the weekly remuneration with the amount of days worked by the employee per week.

Section 35 (4) of the act further assists with the calculation where an employee’s remuneration or wage is calculated, either wholly or in part, on a basis other than time or if an employee’s remuneration or wages fluctuates significantly from period to period. An example would be a sales person or an employee earning commission. Payment to these employees must be calculated by reference to the employee’s remuneration or wages during -

- The preceding thirteen (13) weeks; or
- If the employee has been in employment for a shorter period, that period.

3. What must be paid to the employee on termination?

Section 40 of the Act states that on termination of employment, an employer must pay an employee the following:

- Any paid time off that the employee is entitled to and that the employee has not taken;
- Remuneration for any period of annual leave due to the employee and that the employee has not taken.

Instead of giving an employee notice of termination, an employer may pay the employee the remuneration the employee would have received if the employee had worked during the notice pay. This however is not applicable where the employee has been summarily dismissed as this is dismissal without any notice.

Should the employee give notice of termination of employment, and the employer waives any part of the notice, the employer must pay the remuneration referred to above, unless the employer and the employee agree otherwise.

Should the employee waive any part of the notice, the employer is under no obligation to remunerate the employee for the notice period. The “no work, no pay” rule will be applicable and the employee will only receive remuneration up to the last day worked. A claim can be lodged against an employee who refuses to work his/her notice period through civil action.

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Please take note that according to section 34 of the Act, no deductions can be made from the remuneration due to the employee who ended the employment relationship without working the notice period.

Please contact the LabourNet Helpdesk on 0861 522638 should you require any assistance or have any questions.

Disclaimer

The information published in this article is of general nature

and should not be used without obtaining specific advice as to its application in your business or under your specific circumstances. LabourNet will accept no liability if the information is used without first obtaining specific advice from one of our consultants.

Juane Jordaan

Branch Manager, LabourNet East Rand



COMMUNICATION IS KEY TO PROFITABILITY

MY professional background lies in sales, marketing, credit management and software, where there is a special focus on:

- The customer (relations, value and risk) – I want to collect the money, but keep the paying customer, and my organisation, happy.
- Business objectives and mission.
- The integrated business process – supply chains.
- People, communication and cooperation.

I think we are all very passionate about our profession, but I believe if we want to spread our message effectively and get the recognition we want (and deserve) it is essential that we focus on how to market and sell our message.

We need to determine our USPs, develop an attractive and consistent packaging and tell our colleagues, other than those active in credit management, what we have to offer for:

- Sales.
- Customer and customer relations – risk and value.
- The business objectives.

- The business process – improvements and optimisation.
- The results – profit.

We must also communicate in simple and clear words what credit management means and how we can all benefit from it. Marketing and sales people do not read financial magazines, so we may need to find the other distribution, communication or marketing channels to get the message through effectively.

However, a good concept needs to be supported by sound and practical software solutions. They must enable us to communicate consistently, clearly, efficiently and effectively. Among others I prefer to focus on processes, intelligent reporting, analytics, and timely operational process-related workflow and measurement.

No man is an island, and progress has never been achieved by ordinary people. So, if we allow ourselves to think outside the box, we may find some interesting and profitable results.

By Marcel Wiedenbrugge, the principal of WCMConsult, The Netherlands marcel.wiedenbrugge@wcmconsult.com



TALKING POINTS

DON'T GET CAUGHT WHEN TRADING IN YOUR CAR

Statement Issued by the Ombudsman for Banking Services

Dr. Jones owned a 2006 model Audi motor vehicle. The vehicle was financed by a local bank.

During January 2009 she visited an Audi dealership. She informed the sales consultant that she would be prepared to purchase a 2009 model Audi motor vehicle on condition the dealership accepted her old car as a "trade in" and settled the outstanding balance due to the bank.

The dealership agreed. The same bank also agreed to finance the new car. The doctor took possession of her new car during January 2009.

At the end of January 2009, she was surprised to discover that the debit order payment for her old motor car had been paid by the bank. She immediately contacted the Audi dealership to query the matter, only to discover that the dealership had been placed under liquidation.

She further ascertained that the dealership had not settled the outstanding balance on her old car with the bank as they had undertaken to do. The liquidators had removed her old car and, as there was an outstanding balance still due, they handed the vehicle over to the bank.

