



Information Source

Winter 2003

Equifax Empowers Canadian Consumers To Manage Their Credit Health

Canadians' reliance on credit is reaching new heights every year. Yet surprisingly, many consumers know little about how credit information is used by lenders and creditors.

On June 25, 2002 that changed!

In late June, Equifax in Canada launched a suite of solutions designed to educate and inform Canadian consumers about how credit decisions are made and how they can effectively manage their credit health. *Equifax Consumer Services Canada* now offers the Equifax Credit Report and Score Power® to Canadian consumers. The Equifax Credit Report enables consumers to view a comprehensive history of their credit information that businesses use to make loan decisions. Score Power provides consumers with their FICO® credit score. FICO credit scores, created by Fair, Isaac's & Company, are used by the majority of credit and lending institutions in Canada to qualify applicants and set individual interest rates. In addition to their score, consumers also obtain a personalized score analysis designed to help them understand how their scores may be interpreted by lenders and affected by their credit behaviour. They will also receive their Equifax Credit Report on which the score is based.

Equifax Credit Report is available for \$14.50 and Score Power® is available for \$21.95. Consumers can purchase either product on-line at www.econsumer.equifax.ca after providing identifying information to ensure security and privacy. The information is delivered within seconds via email and will remain available for the consumer to view for 30 days from the initial order date.

Equifax in Canada will continue to offer consumers free access to their credit report should they wish to request a copy by mail.

"Providing consumers with insight into their credit report and their credit score demonstrates our

commitment to demystify the credit reporting process," says Rick Cleary, president of Equifax Canada Inc.

Survey results for the first six months of consumer activity show that roughly 65 percent of consumers purchasing their credit report or Score Power® were planning to take out a loan for a car, home or make another substantial investment in the near future. Seventy percent of Canadian consumers noted they were interested in the accuracy of their credit information and wanted to be aware of any negative credit history.

HELPFUL REFERENCE SOURCES

- Equifax Consumer Services Canada
www.econsumer.equifax.ca
- Equifax Canada Inc. (business services and to order a free credit report by mail)
www.equifax.ca
- Money - Investing, Banking, Planning Education
www.money.msn.ca
- Tools for Small and Medium-Sized Business Owners
www.bellzinc.ca

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Data Solutions

Decision Solutions
(Formerly Knowledge Engineering)

E-Commerce Solutions

Technology Solutions

Commercial Solutions

Consumer Solutions

Fraud Services

EQUIFAX

PRESIDENT'S MESSAGE

Rick Cleary

I would first like to take this opportunity to wish all our customers and business partners the very best for 2003. There are many new and exciting ventures on the horizon at Equifax, and we believe this bodes well for all of our customers.

The year 2002 saw the introduction of Score Power® and Equifax Credit Report (see cover story). In 2003, we look forward to the introduction of additional on-line services designed to assist consumers with managing and protecting their personal credit. In *'What's Next - What's New'* (page 6), we offer a glimpse into Credit Watch® and other product offerings to come from Equifax in Canada.

Identity theft is a growing problem that has been gaining attention from consumers, regulators and the media. Equifax believes the more we can do to protect consumers the more secure and safe they will feel, now and in the future. See the article below for more details.

On the legislative front, Equifax in Canada continues to take an active role in the development, review and con-

sultation of federal and provincial privacy legislation. In *'Legislative Updates'* (page 3) we take this opportunity, as we will throughout the year, to provide you with the most recent developments on the proposed provincial privacy acts and Personal Information and Electronic Documents Act (PIPEDA).

We have also taken the opportunity to use the start of 2003 to invite a representative of Borden Ladner Gervais to provide an overview of Ontario legislation in *'Ontario Proposes New Privacy Law'* (page 4). As our legal source, we will use their expertise to gather the facts and critical details to shape the way we do business.

I would also invite you to read through this issue of the Information Source to learn more about some of our 2002 initiatives, all of which set the ground work to help build winning business opportunities in 2003 and beyond.



