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Market Intelligence

CASE STUDY

A global corporation efficiently identifies and monitors creditworthy customers

THE CLIENT:

A multinational company

USERS:

Public Finance credit risk team

This multinational corporation manages thousands of municipal clients and each needs to go through a credit assessment process. As part of the company's surveillance process, the credit risk team conducts an in-depth credit analysis at origination and annual review of every public finance obligor. Additionally, the sales team utilizes this credit analysis when identifying new client opportunities. Given the importance of these analyses to several departments, the company was interested in upgrading and streamlining its processes. By working with S&P Global Market Intelligence (Market Intelligence), the company achieved its goals of streamlining processes, automating the customer finance review process, and increasing its efficiency when evaluating the creditworthiness of municipal entities.

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Pain Points

The Public Finance team had been struggling with their internally developed solution, which was not adequate for the company's needs. Specifically:

- **Insufficient data coverage:** The company was spending more time trying to obtain the necessary data than it was conducting the analysis.

- **A single credit scoring model to cover all exposures:** The company had exposures to general obligation issuers, water and sewer utilities, not-for-profit higher education, and healthcare. The company was using a one-size-fits all model and found the analysts typically had to override the results, adding even more time to the credit assessment process.

- **Model documentation was lacking**: The company did not have sufficient user guides for the analysts or the validation documentation providing evidence of how their internal models performed.

- **Cumbersome surveillance process:** The process the company used to conduct annual reviews of their customers was manual and time consuming.

- **Inability to quickly identify creditworthy clients:** By segment and/or region.

The company's Public Finance team adopted the Market Intelligence's Public Finance Automated Scoring Tool (PFAST) solution to address these challenges.

> **The company was spending more time trying to obtain the necessary data than it was conducting analysis.**

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The Solution

Market Intelligence recommended PFAST, an Excel-based suite of Market Intelligence Credit Assessment Scorecards that is both an automated credit scoring and data solution enabling users to:

Assign credit scores to the vast majority of the company's municipal customers

PFAST offers broad Public Finance sector coverage, including:

• **General Obligation** issuers or states, cities, counties, and school districts

• **Water and Sewer** utilities

• **Not-for Profit Health Care** including health care systems and hospitals

• **Not-for-Profit Higher Education** including private and public/state institutions

• **Transportation** including airports, mass transit, toll roads, bridges, and tunnels

• **Housing** including single- and multi- family agencies

Automate scoring for nearly all cities, counties, school districts, special purpose districts and water & sewer utilities

Market Intelligence has collected more than three years of financial and economic data for local governments and water & sewer utilities. An automated credit scoring process leverages that data to derive credit scores for nearly the entire universe of unrated entities and create benchmark credit scores to monitor their rated entities.

Automate the spreading for all S&P rated General Obligation, Water & Sewer, Healthcare, Higher Education and Airport Obligors

Market Intelligence has collected more than three years of financial and economic data for all rated general obligation issuers, water & sewer, healthcare, higher education, and airports. The data and credit scoring are fully automated by simply using an identifier (CUSIP or S&P Capital IQ ID).

Monitor your customer credit quality in minutes

By simply inputting an identifier a user can generate overall credit risk scores for your complete public finance customer portfolio.

Quickly Identify Creditworthy Prospects

Leveraging a continuously growing database you can generate credit scores for potential customers by region or segment.

Conduct scenario analysis

Additional functionality for conducting "what-if" scenario analysis for your municipal portfolio.

Key Benefits

The PFAST solution provides an automated credit scoring tool for all US cities, counties, and school districts and water and sewer utilities. A similar approach is also available for the major rated revenue bond segments. Key benefits include:

- **Broad scope of application** with sector-specific credit scorecards and data for General Obligation and Revenue Bonds including Water and Sewer, Not-For-Profit Healthcare, Not-For-Profit Higher Education, Transportation and Housing.

- **Productivity gains** with the automated data collection and credit scoring of nearly all cities, counties, school districts, special purpose districts, water & sewer utilities including unrated entities.

- **Methodology transparency** of the Scorecard including all risk factors, weights, benchmarks, and scoring algorithms.

- **Training and ongoing analytical assistance** to help groups understand the range of available capabilities and continue to get the most out of the solutions.

- **Quickly get up to speed** in public finance credit analysis with our easy to use Scorecard User Guides and 24/7/365 support from our global customer support team.

- **Validation support** through annual technical documentation that explains Scorecard methodology and testing.

- **Extensive coverage and continually growing database of municipal entities financials and economic data.**

Click here to learn more about the [Public Finance Automated Scoring Tool (PFAST).](#)

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