



MODEL VALIDATION

*Reliability and methodological compliance
of your risk models landscape*

A fresh take on risk and valuation

How confident
are you that your
risk models show
what you need
to see? Would
your regulator
agree?

GAP ANALYSIS

CLEAR VALIDATION PROCESS

COMPACT DOCUMENTATION
OF RESULTS

ASSESSMENT OF
METHODOLOGICAL SOUNDNESS

INDUSTRY BEST PRACTICE

Finalyse's 'Model Validation' service determines whether the models supporting your business decisions and the monitoring framework that assures their reliability are methodologically sound and compliant with relevant regulations such as Basel III or your internal standards. In addition, this service provides you with a comparison to industry best practices. The resulting 'Validation Report' gives you an independent and detailed assessment of your models and the related infrastructure. It identifies the strong and weak points of your models, their fit to your environment and actions for improvement.

You will benefit from the sound track record of Finalyse of more than 20 years of experience with projects in regulatory and internal compliance gap analysis, qualitative and quantitative analysis of IRB & IFRS9 models (incl. existing scorecards, PD, LGD, EAD/CF), IRRBB, Market Risk (FRTB, VaR, Stress Testing), Fraud, Machine Learning and other models.



For more information, visit
www.finalyse.com/model-validation

Benefits

- Identification of major model weaknesses and enhancement possibilities
- Identification of gaps vs. regulatory/internal requirements PLUS ready-made materials for regulators and/or internal audit
- Mitigation of model risk management
- Getting best practice benchmarks
- Placing the bank's models within the model landscape of the industry
- Full validation cycle from model objective to use test

Motivation

Once the model development steps are complete, model validation comes into the picture. Model validation is so important that most probably the same amount of time or even more time is spent on validating the model than in developing it. The validation will ensure a proper model performance (also on unseen data), will question the robustness of the model, will detect unreliable model outputs and ease the adaptation to stress scenarios.

AMSTERDAM

BRUSSELS

BUDAPEST

DUBLIN

LUXEMBOURG

WARSAW