Essential Credit Intelligence Powers Razor-Sharp Assessments

The Client: A large division of a major global industrial conglomerate located in Asia Pacific, with customers around the world.

Area Served: The Accounting & Finance department responsible for the Asia Pacific region.

Users: Manager of Finance, Financial Analysts, and Credit Analysts.

Challenge: A lack of important credit risk data and a fully-automated system created inefficiencies and raised the possibility of missing important developments that could negatively impact a customer’s ability to pay for purchases.

A large Asia conglomerate with operations around the world produces a wide range of industrial products for different customer segments. Customers receive credit terms that enable them to make purchases on account. In turn, they provide letters of guarantee from their banks that promise to meet any financial obligation should they be unable to pay. This makes the creditworthiness of the banks themselves critically important, since they take on all the risk.

The Accounting & Finance team at one of the firm’s divisions located in Singapore is charged with monitoring the credit health of the hundreds of banks their customers use. The team felt they needed to upgrade their existing platform to automate all data gathering and provide a better and sophisticated early-warning system that would enable them to quickly react to developments that could affect the firm’s bottom line. As a result, they began discussions with the commercial team at S&P Global Market Intelligence (Market Intelligence) in the fall of 2017.
What was the Accounting & Finance team looking to accomplish?

The team has three major responsibilities with respect to credit monitoring:

1. Avoid any financial losses stemming from a potential downgrade or impending default of a bank.
2. Keep the division’s Accounts Receivables healthy by tracking breaking news that could have a negative impact on payments.
3. Inform internal stakeholders about potential problems to guide their ongoing sales discussions with customers and banks.

To meet these responsibilities, the team wanted access to timely news, financial statements, credit ratings, and announcements of organizational changes—all in one easy-to-use platform. They also wanted:

- To better understand corporate hierarchies to track the ultimate owner of a bank.
- Information on the risk profiles of bank subsidiaries they were working with, that often differ from the parent company.
- Correct data tagging to identify a bank as a bank for automated data gathering, especially in complex circumstances where an institution may have a securities operation or an asset management arm and be tagged incorrectly as a result.

How did Market Intelligence approach the situation?

Several members of the sales group at Market Intelligence met with the Accounting & Finance team to diagnose their business objectives, workflows, and pain points to determine what solution would best meet their needs. They spoke about the platform the firm was currently using from another third-party provider and where there were gaps. They reviewed the quantitative data the team found most useful, and the qualitative data they currently needed to gather manually. And, they examined the data templates that were being used to pull information into Excel® spreadsheets. With this background in hand, the sales group outlined a solution to address the shortcomings of the current platform and take the team’s credit monitoring activities to an entirely new level.

The Accounting & Finance team appreciated this fact-finding diagnostic approach, versus having an out-of-the-box presentation. They felt the sales group had a clear understanding of how the team worked, their requirements, and the importance of having timely information to meet their credit monitoring responsibilities.

What aspects of the Market Intelligence offering did the Accounting & Finance team like most?

There were four main components that really resonated with the team, and they made a quick decision to replace their existing system with the Market Intelligence platform.
1. **A broad set of data.** Ready access to extensive information helped the team look at risk from multiple angles, and eliminated the need to spend time scanning publicly-available sources to round out the story. This included:

- Extensive qualitative intelligence to gain insights about a bank’s management, strategies, and successes.
- Important regional details on a bank’s subsidiaries to fully understand the risk profile of the specific institution that would be providing a letter of guarantee.
- Credit ratings from the top three international rating agencies to create a comprehensive view of a bank’s standing and obtain numerous signals of potential default.
- Descriptions of corporate hierarchies that outline the overall ownership structures of banks.

2. **High-quality data.** A three-step approach to ensuring data integrity, plus a robust system for tagging banks, gave the team confidence that they would be working with the most high-quality information possible.

- A group of analysts at Market Intelligence scrubs all the information that is collected, then an automated system checks for outliers and anomalies and, finally, another group of analysts reviews the data before it is released.

3. **Flexibility.** Robust data templates provided the team with more options than they had previously for flowing data from the platform into Excel to support ongoing workflows.

- Market Intelligence’s standard data templates offered more advanced methods for data collection, and support was available to help customize meaningful formats to support the team’s analysis.

4. **Support.** From streamlined onboarding to excellent day-to-day support, the team saw that Market Intelligence would continue to work closely with them to address any questions that might arise.

- Training sessions at the client’s site helped get the team up to speed quickly.
- A relationship manager was assigned, with responsibility for ensuring client satisfaction on an ongoing basis.
- A secondary support group could be reached 24x7 as needed

**What are the major benefits of the solution?**

Upgrading the team’s Market Intelligence platform was a critical move to enhance credit monitoring activities and minimize potential risks. The combination of timely quantitative and qualitative data rounds out the picture of what’s happening with banks to quickly pinpoint any issues that could result in financial losses to the firm. This 360 degree view
of credit risk also alerts other internals about potential problems that could impact sales discussions and Accounts Receivables.

Automation has also made the team much more productive and enabled them to spend more time on value-added analytic activities versus manual data gathering. In addition, ongoing support from Market Intelligence, with quick and competent answers to questions, keeps the team operating at full speed. Continual investments being made by Market Intelligence will ensure that the platform meets the team’s evolving needs into the future.