

Credit Network & Finance Rankings Affirmed As Non-Life Insurance Credits And Consumer Loans Servicer In Italy

August 5, 2021

Overview

- We affirmed our STRONG ranking on CNF as a special servicer of non-life insurance credits. At the same time, we affirmed our ABOVE AVERAGE ranking on CNF as a special servicer of unsecured consumer loans.
- CNF is a debt collector compliant with article 115 of the Italian Public Security Law.
- We have a stable ranking outlook on each of the rankings.

MILAN (S&P Global Ratings) Aug. 5, 2021--S&P Global Ratings today affirmed its STRONG ranking on Credit Network & Finance S.p.A. (CNF) as a special servicer of non-life insurance credits and its ABOVE AVERAGE ranking as a special servicer of unsecured consumer loans in Italy. We have a stable ranking outlook on each of the rankings.

Our rankings reflect CNF's:

- Experienced and tenured servicing management team.
- Market leadership position in terms of assets under management within the niche market of non-life insurance-related debt with a long track record of positive results over more than 10 years working on behalf of major Italian insurers.
- Demonstrated ability over the last years in managing a relatively stable portfolio in excess of €3 billion of unsecured consumer loans with positive collection results.
- Effective call-center service to contact borrowers in arrears on behalf of several banks.
- Solid information technology system supporting a well-automated workflow embedded in the loan management platform.
- Sound reporting ability for internal and external purposes, which allows good control over the servicer's ongoing activity.
- Higher client's concentration in the non-performing loan (NPL) business than its peers.

Since our previous review (see "Credit Network & Finance Rankings Affirmed As Non-Life Insurance Credits And Consumer Loans Servicer In Italy," published on July 29, 2019), the

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following changes and/or developments have occurred:

- In the beginning of 2020, CNF adopted a more stringent internal controls framework with defined roles for each level of control, following best practices on the market and based on the three lines of defense model.
- In January 2021, CNF developed a new anti-money laundering software embedded in the loan management system (GAC) that checks daily payments and any suspicious flags.
- Since the beginning of 2020, CNF adopted a new payment platform integrated in the GAC, which, according to the servicer, simplifies and speeds up reconciliation.
- CNF obtained several new ISO certifications linked to workplace safety, corporate social responsibility, information security and privacy, and environmental management.
- In 2020, CNF entered the tax collection for public administration business (outside of the scope of our review) and hired a managing director for this area, who joined the board of directors.
- In March 2021, CNF opened two new branches: one in Bari, fully focused on tax collection, and one in Siena, focused on extrajudicial activities, supporting all of the servicing business lines.

The ranking outlooks on both CNF rankings are stable. We believe CNF will be able to maintain its market leadership position within the non-life insurance special servicing industry. Similarly, we expect CNF will continue to consolidate its position as a special servicer of unsecured consumer loans.

The financial position is SUFFICIENT.

CNF has engaged S&P Global Ratings to provide a hybrid ranking. A hybrid ranking involves a public release of a ranking via this press release along with a confidential report that is only available to CNF and its professional advisors. Therefore, we will not be publishing a report in conjunction with this ranking because the report is confidential and only available to CNF and its professional advisors.

Related Research

- Select Servicer List, June 3, 2021
- Credit Network & Finance Rankings Affirmed As Non-Life Insurance Credits And Consumer Loans Servicer In Italy, July 29, 2019
- Analytical Approach: Global Servicer Evaluations Rankings, Jan. 7, 2019

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