



ASSET BASED LENDING

EQ Riskfactor's ABL functionality adds analysis of other secured assets to its analysis of Debtors to give a single view of risk

Increasingly, Lenders are adding Asset Based Lending (ABL) facilities to their product ranges. This allows funding lines to be calculated against a range of asset classes, not just debtors.

These assets can include stock, (including raw materials, work in progress or finished goods) plant and equipment, property, or cash flow loans. These funding lines taken together make up the ABL facility.

EQ Riskfactor's ABL functionality allows detailed analysis, risk management and reporting on the separate asset classes making up the facility.

This analysis is at asset class level, and consolidated at Client level, to give a detailed picture of the underlying collateral, risk trends and utilisation.

Data is uploaded monthly from the Lender's core systems, and EQ Riskfactor displays not only the current commitment and value of each underlying asset, but also historic movement and a wide range of risk measures.

As with the core Client Analysis module, the ABL functionality is highly configurable, and allows selected risk measures to be applied by the Lender against each asset class.

This also allows Alarms and Alerts to be used to give early warning of deteriorating trends in any asset class.

Lenders can see ABL clients alongside their standard Invoice Discounting or Factoring clients, and configure portfolios based on their own criteria – by Relationship Manager, Region, Product, size of facility or other measures.

And as with the core EQ Riskfactor functionality for standard Client Analysis, a vast range of reports can be created by the user, and can be scheduled to run automatically.

Just as the Client Analysis allows for detrimental trends to trigger a client appearing on a Relationship Manager's daily Focus List, ABL functionality allows the same, with triggers being set for each asset class on the client, and at levels configured by the user.

The ABL module is fully integrated with the full suite of EQ Riskfactor modules and functionality, with the same user interface and menu options, making it easy to use and familiar.

Typically, an ABL client will have several separate funding lines, as in the example below :

The screenshot shows a table titled 'ABC Trading (PCCN, Client)' with columns for 'Asset Class', 'Gross Value', 'Approved Value', 'Commitment', and 'Total'. The table lists various asset classes such as 'Debtors', 'Stock', 'Work in Progress', and 'Materials'.

The screenshot shows a table titled 'Active Clients' with columns for 'Client Name', 'Risk Factor', 'Gross Value', 'Approved Value', and 'Commitment'. It lists several clients and their associated metrics.

This example shows 9 separate asset classes including Debtors, Stock, Work in Progress, Materials etc each with their own gross value, approved value, commitment etc, as well as the aggregated values at the top line.

The data displayed is chosen from a variety of Grids which are pre-configured in the system or which can be created by the user. This Client would form part of a portfolio created by the user as illustrated above? Allowing a Relationship Manager

or Risk Manager to view all Clients in a portfolio in one place, whether an ABL Client or not.

From here, the User can drill down to the detail on the Client, and view the metrics of the underlying asset classes, as well as create user-defined reports and graphs.

And as with all Clients run through EQ Riskfactor, data analysis on ABL Clients can be exported to Review templates to allow annual or ad hoc facility reviews.

ABL FUNCTIONALITY FEATURES

- Displays and analyses collateral and lending across different asset classes, alongside the Debtor facility
- Applies multiple risk measures against each asset class
- Allows consolidation at client level and, where more than one Client in a Group, at Group level
- Utilises interface and functionality familiar to existing EQ Riskfactor users
- Highly configurable reports, which can be scheduled to run automatically and emailed to selected users
- Separate lending lines and pre-payments against different stock types (inventory, work in progress, finished goods) as well as property loans, cash flow loans and funding secured against plant and machinery, can be individually monitored with different risk measures and alerts applied.

ABL FUNCTIONALITY BENEFITS

- Allows user to see single view of exposure across the asset classes funded
- Granular visibility of historic and underlying trends in each asset class and at Client level
- Allows early insights into collateral movements and facilitates early intervention
- Highly configurable to enable risk monitoring to match the Lenders own risk management processes.
- User configured reports are easily accessed providing efficient management information
- Supports development of ABL products and widens potential market for Lenders
- Multiple risk algorithms can be applied to enable maximisation of lending and identification of cross-sale opportunities
- Daily focus lists will alert Relationship Managers to deteriorating trends
- Simple and fast creation of Client Review reports for renewal or increase of facilities
- Automated risk analysis allows focussed and timely audits and asset valuations.

Contact us

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