

**S&P Global**

Market Intelligence

## CASE STUDY

# Wealth management team gains efficiencies using tool to manage U.S. municipal exposures



**THE CLIENT** A leading financial institution  
**USERS** Public finance credit risk team

This financial institution (FI) manages a portfolio of thousands of Public Finance issuers for its wealth management clients. The FI's credit risk team conducts an in-depth credit analysis at origination and annual review on every issuer as part of the bank's credit risk surveillance process. Additionally, the credit risk team shares these credit analyses with the FI's traders, portfolio managers, and brokers. Given the importance of these analyses to several departments, the team was interested in upgrading and streamlining its processes. By working with S&P Global Market Intelligence (Market Intelligence), the team achieved these goals, increasing their efficiency when evaluating the creditworthiness of municipal entities.



## Pain Points

The credit risk team had been struggling with their existing solution from a different provider, which was not adequate for the institution's needs.

- **Data coverage:** the FI was spending more hours trying to obtain the necessary data than it was conducting the analysis.
- **Credit scoring tool:** the analysts often had to override the results, adding even more time to the credit assessment process.
- **Client support:** the credit risk team reported longer than preferable wait times to access support.
- **Overall time commitment:** the overall process was cumbersome; the financial institution was looking for a faster solution.

The client's public finance risk management team looked to S&P Global Market Intelligence for a solution that would address its needs.

**30% of the financial institution's holdings were unrated cities, counties and school districts which required much more effort to collect ongoing data and assess credit quality**



## The Solution

Market Intelligence recommended the Public Finance Assessment Scoring Tool (PFAST), an Excel® based suite of S&P Global Market Intelligence Scorecards that is both an automated credit scoring and data solution enabling users to:



**Assign credit scores to most of the financial institution municipal entities**

PFAST offers broad Public Finance sector coverage, including:

- **General Obligation** issuers or states, cities, counties, school districts and special purpose 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, tunnels, ports, and parking facilities.



**Score a municipal portfolio in minutes**

By simply inputting a CUSIP or S&P Capital IQ ID, a user can generate overall risk scores for each issuer and sub-scores such as economic fundamentals, budgetary flexibility, and liquidity scores.



**Automate scoring for nearly all debt-issuing cities, counties, and school districts**

Market Intelligence has collected at least three years of financial and economic data for nearly all local governments that issue debt. An automated scoring process applies that data to the State and Local Government Scorecard enabling our clients to score a large universe of unrated entities and create benchmark credit scores for their rated entities.



**Conduct scenario analysis**

Additional functionality for conducting “what-if” scenario analysis for municipal portfolios, taking into account our different related recession scenarios e.g. COVID-19 or your own assumptions.



## Key Benefits

PFAST allows for the automated credit scoring for all US cities, counties, and school districts. 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, and Transportation.
- **Productivity gains** with the automated data collection and credit scoring of nearly all cities, counties and school districts 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 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.

---

# S&P Global

## Market Intelligence

### Contact Us

#### Asia-Pacific

+852-2533-3565

#### Europe, Middle East & Africa

+44-207-176-1234

#### The Americas

+1 877-863-1306

Copyright © 2021 by S&P Global Market Intelligence, a division of S&P Global Inc. All rights reserved.

These materials have been prepared solely for information purposes based upon information generally available to the public and from sources believed to be reliable. No content (including index data, ratings, credit-related analyses and data, research, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced, or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P Global Market Intelligence or its affiliates (collectively, S&P Global). The Content shall not be used for any unlawful or unauthorized purposes. S&P Global and any third-party providers, (collectively S&P Global Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Global Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON "AS IS" BASIS. S&P GLOBAL PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Global Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

S&P Global Market Intelligence's opinions, quotes and credit-related and other analyses are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P Global Market Intelligence may provide index data. Direct investment in an index is not possible. Exposure to an asset class represented by an index is available through investable instruments based on that index. S&P Global Market Intelligence assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P Global keeps certain activities of its divisions separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions of S&P Global may have information that is not available to other S&P Global divisions. S&P Global has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P Global may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P Global reserves the right to disseminate its opinions and analyses. S&P Global's public ratings and analyses are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge) and [www.ratingsdirect.com](http://www.ratingsdirect.com) (subscription), and may be distributed through other means, including via S&P Global publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).