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Servicer Evaluation: Securitisation Services SpA

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Servicer Evaluation: Securitisation Services SpA

Ranking Overview

Servicing category	Ranking	Subrankings: Management and organization subranking	Subrankings: Loan administration subranking	Outlook
Asset finance and consumer loans master servicer in Italy	STRONG	STRONG	STRONG	Stable
Residential mortgages master servicer in Italy	STRONG	STRONG	STRONG	Stable
Commercial mortgages master servicer in Italy	STRONG	STRONG	STRONG	Stable
Financial position	Sufficient	N/A	N/A	N/A

N/A--Not applicable.

Rationale

S&P Global Ratings' rankings on Securitisation Services SpA as a master servicer for residential mortgages, commercial mortgages, and asset-backed consumer loans in Italy, that are primarily non-performing are STRONG. On Feb. 19, 2020, we affirmed the rankings (see "Securitisation Services SpA STRONG Master Servicer Rankings Affirmed; Outlooks Stable"). The outlooks are stable on all rankings.

Our rankings reflect:

- The solid management team and organization, which are further strengthened by the recruitment of staff;
- The company's long track record and consistent results with a growing portfolio. SecServ was able to meet its full 2019-2021 business plan growth targets (in terms of turnover), two years in advance, due to the high profitability of a number of new transactions. In our view, the company is well-positioned to attract new business in a controlled manner;
- The company's strong internal controls, based on the three lines of defense model;
- The good level of automation in many processes, reflected by the loan platform's ability to handle a growing volume of business while benefitting from economies of scale, along with relevant IT investments to continuously upgrade and enhance these systems; and
- Continuous enhancement of its already robust master servicing operations through process improvements, that results in streamlined and effective monitoring processes.

Our rankings relate exclusively to the company's master servicing activity for commercial and residential mortgages and consumer loans. However, we do consider other business lines if they share synergies or have an effect on the activity under assessment.

Since our previous review (see "Surveillance: Securitisation Services SpA," published on March 8, 2018), the following changes and/or developments have occurred within SecServ:

- Significantly increased the number of staff in the sales department, and appointed new heads of business development and sales;
- Appointed a new head of the representative of the noteholders;
- Created a new bond department under the supervision of the Chief Operating officer (COO), providing financial services for bond issuances;
- Substantially expanded its master servicing portfolio over the last two years, as well as successfully acquired mandates in other roles outside the scope of our review;
- Implemented some changes to its IT infrastructure to further strengthen its capability and introduced a number of robotic process automation solutions that are in line with the current sector trend we have observed among the most active and sophisticated servicers; and
- Introduced a pre-signing checklist that staff use to ensure that all new loan-boarding tasks are performed and that there is coordination among the different teams involved in this phase.

The outlooks on our rankings on SecServ as a master servicer of residential and commercial mortgages and unsecured credits in Italy are stable.

Profile

Established in 2001, SecServ is an Italian financial intermediary enrolled under Article 106 of Legislative Decree 385/1993 (Italian Banking Act), and thus subject to Bank of Italy (BoI) supervision. It is directly owned by Banca Finint, a subsidiary of the Finanziaria Internazionale Holding SpA (FIH) group.

Our rankings are limited to SecServ's activity as a master servicer of consumer loans, residential mortgages, and commercial mortgages in Italy. These master servicing roles account for about 16% of SecServ's overall revenue, though the company considers it a pivotal business area because it helps to attract new mandates in other roles. These roles include computation agent, corporate servicer, representative of the noteholders, and monitoring agent.

We only considered SecServ's other functions if we believed they affect its master servicing operations. In our opinion, business diversity is positive for business continuity, as long as it does not jeopardize the company's stability and focus. In our view, this is the case for SecServ, as there are several synergies across the different roles offered, which have helped the company to consolidate its position as a service provider to securitized transactions and enhance its revenue.

