



Introduction

This document is a joint Impact Statement, written and co-signed by major Business Information Providers in Europe & UK – an educational approach, a call to action to our key stakeholders, regulators, and the global business community.

A.N.C.I.C. Associazione Nazionale tra le Imprese
di Informazioni Commerciali e di Gestione del Credito

VVZBI
BRANCHEVERENIGING B2B INTELLIGENCE

asedie

figec
Fédération nationale
de l'Information d'entreprise,
de la Gestion de créances
et de l'Enquête Civile

FEBIS
Federation of Business Information Services
Föderation für Wirtschaftsinformationsdienste e.V.

bfbj
vzw-asbl
Belgian
Federation
for Business
Information

DW **BIPA** Business
Information
Providers
Association
Die Wirtschaftsauskunfteien e.V.

About the co-signers of this document

FEBIS

The Federation of Business Information Services (FEBIS), the specialised and recognized industry body of providers of global B2B Business Intelligence services for managing Trade Risks. FEBIS was **founded in 1973** and has developed into a sizable organisation comprising over **150 Members** across more than **60 countries**.

Jointly with the below national trade associations of the main European countries and the UK, represent the collective voices of business information providers, who stand at the forefront of an ever-shifting landscape, equipped with data, insights, and knowledge that empower organizations to thrive, adapt, and excel.

ANCIC

Associazione Nazionale tra le Imprese di Informazioni Commerciali e di Gestione del Credito represents over 40 associated companies active in the business information sector in Italy.

ASEDIE

ASEDIE is an association established in 1999 that brings together and represents 20 Infomediary companies operating in Spain from different sectors that use, reuse, and distribute information, to create value-added products that aids decision-making for companies, the Administration, and citizens in general.

BFBF

The *Belgian Federation for Business Information* is a professional association of companies based in Belgium, active in the field of B2B business information.

The federation has four members with their registered office in Belgium. The market share of the four members together is above 90%.

BIPA

The *Business Information Providers Association* (BIPA) was formed in March 2011. Its members are the UK's six leading Commercial Credit Reference Agencies (CRAs).

DW

Die Wirtschaftsauskunfteien e.V. (DW) represents the interests of the large business information agencies. The association represents the interests of its members by taking a position on the issues that are essential to the activities of the members to the supervisory authorities of the federal states, ministries and political decision-makers.

FIGEC

Fédération Nationale de l'Information d'Entreprise, de la Gestion de Créances et de l'Enquête Civile, is the French trade association that brings together companies – start-ups, SMEs, ETIs, subsidiaries of banks, international groups – active in customer risk management, serving the French economy.

VVZBI

The *Dutch Association for Business-to-Business Information* is an association established in 2020 that brings together the six leading players in the field of business information.

Document Objective and Scope

The objective of this document is to provide a clear overview about who Business Information Providers are and the use they make of Business Information. It explains how they add value to this information and in doing so how they play a crucial role in sustaining trade credit, ensuring that companies engage in business with greater openness, trust, and legal certainty, therefore contributing to the global economy.

The scope of this document is educational to the extent it is of vital importance that our different stakeholders have a holistic understanding of our role as an industry. This document is also an action call to regulators and other stakeholders to activate the necessary measures and mechanisms of access to and re-use of data and Public Sector Information, which is essential for Business Information Providers to continue to help businesses and consequently boost the global economy.

Business Information Providers (BIPs)

Who are BIPs?

Business information helps provide users with background into commercial entities to facilitate a business decision or transaction; often reducing risk, deterring economic crime; and facilitating the granting of credit. Business Information includes but is not limited to business accounts, directors and shareholders information, insolvency proceedings and payment behaviour.

Business Information Providers are active in the collection, processing, systematization, analysis, and interpretation of business data. This data allows them to deliver solutions that form an essential part of many B2B business processes and business decisions. With our business information services, BIPs are an essential component of the business infrastructure. They ensure that companies engage in business with greater openness, trust, and legal certainty. Consequently, BIPs significantly contribute to responsible and secure economic growth. BIPs cater to tens of thousands of companies, ranging from small and medium-sized enterprises (SMEs), to large enterprises and financial institutions. They also provide insights and background information about businesses to government entities (ministries, municipalities) and journalists.

