

## Factsheet – Fusion Essence

# End to end Lending capabilities

Accommodate your bank needs and rising customer expectations with superior lending servicing capabilities

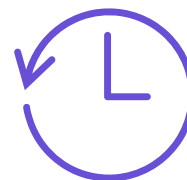
### Digital transformation is becoming essential

While customers are on the lookout for more valuable and seamless experiences, digital transformation is becoming essential. Innovations in the digital world continue to disrupt the lending industry but many operators are still left behind when it comes to their current systems and applications. This means that they are losing opportunities as their software is not optimised according to evolving technologies. In order to accommodate their customers' needs and rising expectations, lending and loan servicing organisations need to list system modernisation as one of their top priorities.

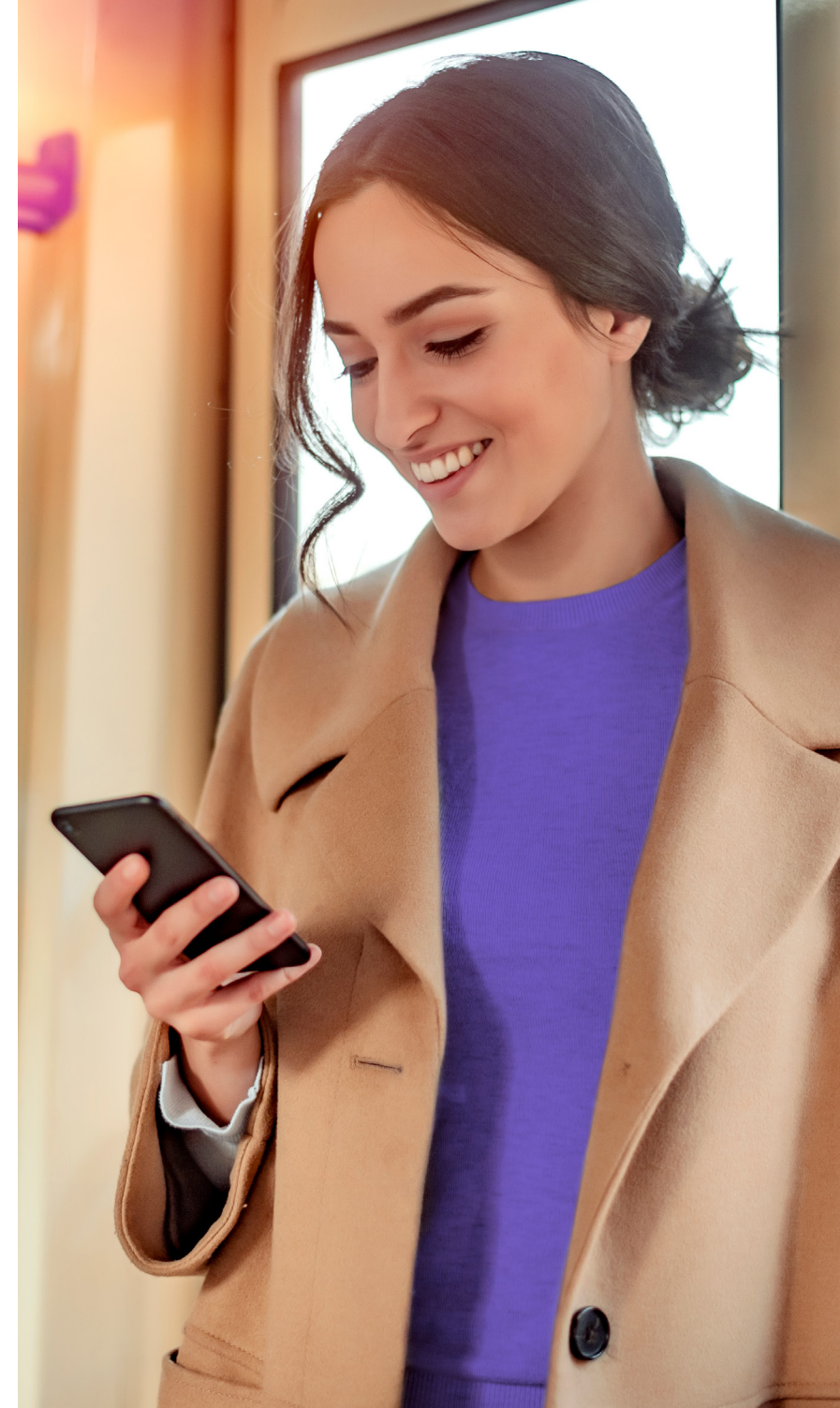
At Finastra, we recognised this challenge a few years back. Consequently, we invested heavily in our next generation core banking solution. In particular, we built out the lending capabilities to be world class using the most modern of technologies. We have worked with a number of clients, across multiple geographies and have live proof points that demonstrate the extensive capabilities we can deliver.

