

# Model Risk Management (MRM)

Help clients identify, reduce potential model risk and achieve compliance

## KEY BENEFITS

**Achieve compliance** with changing risk model guidelines

**Gain visibility** into model development, implementation, evaluation, remediation and management

**Help reduce risks** related to outdated, flawed, inaccurate or inequitable models

**Help reduce customer resources needed for** documenting, validating, and monitoring models

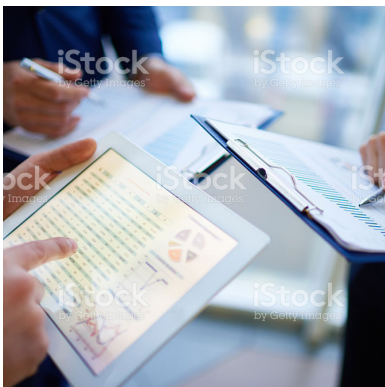
To facilitate more equitable and inclusive financial services that are accessible to all consumers, U.S. regulators are taking a harder look at the risk models used by our clients to determine creditworthiness. This is leading our clients to closely scrutinize their internally developed models and vendor models as they look for ways to address evolving regulatory requirements.

Model Risk Management is a value-added internal Equifax process that can help our clients by providing comprehensive model documentation, independent model validation and regular performance monitoring reports. This helps our clients drive more effective internal quality control including the identification, assessment, communication and mitigation of model risks for improved regulatory compliance in the United States. In addition, it also provides customers with:

- Strong customer support
- Increased overall model transparency
- Timely delivery of in-depth model documentation
- Reduced model risk across the model lifecycle

## Model Validation Performed by an Independent Team

When assessing model performance and compliance risk, we use an independent team that is solely dedicated to model review, model management and providing remediation recommendations. Our Model Risk Management group is independent of model development teams, product development, sales, legal and compliance. The core team is joined by internal experts from our legal and compliance groups, data and analytics group as well as our product management and innovation team.



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This helps our clients drive more effective internal quality control including the identification, assessment, communication and mitigation of model risks for improved regulatory compliance.

Together, the group consistently reviews and documents all risk models, including full pre-production validation, remediation for all new models and active validations of all historical models to give Equifax customers a robust governance framework that encompasses:

- **Developing comprehensive documentation** that includes development document, independent validation report, ongoing monitoring report and legal/compliance certification for all legacy models
- **Trustworthy model design and conceptual soundness** with fully visible end-to-end validation by an independent team, supported by legal and compliance teams
- **Confidence in model performance** due to ongoing, customer-specific performance tracking, including annual and bi-annual reports based on model size, risk type, age and other factors
- **Tailored business requirements that are quickly addressed** through an established customer communications channel and by gathering and sharing industry best practices
- **Transparency around model changes**, particularly about the rationale, scope and timeline for model changes, by assessing and communicating the customer impact, maintaining current versions while new models are rolling out, engaging product teams and business units in model changes and more

When it comes to achieving risk model compliance, Model Risk Management can help our clients overcome challenges of all kinds ranging from documentation, design, segmentation and variable selection to model estimation, outcome analysis, performance monitoring and model version changes. Equifax is committed to helping our clients optimize their current and future model risks for more inclusive customer decisions that align with today's fast-changing compliance guidelines.

 **CONTACT US TODAY**

For more information:

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