Department of Guarantees and Sureties

100 | BGK
1924 - 2024 | POLISH DEVELOPMENT BANK

Comprehensive Guarantee Management in the GIPSON system

Warsaw, 27th May 2024

www.100years.bgk.pl

Agenda

01 — **Introduction**

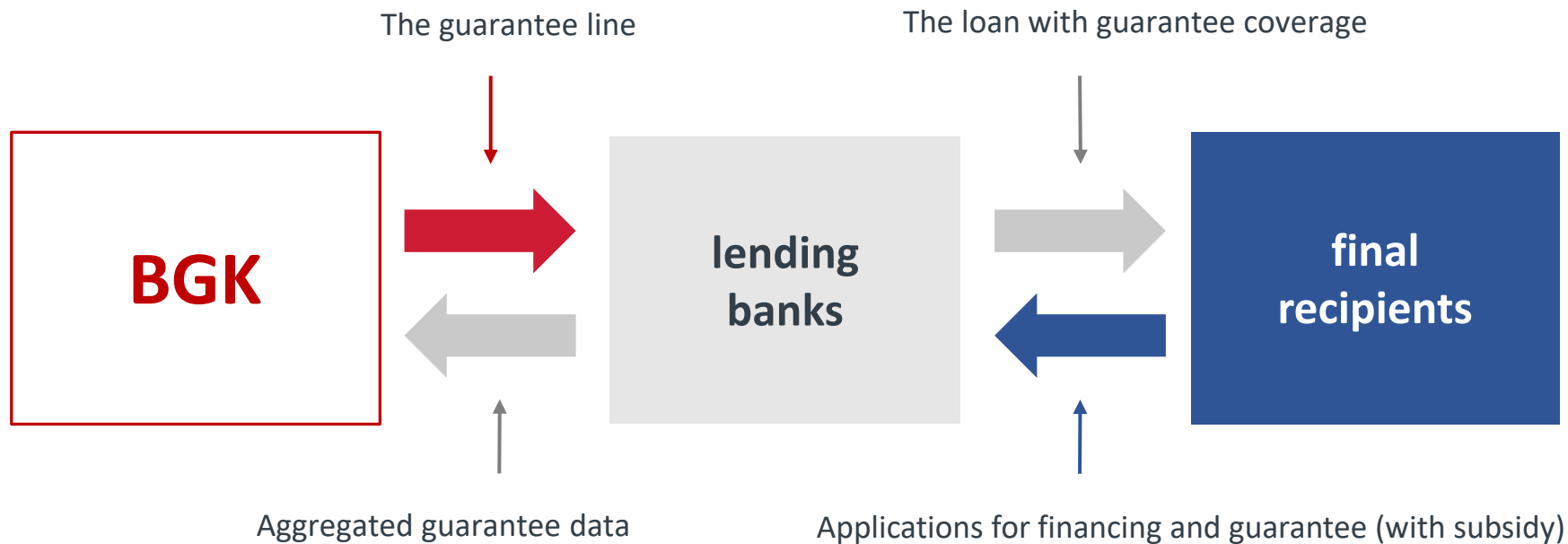**02** — Guarantees and subsidies

03 — Calls for payment and disbursements

04 — Debt recoveries

05 — Additional features

The distribution process

Key players involved in the guarantee process

The guarantee line

The loan with guarantee coverage

BGK → **lending banks** → **final recipients**

Aggregated guarantee data

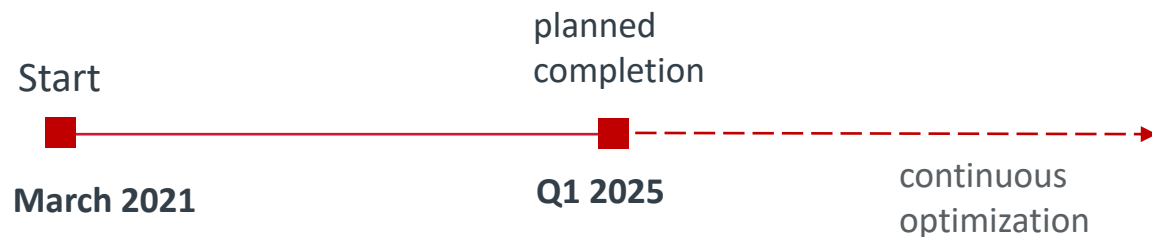Applications for financing and guarantee (with subsidy)

Key features of the guarantee programs

- portfolio mode (distribution via banks)
- state aid rule
- national coverage
- broad scope of guarantees

