



Credit Monitoring – Management Strategies

Credit monitoring is a complex, onerous task which involves the bank's whole structure, from the commercial network to central management services. The process can be broken down as follows:

- a first stage, generally carried out centrally, basically of an assessment nature with the aim of identifying positions with an anomalous trend;
- a second administrative/management stage, where the most appropriate type of intervention is defined following the indications of anomaly.

This dual nature requires highly sophisticated tools, able to strengthen checks in terms of time and effectiveness, without leading to additional duties for the bank's staff.

Moreover these tools should provide strong support to the organisation by defining and automating the work-flow management in the credit control process.

Exprivia has experience and can provide tools covering both aspects of the credit monitoring process.

Exprivia solutions for the administrative/management stage: Credit.Management

The tool controls and manages the administrative process following the detection of abnormal positions. It provides functions to automate the process workflow and to define and apply classification rules and action plans (strategy).

The Bank, according to its needs and organisational structure, can establish a monitoring process largely driven by automatism or primarily trust in the expertise of its analysts. **Credit.Management** starts considering the results of the credit monitoring assessment tool used in the bank (like **SEAC**, the Exprivia tool for the detection of emerging non-performing loans): i.e. the details of anomalies and the classification of risk.

Credit Management defines different action plans (Strategies), such as: solicit counterparts with overdue payments, recovery of debts, reducing risk, transfer the management of groups of counterparts from one Bank's department to another. It means that, for example, on a specific position, **Credit.Management** decides to start an action plan (for example solicitation via phone), or decide that the position has to be considered non-performing and assign it to the legal office.

It is possible to define specialised strategies for each type of counterpart (company or individuals).

Each counterpart is classified in a Risk Class (Operative Status). The Operative Status defines clusters of positions that share the same level of risk and establishes which strategies may be applied to them.

All rules and strategies are defined in a component named Supervisor. The rules can define:

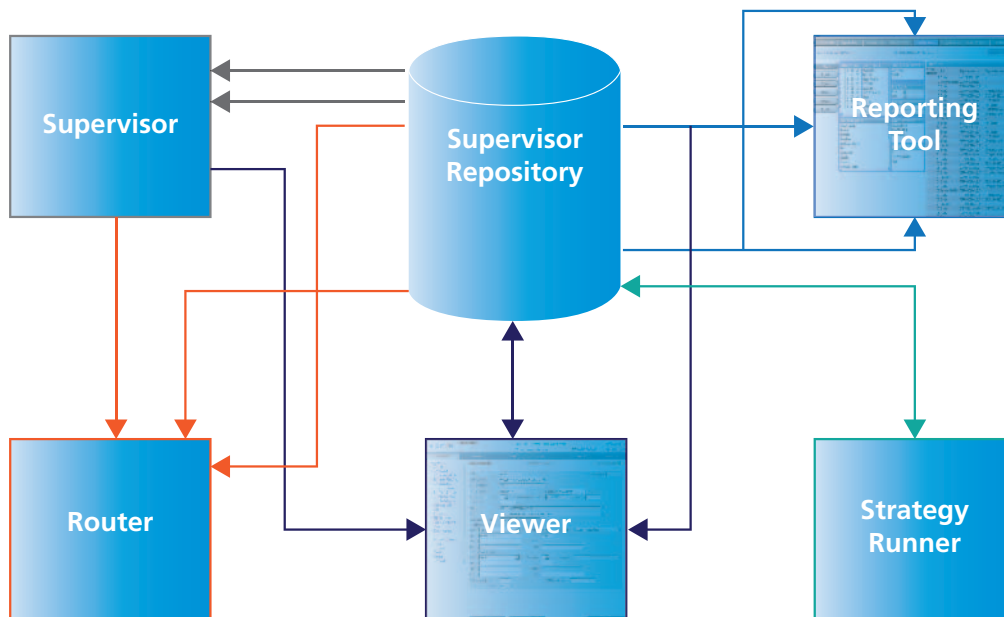
- the actions composing the strategy and under which conditions the single strategy may be applied;
- the criteria to assign the Operative Status;
- the criteria under which an Operative Status or a strategy proposed automatically may be considered final or has to be confirmed by an analyst.

All rules are firstly automatically applied by a component named Router. The Router is the component that runs all the rules defined in the Supervisor component. In situations when a contribution from an analyst is needed, the Router component opens a process in the front-end component (Viewer). Viewer is a Web application where an analyst can examine all the information about the position and define the right way to proceed. Also in this case the possible choices are pre-selected by the Supervisor component, according to the rules that were established.



Architecture

Credit Management is organised in modules that communicate via a common DB.



Additionally to the Supervisor, Router and Viewer components already described, also part of the tool are the Strategy Runner and the Reporting Tool.

Strategy Runner is a component that controls the Strategy execution. Reporting Tool is a dashboard that creates reports about the activities done by the Router component, the status of opened processes in Viewer, the rules formalised in the Supervisor component.

EXPRIVIA

Exprivia Spa (www.exprivia.it) is an IT company specialising in the implementation of innovative software solution and IT services.

Exprivia bases its success on a wealth of skills and experience gained from more than 25 years of constantly working in Information Technology for banks and financial institutions, industry, energy, telecommunications, utilities, public administration and healthcare.

Listed on the Italian Stock Exchange since 2000 and in the STAR segment since October 2007, Exprivia has currently a team of about 1.400 people distributed among the offices in Italy, Spain, Mexico and Guatemala.