

Workshop on Co-lending and Loan Sourcing Arrangements

20th July '23 (Thursday) | Mumbai
Venue to be announced shortly

Faculty



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Resources

Our articles on the subject :

<https://vinodkothari.com/?s=co-lending>

For any queries reach out at:
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20th July (Thursday)
9:30 a.m. to 5:30 p.m. ₹ **Rs.15,000** + tax per participant

Registration Here:
<https://forms.gle/LBNKATZ8rxL3KvPz6>

For more information, reach us at:
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Reach us on social media



Why this Workshop?

Co-lending, the coming together of two entities, has emerged as a strong mode of partnering between financial entities. Economic rationale of the same is well understandable – utilisation of differential abilities, risk spreading, more affordable lending, etc. Co-lending, compared with other modes of coming together of entities – loan sourcing, marketplace origination, direct assignment, securitisation, etc. – has its own strengths and challenges.

The practice of co-lending emerged for priority-sector loans, but has soon found widespread acceptance outside the same, particularly with the advent of digital lending. Covid-driven drive for faceless lending gave further impetus.

As the financial sector in India continues to go strong on personal loans, banks are constantly searching for forays into retail credit with NBFCs as their co-lending partners.

Several issues come in co-lending: can a lender, after disbursement of a loan, on-board a co-lender; if so, is this the same as partial transfer of a loan exposure? The applicability of holding period, bar on credit enhancements, etc become critical in such cases.

There are numerous other nuances – the roles and responsibilities of either co-lender, the possibility of a co-lender transferring or securitising the exposure, inter-lender differences and the interface with the borrower, etc. In the fledgling world of co-lending, these issues need a systematic and structured analysis.

This is what this full-day workshop intends to do.

Course Outline

A. Setting the context:

- Understanding co-lending and loan sourcing as a mode of collaboration
- Co-lending vis-a-vis other forms of partnership arrangements like securitisation, TLE, loan sourcing, marketplace origination, etc.
- Understanding the basic structure including the legal construct, nature of the transaction, parties involved, economic rationale.
- Co-lending and syndication; co-lending and loan participations

B. Regulatory framework:

- Applicable regulatory framework:
 - Priority sector loans
 - Non-priority sector loans
- Permitted parties and feasible loan products
- Skin-in-the-game and risk absorption in case of co-lending
 - Is there any minimum exposure threshold that co-lender is subjected to?
 - Can there be a disproportionate distribution of risks and rewards between the partners?
 - Portfolio credit risk & essential principles of slicing of risk; understanding structured default guarantees, relevance of diversification in slicing; nature of first loss & subsequent loss risk
 - Can one partner provide credit enhancement to another?
- Loan sourcing in case of digital loans Vs. non-digital loans
 - Applicability of DL Guidelines
 - Default Loss Guarantee and its structuring
- General compliance requirements

C. Operational issues:

- Intricacies and practical issue
- Documentation requirements
- Disclosure and reporting requirements
- Accounting of respective shares in the books of the partners
- Reporting with CICs and security interest registries
- Other operational issues in case of secured exposure