As of December 2019, the company employed 160 staff members in Italy to perform the following roles:

- Master servicer in 127 transactions (up from 126 in 2018 and 113 in 2017);
- Corporate servicer in 306 transactions;
- Computation agent in 290 transactions;
- Representative of noteholders in 263 transactions;
- Primary or special servicer in 46 transactions; and

- Other roles in 328 transactions.

In addition, the servicer is engaged to provide mainly warm backup servicing for portfolios aggregating €61.9 billion of credits. The company does not anticipate any of the backup servicing mandates to materialize into partial or full servicing mandates in the short-to-medium term, so they do not represent any potential disruption of the operations under assessment.

SecServ works on a rolling three-year strategic plan, which it reviews annually through a well-defined process. The parent company provides the final approval of the business plan and consolidates it with the rest of the group. By the end of 2019, the company already achieved its revenue targets set in its 2019-2021 business plan given the high number of new securitized transactions that materialized in the market and SecServ's ability to participate in most of them. The company will approve a new 2020-2022 business plan by the first semester of 2020, and it expects further growth over this period.

The continued growth in master servicing business to €54.1 billion as of December 2019 from €50.5 billion in December 2018 and €37.4 billion in December 2017, contributed to achieving these targets earlier than planned.

Table 1

Portfolio Description

	2015	2016	2017	2018	2019
Portfolio description by gross book value (€)					
Overall portfolio under management	20,260,715,958	26,867,550,180	40,599,425,609	54,149,353,099	59,140,000,616
Residential mortgage master portfolio	2,623,665,528	3,963,242,417	9,067,265,738	11,997,681,934	13,292,055,569
Commercial mortgage master portfolio	1,471,266,669	551,658,653	942,363,286	1,413,241,458	1,515,234,231
Asset finance master portfolio	14,074,613,760	20,117,629,110	27,422,729,285	37,116,355,184	39,326,500,630
Servicer BNT	441,230,000	430,360,000	411,600,262	393,311,314	383,763,945
Servicer (other than BNT)	1,649,940,000	1,804,660,000	2,755,467,037	3,228,763,209	4,622,446,241
Portfolio description by number of cases (no.)					
Overall portfolio under management	1,195,228	1,730,261	2,098,156	3,355,172	2,810,577
Residential mortgage master portfolio	29,397	45,890	84,296	86,415	86,517
Commercial mortgage master portfolio	935	4	335	324	295
Asset finance master portfolio	1,164,896	1,684,367	2,013,525	3,268,433	2,723,765
Portfolio description by number of properties (commercial only) (no.)					
Commercial mortgage master portfolio	948	8	339	327	295
Servicing roles					
Master servicer	85	91	113	126	127
Servicer (BNT)	1	1	1	1	1
Servicer (other than BNT)	15	17	29	36	47
Staff (no.)					
Overall staff	97	113	123	143	160
Master servicing staff	16	24	28	40	43