Equifax and Phonebusters Assist Victims of Identity Fraud

In 2001 Equifax handled just over 12,000 incidents of identity fraud. For 2002 Equifax handled over 17,000 incidents, nearly a 50 percent increase. What we are seeing is aggressive growth in identity theft, identity fraud, and the intricacy of the fraud related crimes being committed.

When someone has been a victim of identity fraud, Equifax takes a number of steps internally to secure his or her personal credit information. The measures taken include highlighting for credit grantors that a consumer has been a victim of fraud.

Equifax Supports Formation of National Identity Fraud Investigation Centre

In late 2001 the Ontario Provincial Police (OPP) and Royal Canadian Mounted Police (RCMP) launched a pilot project to investigate and compile information on identity theft and its impact on Canadians.

Established in 1993, the original mandate of Phonebusters National Call Centre (PNCC), commonly referred to as "Phonebusters", was to prosecute key individuals in Ontario and Quebec involved in telemarketing fraud under the Criminal Code of Canada. Phonebusters' mandate now also

includes facilitating prosecution by American agencies through extradition, and by Industry Canada under the Competition Act.

Phonebusters also works to educate Canadian consumers about fraud, provide victims of fraud with assistance and act as a repository for strategic and tactical intelligence to help prevent further incidences of identity fraud. The organization also plays a vital role in the collection and dissemination of victim evidence to outside investigations.

In support of consumers impacted by identity fraud, Equifax encourages consumers to contact Phonebusters. With the consumers' permission, we will refer victims' names and contact information, as well as a brief description of the fraud information, to Phonebusters. Phonebusters gathers information and analyzes the data to identify if any trends exist and determines which institutions, regions or other sources are being targeted.

For more information contact Phonebusters at 1.888.495.8501.

LEGISLATIVE UPDATE

Equifax takes its role as the industry leader in Canadian privacy and credit reporting legislation initiatives seriously. Historically, we have supported and adhered to fair information management practices and have also participated in shaping and implementing legislation at all levels of government. The following is a brief overview of our more recent activities and initiatives in this area:

Personal Information Protection and Electronic Documents Act (PIPEDA) - Since the implementation of PIPEDA, Equifax has held numerous seminars to educate our valued customers on PIPEDA. In addition, we have held a number of informal meetings with members of the Privacy Commissioner's office in an effort to help increase their understanding of the credit reporting industry and establish a solid working relationship.

Federal Legislation - The Equifax chief privacy officer continues to work with the Federal Privacy Commissioner's office. To-date dialogue has focussed on: (1) Credit file disclosure and correction of alleged errors, (2) credit file disclosure by credit grantors to consumers, (3) operational and security related matters, (4) use of Social Insurance Numbers.

Provincial Privacy Legislation - Effective January 1, 2004, PIPEDA will apply to all personal information collected, used or disclosed in the course of all commercial activities. If a province/territory legislates its own privacy law similar to PIPEDA prior to January 1, 2004, the organizations governed by that privacy legislation will be exempt from PIPEDA for collection, use or disclosure within the boundaries of that province/territory. PIPEDA will apply to all interprovincial and international collection, use or disclosure of personal information.

In light of the foregoing, Ontario, British Columbia and Alberta are in the midst of drafting provincial privacy legislation and details thereof are set out below.

ONTARIO

Proposed privacy legislation will apply to all Ontario businesses and organizations by January 1, 2004. The proposed Ontario Privacy Act submitted to the Ontario Minister of Consumer Business Services in September 2002 has stalled and may not be tabled during the winter or spring sessions. Recent press headlines suggest the Bill may not be tabled until after the next Provincial election. Equifax will continue to monitor this situation and report accordingly on any new developments. For more information on Ontario see story '*Ontario Proposes New Privacy Law*' (page 5).



