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## **Client/Server System Facilitates Growth In Syndicated Loans**

By Mary Norton-Miller

*AgFirst Farm Credit Bank (\$14 billion), Columbia, S.C. has a Wholesale Bank loan volume of \$12 billion and \$4 billion in Capital Market loans. The capital markets unit uses Fidelity National Financials' Advanced Commercial Banking System (ACBS) to originate, sell and service the record growth the bank is experiencing in syndicated and participated commercial loans. AgFirst Farm Credit Bank (AgFirst), part of The Farm Credit System, has 350 branches in 15 eastern states and Puerto Rico.*

AgFirst replaced all manual servicing efforts with the Deal & Loan Servicing module, which became operational in June '02. Deal & Loan Origination went live in August '02. AgFirst is also using Primary Sales & Syndication on a limited basis and anticipates that Transaction Server will go live by the end of May '03.

### **Loan Productivity Increase Of 400%**

“For plain old processing, the time [saved] may be in excess of 400%,” states Mary C. Trotter, CPA, manager participation/syndication operations, AgFirst. “It took four months to reach the desired level of productivity, due mostly to becoming familiar with the structure of ACBS.”

AgFirst has expanded to selling outside the Farm Credit District as far as the west coast without increasing staff. “The Bank is exploring further automation of its participations back to the investor's books with the help of ATS (Transaction Server),” adds Mary. ATS is a middleware technology layer providing application integration for transaction brokering and management services to external applications.

Gregg Cerniglia, vp, Fidelity National Financial explains that an ACBS benefit is speed in originating and servicing credits so you can handle more business with fewer people. Key performance indicator tracking for the portfolio uses DataMart, an information base common to all ACBS functions that is tightly integrated with the InformationBase.

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## Goodby Mainframe, Hello NT Platform

AgFirst has made a concentrated effort to move off its mainframe legacy systems to client/server since 1999. "ACBS's offering of an NT platform allowed us to save \$.5 million in hardware, plus the programming expertise was already on site," says Mary. The bank will make the transition from Oracle to SQL later this year, maximizing bank standards. ACBS was selected for the NT Platform and because it was tailor made for syndications and participations.

"We did not realize how invaluable the General Ledger processing and internal General Ledger was," explains Mary. "It (ACBS) allowed us to build the G/L code and produce the interface in less than two weeks. Fees have definitely exceeded our expectations." Detailed collateral, and investor and credit related information are other benefits realized by AgFirst. The bank is also starting to build a trend analysis for adoption of Basel II.

## The Investor's "Appetite"

Multiple instances of an investor's "appetite" can be created to help your syndication managers identify potential investors. Gregg provides the following example: "JPMorgan Chase may have an energy lending group and a communications lending group who have distinct tolerances for deals in terms of credit quality, amounts, terms, industry, etc. So if I were another bank using ACBS and selling pieces of deals to JPM, I would keep multiple investor profiles for JPM involvement in deals."

"Since Agricultural Lending is quite specified, we load our investors with appetites they prefer not to purchase," explains Mary. "For instance, many of our Florida Associations are already flush with orange or sugar loans. Their profiles reflect these as not qualifying. Other attributes are credit quality, size and geographical Location."

## The Pipeline

"The pipeline and DLO mechanisms were a plus we had not seen when we thought we were just pursuing a servicing solution," says Mary. "It was lucky for the bank that we took so long [to evaluate systems]. The requirements for additional data and information became more complex as we grew and grew." The system proved to be more of a risk management tool than many others evaluated over a three year period. The DLO Advanced CreditView feature has proved very helpful for AgFirst credit analyst and risk management staff, although senior management still relies on reports written off RDS.

"Your deal originators are able to initiate relationships and structure terms and conditions of deals in an electronic credit file that can be collaborated on all the way through approval and booking," says Gregg. "This pipeline data can be reported on through the DataMart."

## Keeping the Overall Investment Low

"The qualifications of the individuals who take ownership of the system structure and processing options should be someone with 10-15 years banking experience mixed with projects," suggests Mary. "This level of expertise combined with ACBS's flexibility allows the bank not to invest in expensive customizations. That's what often happens when users are not highly qualified or committed to keeping the overall investment as low as possible."

AgFirst finds ACBS easy to use because of its complex structure, and end users benefit from the point and click and detailed explanation of each credit arrangement and the customizable user defined fields. The bank says it would absolutely recommend Fidelity National Financial and ACBS.

### About Fidelity National Financial

Fidelity National Financial, headquartered in Jacksonville, Florida, provides application software, information processing management, outsourcing services and professional IT consulting to financial services and mortgage industries. Fidelity, which recently acquired Alltel Information Services, provides loan servicing automation and account processing for more than 22 million mortgage loans, with balances exceeding \$2.4 trillion. You can find out more at [www.acbs.com](http://www.acbs.com).

#### About Advanced Commercial Banking System

ACBS is an end-to-end commercial lending and trading system with integrated modules and straight-through-processing. The workflow and information management process integrates your front-office origination, syndication, deal structuring, documentation, credit approval, portfolio monitoring and trading with back-office servicing and accounting processes. The system has a single information source used by all ACBS components and has the flexibility to shape to new lending products and processes. ACBS commercial lending clients arrange nearly fifty percent of the world's syndicated loans.

ACBS Modules/Services include:

- DataMart
- Deal & Loan Origination
- Deal & Loan Servicing
- Primary Sales & Syndication
- Secondary Sales & Trading
- Transaction Server
- Application Service Provider (ASP).

The Deal & Loan Servicing module is used by 100% of ACBS clients. Gregg reports that the DataMart and

Deal & Loan Origination modules are each purchased by about 75% of new ACBS customers; Primary Sales & Syndication module by 25%; Secondary Sales & Trading by 10%; and the Transaction Server by 25%. Roughly 50% of new clients use Fidelity's ASP service since its inception.

The ACBS InformationBase contains a broad spectrum of information needed for your commercial lending such as: customer, deal, and facility data; ACBS generated documents; desktop generated documents; scanned documents, and Web links.

Gregg says that the InformationBase is unique because of its ability to segregate the database for your business and technology initiatives. For example, you could run your global book from one database through processing end-of-day batches separately. This allows a group in the U.S. to be using the system while the European business is running an end-of-day process. In short, it allows for localization of parameters (base currency, business rules) while keeping the IT and support centralized, resulting in cost saving and enhanced processing capabilities. The definition of new products without coding, just table and parameter entry, is also allowed.

ACBS can be deployed on AS/400, Windows NT, or through Fidelity's ASP service; it has an installed customer base of thirty-seven financial institutions. An average installation takes less than 6 months with no modifications to the system, and 7-9 months with some customization.

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