Chart 1

Portfolio Evolution (GBV) Vs. Number Of Master Roles

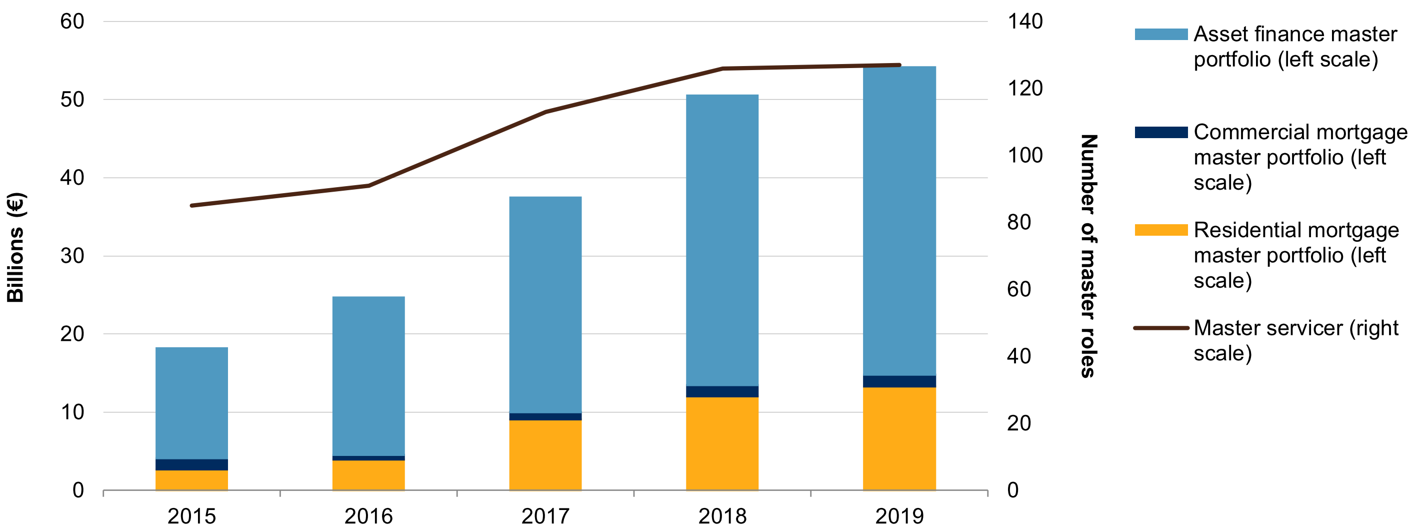
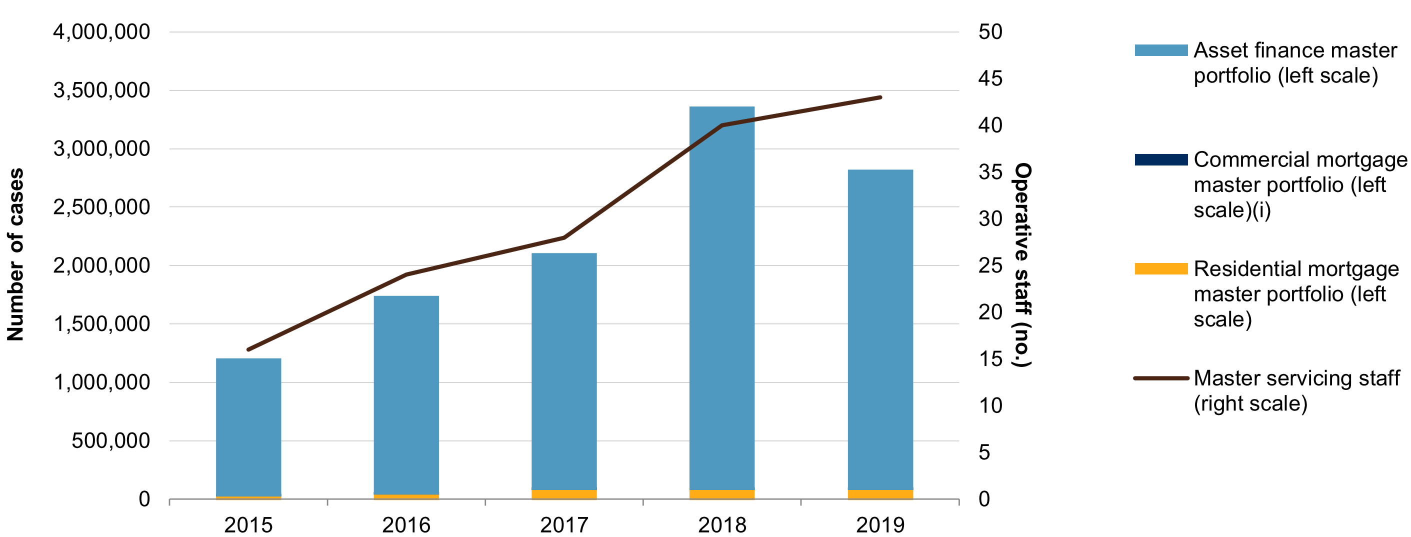


Chart 2

Portfolio Evolution (Number Of Cases) Vs. Operative Staff



(i)Please note that the commercial mortgage master portfolio is barely visible in the chart since the numbers are too small compared to the asset finance and residential mortgage master portfolios.

