

EFFICIENT MODEL LIFECYCLE MANAGEMENT

The key to good model risk governance is establishing an efficient model lifecycle management process.

In the banking industry, small and medium sized firms may not have the infrastructure and resources to set up a dedicated model governance group. After the initial validation of a new or significantly updated model, the model becomes active, but model risk management does not end there. Models typically spend the majority of their lifecycle in the active state and need to be monitored on an ongoing basis to determine that they remain fit for use.

Ongoing monitoring can be a time-intensive activity and it is crucial to create an efficient workflow, especially given limited resources.

This article provides insight into the key factors in an effective model lifecycle management approach

