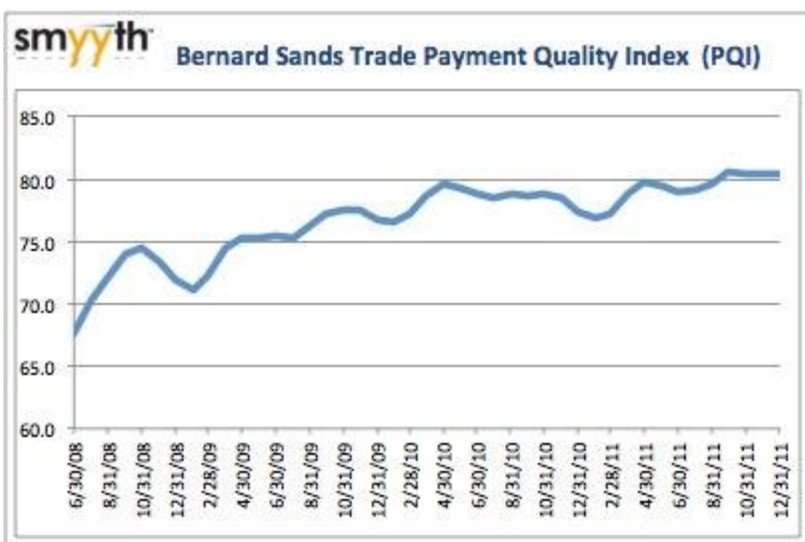
Trade Payments Maintain Historic High for Q4 2011
Small business still hates debt

New York, NY January 18**,** 2012 - Smyyth Credit Services, Inc., a leader in business credit risk and accounts receivable services, has released its Bernard Sands 2011 Q4 Aggregate Payment Quality Index (PQI).

The Aggregate PQI shows that B2B accounts receivable trade payments recovered from a crisis-era low of PQI 68 in May 2008, and reached a recent era high of PQI 81 in September 2011, a trend which has continued through December 2011.



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The Bernard Sands PQI measures the probability that a trade creditor will collect its money within its terms of sale on a scale of 0-100 (100= perfect). A PQI of 81 is as close to optimum as we can imagine in the real economy.

Small Business Hates Debt (for now)

As reported in the Q3 results, businesses continue to de-leverage, taking a cautious approach to debt, an attitude that will continue to have negative impact on the prospects for a near term recovery in the US. This becomes even more significant if we consider that well over 65% of the U.S. economy is powered by domestic consumption.

We believe that when these record PQI ™ payment quality levels start to come down, that will announce an improvement in economic outlook, as companies leverage (slow down) their accounts payable to finance new purchases before they visit the bank to borrow.

The Silver Lining

While above average trade payments may, perversely, be an indicator of a moribund economy, this condition also offers buyers a reserve of goodwill with creditors, with the ability to unilaterally increase working capital to jump start growth. What we mean is that a buyer can slow down payment of accounts payable and gain immediate supplier-provided, interest free financing for expansion. US wholesale sales are roughly $420 Bn a month, resulting in trade payables in the $500 Bn range. Slowing accounts payable from, say, 30 days to 33 days (10%) would produce working capital of $50 Bn to fund expansion.

Note that this working capital strategy is “zero-sum”, as it causes the opposite effect for the creditor. However, it is true that suppliers are often better capitalized and have more borrowing capability than their thousands of smaller buyers, leaving it up to the suppliers in this case to finance the supply chain if they want to grow their businesses.

About Smyyth

Founded in 1906, Smyyth provides state of-the-art Order-to-Cash Services, Technology and Credit Risk Mitigation.This includes credit management systems, information, scoring, and credit insurance; accounts receivable management and collection services. Six Sigma principles and SAS 70 Certified. Bernard Sands LLC, a

Smyyth affiliate, is a leading credit ratings agency with a specialty in consumer goods and retail.

The Bernard Sands Payment Quality Index (PQI) is a weighted and seasonally adjusted index derived from Smyyth Networks' credit-cloud trade payments database of over 100 Million payment experiences.

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