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**TRADE AND DEVELOPMENT BOARD COMMISSION ON
ENTERPRISES, BUSINESS FACILITATION AND DEVELOPMENT**

**EXPERT MEETING ON IMPROVING THE COMPETITIVENESS OF
SMEs IN DEVELOPING COUNTRIES: ROLE OF FINANCE,
INCLUDING E-FINANCE, TO ENHANCE ENTERPRISE
DEVELOPMENT**

PAPER SUBMITTED ON BEHALF OF SERASA (BRAZIL)

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THE SOLUTION BASED ON COOPERATION FOR THE CENTRALIZATION OF INFORMATION AND SUPPORT TO CREDIT DECISIONS

SERASA, established in 1968, is today the largest and most respected information data base on credit, economic-financial and social data from Latin America, with exclusive coverage all over Brazil.

The history of the organization began 33 years ago when banks believed that, through a **solution based on cooperation for the centralization of information and support to credit decisions**, it would be possible to obtain gains in economies of scale, rationalization of administrative costs and quality increments with specialization, without interfering in the competitive capacity of those institutions. As a result, SERASA was founded.

The initiative led to a **model of cooperation with competitiveness**, effectively allowing meaningful increases in quality and productivity and reduction of costs. Banks decided, then, to extend these benefits to other sectors of the economy, as an example that confidence and solidarity may be promoters of good businesses.

Besides keeping banks as clients, SERASA started rendering information services to companies of all sizes and lines of business, chiefly through partnerships with more than 900 class entities, turning out to be an institution that contributes to a **kind of financial ecology**.

At present, SERASA has as shareholders 83 financial institutions, constituting itself in an example of rendering centralized services, economic-financial information and analysis, using the most advanced techniques, researching and developing its own models. **SERASA has available data on all the companies legally established in Brazil - about 8.6 millions - among which 4.2 million active**, and about every person with some economic activity.

THE GATHERING AND EXCHANGE OF DATA



With exclusive national coverage, **SERASA gathers information about companies and natural persons from appropriate and relevant sources**, like court distributors, protest notaries, boards of trade, Central Bank, official publications and public registrars. Concerning bankruptcy and creditor's composition, SERASA counts on information of the Boards of Trade and of public notices, according to the Law of Bankruptcies.

Besides, **SERASA has established agreements with companies of different lines of business all over the country, in order to exchange data**. Such agreements have proved to be a powerful alternative tool to gather information about companies and individuals, and to keep SERASA's database permanently updated, despite any difficulties that might occur in obtaining information from notary offices.

THE TRANSMISSION OF THE DATA

After processed and classified, the information is transmitted through an extensive teleprocessing network available 24 hours a day every weekday. **The client may access SERASA through telephone (automatized voice), telex and fax (with reply in the same connection), video terminal and host to host connections.**

This diversification of products and means of connection offers the clients adequate alternatives, both in terms of its levels of sufficiency of information and inquiries volume, as well as its **technological resources of access to SERASA's computers, so that it will always render services with the speed and costs compatible to their needs.**

TECHNOLOGICAL UPDATING ALLOWS FOR NEW BUSINESS OPPORTUNITIES

To supply the market safe and reliable information, SERASA, as an institution dedicated to render services of social utility, is concerned with reinvesting its profits in the constant renewal of its modernity. **This reinvestment is directed towards the technological updating in credit information, data processing and telematics resources, as well as the maintenance of continuous quality programs**, involving all levels of employees, besides constant satisfaction



researches. To be present in a country of continental dimensions, SERASA has about 1.500 employees spread throughout 130 agencies/limited service agencies.

Keeping a complete data base of natural persons and companies operating in Brazil, **SERASA actively participates in the orientation given for the majority of credit decisions made in the country.** As it operates all over Brazil and gathers information available in the various sources of the Brazilian states, the institution supplies information at national and state levels that attend to the specific needs of the users of its services. Thus, SERASA is present in each state through its agencies, serving the whole local financial and corporate community, offering **products and services that allow business opportunities with ramifications in the whole Brazilian territory.**

SERASA was the first wholly-owned Brazilian company to be awarded, in 1995, and again in 2000, the 'Prêmio Nacional de Qualidade' , (the National Quality Award), equivalent to US Malcom Baldrige Award, in recognition of the quality of its services and processes. And, in November of 1997, a quality audit performed by Fundação Carlos Alberto Vanzolini verified that SERASA's CONCENTRE Process Quality System - the most used service to support credit decisions in the country - fulfilled the requirements of the NBR ISO 9002.

MAIN PRODUCTS OFFERED BY SERASA

CREDIT BUREAU SERASA - A great innovate leap forward in concepts and procedures of credit approval of natural persons. Besides restrictive information, CREDIT BUREAU SERASA makes available, at national level, positive data on over 100 million people in immediate calls.

Besides supplying personal, credit, and professional data, CREDIT BUREAU SERASA also furnishes updated standings of the various financing and credit cards existing under the name of the person in the financial institutions of the country, letting clients know all their financial commitments and payment habits - if updated or in arrears - allowing the utilization of the most advanced techniques of Credit Scoring and Behavior Scoring.

CREDIT BUREAU SERASA, at the same time in which it enables an accompaniment of the credit market, it discloses the potential of each client.