In our opinion, the servicer provides reliable master servicing, and it has demonstrated the ability to continue to perform in this role at a high level even as the overall portfolio has grown significantly over the last few years. The master servicing portfolio consists primarily of nonperforming loans (NPLs) across asset finance (72%), residential mortgages (25%), and commercial mortgages (3%), based on (Euro/total GBV) as of December 2019.

Management And Organization

The management and organization subrankings are STRONG as a master servicer of residential and commercial mortgages and consumer loans.

SecServ has an effective organization that fosters specialization among its employees and a well-designed governance model. Several seasoned professionals have joined the servicing and sales departments since our last review. The servicer has sound internal controls in place and continuously invests in the development of its IT platform.

Organizational structure, staff, and turnover

The company has two managing directors: one coordinating supporting functions such as finance and corporate affairs and the other coordinating operations, acting as Chief Executive Officer (CEO).

All operations units report directly to the Chief Operating Officer (COO), who in turn reports to the CEO. These operations units include several departments with each managing a different role, including the servicing department composed of the primary, special, and master servicing team. Unit coordinators, consisting of experienced and tenured management staff, also report directly to the COO and lead several sub-units of the servicing team.

FIH provides HR activities and tax support while Fin.It provides IT systems.

Since our last review, SecServ:

- Created a new bond department under the COO supervision, composed of one employee. This new function provides financial services for bonds issuances to issuers;
- Appointed a new head of the representative of the noteholders; and
- Increased the number of staff in the sales department to four from one employee, and appointed a new head of business development and a new head of sales.

The structure of the master servicing team remains stable. SecServ's overall staff members increased since our last review to 160, in line with its business growth. Similarly, the servicing team increased to 43 employees because the servicing portfolio--primarily the master servicing portfolio--doubled over the same period (see table 1).

Since our last review, the total staff turnover rate remained stable at 14% in December 2019, while the operative staff turnover rate slightly decreased over the same period to 18% from 25% (see table 2). Management indicated turnover was due to anactive servicing job market that led to some junior team members departing; however, these staff turnover metrics are in line with similarly ranked peers.

Table 2

Number Of Staff

	Total staff					Master servicing Staff				
	2015	**2016**	**2017**	**2018**	**2019**	**2015**	**2016**	**2017**	**2018**	**2019**
Staff at beginning of period (no.)	97	98	113	123	143	18	16	24	28	40
Number of joiners	10	27	26	40	37	2	10	10	17	10
Number of staff leaving voluntarily	9	12	16	20	20	3	2	6	5	7
Number of staff leaving not voluntarily	0	0	0	0	0	0	0	0	0	0
Number of expired contracts	0	0	0	0	0	0	0	0	0	0
Number of staff redundant	0	0	0	0	0	1	0	0	0	0
Staff at end of period	98	113	123	143	160	16	24	28	40	43
Turnover rate (%)	9	12	14	16	14	22	13	25	18	18

Experience metrics are robust across management and staff, while the company reported lower operative staff tenure rates due to the recent appointments. However, we believe the solid and tenured management team offsets the lower staff tenure rates (see table 3).

Table 3

Experience/Tenure

	Experience			Tenure		
	Senior management	**Middle management**	**Staff primary/ master servicing**	**Senior management**	**Middle management**	**Staff primary/ master servicing**
2019	30	15	6	20	12	3
2018	29	14	6	19	12	3
2017	28	13	6	18	11	4
2016	23	15	6	22	13	5
2015	22	13	6	21	13	5

Training

FIH group's HR function, comprised of 10 team members, provides HR services to 800 staff across the FIH group, including SecServ's employees. The centralized team manages the recruitment of new staff at SecServ's request, trains and develops new and current employees, runs the annual performance assessments, and is responsible for improving the working environment.

