

2002-2012

*Celebrating 10 years of Results and Solutions!*



## Letter from the president

Happy birthday PERC! It's been a great first 10 years and I cannot wait to see what the second decade brings!

Ten years ago—when PERC first opened up for business as the Forum for the Free Flow of

Information (subsequently the IPI, then the Information Policy Institute after a threatened lawsuit from another IPI, then the Political and Economic Research Council, then the Policy & Economic Research Council)—George Bush identified the Axis of Evil, Jaques Chirac defeated Jean-Marie Le Pen in a French presidential run-off and a subsequent attempt on his life was made, the US invaded Afghanistan, Wall Street Journal reporter Daniel Pearl was kidnapped and killed, telecom giant WorldCom filed for Chapter 11 bankruptcy protection, Brazil defeated Germany to claim another World Cup title, and the Department of Homeland Security was created.

When PERC first opened its doors for business in April 2002, we were supported by three charter members—Acxiom, Trans Union, and Cendant—one of which no longer exists, and had one full-time staff member, an unpaid intern, and a vision. We believed that information was under-utilized and under attack. We further believed that a steady stream of rigorous, objective, and sound research highlighting the benefits of the responsible use of information was desperately needed to add balance to a hostile policy environment.

Our very first study—assessing the impacts of a proposed national do-not-call registry on telemarketing—was entirely unfunded. We worked with Attorney's Generals offices in six states that had some form of do-not-call registry in place, and surveyed 1,000 consumers in those states. We presented our results during an open-microphone session at a three-day

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## Letter from the president continued...

workshop on the issue hosted by the Federal Trade Commission. After our presentation, PERC received a standing ovation. Every hardcopy of our report was taken immediately—we only printed 100 copies given our budget—and many cards were collected from those who wanted a copy after we ran out. PERC also received letters from several state AG's offices complementing the quality of our work.

The buzz, after the workshop, was about how good the PERC study was, and how bad the other studies were (including, but not limited to one conducted by a large economic research firm and presented by a former head of the OMB). We swung for the fences and hit it out of the park! That has been our *modus operandi* ever since.

Over the ensuing decade, PERC has amassed an impressive track record of both policy and market outcomes. We have completed projects and undertaken outreach on every continent save Antarctica, and currently have 8 active projects spanning 4 continents.

We disdain being labeled as a think-tank and instead—likely to our detriment, as we could not care less about attribution and instead focus only on results—continue affecting policy debates with valuable quantitative economic and social impact analysis, and market outcomes through the development of information solutions to economic development challenges.

PERC has become the leading proponent on earth for the use of non-financial payment data—often referred to as alternative data—in credit underwriting as a means of creating a fairer, and more inclusive financial services sector. We have had great victories on this front—including affecting national policy in Africa, Asia, Latin America, and Oceania—and continue our

Alternative Data Initiative here in the US and globally.

I encourage you to view our new educational [video](#) on the transformative power of alternative data and then to join our cause by adding your organization's name to our growing coalition of [supporters](#).

PERC is proud to have become the go-to resource for public and private sector actors around the globe on a range of information policy and economic development issues, ranging from data privacy and security to developing a road map for implementing a national credit information sharing system.

Looking ahead, PERC will continue to promote the responsible use of information for socially optimal outcomes through research and increasingly development. PERC has been involved in efforts to establish the first-ever alternative data credit bureau in Africa, has explored applying artificial intelligence to credit scoring, is examining the power of social network data for risk assessment for mobile banking, and the development of a credit capacity assessment tool.

Ultimately, we must recognize the contributions of many others in our successes over the years. Without the generosity and support of our Board of Advisors, our President's Council, our friends, and our financial supporters none of our results or solutions would have been possible.

As we humbly enter our second decade, we look forward to improving on our established record as change agents, and helping drive achievable outcomes to dramatically increase financial inclusion and enable asset building and wealth creation in the US and around the world. Please join us on this journey!

## Some of PERC's accomplishments over the years...

2002



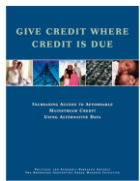
In its first year, the Information Policy Institute releases three studies, one of which helped to stave off a bill in California that would have cost taxpayers billions and eliminated jobs.

2004



PERC helps rationalize free credit reporting provisions of FACT Act. We quantified likely impacts of ratifying free disclosure regimes and shared these results with national regulators and prescribed reasonable staggered disclosure procedures.