GIPSON system

Calendar

Start
March 2021

planned completion
Q1 2025
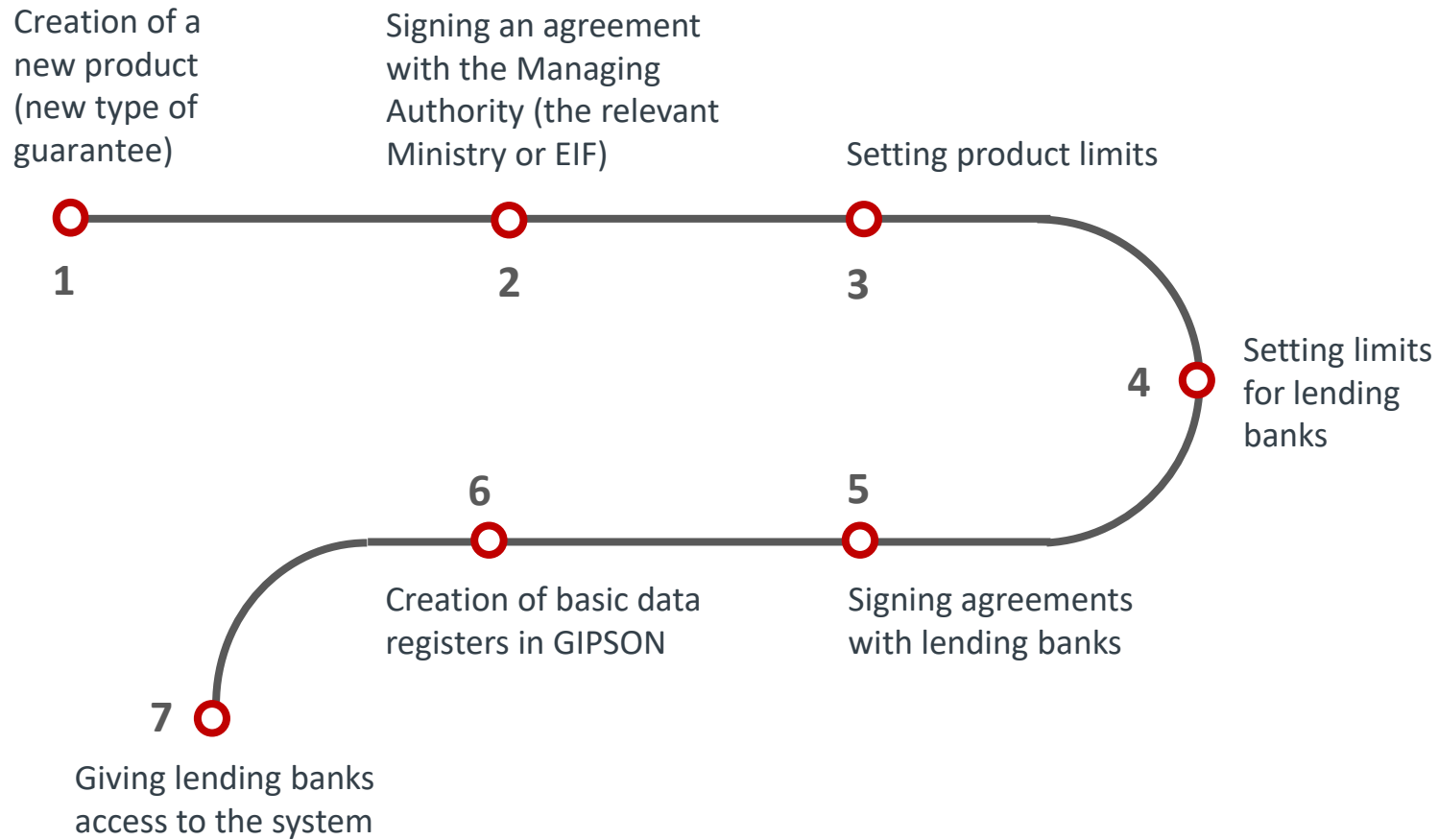
continuous optimization

Key assumptions

- all products and processes in one system
- automatic generation of state aid certificates
- automatic generation of state aid data for the national aid register
- automatic transfer of accounting data to BGK's central system
- data integrity and consistency
- operational flexibility (various ways of importing data, combined profiles)
- managing the work of analysts (metrics, queuing rule, handling absences)

Main modules

1 **Registration guarantees and subsidies**
(80% of implementation)

2 **Handling of calls for payment and disbursements**
(95% of implementation)

3 **Debt recovery management**
(10% of implementation)
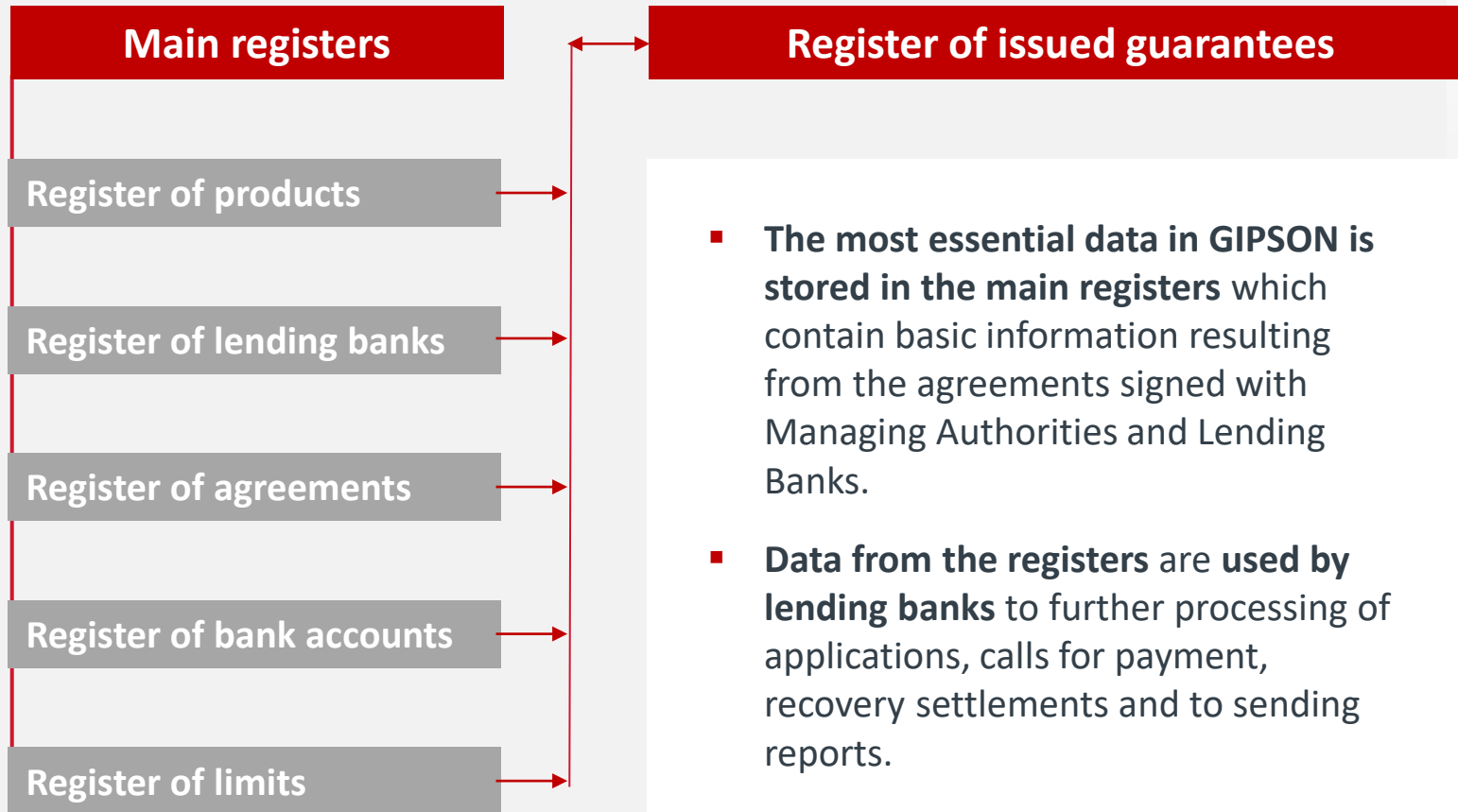
Beginning of the guarantee management process