Two of these HR officers focus on recruitment together with the respective line managers. External headhunters facilitate the appointment of senior and middle managers. Moreover, SecServ organizes master classes held by senior managers of Finint's group on specific business topics for undergraduates and recent graduates, which SecServ's recruiters use to hire what they believe are the most outstanding candidates. In 2019, SecServ hired 11 new staff members who participated in this course.

Three dedicated HR officers take care of training and development. They plan the annual training based on input from SecServ's senior and middle managers, the compliance department, and the anti-money laundering (AML) department.

SecServ records employees' training hours within a common repository. While the company does not have a minimum number of required training hours for existing employees, the average hours registered in recent years have remained at high levels. As of December 2019, existing staff had completed an average of 96 hours of training, compared to the annual 97 hours in 2018 and 93 in 2017. Furthermore, to ensure a successful transition to their role, junior staff members within the servicing department continue to receive mentoring.

During the last two years, training mainly focused on regulatory duties and servicing market updates. SecServ also offered specific training for the servicing department, such as the new European legal framework for securitisations, unlikely to pay loans, simple transparent and standardized transactions, electronic invoices, and soft skills.

Finally, the servicer benefits from several group-training initiatives organized at the parent's level.

Line managers assess staff performance yearly by comparing employees' actual activity with the goals they established at the beginning of the year. The company performs a midyear review meeting and a year-end review. The COO oversees staff performance and proposes bonuses and promotions annually, in consultation with each line manager.

Since our last review, the company introduced an anonymous voluntary bottom up employee survey that asks staff to assess three strengths and weaknesses of his or her line manager. Senior managers use the results of the survey to evaluate line managers.

In our view, SecServ has robust people management in place given the nature of its business and the size of its activities.

Systems and technology

The IT team of Fin.it, the fully owned IT provider of the FIH Group, consists of 31 staff members, including four members who work exclusively for SecServ on developing and maintaining its proprietary SARA loan-management system and other applications. The IT team prioritizes each subsidiaries' IT requests and monitors project evolution through an internal application.

SecServ has an IT project management group with six staff who is responsible for IT projects and hold periodic meetings with the COO to discuss the status of the each project.

In January 2018, Fin.it obtained the ISO:27001 information security management certification, demonstrating the group's commitment to continuous improvement.

Finally, in line with its innovative approach and goal of achieving greater efficiency, SecServ has introduced a number of robotic solutions for automated activities in line with best market practices, saving 1.5 full-time equivalent positions as of October 2019. The company is planning to introduce other new tools in the future.

Servicing system applications

The central core of the SecServ IT platform is the SARA loan and subservicer management system, developed internally in 2010 using a Microsoft SQL server. Staff can access SARA remotely, if necessary, and its level of automation reduces the need for manual input and fosters efficiency. SARA also offers flexibility in boarding new portfolios by integrating with many client systems using a mapping process.

SARA is fully integrated with a number of other applications used for servicing and even for other business units by providing a range of automation, which supports the daily servicing business.

The integrated IT system facilitates detailed monitoring activity of subservicer facilities, checking of transaction documents, uploading subservicer reports, analysing performance against business plans, performing trigger analysis, and providing regulatory reports.

Since our last review, SecServ introduced several enhancements related to subservicer monitoring, such as improvements in reporting of subservicer performance, the risk-scoring model of subservicers, and the introduction of new management tools for unlikely to pay and performing loans.

We believe the IT system has good functionality and level of automation to support the master servicing activities. We will closely monitor any new development of the system going forward.

Business continuity and disaster recovery

Fin.it is responsible for planning and performing business continuity (BC) and disaster recovery (DR). SecServ's BC and DR plans are updated regularly based on business impact analyses, which we deem to be a best practice. Fin.it reviews and tests its DR and BC plans annually.

The most recent DR and BC tests took place in May 2019, with positive results. The plans require two hours to switch over to the BC site, two kilometers away from SecServ's headquarters. It provides up to 20 operative desks, and, while it is on the same power grid, there is a backup generator in place. SecServ also maintains alternative sites in Milan which provide 15 operative desks. The company mirrors critical data online in a storage area network, backs it up daily, and encrypts and stores it offsite.