2006



PERC study "Give Credit Where Credit is Due," helps restart the issue of non-financial payment sharing by recasting it as an issue of inclusion. Lenders, bureaus and policy makers take interest in the issue.

2008



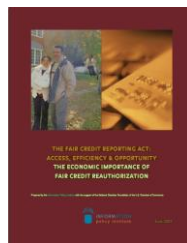
PERC releases two additional reports on Gulf Coast recovery following the storms of 2005. The reports draw attention to the hardships of individuals and businesses three years after the storms.

2010



PERC and APCC efforts pay off in New Zealand. Reforms to New Zealand's credit reporting laws would include additional data in credit reports such as the existence of accounts, their account type, credit limit, and status as active or closed.

2003



Information Policy Institute report, "Access, Efficiency and Opportunity," was the most cited document during the Congressional debate that resulted in the full adoption of all of PERC's policy prescriptions by Congress.

2005



PERC's research assists in reopening of the issues of financial data sharing in Australia and led to a parliamentary inquiry.

2007



PERC releases two studies, "Economic Impacts of Payment Reporting Participation in Latin America" and "Economic Fairness Through Smarter Lending," that assist credit-reporting reform in Brazil and aid policy advocates and reformers across Latin America.

2009



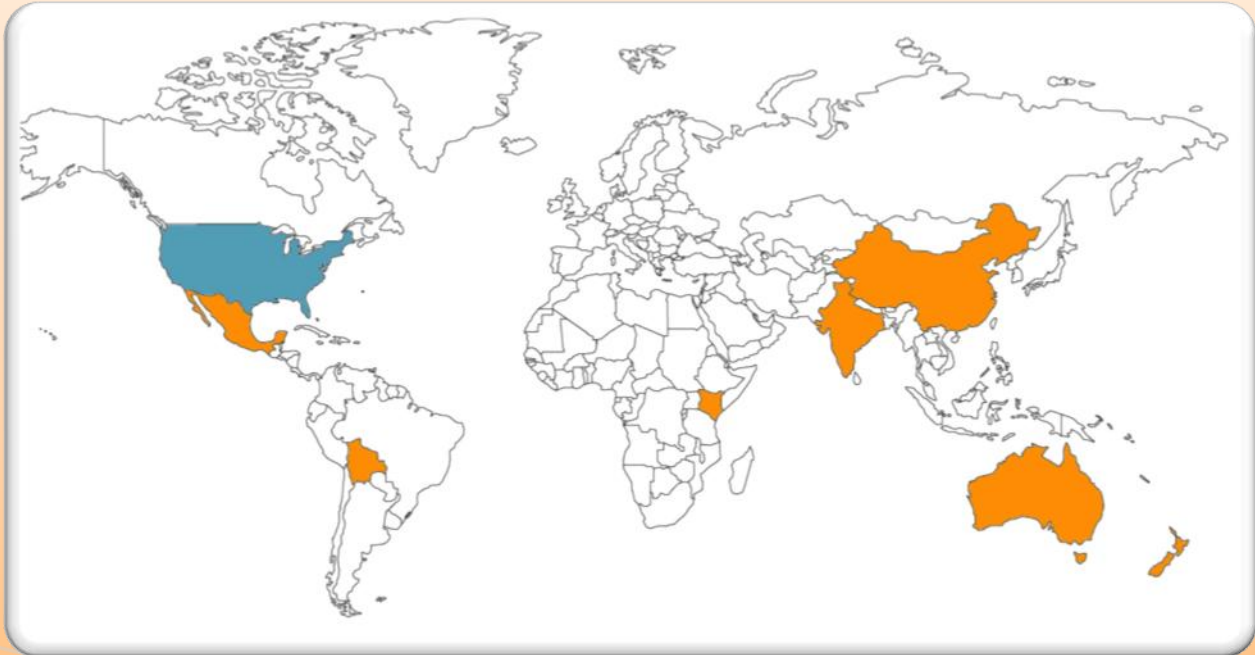
Ashoka Foundation awards PERC president Dr. Michael Turner a Fellowship recognizing his leadership in promoting the use of alternative data as an innovative and salable approach to reducing financial exclusion in the U.S. and globally.

2011



The International Finance Corporation awards PERC a contract to begin an unprecedented multi-country, multi-year study to measure the costs and benefits of credit reporting and scoring for microfinance institutions.

## PERC's 2012 travels and accomplishments



### January

Drs. Michael Turner and Robin Varghese traveled to La Paz, Bolivia where they met with MFIs to discuss participating in our IFC project.