In addition, BIPs ensure thorough information on company ownership, bad debts and loan defaults is available, as a critical pillar to the overall credit reporting, hence contributing to compliance with anti-money laundering legal frameworks. Protecting a vast and growing volume of critical information - and being able to search and analyse it to detect potential threats - is essential.

How do BIPs use Business Information?

Our members gather data on businesses from various sources to create Business Information services. This information is accessed by customers most commonly online in a Business or Credit Report, clients' credit risk management systems but also via bulk data transfers or Application Programming Interfaces (API's).

These databases are derived from publicly available sources in each country, including but not limited to Trade Registries, Chambers of Commerce, Companies House, Courthouses and official Gazettes for Insolvency Proceedings and Bankruptcy Information. As the voice of BIPs, we are committed to protecting the availability of these public sources as the data is crucial in the identification and adequate profiling of businesses enabling our members to provide more accurate Business and/or Commercial Credit Information.

In addition, our members may also gather information from other proprietary sources to supplement the publicly available data already gathered. This may include trade payment and business directory information.

Our members often collate and analyse this information and provide customers with an easy-to-use summary Business Report or Credit Score. This can represent the creditworthiness, risk of failure or risk of payment default of a business. These are created using proprietary statistical risk assessment models.

*For the year 2023 alone, co-signing BIPs of this document (except France and Germany), helped enterprises through **358,518,189** business checks related to credit or credit transactions.*

*This translates into **982,242** business checks per day or what is the same as **40,927** checks per hour!*

The services that BIPs offer matter to society as these services accommodate a climate of engaging in business transactions safely, responsibly and with more legal certainty.

Services provided by BIPs include:

- a) Trade credit risk solutions
- b) KYC and compliance solutions
- c) Fraud risk detection
- d) ESG insights

a) Trade Credit risk solutions

What is Trade Credit?

Trade credit is an **agreement between a buyer and seller**, where the goods or services acquired do not need to be paid for immediately, but can be delayed for an agreed period, helping the buyer to manage their cashflow. Trade credit is also used as a sales tool: businesses identify creditworthy potential customers and sell more to them, perhaps even on preferential credit terms.

From a **macro-economic point of view**, trade credit refers to the sum of all credit granted by companies to their clients or suppliers with extended payment terms or contractual payment delays. This is what is used to obtain figures about trade credit in each country. Trade credit amounts to very large sums in all EU Member States, although it is very often not publicly known. For example, in France, trade credit represents 800 billion euros, which is 3 times the amount of bank lending. In Spain, it's estimated at 55% of the GDP and in Austria, it amounts to 57 million euros; while in Italy outstanding credit amounts to roughly 500 billion euros.

From **the business point of view (micro)**, trade credit is therefore used as a means of managing cash without relying on bank lending or any similar financial lending. By granting payment delay to a customer, the business is therefore enabling its customer to manage cash in a less constrained timeline.

What is the role of Business Information Providers Reports?

Before extending trade credit, businesses require information on the solvency of their trade counterparts and to do that they will typically consult a Business or Score Report. These reports contain information about the business and will also include a Credit Score and a suggested Credit Limit. Larger organisations, with a dedicated Credit Risk department, may have a more sophisticated internal credit process, using internal inputs as well as business information reports. Part of this process may be automated, with requests for credit above a certain threshold being referred for manual review, while the majority are accepted or rejected using a scorecard methodology. By not having to have 'cash now' businesses can avoid or reduce reliance on finance providers and other forms of lending which typically have associated costs and require security.

The assessment of creditworthiness is a key element in enabling trade credit and access to finance. According to the latest Survey on the Access to Finance of Enterprises ([SAFE](#)) report by the European Central Bank, "firms reported an improvement in their own capital position (net 14%, up from 10%) and **creditworthiness (net 15%, up from 12%), thus continuing to have a positive impact on access to finance**. For both large firms and SMEs, a larger net percentage of firms indicated an improvement in

the firms' own capital and credit history, compared with the previous survey round. Furthermore, the **willingness of business partners to provide trade credit** is seen as one of the key factors that have an impact on the availability of external financing for enterprises". The SAFE report also shows that the firms' credit history (and thus the creditworthiness and solvency report) is a key element in the availability of external financing.

b) KYC and compliance solutions

BIPs support their clients to perform a '**know your customer**' (KYC) or customer due diligence check with a complete mapping and tracking of potential legal integrity and reputational risks and providing all necessary information to be able to perform legal verification processes in business transactions.