Cybersecurity

The servicer uses a new generation layer 7 Palo Alto firewall system to protect its network. An external company performs an intrusion detection test annually, with the most recent test in February 2019.

SecServ places great emphasis on providing cybersecurity training for all departments, carried out primarily through online training. Moreover, during 2019, the parent company organized training provided by external experts to senior managers that was focused on cybersecurity. The senior managers then trained their staff.

Internal controls

In our view, SecServ has sound internal controls in place, including adherence to the "three lines of defense" model. The internal control functions provide quarterly reports (tableau du bord) and an annual summary directly to the company's board of directors and to its direct parent board of directors, Banca Finint, which in turn reports to the BoI.

Staff is the first level of control, and each employee is responsible for processing his or her work following internal policies and procedures, which are then checked by the heads of each office. Compliance, risk management, and the AML are the second level of control. The third level of control is the audit function.

Policies and procedures

The company designed its internal procedures to help its loan managers minimize errors and maximize efficiency. SecServ's organization unit is responsible for reviewing and updating detailed employee manuals that are inclusive of the policies and procedures. The COO and compliance department validate updated policies and procedures and the board of directors approves them. Master servicing employees can access the manuals directly through the loan-management system. This feature facilitates the manuals accessibility and, consequently, helps employees work more effectively.

We have received a copy of the manuals, which we believe are easy to follow and detailed.

Compliance and quality control

SecServ has a team of four people taking care of both compliance and AML matters. SecServ's compliance function identifies laws and regulations applicable to the company, verifies whether the internal procedures are compliant with them, and advises operations about their application. The company's compliance officer (CO) also runs checks, as part of his day-to-day activity, on the capability of internal controls and procedures to mitigate risks. By March of each year, the CO presents annual findings, and the following year's activity plan to the group's board and statutory bodies.

The CO is also in charge of the AML function, which is focused on controlling the money laundering risk and is a member of SecServ's 231/2001 law committee. Similarly, compliance trains staff on relevant regulatory issues.

Risk management

The servicer has a dedicated risk officer taking care of all risk management matters in conjunction with Banca Finint's risk management team.

SecServ employs a group risk-mapping methodology where risk is associated with its potential impact on operations and probability of occurring, before and after remedy actions. Banca Finint's risk officer summarizes the results in a group's risk map, which the group's board reviews and approves annually.

SecServ's risk officer supervises the Internal Capital Adequacy Assessment Process (ICAAP) annual report, drafted by the ICAAP team, which determines the internal capital requirements necessary to manage the risks of the business. The board approves the ICAAP report annually.

Finally, in accordance with Circolare 288/2015, SecServ's risk officer performs and delivers semiannual reviews of the risks related to the performance of securitized transactions to the company's board and Banca Finint, which ultimately reports to BoI.

Internal and external audits

SecServ has a dedicated audit officer who can receive support from Banca Finint's three audit officers, including an IT auditor who supports SecServ in IT audit reviews.

The internal audit function deploys a risk-based audit methodology. The audit plan focuses on key risks identified by the internal audit team, and incorporates BoI directives, suggestions from heads of operational units and the board of directors, as well as statutory auditors' requests. In 2018, SecServ's general audit activity did not raise any high-risk findings. However, an IT group audit on Fin.it, which is SecServ's IT function provider, raised three low-risk findings that required remediation actions. These were duly completed by the end of 2019.

The internal audit team tracks the audit, risk management, compliance and AML activity via a system application, which interfaces with SARA.

Moreover, the COO, the compliance officer, and the internal auditor attend a quarterly quality control committee that aims to discuss any operational issues raised by internal controls.