Creation of a new product (new type of guarantee)

Signing an agreement with the Managing Authority (the relevant Ministry or EIF)

Setting product limits

1

2

3

Setting limits for lending banks

4

6

5

Creation of basic data registers in GIPSON

Signing agreements with lending banks

7

Giving lending banks access to the system

Agenda

Data storage in GIPSON

Main registers
Register of products
Register of lending banks
Register of agreements
Register of bank accounts
Register of limits

Register of issued guarantees

- **The most essential data in GIPSON is stored in the main registers** which contain basic information resulting from the agreements signed with Managing Authorities and Lending Banks.

- **Data from the registers** are **used by lending banks** to further processing of applications, calls for payment, recovery settlements and to sending reports.

- In addition, **the registers allow the parameterization** and **control required** to operate the products.
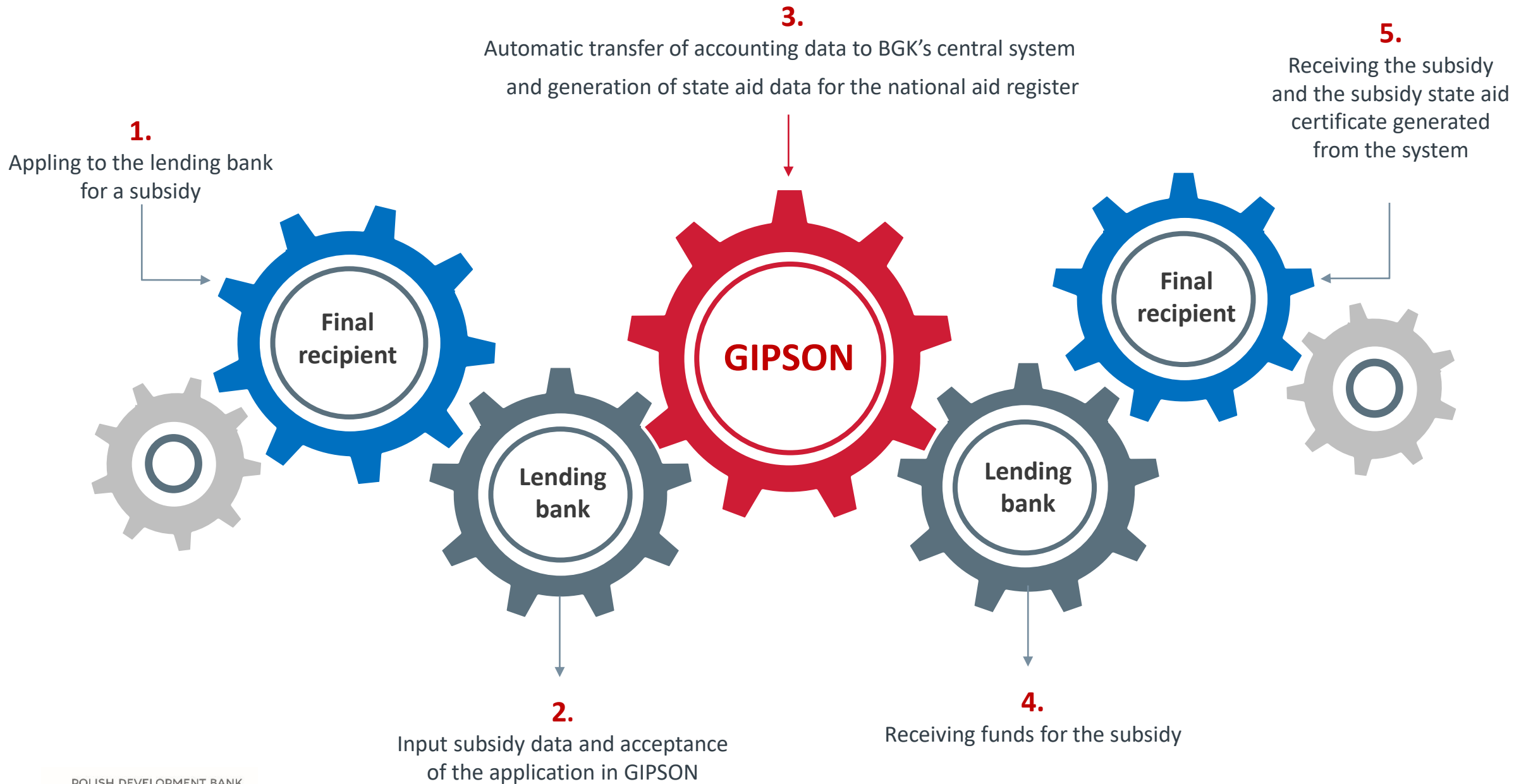
Loading data to GIPSON system

Loading data

the form

csv. file

interface

Verification of data

Register of issued guarantees
- Automatic generation of the guarantee state aid certificate
- Automatic generation of state aid data for the national aid register

Register of transaction history

- Registration of guaranteed loans is done by Lending Banks sending the required data to the system.