The bank auctioned the vehicle and she was called upon to pay the shortfall of R37 000.00. She felt aggrieved as she was now saddled with an installment for her new car as well as a liability to the bank in the sum of R 37 000.00. She approached the office of the Ombudsman for Banking Services for assistance.

We found that there was indeed an agreement between the doctor and the dealership regarding settlement of the outstanding balance on the old car. The dealership reneged on this agreement.

We also found that the bank was not a party to this agreement. The bank was not even aware of this agreement.

We could therefore find no maladministration on the part of the bank. Accordingly, we were not able to assist the doctor.

Consumer tips

Consumer credit agreements are regulated by the National Credit Act. In terms of this Act, you enjoy a number of rights.

Read your pre-agreement statement / proposed agreement carefully before you sign. Ensure that any terms or conditions agreed upon are in fact included in the agreement.

You have 5 business days to consider the proposed agreement.

In cases of uncertainty, contact the National Credit Regulator at 0860 627 627 or at www.ncr.org.za

Dear Colin

1. DEBT COLL ACT NO 114/1998
2. SHERIFFS ACT NO 9011986

The Professions of Sheriffs and Debt Recovery Agents are to a great extent interwoven, beginning with legislation (Act 90/1986) (Act 114/1998). Comparing the two pieces of legislation one realizes that the Debt Collectors Act was drawn up with the Sheriffs Act as basis, for example:-

The Department of Justice and Constitutional Development with the Minister as the responsible Head, governs both professions.

- The Board for Sheriffs (12 members) and the Council for Debt Collectors (10 members) are appointed by the Minister for a 3-year term.
- The first meetings of both statutory bodies were carried out in the same manner (Section 14 of Act 90/1986 and section 4 of Act 114/1998).
- Both statutory bodies operate with Executive Committees (Section 17 of Act 90/1986 and Section 5 of Act 114/1998).
- Both Acts have similar Sections regarding remuneration, appointment of personnel, registration, disqualifications, Code of Conduct, improper conduct etc.

FURTHERMORE:

- Sheriffs in South Africa belong to the SA Institute for Sheriffs while Debt Collectors belong to the Association of Debt Recovery Agents (ADRA). These two voluntary associations look after the interest of their members.
- The Sheriffs of this country operate amongst debtors where processes of court are served with the main object to recover debt as a result of litigation. Debt Collectors mainly recover debt before litigation.
- Both professions encounter the same kind of problems to name a few e.g.
- Trespassing on each other's domain e.g. some sheriffs illegally collecting debt on summonses while some debt collectors "serve" their garnishee orders on employers instead of letting the sheriff do it legally.
- Confusion amongst the general public about the role of a debt collector on the one side and a sheriff or deputy sheriff on the other side.
- Activities of unregistered sheriffs and deputy sheriffs versus unregistered debt collectors.

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COMPARISONS

SHERIFFS

SUBSCRIPTION FEES

R500.00 for a Fidelity Fund Certificate.

R300.00 for each deputy he/she employs payable only after appointment to the Fidelity Fund for Sheriffs.

ANNUAL FEES:

R500.00 for renewal of Fidelity Fund Certificate.

R300.00 for each registered deputy sheriff in his/her employ payable to the Fidelity Fund for Sheriffs.

TRUST ACCOUNTS:

Interest on Trust Account to be paid to Fidelity Fund for Sheriffs

AUDITING:

To be audited by a registered auditor only and must report to the Board.

ANNUAL LEVIES:

1.50% per cent of his/her net income and payable to the Board for Sheriffs.

SCOPE OF RESPONSIBILITIES

The Council for Debt Collectors (10 members) regulates over 12000 entities while the SA Board for Sheriffs (12 members) regulates a total of 1212 sheriffs and deputy sheriffs. It would therefor be safe to state that the Council for Debt Collectors with only 10 members has much more to do the than the SA Board for Sheriffs.

Sincerely yours

G Greyling

LIBRA DEBT RECOVERY SERVICES (PTY) LTD

DEBT COLLECTORS

R1 500.00 i.r.o. a company or close corporation.

R600.00 i.r.o. each Director; and R400.00 i.r.o. every debt collection officer or R400.00 i.r.o. a natural person. Payable in advance and not refundable if application is disapproved.