Complaint management

As a master servicer, SecServ has a monitoring activity in relation to complaints management, while subservicers are responsible for complaints resolution. SecServ's servicing department monitors subservicers' complaints management through inspection activity and semi-annual key performance indicator (KPI) reporting. The head of legal reports on the complaints monitoring activity to the quarterly complaints committee. In addition, SecServ has three lawyers within the servicing department who can assist subservicers in handling complaints and attend the above-mentioned committee meetings as additional members, if required.

Insurance and legal proceedings

SecServ has represented that its directors and officers, as well as its errors and omissions insurance coverage, is in line with the requirements of its portfolio size. As of the date of this report, management reported there were no material servicing-related pending litigation items.

Loan Administration--Master Servicing

The loan administration subrankings are STRONG as a master servicer of residential and commercial mortgages and asset-backed loans.

As of December 2019 and since our prior review, the servicer added 10 new subservicers for a total of 55 subservicers under management.

Although the company's master servicing process remained largely unchanged, the servicer has improved the functionality of its core master servicing system, SARA, and has implemented several initiatives, including enhanced semi-annual servicer monitoring schedules.

New loan boarding

When pitching for a new portfolio, SecServ obtains comprehensive information from the subservicer on how data will be received. SecServ can either propose its standard template to the subservicer or map the subservicer's template to its own, which enables greater automation in the boarding process and allows the direct boarding of loans from the subservicer platform onto SARA. This eases the boarding process when SecServ wins the servicer contract. In exceptional cases, such as a subservicer replacement, the company can create a task force if the boarding activity requires particular attention.

There are eight employees, sitting in different teams, specifically trained on the loan boarding process. SecServ says it generally boards master-serviced portfolios onto SARA within two days, on average, upon receiving the minimum data set required for BoI reporting.

Before signing a master servicing agreement, SecServ performs a set of actions, such as review of transaction documentation, preliminary assessment of the subservicer, and production of a due diligence report. In 2018, SecServ introduced a pre-signing checklist, which lists all the activities required during new loan boarding. The transaction manager and the operation team are responsible for completing the checklist, which is updated during the pre-signing and set-up phase to ensure that all actions are correctly performed and to ensure coordination among the different teams involved in this phase.

SecServ only accepts a master servicing role if it deems the relevant subservicer as eligible.

For each subservicer, SecServ drafts an initial due diligence report. There is a minimum set of features that the subservicer has to meet for SecServ to consider them appropriate. A potential subservicer's eligibility is voted on in an internal committee by the COO, the head of subservicers monitoring, the head of data management, and the head of master servicing.

After the upload of portfolio information onto the servicing system, the subservicer monitoring team performs portfolio checks within three to six months from the date of the subservicing agreement, using a specific boarding checklist. In conjunction with this review, an onboarding report is generated on Sara and filled by the monitoring team as a tool to monitor the performance of the sub servicer in six specific areas:

- Legal network (completeness of legal procedures);
- Documentation (completeness of paper documents acquisition process);
- Reports to investors (quality and accuracy of info reported to investors);
- Loan-management system (quality of the application system);
- Loan identification (accuracy of loan by loan information); and
- Electronic data (quality and accuracy of the boarding process).

The report is then discussed during the servicer committee.

Payment processing

As a master servicer, SecServ is not responsible for processing payments (as the subservicers process these), but it is responsible for the payment reconciliation check. SecServ checks that subservicers have correctly reconciled collections through the SPV's bank account at the end of each month on an aggregate basis and on a sample basis during the on-site visits.

Client management and investor reporting

SecServ's sales team is composed of 3.5 full-time equivalent sales officers. The officers are responsible for attracting new clients and for servicing existing clients. SecServ meets regularly with its clients to solicit timely feedback regarding service quality. SecServ believes that they provide good support to their clients and tailors its services as required.

SecServ has several reporting duties. On a semiannual basis, it reports the results of the monitoring activity internally to the board of directors and externally to the BoI, as required by law. SecServ also monitors and reports other statistics to the BoI both quarterly and monthly. Finally, SecServ reviews and/or assists subservicers with the production of reports for BoI.

