

By: **Michelle Rodriguez**, President, HSW Financial

Lenders of all sizes and categories are experiencing a broad array of difficulties related to the complex nature of the economy and the lending environment as a whole. Over the last 18 months, banks and lenders have experienced the increased restrictions being applied to the capital and credit markets. Because of these restrictions and the overall market conditions, financial organizations are regressing back to more conservative and low-risk lending practices, and are therefore also realizing an adverse impact on both revenue growth and profits. Even though many are taking the conservative route, it doesn't mean that the more sophisticated offerings such as synthetic leasing, leveraged leasing, venture leasing, tax credits, etc. are not available. Companies are just steering clear of these high-risk but profitable methods of financing.

There is no denying the tough market conditions and the resultant burden said conditions have placed on financial institutions. However, it's imperative that organizations take advantage of a down market to position them to aggressively re-enter the market ahead of the competition when the market begins to recover. This is not done through conservative methods. It's true that cuts will have to be made, but cutting back on the things that drive profits, move the company forward, and build brand equity is not the wisest of business methods to embrace. It's analogous to going on a road trip and cutting back and trying to save on gas and oil. Organizations need to become creative with the way they are financing and servicing their existing portfolios. There are ways to maintain profitability and positioning in a down market. One such way is to utilize outsourced partners such as HSW Financial to deliver creative, cost effective private label serving solutions.

The most important thing to mention up front is that HSW Financial does not originate leases and therefore does not compete with their clients. HSW Financial has no conflict of interest with their clients and can therefore provide the highest level of service available. They are a commercial debt buyer who operates under their client's brand when servicing their debt to maintain brand continuity in the marketplace. By becoming a private label partner with HSW Financial, leasing companies and independent leasing brokers can originate leases which HSW can buy, service, and sell under that originating company's brand. The benefits of HSW's private label service for lenders is as follows:

- Increase the volume of origination.
- Turn capital faster.
- Same time and money associated with servicing debt.
- Minimize the risk which comes with organic efforts.
- Decrease human capital.
- And reduce expenses.

The objective of HSW's private label service is to become a behind-the-scenes strategic partner, helping businesses cross growth hurdles while creating a more scalable, sustainable business model. As

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mentioned before, during these tough economic times, major and independent lenders are forced to make hard decisions. Often times, reducing cost is the only option considered. But there are creative, non-traditional ways of operating that can separate one company from the competition. Private label servicing is one of them. It is nothing new, but with a commercial debt buying institution providing the service, it's providing more worth to the industry today.

With private label servicing, financial institutions do not need to worry about the risk of aggressive origination versus the risk of defaults and collections. Private label servicing allows for aggressive origination and the assurance that these new portfolios will be serviced correctly. Private label servicing remains the creative edge that lenders need to free up time and capital in order to focus more attention on the critical points of their business model, such as originating new loans and maintaining a strong brand identity.

Commercial debt buyers have become very sophisticated professional service firms offering capital markets and investment banking expertise, comprehensive training and education, portfolio evaluation, risk management and consulting services, and private label servicing and recovery capabilities. Today's commercial debt buyers even have the ability to source equipment domestically, place it abroad into foreign markets and service the accounts on behalf of clients to create positive arbitrage in current market gaps between domestic supply and foreign demand. At best the commercial debt buyer is now a part of the institution and has evolved in today's business climate as an institutional commercial debt buyer that increases liquidity, improves performance, and generates enhanced return on investment.

In addition to providing more time, reducing risk, and increasing origination, private label servicing can also ensure that existing portfolios are handled in the most professional, cost effective, and profitable manner. With new loans being created and existing loans being serviced, no portfolio will fall to the wayside. Not only is it important to create new portfolios, it is equally important to make sure that existing ones are being serviced in a way that will result in the most profitability. HSW's private label service division is experienced, flexible, and not in competition with its clients. All these points guarantee that existing portfolios are monetized on instead of being written-off in their entirety. In this economic climate, liquidity is a high priority. To get liquid is the lifeblood of any company. If a company, big or small, can't get cash on hand then they can't meet payroll, they can't meet the rent, and they just can't make the ends meet. So being liquid is extremely important for your day to day operations. By originating new leases and monetizing on existing ones, financial institutions are ensuring that they are creating liquidity from multiple sources, thus generating a more sustainable business model.

Another aspect of private label servicing from HSW Financial that must not be overlooked is customer satisfaction. Not only can lenders forgo originating new loans, they need to make sure their existing loans have customers behind them who are satisfied. Retaining customers through a down economy is

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foundational to being successful once the market recovers. Excellent customer service from a financial institute during rough financial times stands out and will keep customers asking for financing once they have the capital to accomplish their business objectives. Having a highly professional private label service as a partner can give customers the service they deserve. Lenders often don't have the time to organically operate existing portfolios, especially ones that are not worth the time it takes to monetize on them. With private label servicing, these clients can still be serviced properly, providing as much liquidity as possible from them.

There is no question about the importance of maximizing your returns on both performing and especially non-performing assets. Private label servicing is one way for financial institutions to do this. HSW Financial is set up to provide the most extensive and professional private label servicing in the industry. By partnering with HSW to manage performing and non-performing assets, organizations can free up their hands to focus on their objectives and move forward. Not moving forward in an economic downturn is extremely dangerous and will give competitors what they need to edge ahead and be better positioned for economically prosperous times.

Contact HSW Financial today and find out more on private label servicing and how it can be an integral part of your business strategy. Feel free to call toll free 888-217-8898 or visit www.hswfinancial.com.

About the Author:

Michelle Rodriguez is President of HSW Financial, one of the nation's leading commercial debt buyers. HSW specializes in acquiring and servicing both performing and non-performing equipment leasing portfolios