- Data can be loaded into the system in different ways:
  - ✓ separately by filling in a form
  - ✓ collectively via a csv. file
  - ✓ in the future it will also be possible to use the API (Application Programming Interface).

- The system validates the correctness and completeness of the data before entering it into register.

- The data is recorded in a register that stores all information about the guarantees and loans.

- The register also maintain a history of changes made by Lending Banks.

- Once a guarantee is registered, the guarantee state aid certificate is automatically generated.

- It is also possible to automatically generate state aid data, which we transfer to the national aid register.

Subsidies

3.
Automatic transfer of accounting data to BGK's central system and generation of state aid data for the national aid register

5.
Receiving the subsidy and the subsidy state aid certificate generated from the system

1.
Appling to the lending bank for a subsidy

Final recipient

GIPSON

Final recipient

Lending bank

Lending bank

2.
Input subsidy data and acceptance of the application in GIPSON

4.
Receiving funds for the subsidy

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01 ● Introduction

02 ● Guarantees and subsidies

03 ● **Calls for payment and disbursements**

04 ● Debt recoveries
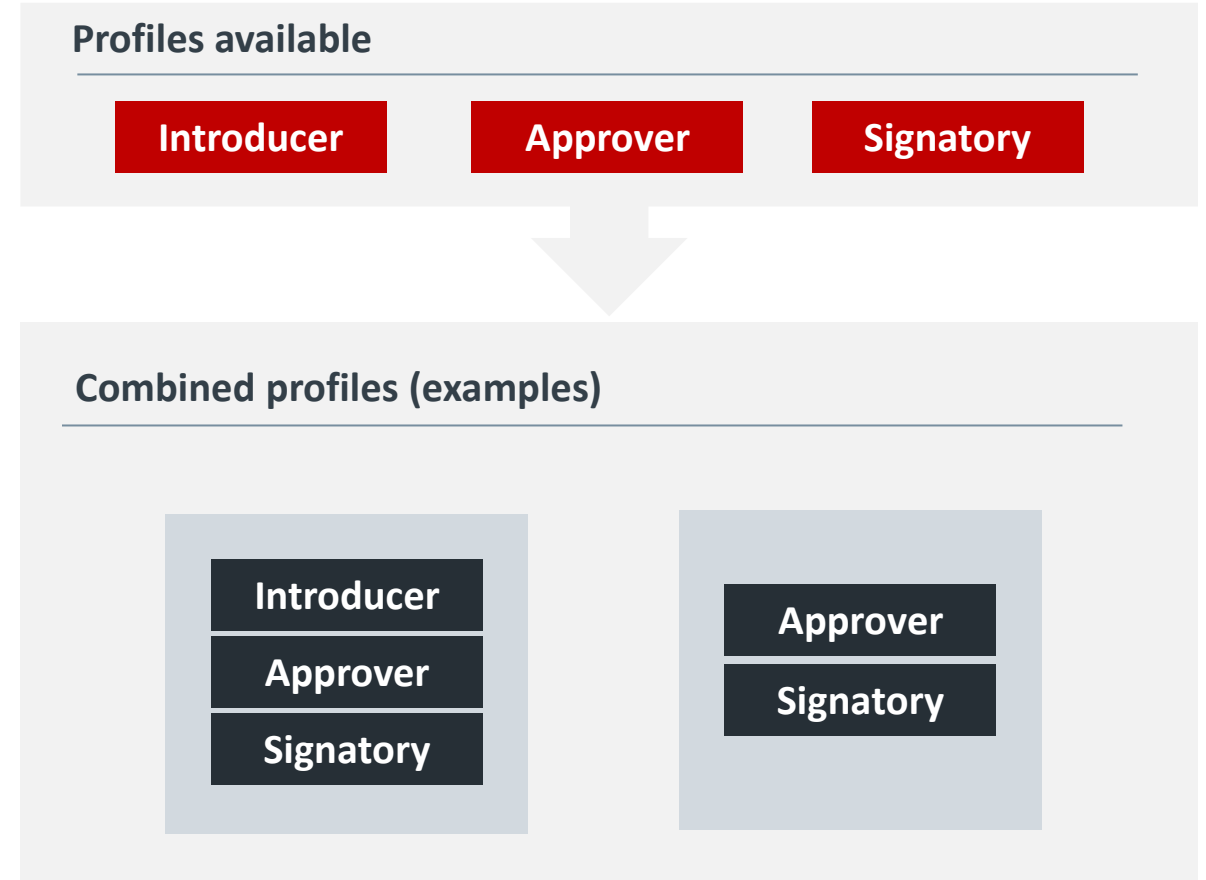
05 ● Additional features

Entering the call for payment into GIPSON system

- Lending bank requests payment of the guarantee by submitting an appropriate application to the system (the call for payment).

- When filling in the application, the basic loan data is loaded from the existing registers. There is no need to enter data that is already in the system.

- Other data and documents are entered and attached manually by lending bank.

- The completed call for payment is signed by authorised persons and uploaded to the system.

