
S&P Global

Market Intelligence

CASE STUDY

Large corporation efficiently identifies creditworthy customers



THE CLIENT A leading energy company
USERS Public finance credit risk team

A multinational energy company has thousands of municipal clients that need to be evaluated through a credit assessment process. S&P Global Market Intelligence (“Market Intelligence”) worked with the company’s credit risk team, which provides credit analysis to the company’s internal sales groups. The company wanted to establish and formalize a system for the entire organization to evaluate the creditworthiness of potential municipal customers.



Pain Points

The credit risk team had been struggling to identify the creditworthiness of hundreds of potential counterparties. Their existing solution from a different provider, was not adequate for the company's needs.

- **Data coverage:** *the company 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 company was looking for a faster solution.*

Market Intelligence suggested that the company leverage the Public Finance Automated Scoring Tool (PFAST). This Scorecard solution would provide the company with comprehensive evaluation models that could help the credit risk team to identify issues with rated and unrated public finance entities, as well as understand the various factors affecting their creditworthiness.



The Solution

PFAST is an Excel® based suite of Market Intelligence Scorecards that is both an automated credit scoring and data solution enabling users to:



Assign credit scores to the vast majority of the company 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 economic fundamentals, budgetary flexibility and liquidity scores.



Automate scoring for nearly all 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 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

Unique to PFAST, is an industry leading approach that automates the 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 support from the analytical 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.**

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