R1500.00 i.r.o. a company or close corporation.

R600.00 i.r.o. each Director; and R400.00 i.r.o. every debt collection officer or R400.00 i.r.o. a natural person. Payable to the Council.

Interest to be paid to the Council.

Audit by a public accountant or Auditor and must report to the Council.

No annual levies.

CONTACTABILITY = COLLECTABILITY

It is often forgotten, often ignored. Often overlooked or even worse often discarded. Yes, I am talking about tracing. The art of finding people. The skill of locating absconded debtors.

The importance of tracing cannot be underestimated. I have found a definite competitive edge in aligning my process with tracing and tracing agencies. Tracing debtors (or customers as I call them) is certainly an aspect of my success.

Sure, data-washing, data-scrubbing, data-matching all have their rightful place in the collection process but there comes a time where tracing is irreplaceable, where the confirmation of address (home and or work) and contact numbers is simply the best possible route. There simply is no other effective method to get hold of your debtor (customer) and thereby placing at least one hand on the owed amount.

Remember the golden rule of debt collecting: **'Contactability = Collectability!'** No matter how sophisticated your operation is and how good your agents are or even how recent the account is, the fact is that if you cannot contact the customer you simply cannot collect.

ID matches were once a serious competitive advantage. The reality now is that this is common practice in the industry. It is highly likely that by the time you get the accounts at the post or even pre-write off stage these ID's have been matched and washed and scrubbed and cleaned a dozen times. Ask yourself, what else can be done to increase my contactability?

You will find that the tracing agencies back their process and information 100%. They are masters of their craft. They offer you a No-Trace – No Fee basis. They share the risk with you. Our tracing-partners guarantee their information for 90 days with their verification periods. More than sufficient time to get your legal process completed and the sheriffs positive return. If the Sherriff's return is negative they will re-trace free of charge.

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We Want to Hear from YOU!

Send letters to:

The Editor

ADRA Link

E-Mail: info@adraonline.co.za

Fax: 086 612 1579

LASTLY-NEWS FROM HEAD OFFICE

It is that time of year again when the pace picks up and we all seem to be rushing headlong towards December with too many things to do and not enough hours in the day in which to do them.

The ADRA office gets a bit like that at this time of year. We have just completed the year end books and they will be off to the Auditors in the next few days. For this we have to thank Vericred and Werner van Rooyen for the time and effort spent getting the books to this point and also for the Pastel training. Without his help I certainly would not have managed Pastel and ADRA would probably have had to pay to send me on a Pastel training course. Thank you Vericred and Werner!

The majority of the subscriptions fall due at the end of September and so invoices have been raised, payments processed and new certificates issued. All certificates issued from September 2009 have been in the new image and we trust that those members who have received their certificates are happy with the new look.

We did Roadshows in Durban and Johannesburg at the beginning of September and had very positive feedback from the members that attended.

The next event that is being organized is the annual Media Meeting. Journalists have been invited from:

- It's your Right
- Bona Magazine
- 3rd Degree
- Sowetan
- Sake24
- Rapport
- Huisegenoot/You/Drum
- The Star

We hope to have a good turn out and will update you in a newsletter after the event.

The next Board Meeting is in the middle of October and then the AGM on the 6th November 2009.

From the ADRA office we wish all members a wonderful Festive and Holiday season and every success in your business in 2009.

Colin



From page 25

Those of you that do not make use of the sheriff and use only telephone based tracing might be wondering how this benefits you. The reality is that your agents simply cannot get to their targets unless they can get hold of the Right Party. Right Party Contact (RPC) must be seen as one hand on the money. Once RPC is achieved the rest is up to you and your system. With no RPC the chances of collection are zero. It is our duty to attain RPC as quickly as possible if we are to stand a chance in this competitive industry.

The type of detailed, confirmed info obtained from the Tracing Agencies simply can not be obtained by washing and scrubbing.

I am a specialist at what I do. A subject-matter expert. I encourage BPO and endorse skill pooling and skill sharing. After all Debt Collecting is an outsource function. It allows my clients to focus on their core competencies whilst knowing that their accounts are in the best possible hands. I know that effective and efficient tracing is not my core skill. That is why I let the experts do it for me.

