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Suncorp finds edge with ABS Suite's data management

When Covid-19 struck, the ability of Australian mortgage holders to make payments was negatively affected, particularly those in the service sector.

The banking industry was swift to offer support, giving customers the option of repayment deferrals in the hope they would recover and meet mortgage obligations once the pandemic was brought under control.

While the turmoil was at its peak, the Australian Prudential Regulation Authority (APRA) also issued guidance designed to support issuers of affected securitisations, specifically residential mortgage-backed securities.“

When the pandemic hit, APRA requested the banks increase their self-securitisation for liquidity purposes,” Maddalena Gowing, manager, securitisation and covered bonds at Suncorp Bank in Brisbane, explains. “We were the first bank to do it successfully – and that is because we used ABS Suite. We wanted to get on the front foot, and not get caught in a bottleneck with the rating agencies, and there was no way we could have done so without ABS Suite.”

Following APRA's call, Suncorp was able to double its on-balance sheet trust – or its internal securitisation – to A\$12 billion (US\$8.6 billion).

“As we had everything formulated, coded and in the system the speed with which we worked was so much faster,” Gowing tells ASJ. “We received positive feedback from APRA and we provided a timeline on how we managed to get the increase done so quickly.”

She notes the financial crisis presented a similar situation but Suncorp did not have access to ABS Suite at the time. “ABS Suite gives us an edge at critical times and it is good to have a standalone system we can control with all the information we need.”

When the Reserve Bank of Australia (RBA) asked for an extra line of data within its mandatory reporting regime to ensure securitisations kept their repo-eligibility status in 2015, Suncorp was able to customise its ABS Suite platform quickly to meet the demands.

Gowing comments: “We had only just started using the system, but we were able to design it to import all the necessary information that we needed to meet the additional reporting requirements. We were the first bank to pass the level two RBA reporting requirements when it became mandatory.”

She says having a standalone, customisable system is important. “We were using Excel spreadsheets before, with a lot of manual entry and controls such as segregation of duty. With ABS Suite we have set up different permissions internally on a team-by-team basis, and we are pleased with how well this setup is working for the bank.”

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