### February

Early February saw Drs. Turner and Varghese traveling again. This time the duo crossed the Atlantic to present findings from an analysis of credit reporting in Kenya at an event hosted by FSD Kenya.

Shortly after returning from Kenya in February, Dr. Turner traveled to Australia and New Zealand where he addressed industry senior executives, government officials, journalists and other audiences during a four city, two-country tour.



While Dr. Turner was in Australia and New Zealand, Dr. Varghese attended a conference in Hong Kong and then continued on to India where he worked on the IFC project.

### March

Dr. Varghese and Patrick Walker returned to Latin America. More specifically, they visited Mexico where they met with potential participants for the IFC study.

### April

For international travel, April was not as busy as the previous months. However, at the end of April, Dr. Varghese traveled to Bolivia for meetings – scheduled in the first week of May—regarding work for PERC's IFC project.

## Projects & Initiatives Updates



Dr. Michael Turner presenting to D&B in Melbourne Australia.

### PERC in the press

*Credit reporting changes will 'boost activity'*

PERC in **The New Zealand Herald**

*New rules to balance your credit history*

PERC in **The Australian**

*Before Launching, Organize Personal Finances*

PERC in **BusinessWeek**

*Mortgage lenders poised to get more personal*

PERC in the **Chicago Tribune**

*Little-known firms tracking data used in credit scores*

PERC in **The Washington Post**

### Dun & Bradstreet Project

PERC completed work on a project for Dun & Bradstreet Australia earlier this year.

Throughout the week of February 12 Dr. Michel Turner traveled within Australia and New Zealand. On a tour for Dun & Bradstreet, Dr. Turner presented results from a forthcoming PERC study on the impacts of credit reporting regime change upon credit markets and the economy in Australia and New Zealand. He addressed industry senior executives, government officials, journalists and other audiences.

Some of the general findings that were presented are listed below.

- Fair File and comprehensive reporting:
  - **Increases lending** to the private sector especially among lower social segments more than other reporting regimes; and,
  - Result in **better loan performance** than segmented and negative-only reporting
- Private bureaus with more comprehensive data **increase lending** to the private sector.

The complete [presentation](#) can be found on PERC's [website](#).

## IFC Project Update: Measuring costs and benefits of credit reporting and credit scoring in microfinance

A year ago, PERC was awarded a contract by the International Financial Corporation of the World Bank Group to measure the costs and benefits of credit reporting and credit scoring for microfinance institutions (MFIs).

Working with MFIs in three countries (Bolivia, India and Mexico) and using a randomized lending approach, we will try to answer:

- what are the costs to MFIs of reporting loan information, of utilizing credit reports, of developing scoring solutions?
- how long will it take an MFI that has adopted program of information and score centered lending to realize their well-known benefits?



In the last year, we have been working to set up these experiments, recruiting credit bureaus and MFIs. Since such an approach has never been applied to the study of credit reporting, the study will offer new insights. Moreover, its scale is unprecedented. The study covers nearly a dozen MFIs allowing us to validate any single measurement by replication.

As we mentioned before, PERC expects this research to offer definitive answers to some persistent questions about credit reporting that MFIs have, and we expect that this research will help transform microlending.

We expect the first results in approximately 10 months.

## APCC Update

Our first efforts in the APEC region this year have involved an extensive engagement to push Australia and New Zealand into full-file reporting. Dr. Michael Turner conducted extensive outreach in these two among the last remaining negative only systems in the developed world. (Soon, only France will remain a truly negative only credit reporting system).

New Zealand has just adopted full-file reporting in part due to the efforts of the APCC. APCC and PERC remain engaged in Australia. Working with the Australasian Retail Credit Association and supporters Dun & Bradstreet Australasia and

Experian, APCC has engaged in addressing two stakeholders: (i) regulators and lawmakers and (ii) data furnishers/lenders.



We have worked to also demonstrate the value of a broader information sharing system, comprising alternative data such as telecom payment information, by building commercial grade scores that can be used to measure the value full-file information and less than full-file but more than negative only data on credit access and performance.

## Featured Upcoming Events:

### ADI Hill Briefing

Partnering with CFED, PERC is nearing the end of the data analysis stage of a new report to examine the impact of including fully reported utility, telecom and other alternative data payment histories in consumer credit files.