- GIPSON provides two options for signing:

  - ✓ by placing the signature in the system
  - ✓ by attaching a signed document as a pdf. file.

loading basic data from registers

completion of other required information and attachment of credit documentation

signature in the system

or

signature outside the system
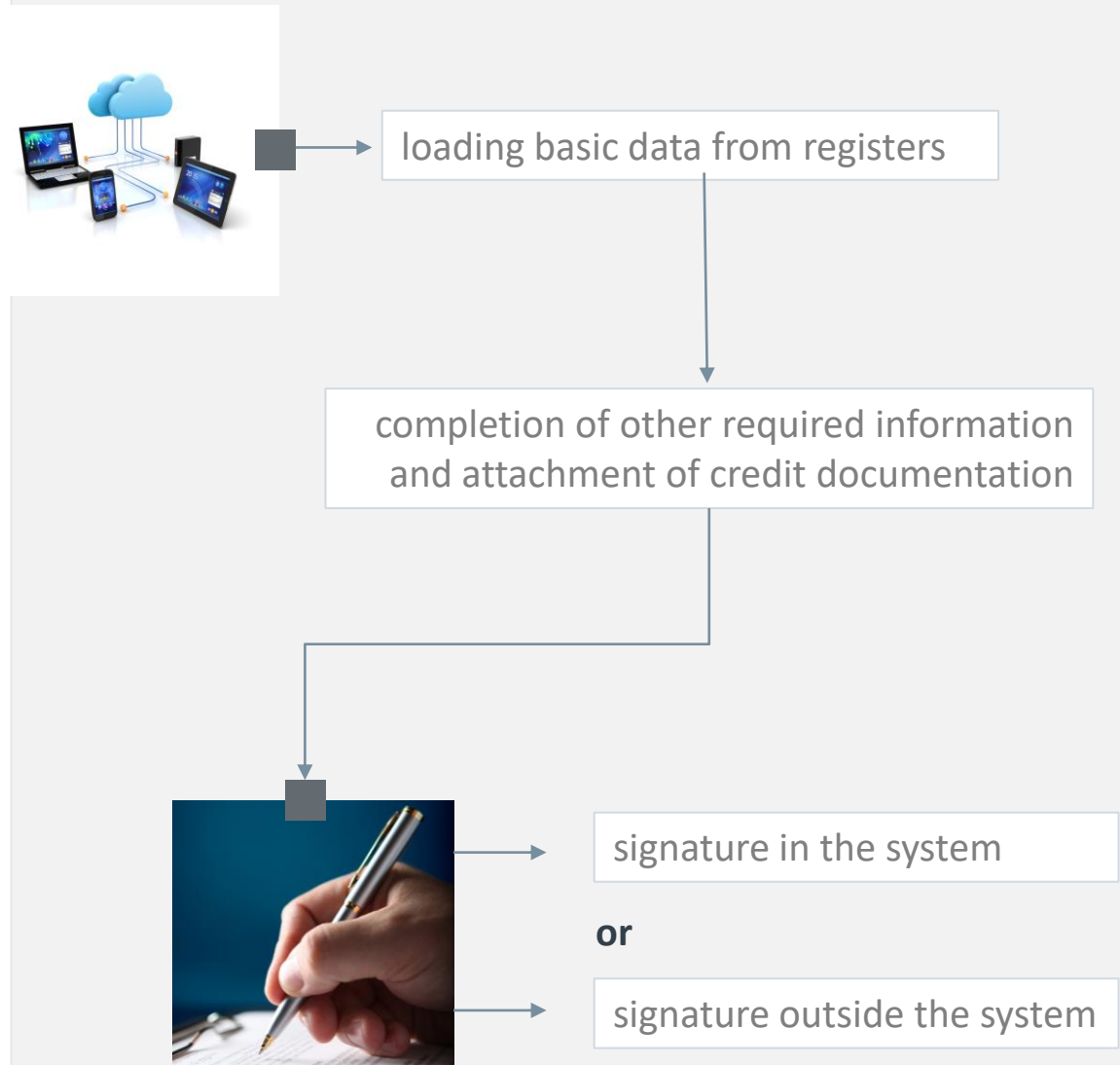
Combined profiles

- There are three authorisation profiles for employees of lending banks:

  - ✓ the employee introducing application into the system

  - ✓ the employee approving the application

  - ✓ the employee signing the application

- Depending on the practices of the lending banks, combined profiles may be used.

- GIPSON provides full flexibility in the allocation of profiles.

Profiles available

| Introducer | Approver | Signatory |

Combined profiles (examples)

Introducer		Approver
Approver		Signatory
Signatory		

Emergency mode

Unable to submit call for payment in the system.

Lending Bank delivers the call for payment to the BGK Application Office.

The analyst at BGK registers the receipt of the call for payment in the system and attaches the document.

Catching the date

Lending Bank takes up a previously registered application in emergency mode for further standard processing.

Verification of the call for payment by an analyst in BGK

1. Necessity of verifying each attached document

2. Marking the data verification status on each application page

3. Possibility of adding comments to a dedicated field

4. Correspondence and internal comments not visible to the lending bank

8. Suggesting what decision can be taken

5. Correspondence and external comments

7. Possibility of sending the application for internal consultation (factual, reporting, legal)

6. Possibility of returning the application to the Lending Bank for completion or correction

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Analyst's metric

- Every analyst has their own metric that identify lending banks and products they serve. There are also ranges of payout values that they can process.

- The metrics show the current availability of each analyst which determines what percentage of their working day they can devote to handling call for payment.

- In addition to this, each analyst's metric contains the ID numbers of all final recipients whose applications they previously dealt with.

