# Mini Case: Credit Risk Specialist – Auto-Approval Strategy

## Background:

You are a Senior Risk Manager within a Cards Non-Prime portfolio at ABC Bank.  
  
The portfolio represents a large portion of the business and is lending to Non-Prime customers at higher interest rates (compared to Prime), with interest rates increasing as the risk increases.  
  
The Non-Prime Customers are defined as customers who have a lower Credit Score (below 620), but some of them are on the way to rebuilding their credit.  
  
Currently, these Cards applications are being manually adjudicated by Underwriters with some portion being auto declined by an automated adjudication risk strategy. None of these applications are currently auto-approved.  
  
The Business is interested in increasing operational efficiency and there is a desire to explore an automated auto approval mechanism.

## Your Task:

Prepare a one-pager presentation to your Risk leadership, providing your point of view on the concept of auto approval strategy for the Non-Prime portfolio and addressing the following questions:

* Would you be supportive of designing an auto approval strategy for this segment, why, why not?
* • What risks or unintended consequences might an automated approval strategy introduce to the portfolio?
* • Beyond operational efficiency, what other benefits might arise from introducing an automated approval strategy?
* • Any lessons learned from previous strategy designs?
* What type of data and information would you need to build an auto approval strategy?
* Which criteria would you recommend exploring for an auto approval strategy?
* Which teams would you engage into building and socializing your strategy? What would be the interaction model within your team and other teams?
* How would you implement the strategy?
* How would you track performance of the strategy?