Use cases included are:

- Mapping a company, its legal structure, network of companies, directors, and shareholders in line with applicable laws and guidelines.
- Detecting/ screening for possible conflicts of interest, including by using lists of politically exposed persons (PEP) and sanction lists.
- Identifying unusual behavior to prevent reputational damage.

c) Fraud risk detection

BIPs are instrumental in providing updated, accurate and comprehensive information on businesses, which is not only used for creditworthiness assessment but also by obliged entities having to comply with provisions of the **Anti-Money Laundering** (AML) directive, anti-bribery laws, etc. and more generally by businesses that have implemented due diligence processes before entering into / during a business relationship.

For example, ensuring a consistent and coherent access to beneficial ownership information by BIPs would guarantee enabling service continuity for obliged entities and Financial Intelligence Units (FIUs) and thus prevent prejudicial disruption. In this respect, getting full access to effective, updated, and accurate beneficial ownership information is key for BIPs, who act as a trusted third-party information provider for entities that have implemented due-diligence processes and have therefore a **legitimate interest** in accessing this information.

d) ESG insights

In today's business world, the BIPs industry plays a crucial role in helping businesses meet **Environmental, Social and Governance** (ESG) regulations and expectations. As we enter a new era, it is important to recognize the significant contribution of this sector in not only meeting but surpassing ESG standards.

BIPs act as guides, offering insights into the complex world of ESG factors, including environmental considerations, social impact, and governance. This knowledge empowers businesses to understand their operations, supply chains, and corporate governance, leading them toward sustainability. In the realm of ESG compliance, the saying "knowledge is power" holds true. Business to business (B2B) data provides the necessary information for informed decision-making, allowing companies to align with evolving ESG standards and seize emerging opportunities while mitigating risks.

ESG compliance extends beyond a company's immediate operations and encompasses its supply chain. B2B data, with its comprehensive supply chain dynamics analysis, plays a vital role in promoting resilience and sustainability. Armed with this valuable data, companies can proactively address environmental and social risks within their networks. When faced with changing regulations, the B2B data industry assists companies in navigating and effectively responding to these shifts. Transparency is emphasized as an ethical business practice, allowing companies to openly communicate their efforts regarding ESG.

BIPs deliver ESG insights that are connected to credit scores, giving a comprehensive view of companies that includes financial and non-financial aspects. BIPs advocate for a level playing field and the absence of entry barriers to promote a competitive landscape for ESG assessments in the EU.

Why access to data by BIPs is vital.

The Covid 19 crisis has clearly revealed the importance of digital transformation for all businesses, not only from a business model point of view (e.g., e-commerce or curbside pickup enabling, website presence, etc.) but also in finance management. This is even more crucial when decisions must be made on a very tight timeframe – sometimes looking at the situation daily for some of the most impacted businesses.

In this context, making sure that all entrepreneurs have access in real-time to accurate credit information data is crucial; it is therefore of the **utmost importance for a business to know if its clients or suppliers are still active and solvent.**

Business information and credit scoring providers have seen a rise in demands for solvency reports or business updates from many of their clients, but they struggle to get real-time updated data. In some EU countries, for example, insolvency databases are not accessible in real-time or not updated enough to consider evolving situations. The same applies to activity status, and the importance of knowing if a company has benefited from a state aid granted loan or temporary layoff measures or any other activities which can affect them. Adding real-time value-added information by enabling the re-use of public sector information on businesses (as outlined by the Open Data Directive) helps business information providers tailor and refine their scores and reports and then restore or preserve trust between trade counterparts, which is at the cornerstone of the economic recovery.

Increased compliance checks related to Know-Your-Customer (KYC), and legal or environmental issues are also prompting more and more access to data by BIPs, in the interest of businesses themselves who want to be able to trade in secure environments.