✓ **List of lending banks**

✓ **List of products**

✓ **Payout value ranges**

✓ **Current availability**

✓ **ID of all final recipients served (so far)**
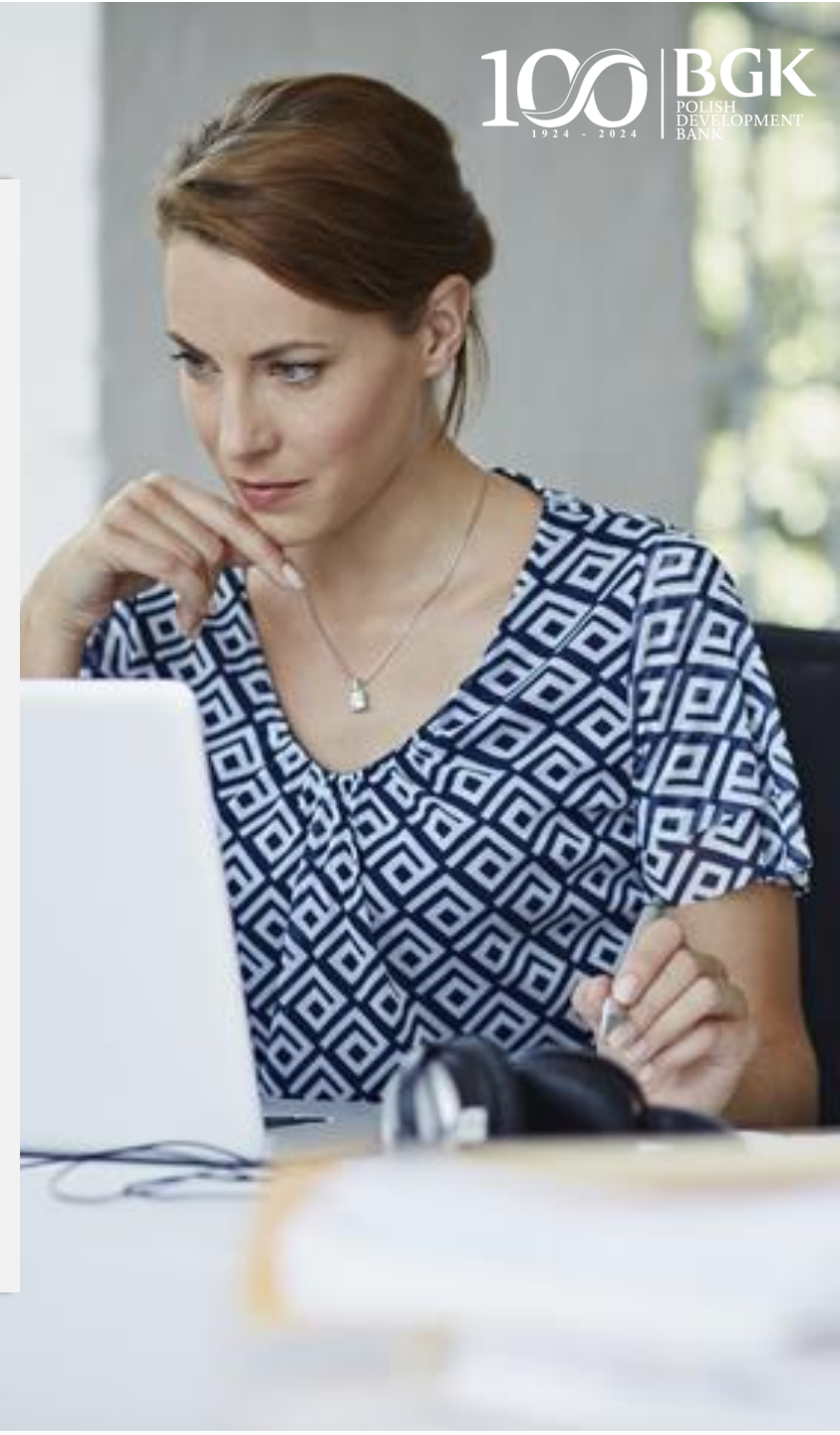
Queuing rule

Verification of the Final Recipient ID

- **Group of available analysts**

- **Verification of the list of served Lending Banks**

- **Verification of the list of served products**

- **Verification of the processed range of payout amounts**

- **Verification of the current workload**

Replacements during the analysts' absence

- Each analyst has 2 or 3 deputies assigned

- Absences are planned in advance

- Absence dates are entered into the system in advance

For planned absences:

- Applications with payment dates falling three days before the absence, during the absence and three days after the absence are not assigned to the analyst.
- During the absence new applications are assigned to the deputies of the analyst.

For unplanned absences:

- The analyst team leader enters the days of absence into GIPSON.
- Applications in progress with payment dates falling on days of absence are forwarded to the deputies.

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
5	6	7	8	9	10	11
	no applications with these payment dates			Absence	Absence	Absence
12	13	14	15	16	17	18
Absence	Absence	Absence	Absence	Absence	Absence	Absence
19	20	21	22	23	24	25
no applications with these payment dates						

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05   • **Additional features**

Recovery settlements process (pari passu)

- Once the guarantee payment has been made, the collection process begins.

- Lending banks carry out the debt collection activities and send to BGK information about the recovery actions taken.

- Recovery settlements provide information on all recovery activities, including costs incurred and recoveries made.

