

# Compliance as a differentiator

## BASEL, CCAR AND DFAST OPPORTUNITIES

Experian® has worked closely with more than 100 Basel IRB risk-modeling organizations worldwide and numerous CCAR and DFAST-compliant institutions within the United States to create a balanced solution. Through this extensive client work, we have identified areas of opportunity through which lenders can capitalize while ensuring regulations are met, including:

- **Strength of portfolio** — Through the use of stress testing scenarios and the creation of forecasting models, lenders have immediate visibility to any areas of weakness within their portfolio to make modifications to the decision strategies and product lines
- **Competitive positioning** — With the ability to assess the entire portfolio accurately by product line, the lender has the ability to make timely adjustments to mitigate risk and costs, maximizing revenue potential
- **Sound business processes** — Equipped with an automated way to incorporate macroeconomic data with master file data, lenders are allowed seamless decision making and risk mitigation from all areas of the business across all business lines
- **Customer confidence** — Knowing and understanding that a lender is doing its due diligence to ensure capital reserves are in place and that the lender can weather adverse economic conditions, a customer can be confident he or she is in a secure lending environment

## Regulations that impact and improve operations

**B**asel and CCAR are strategic regulations that span across the entire organization. Executives constantly are working on ways, from risk management to compliance, to understand these ever-changing regulations better and to ensure the organization meets all of its requirements. However, there are numerous other regulations that require operational management, as they impact specific business lines and specific areas of the business. We have found the following regulations described below to be most important to our clients.

### MODEL/ATTRIBUTE GOVERNANCE

Ongoing evaluation and management of models and attributes is one of the most critical elements to all forecasting and decisioning tools within a lending institution. Models and attributes are the underlying elements for most decisioning

within a financial services organization. In fact, the management of models and attributes is so important that The Supervisory Guidance on Model Risk Management OCC Bulletin 2011-12 extended the scope of the original OCC Bulletin 2000-16 beyond model validation to policies, practices and standards for:

	Model development
	Model use and implementation
	Model governance and controls