

A photograph of two women in an office setting. The woman on the left is wearing glasses and a yellow sweater, looking at a laptop. The woman on the right is wearing a white blazer over a red and white striped shirt, looking towards the laptop. The background is a blurred office environment.

# The Rise of the Independent Loan Agent

## GLAS examines the merit of newly established boutique service providers, and their future

### A response to the market

Reviewing the latest list of LMA members, the prevalence of third party service providers cannot be ignored. The benefits of the independent loan agent may have first been recognised as a result of the global financial crisis. As is well known, high levels of distressed debt gave rise to conflict issues between deal parties. In some circumstances, given their nature, large lending institutions were unable to take swift and cooperative action to the deal parties satisfaction.

Truly independent agents offered a response to the market. Disintermediation in the debt market followed; this again presented further opportunity for independent agents to demonstrate their value. Alternative lenders swiftly entered the market in order to fill a vacuum left by the traditional banks. Seeking to minimise their own administrative costs, they sought the assistance of an independent loan agent. Since, the market is now seeing an increase of financial service independent loan agency service providers.

## A focused solution

Focussing solely on services to the debt markets allows an independent agent to avoid distractions from competing business lines, which often enhances the client experience. In our experience, independent loan agents have the ability to offer a more flexible and nimble approach, complimented by their impartiality.

These are some of the key contributing factors to the rise and success of those acting within this space. We have found that independent providers approach transactions on a case by case basis, as their infrastructure better supports bespoke solutions with transaction timelines benefitting from this tailored approach. Areas of KYC and documentation review are expedited when performed by those with specialist market knowledge.

Often, independent agency providers are able to take advantage of the latest technology allowing for more efficient processes and higher quality reporting, as a result offering lower administrative costs to the transaction. In relative terms, independent loan agents are a more recent entrant to the financial services sector to their banking counterparts. However, these agents are attracting some of the most experienced loan professionals available in the market today, who bring with them best practice and years of invaluable experience. Such experience coupled with new technology further enhances the independent agent's ability to deliver exceptional client service.

## A model for the future

The loan market will evolve in terms of regulatory change, execution, settlement and transparency. Independent agents are well positioned in order to meet the market's future requirements, particularly in the event of the next economic downturn, as some have predicted.

At present, fuelled by the ever-growing population of alternative lenders, the private debt market continues to grow and require specialist support. Indeed, our banking cousins will also seek to gain internal efficiencies by taking advantage of the services offered by the independents. Furthermore, in the traditional lending market syndicate members are more thoughtfully considering the benefits of appointing an independent agent.

We are encouraged that the market has greater choice when selecting an independent agent, demonstrating the value of this service model. Engagement with the LMA and increased competition will drive superior service standards, technological advancement and expedited settlement.

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