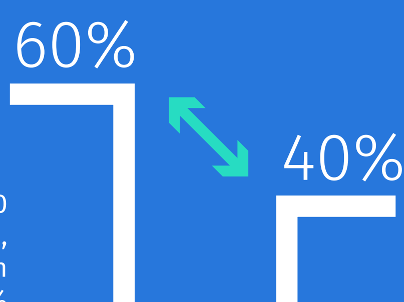
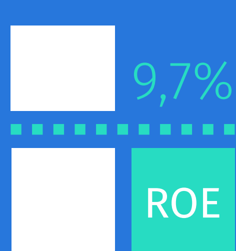
The value in digitally transforming credit risk management

The banking industry is in the midst of a storm

From 2012 to 2017, the share of risk and compliance in total banking cost increased from 10% to 15% ...and this is expected to increase further...



Average Cost-to-income ratios of top 200 global banks are hovering around 60%, while 'challenger' FinTech companies can operate below 40%



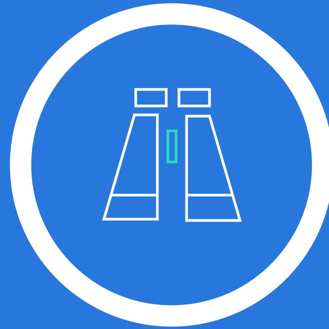
Average 10-year Return on Equity (ROE), at 9.7%, remains below cost of capital, due to additional capital requirements, fines and lagging cost efficiency.

What is Digital Credit Risk Management and how can it help?

Digital credit risk management uses automation, connectivity, digital delivery and decision making to create value. As per McKinsey, it can deliver the following outcomes for FIs

5-10% Revenue protection

Reduction in revenue leakage to FinTechs and other digitally agile competitors by meeting customer demand for digital services (e.g. real time credit decisions).



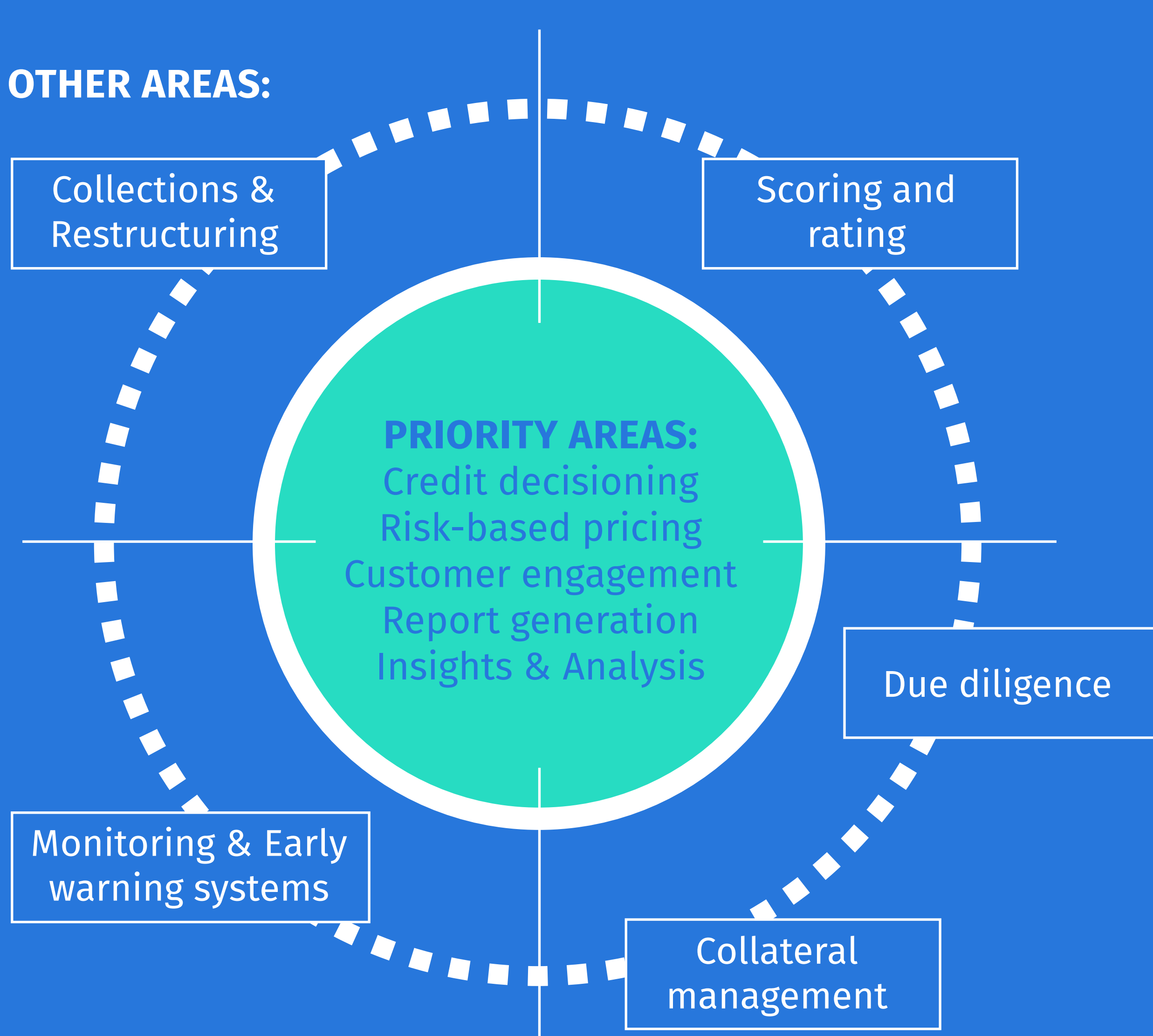
10-25% Better predictions

Increase in accuracy of risk models and reduce judgment-related errors using advanced analytics and machine learning – hence, reduce cost of risk mitigation

20% Reduction in operational costs

Increase in operational efficiency by digitizing process execution, implementing paperless applications and automating credit workflows to minimize manual data loading and errors

What areas of credit lifecycle should banks focus on?



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