

# Credit Risk Decisioning

DCS helps organisations to adopt high-performance credit decisioning practices, through leveraging AI and addressing regulatory compliance

AN OPINIONATED PERSPECTIVE  
BORNE OUT OF OUR EXPERIENCE

Arnold Koudijs  
DCS Financial Services

September 2024



# The Process of Decisioning

The safe use of AI, machine learning and human expertise in credit decisioning within the banking industry is a significant shift towards more innovative, efficient, and inclusive financial services.

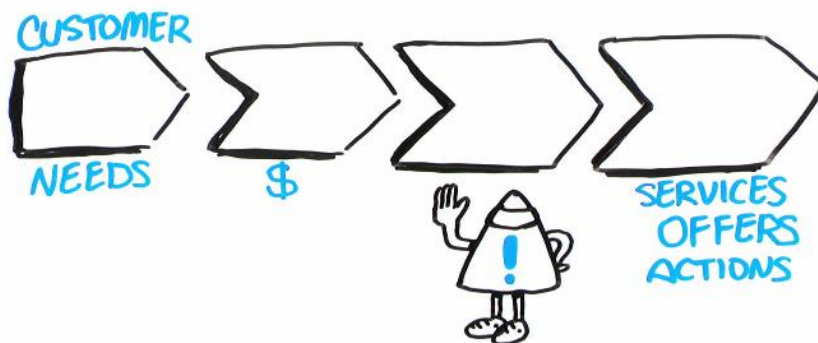
## Data-driven decision making

Making a credit decision involves a risk assessment process whereby numerous pieces of information are being sourced from customer applications, credit bureaus, open banking data, and other third parties. Banks use this data as input for scoring models and credit policies to ensure that the requested financing options are within risk appetite. This is very much an automated process, however very often there is a need for skilled credit analysts to have a final say in the approve-or-decline decisions and agree on the limits, rates, and terms. Across the credit lifecycle (after account origination), transactional data, behavioral scores, and other customer performance data are used for making account management decisions, such as limit modifications and alternative services.

## Modernising for competitive edge

Credit Risk Decisioning systems are crucial for evaluating the creditworthiness of borrowers. By leveraging data like credit history and repayment capacity, these systems ensure responsible lending and are integral to the credit lifecycle. Modernising these systems can significantly enhance their accuracy and efficiency, improving the bank's competitive edge.

Many credit providers still use outdated legacy systems, which pose operational challenges and struggle to keep up with growing consumer demands. Modernising these systems is vital to maintaining responsible Lending practices, ensuring customer satisfaction, and meeting regulatory requirements. Failing to do so can result in financial losses, reputational damage, and regulatory penalties.

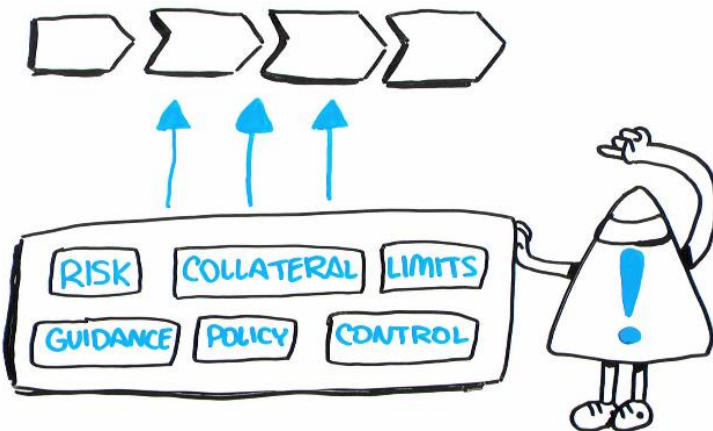


# Organising for Credit Decisioning

Decisioning is teamwork so that it can be managed at scale in heavily regulated and dynamic environments. Having a flexible platform and team in place is a competitive advantage.

## Our consulting services

DCS's Credit Decisioning product and consulting services are focused on making the credit decision processes smoother, smarter, and more scalable. We have merged our credit and lending experience with Pega's advanced decisioning technology. We help to modernize and streamline the way in which credit decisioning teams operate and function. Your teams will be enabled to make accurate risk decisions, optimize credit policies and provide guidance to the credit business processes



We offer:

- **Credit Performance Dashboards**  
Monitor and steer credit decisioning performance
- **Decision Strategies and Integrations**  
Strategy templates, APIs and services
- **Advanced Simulation**  
Optimize strategies and (stress)test scenarios
- **Regulatory Compliance**  
Transparency, insights, audit trails, adherence to policies and governance
- **Streamlined Data Migration**  
Automated data management for detailed analysis

## Case Study

## Alfam

Alfam needed to migrate their legacy credit risk decisioning from a local solution to a modern secure and scalable decisioning services platform.

DCS worked with Pega on the initial setup of the Cloud native Pega solution, then took over to leading the migration and optimisation.

- 12 headless services across the credit cycle
- Scenario and optimisation simulations
- Scalable decisioning framework
- Reporting & Analytics
- Credit policies compliance
- Champion/Challenger approaches
- Governance and Target Operating Model

# Making it Happen

Quick-start your projects by using our decisioning service that balances AI technology and human touch improving customer-focused lending practices.

## Credit Decisioning Service

As you are working to improve the accuracy and returns of your credit decision making by using AI and machine learning techniques, other important aspects can be addressed by using those same techniques. DCS uses them in a transparent and responsible manner. We offer all of this in a flexible package for retail, SME and corporate credit, built on the Pega platform.

## Talk to DCS

DCS is a 1:1 Customer Engagement specialist that partners with some of the world's leading brands. We help businesses leverage the power of AI, GenAI and Decisioning to deliver compelling customer experiences, at scale.

For more information on this article, please contact Arnold Koudijs on [akoudijs@wearedcs.com](mailto:akoudijs@wearedcs.com) or simply visit us at [www.wearedcs.com](http://www.wearedcs.com)

