

Making ESG and Sustainability-Linked Lending simple

Finastra's ESG Service is a cloud-native SaaS solution that simplifies ESG and sustainability-linked lending. Open and scalable, the ESG Service facilitates the integration of Sustainability Performance Targets (SPT) criteria into ESG pricing, helping banks deliver a better, sustainable lending experience to their corporate clients.

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80% of investors consider ESG to be a key element in their investing choices. //

PwC 2021 Global Investor Survey

A shift in the mindset of corporate stakeholders, investors, customers and employees, is leading corporates to adopt more sustainable business models. This is driving demand for sustainability-linked loans, with transaction volumes increasing considerably in recent years as part of the broader push towards ESG-focused financing.

These changes represent an opportunity for banks to grow revenues while supporting borrowers through their ESG journey.

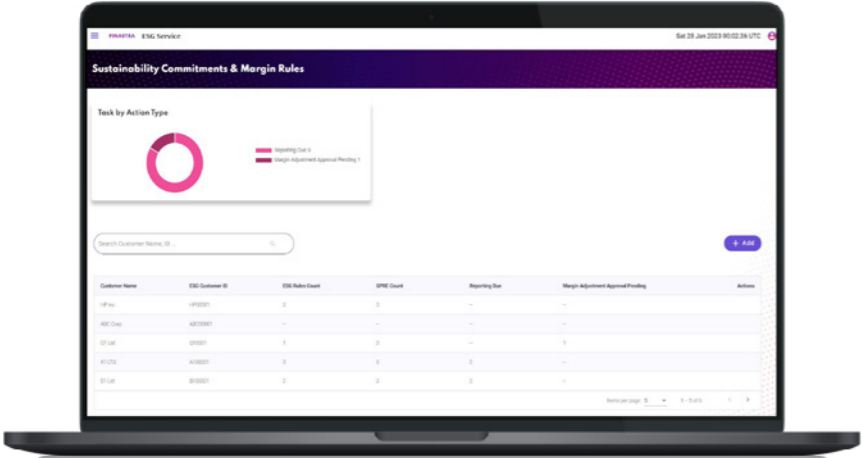
However, to do so banks need a well-defined, transparent and automated solution for managing ESG performance and pricing adjustments.

As the market grows, new regulations and disclosure requirements are being implemented. These are complex and constantly evolving, often involving extensive disclosure requirements.



The lack of standardized KPIs as well as the fragmentation of data sources across the industry makes it challenging for banks to keep up with regulation and meet disclosure requirements. By centralizing and automating the process, banks can save time and comply with regulatory reporting more easily.

Open and scalable SaaS solution to simplify ESG and sustainability-linked lending.



ESG Service Dashboard

Finastra's cloud native ESG Service is an independent service that frees the loan servicing applications from the burden of additional, complex interest and fee pricing calculations. The ESG Service supports the definition of Sustainability Performance Targets (SPTs), input of data (KPIs) against those SPTs, creation of ESG margin and commitment fee ratchets, and the automatic calculation and update of those margins/fees for individual KPIs and in aggregate.

The solution leverages a modern architecture combined with extensibility, network and collaboration.

Key features and functionalities:

Modern architecture

- Service-oriented interface leveraging open APIs
- Open APIs lay out the foundations to enable end-to-end digital journey for workflows spanning data submission, review, approval, and application

Extensibility

- The service offers a high degree of flexibility to support varied deal structures and ESG terms
- Ensures co-existence with current usage patterns such as pricing matrix and pricing rules for financial ratios
- Allows users to add different pricing components besides interest margin and commitment fees (such as additional fees, charges, trade commissions, etc.)

Network & collaboration

- Extensibility for inclusion of new capabilities and partner apps
- Ability to support a variety of transaction processing systems that require ESG based pricing adjustments



Futureproof
Cloud native SaaS application using service-oriented APIs, the solution combines scalability, high availability and automation.



Streamlined servicing of SLLs
Automated solution for sustainability-linked loans that enables banks to efficiently grow their SLL portfolio and get ahead in a rapidly expanding market.



Easy to implement
The solution comes with built-in integration with Loan IQ (version 7.6.4, which incorporates the necessary changes for processing) and its open API structure makes it easy to use in conjunction with other debt servicing applications.

Key benefits



Improve user experience

Simplifies and centralizes the collection and storage of ESG KPIs and ESG pricing changes, enabling banks to grow their sustainability-linked lending portfolio efficiently while enhancing client experience and positioning themselves as leaders in this space.



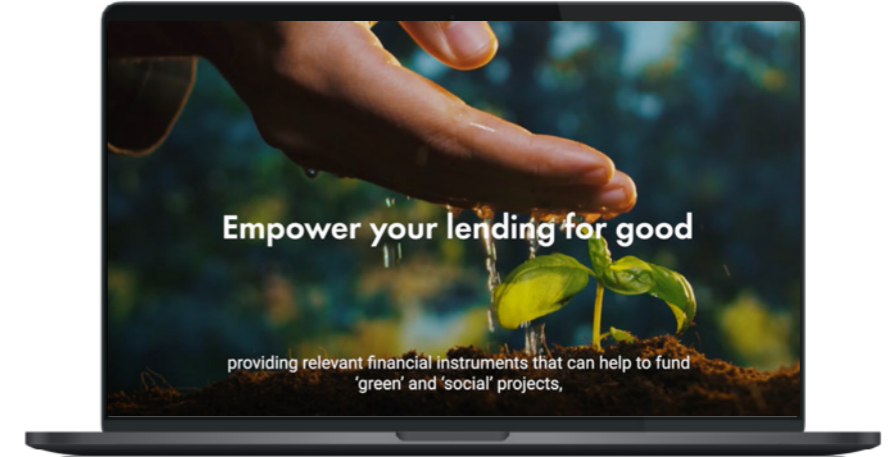
Increase efficiency

The ESG Service helps banks to manage resources and time more efficiently by using an automated workflow that reduces time-consuming and error-prone manual tasks, achieving faster processing time and freeing up capacity to focus on value-added activities.



Personalized

Highly flexible and comprehensive, the ESG service can seamlessly manage heterogeneous deal terms and ESG KPIs using an open design that fosters adaptability for new functionality and collaboration with partners.



The future of lending is environmentally sustainable

About Finastra

Finastra is a global provider of financial software applications and marketplaces, and launched the leading open platform for innovation, FusionFabric.cloud, in 2017. It serves institutions of all sizes, providing award-winning solutions and services across Lending, Payments, Treasury & Capital Markets and Universal Banking (digital, retail and commercial banking) for banks to support direct banking relationships and grow through indirect channels, such as embedded finance and Banking as a Service. Its pioneering approach and commitment to open finance and collaboration is why it is trusted by ~8,600 institutions, including 90 of the world's top 100 banks. For more information, finastra.com

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