DEFAULT RISK HELPS FIRMS MEASURE AND MANAGE CREDIT RISK QUICKLY AND OBJECTIVELY

TIGHTER CONTROL IS THE NEW REALITY
Across the financial industry, stringent regulatory requirements demand that firms strengthen risk management. Shareholders and potential investors are paying closer attention to risk as well. In addition, firms understand the need to quickly generate independent evaluations of the credit health of positions, portfolios and potential deal partners.

In short, success depends on accurate assessment of risk. Errors in the process could cause inefficient asset allocation or missed opportunities. Risk models nourished with inaccurate data compromise the value of strategic decisions based on these models.

DEFAULT RISK BRINGS CLARITY
The Bloomberg Default Risk solution delivers a strong and reliable measure of credit default risk in counterparties or specific issuers, empowering risk managers to make sharper decisions, allocate resources efficiently and drive regulatory compliance.

It provides independent evaluations of credit health using a combination of fundamental data and sophisticated quantitative models. These objective, transparent and up-to-date measures of credit risk are a highly valuable asset for credit research desks and risk managers, who can use them to achieve the level of risk management that regulators, shareholders and investors now expect.

Default Risk has no built-in conservatism. Estimates are model-derived and based on both market data and adjusted fundamental data sets that better reflect economic reality than accounting fundamentals.

ANTICIPATE RISK FROM EVERY ANGLE
- 12-month and 5-year default probability
- 5-year implied CDS spread, even for companies without a market CDS
- Historical data going back to 1999
- Group entities by industry when back testing models based on default risk
- Bloomberg and market general identifiers to seamlessly tie back to issuers and securities
- Fueled by the breadth and depth of Bloomberg fundamental data coverage
- Integration with the Bloomberg Professional® service for transparency and ease of use
FASTER, CLEARER RISK MEASURES

Whether you are monitoring the credit quality of a portfolio or assessing counterparty credit risk, Default Risk simplifies workflow and helps provide more accurate measures.

ENTERPRISE ADVANTAGES

Default Risk empowers front, middle and back office users in your firm:

Risk management teams will gain confidence in risk assessments, risk models and the decisions that depend on these tools being complete and accurate.

Asset managers can identify arbitrage opportunities arising from market-wide shifts in the perceived risk of a company, as well as monitor day-to-day changes in portfolio risk.

Buy-side and sell-side counterparties will appreciate the ability to assess each other’s credit health, especially creditworthiness relative to peers.

Bond portfolio managers can compare bond z-spreads to Default Risk measures to understand risk/reward ratio for components and skew the portfolio in a better direction.

ENTERPRISE IS EVERYTHING

Financial firms face new realities: Do more with less. Show your work. Follow stricter rules. These goals don’t fit within traditional boundaries. They involve people, processes and technology from the front, middle and back office. That’s why firms need a partner with enterprise-level expertise and three decades of deep industry experience.

Bloomberg Enterprise Solutions is ready to help.

ABOUT BLOOMBERG

Bloomberg connects influential decision makers to a dynamic network of information, people and ideas. Our strength—quickly and accurately delivering data, news and analytics through innovative technology—is at the core of everything we do. With over 15,000 employees in 192 locations, we deliver business and financial information, news and insight around the world.

TAKE THE NEXT STEP

Learn more about how we can help your firm generate accurate default risk measures quickly. Visit bloomberg.com/enterprise or reach us at bbg_entprise@bloomberg.net.