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**According to Gartner, 87% of senior business leaders say digitalisation is a company priority, yet only 40% of organisations have embarked on digital initiatives."**



Digitalisation



# Fusion Essence Lending Overview

Fusion Essence is a next generation cloud native banking solution, written entirely in Java and with extensive lending capabilities across Personal, Business and Corporate Lending – whether conventional or Islamic. Deployment options are Cloud or On Premise.

## Fusion Essence - next generation core banking

Key design principles for modular de-composition



**Cloud native** - Agile, scalable and quickly deployable services; outsourcing cost and responsibility of managing infrastructure



**API-based design** - Use of open standards and AP to enable ease of system integration; leverage commoditized products and services for speed-to-market



**Modular architecture** - Utilize modular and microservices-based architecture reduce complexity in software design and provide ease of maintenance and service integration



**Automation** - Ensure fast delivery via Continuous Integration/Continuous deployment pipelines and automated testing

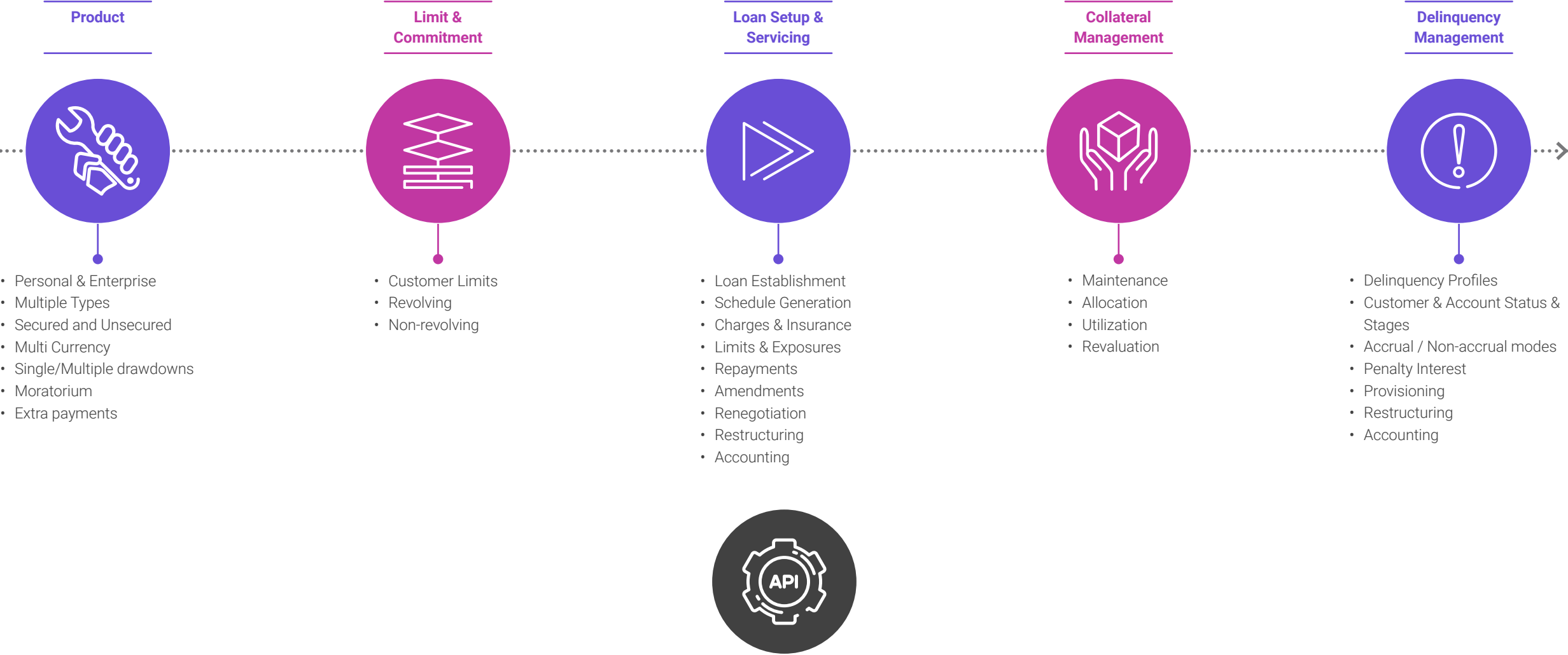


**Maintain data usability** - Easily extract insights and business value from; collected data; ensure data protection and governance

Fusion Essence is designed to cover lending products from the simple to the complex, for banks operating in the Retail, Commercial and Islamic space. Its servicing and disbursement capabilities are impressive supported, as they are, by a process driven approach and various levels of authorisations and limit checking to derive high rates of STP. Fusion Essence has sophisticated restructuring, renegotiation, product creation, cloning and launching capabilities. Its Collateral Management has real time revaluations and covers a wide variety of collateral and collateral calculations. Fusion Essence also includes arrears management, a native document management solution as well as extensive operational reporting to support the lending operations.

Optionally there is Analytics capabilities that harnesses the power of AI and ML to deliver “in the moment” insights to the lending operations from operational and business development perspectives. Fusion Retail Analytics is delivered with a “starter pack” of dashboards, and with a small amount of training, the bank will very quickly be able to create its own dashboards tailored to its desired views of the lending portfolio, as well as other areas of Fusion Essence.