- The system enables the accounting settlement of a given exposure and places the relevant data in the registers.
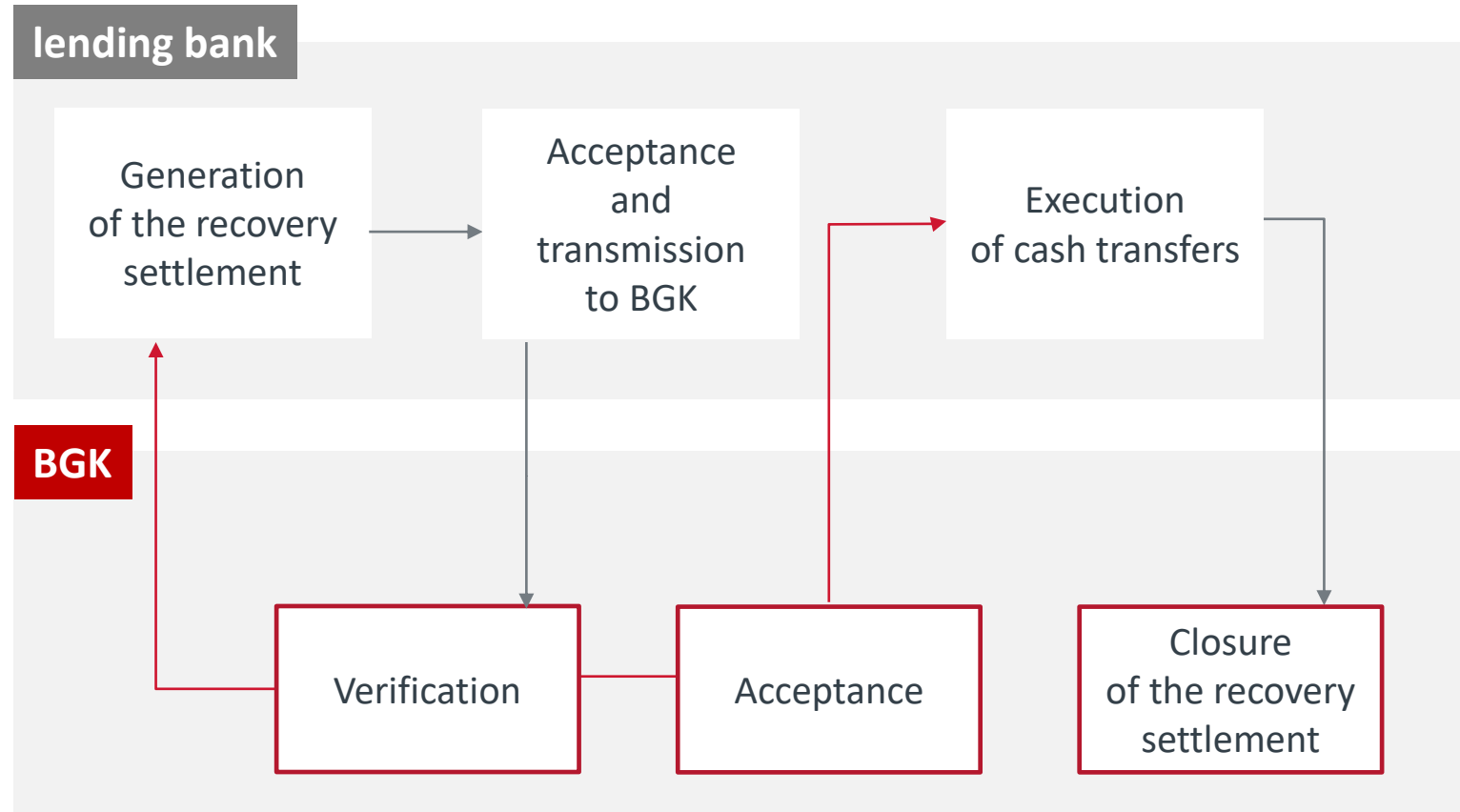
Preparation of the recovery settlement

- GIPSON provides lending banks with the possibility of keeping a Register of recovery events.

- The register can be completed:
  - ✓ separately via a form,
  - ✓ collectively via a csv. file,
  - ✓ in the future through the API (Application Programming Interface).

- Information on actions taken is recorded on an ongoing basis before it is submitted to BGK.

- When a recovery settlement is required, it can be prepared by loading the data previously completed in the Register of recovery events.

Import of recovery event data

form →

csv. file →

API →

Register of recovery events

Preparation of the recovery settlement for BGK
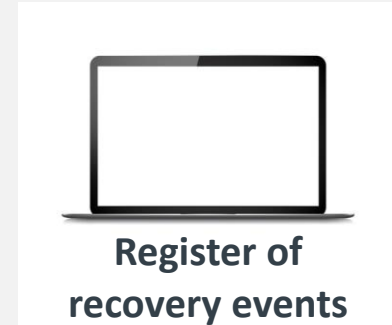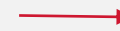
Loading data from the Register of recovery events, verification and completion

Providing additional information about the stage of recovery, delinquencies, representatives

Generation of the recovery settlement

When should the lending bank make a recovery settlement?

Significant recovery event

- Judicial decisions
- Conciliation agreements
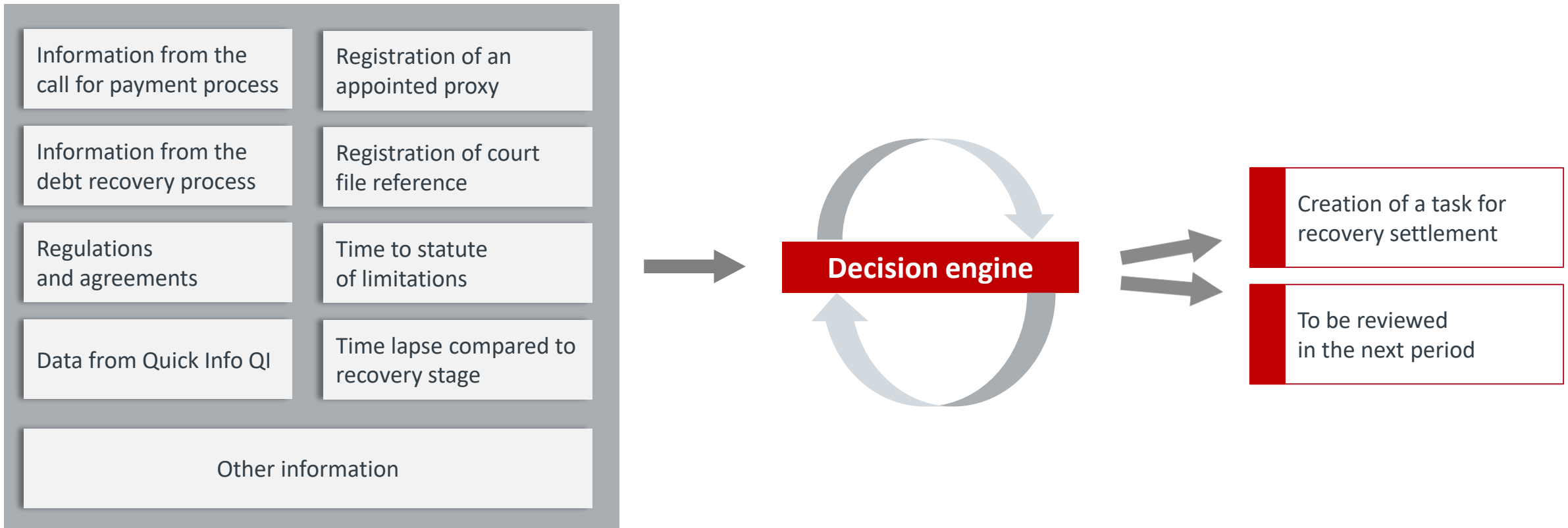- Bailiff's orders
- Recoveries/costs

