Discharges

Discharges mean that one or more current loans are replaced by a new loan. The outstanding debt from the existing loan or loans is transferred to the new loan. The old loans are then repaid and classed as cleared.

In principle, a distinction is made between the discharge of loans within a customer's own bank (in-house discharge) and loans with other banks (third-party discharge).

For a borrower, the discharge of a loan is interesting because not only are more favourable loan conditions obtained but also existing debts are settled more simply, since it is often easier to negotiate with a single new creditor than with a large number of old creditors.

There are also two main factors for the bank. On the one hand, the (third-party) discharge of outstanding loans from other banks can increase the volume of loans granted and thus increase turnover. On the other hand, for example, the discharge of old deals in the context of restructuring or for the purpose of customer loyalty plays an important role.

While FlexFinance can directly access a bank's existing deals for in-house loans, the system also determines loans from other institutions, for example on the basis of data from credit agencies, which can then be offered for third-party discharges.

In addition to the automatic procedures for determining redeemable loans, of course, it is also possible to enter further liabilities for discharge.

With the help of the catalogue of products and conditions, in-house and third-party discharges can also be taken into account as control criteria for determining the target condition specific to the customer and the situation.