I strongly encourage you all to use the tracers, they add significant value to my collection, and they will do the same for you. I do not understand how you can go wrong. Perhaps you can explain this to me? After all, what you put in is what you get out.

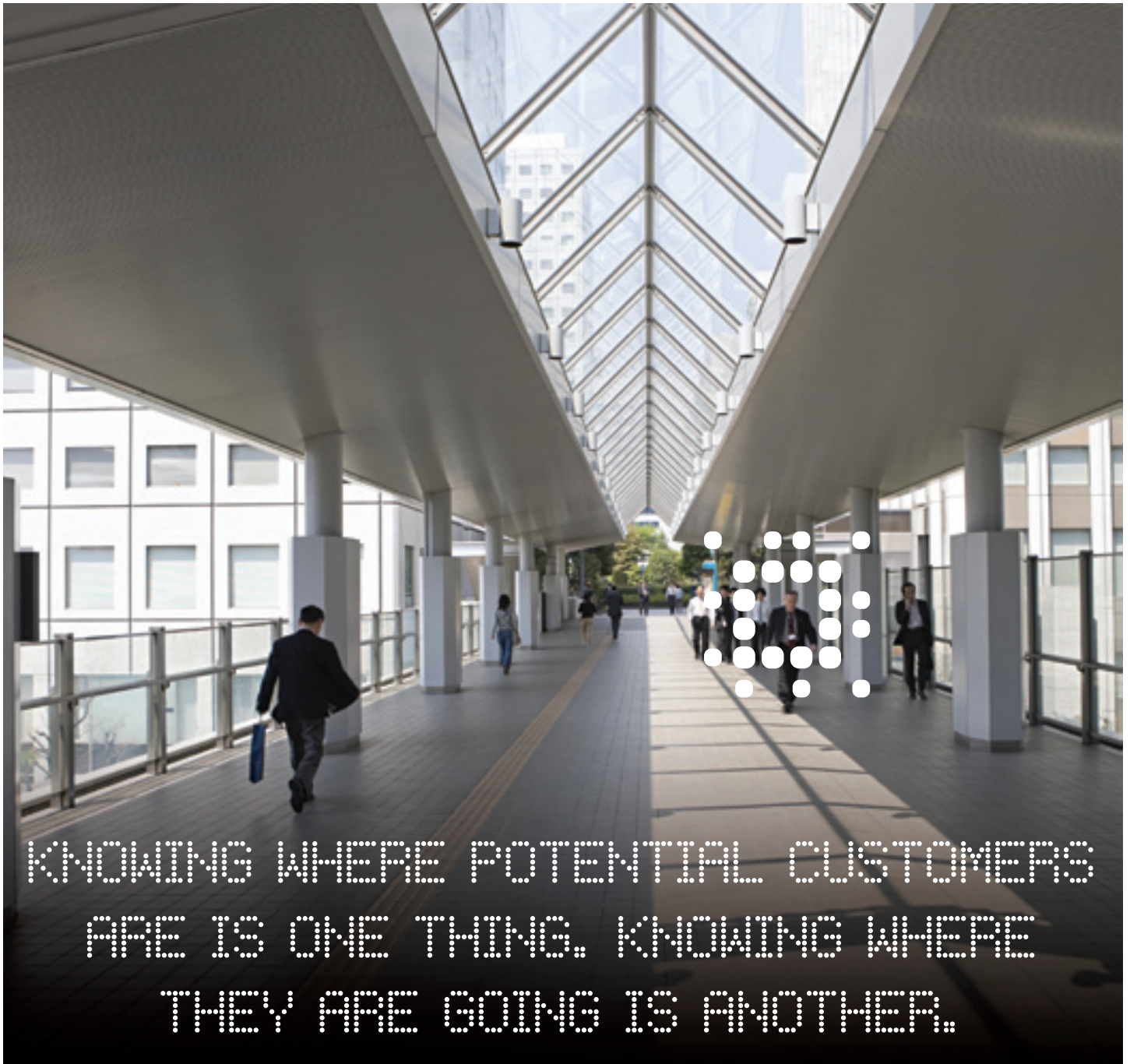
SMS • SMS • SMS • SMS

SMS your debtors for only 20 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 0,20 (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.

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www.experian.co.za

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A world of insight



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RED

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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