Bill 213, which enacts a new Limitations Act, is intended to improve access to and amend the existing Solicitors Act as it relates to limitation periods placed on a consumer report regarding any collection or debt after seven years. Bill 213 received Royal Assent within 14 days from the First Reading and the impact on the Consumer Reporting Act ("CRA") is the proposed modification to article 9(3)(f) of the CRA. Article 9(3)(f) now reads as follows: "A consumer reporting agency shall not include in a consumer report, (f) information regarding any collection or debt after seven years following the COMMENCEMENT of the debt obligation, unless the creditor or the creditor's agent confirms that the debt obligation is not barred under the Limitations Act, 2002 and the confirmation appears in the file." Equifax met with representatives of the Attorney General's office to discuss the potential impact of this modification to the credit reporting industry. Discussions are ongoing and Equifax will monitor any new developments.

BRITISH COLUMBIA

British Columbia intends to enact privacy legislation during their spring 2003 session. In discussions with the director of Corporate Privacy and Information Branch of British Columbia, it became evident that the approach in developing their provincial Act would be far less consultative than the process applied in Ontario. In spite of a more autonomous approach, the office of Corporate Privacy is quite open to input from stakeholder groups. The Equifax chief privacy officer has met with the provincial privacy Director on three occasions to offer input and consultation. Equifax has submitted both a position paper and a supplemental information paper outlining the Equifax rationale for requesting a credit reporting industry exemption. Equifax has meetings planned for late January 2003 with the office of Corporate Privacy and Information to discuss those sections of the initial draft specific to the credit reporting industry.

ALBERTA

The province of Alberta is also working on privacy legislation. Equifax has had meetings with the executive director, Information and Privacy Management, Alberta Government Services. Alberta is relying on an external-consulting firm to manage the consultations with stakeholders and to provide reports back to the appropriate governmental bodies. Equifax intends to meet with the outside consulting firm during the first quarter of 2003. Equifax has been advised that the Alberta legislation will closely resemble that of British Columbia.

ONTARIO PROPOSES NEW PRIVACY LAW

by Brian C. Keith, Borden Ladner Gervais LLC
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The Ontario government has released a draft *Privacy of Personal Information Act, 2002* (Ontario) (the “PPIA”). While this takes the form of a bill, it has not been introduced in the Legislature and is simply a discussion document to “facilitate consultation concerning its contents.” Many comments have been received, and this draft will probably undergo many changes before an actual bill is introduced in the Legislature, but it gives a useful indication of what the law will eventually be.

You may already know that Part 1 of the *Personal Information Protection and Electronic Documents Act* (Canada) (“PIPEDA”) has been in force since January 1, 2001, but applies to only a relatively small number of businesses. It will have much broader application starting January 1, 2004.

Organizations in a province that enacts a “substantially similar” law (as Quebec did in 1994) will be exempt from PIPEDA in that next phase. Ontario is the first other province to release a draft of such a law, and the PPIA may therefore be an indication of what other provinces will do.

This article highlights for Equifax customers some aspects that could impact business operations.

Scope. PIPEDA initially applies only to organizations that operate a “federal work, undertaking or business,” or that transfer personal information across provincial borders “for consideration.” Even when fully in force on January 1, 2004, it will apply only to “commercial activities.” The PPIA will apply to organizations of all kinds that are not already governed by the *Freedom of Information and Protection of Privacy Act* (Ontario) or its municipal counterpart, and will apply not only to information about customers and others with whom the organization deals externally, but also to information about its employees.

Consent. Consent is the heart of all personal information protection legislation. The main innovation in the PPIA is that it establishes express consent as the “default” requirement, and limits the circumstances in which implied consent may be relied upon. In particular, there

is no provision for “negative option” (or “opt out”) consent, though this is likely to change. Implied consent may be relied upon only if: (1) in all circumstances, the purpose of the collection, use or disclosure is “reasonably obvious” to the individual (a notice describing the purpose may be posted or provided where it is likely to come to the individual’s attention); (2) it is reasonable to expect that the individual would consent; and (3) the organization uses or discloses the information for no other purpose.