# Fusion Essence Lending



Supports a wide selection of APIs enabling 3rd party Apps to easily integrate



# Specific lending product coverage

Specific lending product coverage includes, but is not limited to, Mortgages, Bridging, Term, Call, Bullet, Bi-lateral, Guarantees, Property Development and Finance. Commitments (Lines of Credit) can be revolving or non-revolving. Loans can be defined with fixed or variable schedules – automatically generated or maintained manually.

The interest calculations on loans can be based on reducing balance, actual balance or scheduled balance. The interest rates can be fixed or variable. The variable interest rates are defined through a base rate with appropriate interest margin that can be defined. At the product level, it is possible to define a minimum/ maximum interest rate for loan as well as arrears. The system also supports accrual for penalty interest on various components on the repayment schedule.

An established loan can be reversed. Loan lifecycle events can be amended, for example, single step amount or date change, principal increase and redraw, collection order profile change, PEP inclusion, balloon payments and payment alterations. You can print loan vouchers and repayment schedules.

**For Loan renegotiation any of principal, interest and charge balances, can be adjusted and the repayment scheduled will be regenerated based on the renegotiation agreement with the borrower.**

**The loan restructure feature takes loan renegotiation even further – you can change from one loan product to another, to consolidate several loans into one overall balance and to define the new terms and repayment schedule. Or, you can split the consolidated balance into separate loans with individual terms and schedules.**

The repayment schedule is generated automatically. Multiple methods are available including mixed schedules. There is support for payment holidays and moratoriums as well as for extra payments and for payment surpluses. For borrower specific repayment agreements there is the possibility to maintain repayment schedules manually.

There is extensive support for managing arrears and delinquency including:

- Configurable delinquency stages for the various asset classes
- Tracking overdue repayments and moving the loan through the various stages automatically or manually
- Defining rules for provisions that are applied to normal and overdue loans
- Support for penalty interest including the ability to apply specific penalty interest rates to specific loan balances and the to specify grace periods before penalty interest is accrued.
- Support for loan write-off and for sale of assets

