



## **Model Governance Framework**

**FuteurCredX™ — LUMIQ AI™ Business Credit Journey**

**Version 1.0**

**Prepared for: Chase CCB Risk, Compliance, and Model  
Governance Teams**

**Confidential – Internal Use Only**

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## 1. Foreword

This Model Governance Framework was developed by **FuteurCredX™** to ensure that all AI-based decisioning models deployed via the **LUMIQ AI Business Credit Journey™** are built, validated, deployed, and monitored in alignment with **Chase's enterprise risk appetite, model governance standards, and applicable federal regulations.**

LUMIQ AI is a business credit prequalification and routing engine designed to help financial institutions more effectively identify and convert eligible small-business customers to well-fitted credit products.

## 2. Executive Summary

The **LUMIQ AI Business Credit Journey™** is an explainable credit intelligence system designed to support **Chase's Small Business Card and Lending teams** in routing eligible SMB customers to the right products, at the right time — with full auditability, security, and model governance built in from day zero.

This framework outlines how LUMIQ AI's prequalification models meet the governance standards required to operate safely at scale within a highly regulated financial institution.



### 3. Preamble

This document provides a comprehensive overview of the policies and procedures governing the development, validation, deployment, monitoring, and retirement of predictive models used within the LUMIQ AI Business Credit Journey.

It reflects industry best practices and aligns with federal requirements, Chase internal policies, and enterprise controls governing model risk.

### 4. Definitions

Term	Definition
<b>Model</b>	A quantitative method, system, or approach that applies statistical, economic, or AI techniques to transform input data into estimates, insights, or decisions.
<b>Risk Appetite</b>	The level and type of risk an institution is willing to accept.
<b>Explainability</b>	The ability to explain model output in human-readable form, including decision rationales and feature impacts.
<b>FICO</b>	Consumer credit score widely used in credit decisioning.
<b>Intelliscore</b>	Experian's business credit score used in commercial credit applications.
<b>FSR</b>	Financial Stability Risk score used internally to assess business viability.



## 5. Introduction & Objectives

The primary purpose of this Model Governance Framework is to **ensure the responsible, fair, auditable, and effective use of AI at Chase and other institutions integrating LUMIQ AI.**

### Objectives:

- Enhance business credit decisioning with **model-driven insights**
- Enable **policy-aligned, auditable, explainable outputs**
- Provide **pre-qualification** without issuing credit decisions
- Support **risk governance, model risk management, and regulatory compliance**

## 6. Guiding Principles

1. **Transparency & Explainability**
2. **Fairness & Non-Discrimination**
3. **Accountability**
4. **Security & Privacy**
5. **Operational Integrity**
6. **Regulatory Alignment**



These principles guide every stage of model development and deployment.

## 7. Governance Structures & Responsibilities

Role	Responsibility
<b>Model Owner (FuteurCredX)</b>	Oversees model lifecycle, versioning, compliance, and deployment.
<b>Model Validator (Internal or 3rd-party)</b>	Independently assesses model performance, bias, controls, and risks.
<b>Model Approver (Chase or Client Committee)</b>	Final approval authority for model deployment.
<b>Model Governance Committee</b>	Ensures alignment to policies and risk appetite.

## 8. Model Lifecycle Management

The LUMIQ AI model lifecycle includes:

1. **Development**
2. **Validation**
3. **Deployment**
4. **Monitoring**
5. **Retraining / Maintenance**
6. **Retirement**



Each stage includes documented controls, audit logs, and stakeholder sign-offs.

## **9. Risk Controls & Metrics**

Critical controls include:

- Bias detection across demographic and business segments
- Statistical drift monitoring
- Manual override tracking
- Loss rate correlation
- Model version control
- Explainability metrics

Risk metrics are aligned with Chase's internal risk appetite and regulatory expectations.

## **10. Auditability & Documentation**

All decisions are logged, including:

- Input attributes
- Model version
- Policy overlays
- Reason codes / decision explanations



- Timestamps
- Override flags

Decision logs are immutable and stored securely, supporting both internal audit and regulatory exam requests.

## 11. Model Explainability

LUMIQ AI meets explainability standards via:

- Rule-based transparency
- Weighted scorecards and feature breakdowns
- Runtime score summaries
- Decision rationale reporting

Customers and internal users can access the “why” behind any output.

## 12. Data Management & Access Controls

- **Encryption:** AES-256 at rest / TLS 1.2+ in transit
- **Data minimization:** No raw bureau data is persisted
- **Access control:** Role-based access control (RBAC), MFA, SSO
- **Retention:** Configurable retention (default 30–90 days)
- **Audit logs:** Immutable, time-stamped, and centralized





### **13. Stakeholder Communication**

- Release notes are shared for model versioning
- Model performance dashboards available for risk teams
- Internal and external reporting frameworks are supported
- Model documentation is delivered in PDF and web format

### **14. Training & Competency**

All users interacting with LUMIQ AI undergo competency-based training focused on:

- Regulatory requirements
- Responsible use of AI
- Model risk awareness
- Compliance requirements

### **15. Incident Management & Escalation**

Incidents include:

- Model failures
- Score calculation errors



- Bias flags
- Data breaches

Escalation path:

- Tier 1: Internal LUMIQ Ops
- Tier 2: Client Model Risk Team
- Tier 3: Executive Model Risk Committee

## **16. Legal, Regulatory & Compliance Alignment**

This Model Governance Framework aligns with:

- **ECOA**
- **FCRA**
- **GLBA**
- **CRA**
- **UDAP**
- **Internal Model Risk Governance (MRG)**
- **Vendor Due Diligence and SOC 2 Controls**

Compliance is built into the product lifecycle.



## 17. Model Governance KPIs

KPI	Target
Approval Rate Delta	+10–25%
Loss Rate Delta	Neutral or better
Manual Review Reduction	-15–40%
Override Ratio	<5% per quarter
Explainability Coverage	100%

## 18. Annex A – Use Case Examples

- **Use Case #1:** Chase Ink Business Card Prequalification
- **Use Case #2:** Business Line of Credit Routing (Phase 2)
- **Use Case #3:** Term Loan Eligibility Scoring
- **Use Case #4:** Extended Dashboard Usage for Portfolio Insights

Each use case follows policies and applies real-time pre-qualification logic with full audit trail.

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## 19. Annex B – Operational Runbook



This section includes:

- Model retraining schedules
- Monitoring workflows
- Audit access process
- Escalation and incident reporting
- Performance monitoring dashboards

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## 20. Acknowledgements

This framework was authored by the **FuteurCredX AI Governance Team** with contributions from external advisors in regulatory compliance, credit risk, and model risk governance.

*All model artifacts, documentation, and governance controls are available upon request and under NDA.*