SecServ has increased the number of trained investor reporting staff to 15 from 10 at the time of our last review. The reporting process is automated through SARA, which is in turn linked to the general ledger accounting system. This facilitates timely reporting of payment reports, investor reports, payment instructions, semiannual schedules for the board of directors, monthly and quarterly BoI reports, and monthly Centrale dei Rischi reports. Some transactions also require the production of a servicer report that highlights the portfolio evolution and collections. SecServ produces reports based on standard formats that can be tailored to meet client needs. Investor reports are freely available for all public transactions and restricted for private transactions on the servicer's online portal.

Master servicing

SecServ monitored 55 subservicers as of December 2019, up from 45 in our previous review. The six subunits in the servicing department that are responsible for the oversight of these subservicers consists of: data management, legal, transaction management, operations, subservicers monitoring, and the servicer subunit, which manages primary and special servicing mandates (outside the scope of our review).

The master servicing activity begins when SecServ boards a new master servicing portfolio. If the subservicer is new, SecServ performs an initial on-site visit (the special-purpose entity [SPE] or the investor usually proposes the subservicers) and produces a first report, which is discussed in SecServ's servicing committee.

SecServ monitors subservicers' activities by performing regular reviews (desk-based with remote access to the subservicer's IT system and/or on-site), audits on collection activity, and data checks of the portfolio under management. It is company practice to assign an internal ranking to each subservicer and regularly review and update it annually throughout the transaction's life.

The monitoring of existing subservicers follows an established process. SecServ performs an on-site review every two years and desk reviews annually. If SecServ notes any significant findings, it shortens its on-site review cycle further. The desk review involves:

- Monthly checks on portfolio information;
- Quarterly checks on complaints;
- Semiannual reports (schedules) to the board of directors and to the statutory auditors about the subservicer's performance in relation to each portfolio (compiled through SARA), including subservicer KPI analysis; and
- Annual analysis of the subservicers, based on financial highlights, assets under management, company overview and reputational risk.

SecServ continuously updates its subservicer ranking methodology to enhance process objectivity and efficiency. Six pillars underpin the subservicer ranking methodology, including company overview, financial highlights, processes and procedures, loan administration, IT systems, and reputational risk. SecServ reviews and scores all six pillars in a due diligence report as part of the on-site visit. SARA calculates an average score for each pillar based on the information available in the system. Scores relating to company overview, processes and procedures, loan administration, and IT can range from insufficient to excellent, while financial results and reputational risk scores can be sufficient or insufficient. SecServ also reviews a company overview, financial highlights, and reputational risk annually for subservicers.

The subservicer monitoring unit presents the due diligence report results to the servicer committee, which confirms the score and decides whether a subservicer is or remains eligible to manage a transaction. If SecServ deems a subservicer as ineligible to act on a transaction (at boarding or during the transaction's life), it flags it to the SPE/investor who has the authority to find a replacement.

SecServ regularly tracks KPIs and service level agreements. In accordance with Circolare 288/2015, SecServ conducts semiannual KPI reporting for subservicers that feeds the servicer schedules, which are also used for internal monitoring purposes. SecServ reviews the KPI reporting in the servicer committee and reports the same to the board.

The ongoing surveillance activity also includes the control and checks of the subservicer's performance in terms of collections against its business plan, the accuracy of the monthly report, and the reconciliation of the flow of funds. SARA automatically processes all actions.

SecServ has proven its ability to perform its master servicing responsibilities over a highly diverse and ever-growing portfolio over an extended period of time. It relies on well-designed processes and controls that it reviews and updates regularly while also supporting technology improvements so that it has been able to maintain the quality of providing service in line with market trends.

Financial Opinion

The financial position is SUFFICIENT.

Related Research

- Select Servicer List, Feb. 6, 2020
- EMEA Servicer Evaluation Industry Report 2018, Jan. 30, 2019
- Analytical Approach: Global Servicer Evaluations Rankings, Jan. 7, 2019
- Surveillance: Securitisation Services SpA, March 8, 2018