RELATO - Business Behavior Report - A system of commercial information which covers payment habits, commitments (overdue and not yet due), purchases' profile (highest invoice, most recent, and largest accruals) and defaults with banks. It enables the adoption of differentiated strategies for each customer in granting, monitoring, and collection of granted credits.

FICA - Credit and Analysis Report - Developed in order to support credit and business decisions that, besides the evaluation of the credit and restrictive aspects, are indispensable to count on a complete economic-financial analysis. The FICA gathers shareholding structure, credit, economic-financial and restrictive information about companies of all sizes and lines of business established anywhere in the country, allowing a wide vision of the company's performance in the three last fiscal years. It can be supplied in printed form or in data processed means, on-line connection or host X host (computer to computer).

FICA English - SERASA's traditional report is available in English in order to meet international requirements, and support the companies that need information in that language. Clients can also use the reports FICA Micro-sized Companies English, FAS English - Serasa Analysis Report, FAS Consolidated Balance Sheets English, and FIE English - Company Identification Report.

FICA Micro-sized Company - Report designed to the evaluation of micro-sized and small companies' evaluations, which bear the analyzed company's risk classification.

ADVANCED FICA - Directed to guide decisions involving large companies, it analyses the capacity of generating resources to liquidate commitments, through the use of the most modern techniques of credit risk evaluation.

FICA - Financial Institutions - Developed in order to offer an effective tool to support credit decisions with companies belonging to the National Financial System. It gathers information needed for the complete performance evaluation of



the banks, comprising: size, based on the value of total assets; distribution of agencies network, operation portfolios, stock participation in other companies; financial-economic indicators of the three last fiscal years.

FIS - Serasa Information Report - The FIS was developed to support credit and business decisions that require quick and precise decisions that, by its reduced risks and volumes involved, may do without financial-economic analysis. It gathers, among others, the following information: name of the company and popular name, foundation date, income tax code number, predecessor, line of activity, head office address, number of branches, name and income tax code number of natural person of the chief executive.

FIE - Company Identification Report - The Fie report was developed to support credit, and business decisions which, due to their lower risk characteristic, can proceed without financial-economic analysis. Some of the information's contained in the Fie reports are: complete identification, main products and market, shareholders, key executives, main clients, and suppliers, as well as business behavior, and restrictive information about the company.

FAS - Serasa Analysis Report - The FAS was developed to supply specific needs of balance analysis and supplies relevant information, like financial indicators, standard indexes of the lines of business of the company analyzed, evolution of net worth, besides a conclusion that points out the main points observed in the economic-financial analysis.

FAS Consolidated Balance Sheets - Financial analysis of the companies comprising an economic group, which allows the conglomerate's risk evaluation.

SETORISE - Sectorial Serasa - A sectorial market study that allows a constant and systematic surveillance of the 62 main sectors, segments and branches of the economy, in a single source of information, without the need of comparisons, consolidations and information analysis of various origins.



AGRUPE - Analysis of Economic Group - The AGRUPE is indispensable to evaluate with precision the global credit risk involved in an operation. It shows in an encompassing way the whole structure of the economic group, financial data of the balances, line of business, shareholding structure, foundation date of the associate companies, besides relevant information on the changes in stock control. The AGRUPE data base gathers from small family groups to corporate conglomerates, covering about 20 thousand economic groups and 100 thousand associate companies.

CONCENTRE - Calls to the Restrictions Central - It allows immediate access, 24 hours, in the seven weekdays, to the largest and most complete data base of the kind in Latin America, that gathers over 150 million items of credit restrictive information about natural persons and legal entities, with exclusive national coverage, covering bad, stolen and astray cheques, protests, creditor's compositions, bankruptcies, lawsuits, search and restraint, up to participation in unsuccessful enterprises.

ACHEI-Recheque - File of Irregular, Stolen and Astray Cheques - innovating system for the protection of the cheque as a payment instrument. At the same time in which it supplies immediate information about bad, stolen and astray cheques to the commerce, companies and banks, it further allows to current account holder's immediate communication to SERASA of the lost and stolen cheques. The RECHEQUE was developed to end once and for all with the "industry of the counterfeit cheques".

The ACHEI was developed to centralize all the information about issuers of bad cheques and channel the remittance of these data to Banco do Brasil, making them simultaneously available to all the participating banks and clients of SERASA.

The ACHEI-Recheque data base is an exclusive source of information of the product LIGCHEQUE, offered by the National Confederation of Retail Stores Directors - CNDL to all members of this institution.

CONVEM - Corporate Covenants - Modality of CONCENTRE that gathers restrictive information to the credit of natural persons and legal entities supplied



and consulted only by participants of the covenant, at national level, belonging to a certain sector of corporate activity.

SABES - System of Access to Statistical Databases - It centralizes in an only source of consultations a rich set of macro-economic and sector indicators from various sources, thus eliminating the compiling efforts and storage of a wide range of strategic indicators. Organized in groups of about 2,000 historical series, SABES' more than 100,000 indicators are extremely useful for conjuncture analysis and elaboration of scenarios.

INTERNATIONAL REPORTS - Present, background, and economic-financial information, defaults with banks and payment habits with suppliers on companies with headquarters abroad.

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