

Model Risk Management CoE

Background & Challenges

Our client, a leading super-regional bank in the United States wanted to transition entire Model Risk Management function from an incumbent vendor given the incumbent's focus on validation for only AI/ML models

Objective

Requirement to set up a Model Risk Management Center of Excellence managing 250+ statistical and financial models across periodic and annual reviews.

Solution

Developed and implemented Model validation approach to cover:

- **Model Theory Review:** Interaction with Model Owner & Appropriateness of segmentation
- **Data Input Validation:** Input Data Reconciliation & Variable selection and criteria
- **Data Output Evaluation:** In sample, OOT/sample validation & Internal/external benchmarks
- **Overrides:** Magnitude and frequency of overrides & Business justification

Scope of Work

- Credit Risk Models (Acquisition, Loss, Default)
- Fraud Models (Identity, Transaction)
- Economic Capital Models (FP&A, Business Strategies, Scenario)
- Regulatory Model (CCAR/PPNR/CECL)
- Marketing Models (Propensity, Response)

Key Results

250+ Models evaluated annually

~4M In potential penalty avoidance

About Straive

As a data analytics and AI operationalization company, we don't just build top-tier data analytics and AI solutions—we integrate them seamlessly into your core workflows. This approach drives enhanced efficiency, improves user experience, and boosts revenue, setting you apart from the competition.

Serving a diverse range of industries—including Pharmaceutical & Life Sciences, Logistics, Supply Chain & Manufacturing, Research & Publishing, Information Services, EdTech, Banking & Financial services, and Retail Tech, Entertainment & Media—we have a global client base spanning over 30 countries.

Our strategically positioned resource pool operates across seven countries, including the Philippines, India, the United States, Nicaragua, Vietnam, the United Kingdom, and Singapore, where the company is headquartered.