No consent. The exceptions to the consent requirement are generally similar to those in PIPEDA, but with some additions. The PPIA provides for the transfer of personal information between organizations as an incident of an asset sale, if it does not comprise all or substantially all of the assets of the transferor. Personal information may also be collected as part of “due diligence” in negotiating and concluding a business transaction. Many of the exceptions require, however, that notice be given to the individual, at the time of collection or within a reasonable time afterwards, stating the purpose of the collection and that it is being collected under the authority of a particular clause of the PPIA.

Access. Access to “confidential commercial information” may be refused so as to avoid revealing an “organizational secret” where it is reasonable to expect access would harm the organization. If an individual believes his or her personal information held by an organization is inaccurate or incomplete, and the organization does not correct it on request, the individual is entitled to require the organization to attach a short “statement of disagreement” to its records of that personal information.

Enforcement. The role of the Information and Privacy Commissioner under the PPIA is fundamentally different from that of the Privacy Commissioner of Canada under PIPEDA. The powers to investigate are similar (though spelled out in more detail), but the Ontario Privacy Commissioner also has power to make a wide range of orders relating to personal information practices. These may be hard to appeal.

In short, the PPIA would change, in some ways more dramatically than PIPEDA, the ways in which Ontario businesses deal with information about their customers, employees and other individuals.

(For a copy of the three Equifax/BLG ‘PIPEDA Series Bulletins’ please contact bckeith@blgcanada.com).



Equifax Launches Unique New Delinquent Debt Scores

Mid-year 2002 Equifax in Canada teamed with SCORE Statistical Consulting to offer the financial, retail and collection industries a suite of unique predictive scores. The eight new delinquent debt scores are designed to assist with managing delinquent accounts.

SCORE Statistical Consulting is an established resource for risk management support and is widely recognized in the banking, credit and collection industries as a superior provider of delinquent debt scores, statistical consulting services and collections and receivables training.

The combination of the robust Equifax consumer data and SCORE's specialized analytical capabilities will provide businesses with relevant credit data and industry-specific delinquent debt scores.

The scores have been specifically developed to assist financial, retail and collection industries in evaluating the probability of repayment/cure at various stages of delinquency.

Risk management scores for financial institutions:

Reduce FI 30 (Bank Card) - Predicts the likelihood that a delinquent bank card account 1 to 60 days in arrears will cure within the subsequent 60 days.

Reduce FI 30 (Non -Bank Card) - Predicts the likelihood of any delinquent non-bank card account 1 to 60 days in arrears curing within the subsequent 60 days.

Reduce FI 90 (Bank Card) - Predicts the likelihood of any bank card account 60 to 120 days in arrears curing within the subsequent three months.

Reduce FI 90 (Non -Bank Card) - Predicts the likelihood of any non-bank card account 60 to 120 days in arrears curing with the subsequent three months.

Risk management scores for the collection industry:

Produce 180 - Predicts the probability of any delinquent account 180 days in arrears making a payment (a minimum of \$25) within the next 90 days. The ability to select five value-added credit attributes is included.

Produce 360 - Predicts the probability of any 360+ day delinquent account making a payment (a minimum of \$25) within the subsequent 90 days.

Risk management scores for retail institutions:

Reduce RE 30 - Predicts the likelihood of any retail account 1 to 60 days in arrears curing within the subsequent 60 days.

Reduce RE 90 - Predicts the likelihood of any retail account 60 to 120 days in arrears curing within the subsequent three months.

To learn more about the potential of these unique new scores, please contact your local Equifax sales representative.

CORPORATE NEWS

By joining forces with market leaders and emerging technology innovators, Equifax in Canada will continue to ensure the development of value-added solutions for our customers.

October '02 - Equifax and BellZinc joined forces to offer small and medium business enterprises credit information services. The business relationship, which is part of the Equifax Link Partner program marks the first of its kind in Canada.

November '02 - Equifax and Zero Attrition, a customer relationship management solutions company, announced the launch in Canada of Advanced Decisioning™, an automated customer decisioning solution. Advanced Decisioning™ is a dynamic web-based software application engineered to operate as an Application Service Provider (ASP), combining Equifax consumer and commercial credit data with the user's internal information assets and decisioning policies.