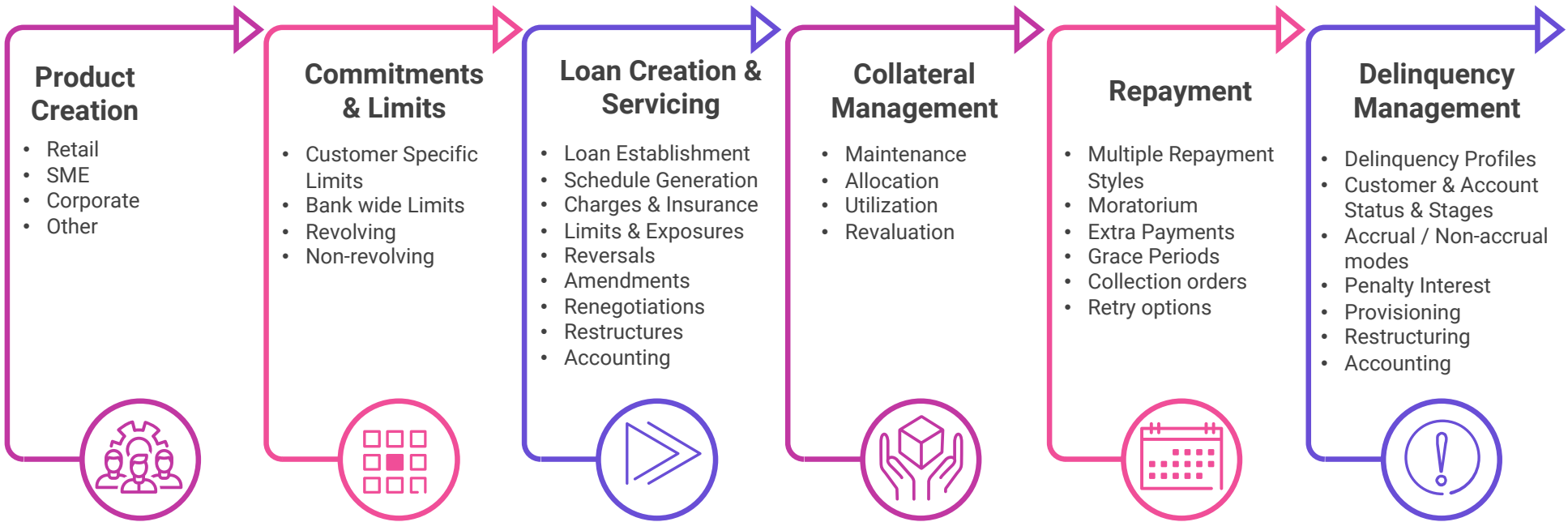
**Fusion Essence Collateral Management has a wide range of functionality to support collateral taking, management and revaluation. We list some of these capabilities below -**

- Recording and classification of collateral items by user-defined type such as property, insurance policies, stocks/ shares, guarantees.
- Collateral may take the form of a specified pledged customer account.
- An item of collateral may also be defined as being subject to an external charge, where part of the value of an item of collateral has been pledged as security against a loan from another bank. In this case the relevant amount of such collateral will be excluded from being available as cover for lending.
- One-to-many/many-to-one collateral item(s) to loan(s) associations.
- For each loan the percentage of the loan covered by each collateral item will be specified.
- Collateral items may be set up and linked to a loan, as part of the loan origination/ establishment/ loan increase process or set up independently and subsequently linked to a loan.
- Additional user defined fields may be added for any collateral data which the bank does not have in the standard collateral data set.



# Fusion Essence

## Lending capabilities



For end-to-end lending (that is including Origination and Underwriting), Fusion Essence Lending has all the requisite APIs and other integration methods, enabling banks to choose the best origination solution for their geography with its associated regulatory requirements. Fusion Essence already has off-the-shelf integration to a number of loan originators for specific geographies. We are happy to share that information upon request.

Fusion Essence Lending is a world class lending solution that is part of our award-winning core banking solution. It is recognised by Forrester as a leader in its class with the best product strategy of any core banking provider, and the only one with extensive business functionalities using next generation technologies.



## About Finastra

Finastra is building an open platform that accelerates collaboration and innovation in financial services, creating better experiences for people, businesses and communities. Supported by the broadest and deepest portfolio of financial services software, Finastra delivers this vitally important technology to financial institutions of all sizes across the globe, including 90 of the world's top 100 banks. Our open architecture approach brings together a number of partners and innovators. Together we are leading the way in which applications are written, deployed and consumed in financial services to evolve with the changing needs of customers. Learn more at [finastra.com](https://finastra.com)

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## Corporate Headquarters

4 Kingdom Street  
Paddington  
London W2 6BD  
United Kingdom  
T: +44 20 3320 5000

