

# ETS Showcases Credit Risk Assessment Features for FHLBank Advances

NEW YORK, NY, UNITED STATES, October 10, 2024 /EINPresswire.com/ -- Epsilon, a leader in financial technology solutions, is showcasing the credit risk assessment and collateral management features of its [ETS platform](#), designed to modernize the management of Advances issued by Federal Home Loan Banks. These core features align with the Federal Housing Finance Agency's (FHFA) latest guidelines, as outlined in [advisory bulletin AB 2024-03](#), which emphasizes sound credit risk management when providing advances to members.



ETS equips FHLBanks with a single, integrated platform for managing advances, alongside the rest of their balance sheet, for automated, exception-based, and controlled processing from an advance request from members through the pricing, credit review, risk analytics and accounting. Specifically, it offers both the FHLBank and its members a complete view of their credit assessment, including collateral, outstanding positions, available capital stock, pricing levels and all the information needed to choose the best lending and funding options between the bank and its members.

With ETS, the member bank understands not only their available choices, but what quotes are currently available to them and for how long, whether through the client online portal or over the phone. Likewise, the FHLBank can issue an advance to a member knowing that all the required checks are in place. Both parties gain the ability to act quickly and with certainty. With the crystal clear and reliable risk management framework made possible through ETS, FHLBanks can ensure safe and sound lending practices in accordance with FHFA standards.

Key capabilities of the ETS platform include:

Consolidated Advance Trade Management:

- Facilitates loan qualifications and straight-through processing (STP) of advances using both live and indicative pricing, as well as posted pricing levels via the member portal
- Consolidates crucial functions such as loan qualification, viewing member positions,

documentation status and accessing real-time indicative pricing for new advances and prepayment fees

- Presents credit assessment information in a configurable dashboard to facilitate quick decision making

Robust API Integration:

- Provides RESTful APIs for seamless integration with member portals, enabling the STP process for executing trades on advances
- Supports credit checks and procedural controls for both portal and live transactions, ensuring secure and compliant processing

Comprehensive Credit Risk Control:

- Incorporates a flexible rule engine that applies controls such as loan qualifications, credit checks, and various credit limits for all advances
- Aligns with FHFA's directives on safe and sound credit risk management practices

Member Capital Stock Monitoring:

- Monitors essential member data, including capital stock and collateral balances
- Provides a complete view of member risk profiles and asset performance

Support for Risk-Based Pricing of Advances:

- Integrates with external engines to generate risk-based advance quotes, updated frequently based on product type, term, and collateral
- Supports subscriptions to live quotes, which can be used for automated execution of advance trades through the member portal or over the phone

Collateral and Limit Monitoring:

- Enforces lending limits related to assets, liabilities, and posted collateral, ensuring compliance with FHFA guidelines while minimizing exposure to risks

Advanced Analytics and Reporting:

- Supports real-time data analytics and extensive reporting capabilities, allowing FHLBanks to monitor creditworthiness, track risk concentrations, and make informed decisions in response to changing market conditions

"Epsilon's ETS platform continues to deliver comprehensive solutions that help FHLBanks manage advances with greater efficiency and enhanced risk management capabilities." said Debashis Sen, CEO at Epsilon. "The platform's capabilities support FHLBanks in meeting FHFA's guidelines while improving the overall credit risk management framework for their members. These types of improvements are central to our mission in serving the FHLB sector."

About Epsilon Technologies Group □

Epsilon is a vibrant capital markets technology solutions and services firm serving small and medium-sized financial institutions such as regional banks, Government-Sponsored Enterprises, and Federal Home Loan Banks. The Group's deep expertise embraces every aspect of software development, products, data, technologies, and consulting. Epsilon offers ETS and Principia Analytic System as licensed products, and various innovative bespoke solutions across a broad set of capital markets domains. Epsilon also offers a full range of consulting services, including implementation, advisory, analytics, risk management, accounting, and data modeling.

To learn more about Epsilon, ETS and the Principia Analytic System, visit [www.epsilonontg.com](http://www.epsilonontg.com).

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