The analysis, supported by the Annie E. Casey Foundation and major national credit bureaus TransUnion and Experian, is a follow-up to PERC's 2007 research summarized in "Give Credit Where Credit is Due," which used over eight million consumer credit files from 2005 and 2006.

To coincide with the conclusion and the release of the report, PERC will host a Hill Briefing June 20, 2012. PERC will send out more details soon.



### APEC Events



**Asia-Pacific  
Economic Cooperation**

With the Russian Chairmanship of APEC this year, focus is centered on financial literacy as a component of financial inclusion. Nonetheless, credit information sharing policy reform and implementation as a component of financial sector reform continues, especially as we proceed

into 2013 in which Indonesia will chair APEC and champion SME financing.

In February, Dr. Robin Varghese attended the first APEC Business Advisory Council Advisory Group meeting in Hong Kong. The meeting discussed the financial inclusion agenda and the SME financing agenda, as well as expanded on Asia-Pacific Infrastructure Partnerships (see below).

This year's Financial Inclusion Forum in Shanghai on June 25-27 will have a session on financial identity through regulations on sharing customers' information among private credit bureaus/financial

institutions and accessing customer's information collected by non-financial institutions. Some technical considerations, guidelines and regulations for integration into credit reporting of microfinance institutions and popular savings and loans sectors, will also be discussed on this session. Questions will be raised such as

- What is the role of public credit bureaus and national microfinance associations in promoting financial inclusion?
- How central banks and regulators can use private credit bureau data to monitor financial inclusion, guard against over-indebtedness challenges in lower income segments?

Dr. Varghese will present on some of these issues at the forum.

We will be identifying other points of participation in this years APEC schedule and will be reaching out to you as they develop.

## PERC Gives Back: SCEEP Contribution



**Enrichment**

Earlier this year, PERC made a contribution to the Community Church of Mountain Lakes' Suburban Cultural Educational Program, SCEEP. The program is one of 15 sites in the state of New Jersey, coordinated by Protestant Community Centers Inc. (PCCI). The program provides one-on-one mentoring/ tutoring for students from various



**Mentoring**



**Tutoring**

elementary schools in high-risk neighborhoods of Newark, NJ.

"PERC's contribution will help us to continue to provide an invaluable service to our community," said Mary Ellen Swan, Chairperson of Board of Christian Outreach.

SCEEP consists of local volunteers from both the church and the community at large (ranging in ages from 12 to 80). The volunteers mentor and tutor 16 children each Thursday afternoon. Running from October until May, the program averages 26 Thursday sessions per academic year.

Each child is picked up afterschool and transported to the Community Church of Mountain Lakes via bus. While at the church, the students work on homework and worksheets with his or her mentor as well as participate in enrichment activities. They also receive a snack and a full dinner before being transported directly home via bus.

"We can't thank PERC enough for helping us touch lives of children in Newark every year." Mary Ellen Swan said.

## PERC Video

PERC is excited about our new educational [video](#) on the transformative power of alternative data.

View the video and join the cause by adding your organization to the growing [coalition of supporters](#).

For more information about PERC's Alternative Data Initiative, visit the PERC website's ADI page [here](#).



## PERC Features...



### Carol Wayman

Carol Wayman briefly joined the PERC team as an Adjunct Fellow in March. She played an integral part in the programming of the ADI Hill Briefing, which is to take place on June 20, 2012.

She has more than 20 years of experience in leading federal policy strategies to expand housing and community economic development, financial security and economic mobility.

Wayman is effective in seeking both legislative and regulatory improvements due to the ability to cultivate a broad range of allies including bipartisan policymakers and their staffs, practitioners, academics, business leaders, national, state and local leaders and media and seek solutions in an adaptive and strategic approach.



### Mauricio Zambrana Cuellar

Most of his 24 years of professional experience is related with executive positions on the fields of marketing and sales, business management, and business development.

Over the last nine years, he has been deeply involved with the credit information sharing industry. He founded and managed a leading credit bureau in Bolivia, which specialized in microfinance. Later, and simultaneously, he founded and managed a sectorial (microfinance) credit bureau in Argentina.

At present, as an independent consultant, he is developing a credit information sharing solution for a microfinance network in Haiti.

As a Credit Bureau Advisor, Mr. Zambrana assisted the development and/or strengthening of Credit Bureaus in Pakistan, Paraguay, and Guatemala.

*PERC has made the switch to the new Facebook Timeline. We invite you to explore PERC's **new page**. Learn more about PERC's 10-year history of results and solutions.*