Relevant issues

- Determination of the debt balance
- Formal changes
- Decision of the Lending Bank

BGK's request (Decision engine)

Decision engine – frequency of settlements

Information from the call for payment process	Registration of an appointed proxy
Information from the debt recovery process	Registration of court file reference
Regulations and agreements	Time to statute of limitations
Data from Quick Info QI	Time lapse compared to recovery stage

Other information

Decision engine

Creation of a task for recovery settlement

To be reviewed in the next period

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Limits - allocation and control process

- BGK allocates a specific limit to individual lending banks based on a number of factors.

- The limits are continuously monitored in the GIPSON system. The percentage of limit usage is displayed, as well as the anticipated date of limit exhaustion. This is estimated on the basis of current sales values.

- Additional features of the system also allow risk limit management.

Global limit (allocation per product)

Limit for product X

Limit for product Y

Limit for product X

Limit for product Y

Limit for bank A

Limit for bank B

Risk limit (allocation per bank)
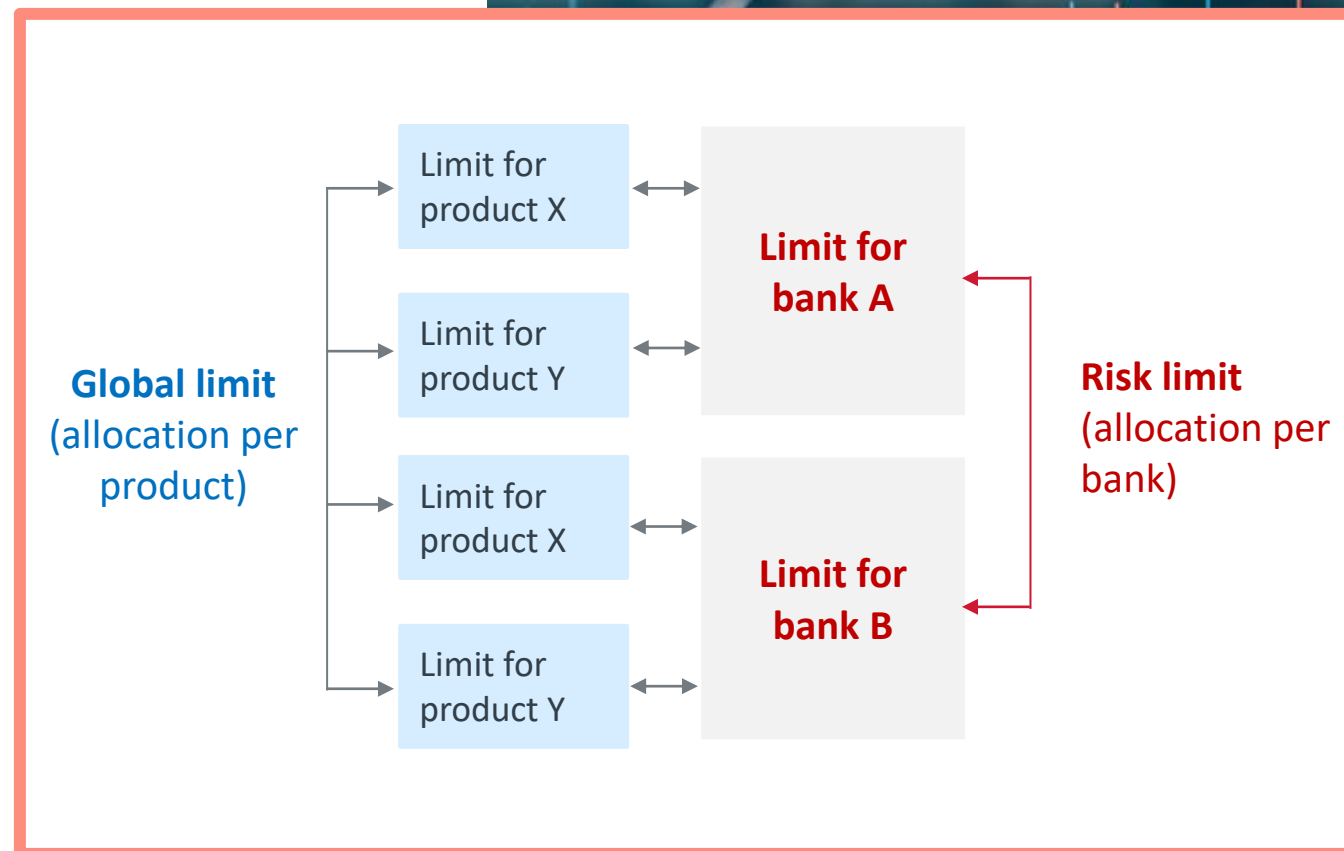
Monitoring of timeliness (examples)

- Number of days until guarantee payment

- Deadline for completing the application

- Time to confirm the amount to be paid

- Deadline for the establishment of collateral

- Deadline for the recovery settlement

- Deadline for transfer of commission

- Deadline for final settlement of subsidy applications

- Termination of guarantee

Department of Guarantees and Sureties

Thank you
for your attention

Bank Gospodarstwa Krajowego
Tel.: +48 22 475 88 88
E-mail:bgk@bgk.pl
https://www.bgk.pl/

www.100years.bgk.pl

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