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Equifax Data Reveals Bankruptcy Landscape Blurred by Progress and Setbacks

Small Business Bankruptcies Show Marginal Improvement, Consumer Bankruptcy Woes Intensify

ATLANTA, July 28, 2011 /PRNewswire/ -- In a recent, nationwide study on small business and consumer bankruptcies, [Equifax Inc.](#) (NYSE: EFX) identified some interesting trends that pose questions about the future direction of an economic recovery. While small business bankruptcy petitions have consistently decreased since Q2 2009, the rate of decline slowed in Q2 2011. Another intriguing development is the apparent rise in consumer bankruptcies during the second quarter of this year. According to Equifax analysis, consumer bankruptcy petitions climbed more than 4.0 percent from Q1 2011 to Q2 2011 – reaching a level not seen since the second quarter of 2009. Are these findings a possible sign of changing economic conditions in our business markets? Will these trends ensue and do more challenges lie ahead? While it is unknown if these trends will underscore the second half of 2011, [Equifax Commercial Information Solutions](#) will continue to closely monitor small business economic conditions and report regularly on its findings using one of its latest innovations.

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"Our analysis shows that small business bankruptcies are no better and no worse than they were last year," said Dr. Reza Barazesh, senior vice president, Equifax [Commercial Information Solutions](#). "These trends leave many wondering if the small business market will continue its pace to recovery or experience pressure resulting from lower consumer demand."

[Chart 1: Small Business/Consumer Quarterly Petitions for Bankruptcy](#)

Note, Equifax classifies a small business as a commercial entity of fewer than 100 employees. As part of the study, Equifax analyzed Chapter 7, 11 and 13 filings.

The Equifax Bankruptcy GPS: Tracking the State of Bankruptcy Trends

To conduct its analysis, the [Commercial Information Solutions](#) team deployed the Equifax Bankruptcy GPS, an index that compares small business and consumer bankruptcy petitions quarter over quarter. Constantly monitoring and analyzing business credit trends,

[Commercial Information Solutions](#) developed this index to track small business bankruptcy petitions and evaluate them against those for individuals over time. The latest results from the Equifax GPS are highlighted in the chart below.

The graphic below shows a small business bankruptcy decline of at least 4.40 percent for each quarter from Q2 2010 to Q1 2011. But note the shift during the second quarter of this year. Equifax analysis indicates that small business bankruptcies decreased less than 1.0 percent from Q1 2011 to Q2 2011 – an unexpected change given bankruptcy trends up to this point. Equally striking are recent developments on the consumer front. Similar to the small business landscape, consumer bankruptcies also decreased from mid- 2010 and through the first quarter of 2011. However, in Q2 2011, the trend reversed with consumer bankruptcies showing a 4.27 percent increase from the previous quarter. In fact, consumer bankruptcies registered at 342 on the index in Q2 2011 – the same level recorded by the Equifax Bankruptcy GPS in the second quarter of 2009.

[Chart 2: Small Business/Consumer Bankruptcy Snapshot](#)

Equifax Commercial Information Solutions

[Equifax Commercial Information Solutions](#) is the leading provider of small business intelligence. We provide the information and expertise necessary for companies to best understand and manage their dealings with small business customers, prospects and suppliers. Our best-in-class commercial credit risk data, combined with highly predictive scoring, corporate linkage, and innovative technology, enables companies to make quick, confident credit decisions and minimize potential losses. Leveraging our EFX ID® keying and linkage technology, companies can also gain greater visibility into their supply chain as well as improve the precision of their sales and marketing efforts – from customer acquisition to retention and expansion.

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