December '02 - Equifax in Canada teamed with MSN.CA Money, one of Canada's leading web portals, to introduce millions of MSN.CA monthly visitors to the Equifax direct-to-consumer credit information services. Microsoft is currently the largest link partner for direct-to-consumer products offered in the U.S., and we are pleased to extend that relationship into Canada.

WHAT'S NEXT - WHAT'S NEW

The year 2003 will mark the introduction of a much anticipated data source into our database, as well as the re-introduction and enhancement of some of our core products.

Most notably, by mid-2003 Equifax in Canada anticipates the introduction of **Mortgage Data** into the credit report. Equifax has been working with the Canadian Mortgage and Housing Corporation (CMHC) to make mortgage data available to lenders via the credit bureaus. The capturing of this new data represents approximately 3 million mortgage trade lines from various lenders. We believe this data will significantly enhance the quantity and the quality of credit information available to our customers.

With the introduction of **BEACON®4.0** comes the need for all our customers to convert to the new version to ensure Equifax can continue to respond in the most expedient manner while maintaining quality and consistency. By mid-December 2002 most customers had converted their operating systems from BEACON® 3.0 to BEACON® 4.0.

During the first few months of 2003 we will work with all remaining customers to ensure their transition occurs as quickly and smoothly as possible.

As many of our readers know, **Bankruptcy Navigator Index™ (BNI)** has proven to be one of our most successful products. As a powerful risk management solution BNI predicts the probability of a consumer filing for bankruptcy over a 24-month period and is particularly effective in predicting surprise bankruptcies. Currently the Equifax Decision Solution team (formerly Knowledge Engineering) is in the process of re-validating BNI to further improve upon its current performance. Studies show that BNI also provides a strong indication of when, within a 24-month period, a consumer is likely to declare bankruptcy. We analyzed the performance of a random sample of individuals who filed for bankruptcy over a two-year period. The results show that individuals with low BNI scores are not only more likely to file for bankruptcy, but they are also more likely to do so sooner.

Also on the horizon for 2003 we anticipate the introduction of a **Equifax Credit Watch™** product much like that offered by Equifax in the United States. Credit Watch alerts consumers via e-mail within 24 hours of a change to their credit report including new account inquiries or updates reflecting late payments. The service allows the subscriber to discern immediately if changes or inquiries to their credit files are authorized and accurate.

NEW PRODUCT UPDATES

Equifax is committed to product innovation, and we are continually developing new products and services.

Delinquent Debt Scores - Equifax in Canada has partnered with SCORE Statistical Consulting. For a complete product review see '*Equifax Launches Unique Delinquent Debt Scores*' (page 5).

Equifax Credit Behaviour Segmentation™ (ECBS) on Decision Power® - ECBS on Decision Power® combines the profiling power of ECBS and the flexibility of Decision Power® to enable credit decisions at time of acquisition over the internet - even when applicants have no credit file or are unscorable due to insufficient data. ECBS on Decision Power® also allows you to achieve faster account adjudication by frontline employees and to increase customer satisfaction in the "good" unscorable segment through faster approval and more appropriate treatment. ECBS is Canada's first credit clustering system to use credit scores and credit file attributes to profile prospects and customers. It identifies distinct groups for segmented account treatment and marketing offers.

Advanced Decisioning™ - Equifax in Canada has developed a dynamic Web-based software application designed to operate as an Application Service Provider (ASP) powered by Zero Attrition software. For more information see '*Corporate News*' (Page 5).

Custom Analytics- Given the sensitive nature of credit data and personal information, predictive models must adhere to strict privacy laws. By working closely with Equifax to design custom portfolio models, you gain a competitive advantage in meeting your marketing and risk management objectives - while maximizing your return on investment.

To learn more about these innovative products and services please contact your local sales representative or visit our Web site at www.equifax.ca.

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