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Product Watch

goods & services: Moody's KMV CreditMark



Counting Credit

Moody's KMV's newest tool offers portfolio managers the chance to earn extra credit. CreditMark, a Web-based analytics tool, claims to help commercial banks figure out corporate loan values more accurately.

"Banks are being pushed by regulators, investors and competition to do a better job of creating transparency on balance sheets," says Jeff Bohn, managing director at Moody's KMV. Market-valuing portfolios is not always easy, he adds, due to poor data and illiquid markets. Portfolio managers, he says, continue to "buy and hope" that a security isn't marked down.

CreditMark uses market data from Moody's KMV to find the most recent valuations on corporate bonds, credit-default swaps and loans. Where no information is available, the product uses an expected default frequency (EDF) credit measure, utilizing equity prices, to value debt exposure. CreditMark also incorporates a customizable modeling approach to find prices based on the market and date that the user requires for his or her line of business. For example, Bohn explains, one user may view prices on the credit-default-swap market first, and then switch to the bond market if that price is staler than three days.

CreditMark is also compatible with other data feeds, such as CDS spreads from CreditTrade and LoanX; bond spreads from Reuters EJV and NASD TRACE; and proprietary data, according to the vendor. Subscribers can opt for in-house or off-site database-application-server hosting, as well as various levels of installation support. —Jessica Pallay

>> www.moodyskmv.com, 415.352.1289