



## Business impact

Financial institutions see improved credit risk management as key to reducing overall economic capital allocation, with an expected average estimated reduction of 10 percent.\*

## Challenges

- **Resource limitations.** Models reside in silos and developers have a huge variance in skill sets, making it difficult to share best practices among business units.
- **IT bottlenecks.** It takes too long to get new credit risk models developed and into production because the IT infrastructure is operating at capacity.
- **Inadequate processes.** Current processes are manual, nonstandard and poorly documented, making them unable to support credit portfolio growth.
- **Incomplete view of risk.** Generating customer-level vs. account-level credit scores is practically impossible, because doing so would triple the data volume.

\*International Benchmark Survey conducted by SAS, June 2006.



**THE  
POWER  
TO KNOW®**

## How can we develop and deploy credit risk models faster?

### YOUR GOAL: Reduce losses through better credit decisions

The credit decisions you make are highly dependent on the models you use to make them. The challenge is to develop accurate credit risk models that you can get into production quickly and update frequently so that your decision engines can correctly decision loans. Failure to do so makes it difficult to determine to whom you should grant credit, how much and at what price.

The inability to get highly accurate credit risk models into production in a timely fashion will directly impact your bank's ability to sufficiently manage credit losses and asset quality. Consequences may include:

- Bad credit decisions based on inaccurate, outdated information.
- Competitive disadvantage—for example, driving good customers away, or attracting less desirable customers, if other banks can understand risk better.
- Difficulty meeting organizational goals for loss reduction.

### OUR APPROACH

Getting credit models into production that are accurate and reflective of what's happening today is essential. The key lies in establishing an enterprisewide model management process that is repeatable, automated and scalable—one that will enable you to develop, deploy, track and assess models quickly in a transparent environment.

We approach the problem by delivering software and services to help you:

- **Modernize model development** with an easy-to-use development environment that enables the sharing of models and best practices among staff.
- **Automate model deployment** so you can get models into production in days or weeks vs. months or years.
- **Ensure transparency and auditability** throughout the process to ease the pains associated with audits.

SAS offers an end-to-end solution for credit risk management, rather than a black-box technology. We help you build and streamline a risk modeling process that can evolve to meet growing business demands and changing regulatory requirements.

## THE SAS® DIFFERENCE: Efficient and effective management of the entire credit risk model lifecycle process

SAS delivers a robust, secure foundation environment for credit risk management. Everything is integrated—from bringing in data, to building models, to registering models and beyond—to eliminate the manual handoffs that can cause failure and delay. The SAS solution includes:

- **A repeatable, automated process** for credit risk model development and deployment that gets accurate models into production quickly.
- **A central repository that stores models and related information** in a knowledge base for easy sharing across business units, enabling risk analysts to access, test and alter models as needed, without code rewrites.
- **Automatic documentation of the entire process**, giving you confidence in the results and making audits less of a headache.

With SAS, you can view risk at both the customer and account levels, which enables you to make better credit decisions. The rewards you reap include decreased credit losses and less strain on resources. You can also replicate best practices throughout other areas—such as collections and acquisitions—which lets you further enhance your competitive advantage.

### CASE STUDY: A top-10 global US bank

#### Situation

The bank's complicated, manual model development and deployment process took six to nine months. As a result, decision engines were based on inaccurate, out-of-date credit risk models.

#### Solution

SAS provided the bank with a solution that includes:

- A robust, yet easy-to-use model development environment that enables model sharing among business units.
- Automated model deployment for getting models into decision engines in days vs. months.
- Automatic documentation of the model development and deployment process, which makes internal and external audits quick and easy.

#### Results

- Measurement and analysis of risk exposure at the customer level, rather than just the account level, for a more accurate indication of overall risk.
- Millions of dollars saved through better credit decisions.

#### The vision

##### Modernized model development

What if your modelers could use a single, secure environment to develop new credit risk models quickly, share models and best practices easily, and incorporate existing models and their own custom code, with no reprogramming required?

##### Automated model deployment

What if you could automate and deploy your models into your operational systems in days vs. months, as well as eliminate recoding?

##### Transparency and auditability

What if your model development and deployment processes were self-documenting – and all related information was stored in one easily accessible place – enabling you to spend less time with auditors?

#### SAS FACTS

- More than 2,900 financial institutions worldwide are SAS customers.
- 96 percent of banks on the 2006 FORTUNE Global 500® use SAS®.
- SAS has more than three decades of experience working with financial institutions all over the world.

Learn more about SAS® software and services for banking at:  
[www.sas.com/industry/fsi/](http://www.sas.com/industry/fsi/)



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