

Statement of Work (SOW)

Project Title: Development of Credit Risk Model for Lauki Finance

Project Overview: Lauki Finance, a Non-Banking Financial Company (NBFC) based in India, is partnering with AtliQ AI, a leading AI service provider, to develop a sophisticated credit risk model. This model will include a credit scorecard that categorizes loan applications into Poor, Average, Good, and Excellent categories, based on criteria similar to the CIBIL scoring system.

Scope of Work:

Phase 1: Development and Implementation

1. **Model Development:** Build a predictive model using Lauki Finance's dataset which includes historical loan data and default indicators.
2. **Scorecard Creation:** Develop a scoring system that categorizes credit scores into Poor, Average, Good, and Excellent.
3. **Streamlit UI Application:** Develop a user-friendly interface where loan officers can input borrower demographics, loan details, and bureau information (such as credit utilization and open accounts) to obtain predictions on default probabilities and credit ratings.

Phase 2: Monitoring and ML Ops

1. **Performance Monitoring:** Implement monitoring tools to evaluate model performance continuously.
2. **Operational Integration:** After a 2-month trial in production, establish procedures for Straight Through Processing (STP) for high-confidence applications, minimizing the need for human review.

Deliverables:

- A fully functional credit risk model. The model should have high explainability where the business can interpret model behavior and suggest necessary tweaks.
- A Streamlit-based application for real-time assessment of loan applications.
- Documentation and reports on model performance and maintenance.

Project Timeline:

- **Phase 1:** 2 months from the date of project initiation.
- **Phase 2:** To be decided based on the outcomes and learnings from Phase 1.

Cost and Budgeting:

- **Phase 1 Costs:** Estimated at \$18,000 per month, not to exceed \$36,000. This is based on two full-time resources at \$50 per hour.

Stakeholders:

- **AtliQ AI:**
 - Peter Pandey, Data Scientist
 - Tony Sharma, Data Science Team Lead
 - Nick Puri, Product Owner
- **Lauki Finance:**
 - Steve Singh, Project Sponsor
 - Wanda Mishra, Client Point of Contact

Terms and Conditions:

- This SOW is valid until the completion of Phase 1 and Phase 2 as described, subject to review and renewal for subsequent phases.
- Changes to the scope or deliverables may necessitate a review and amendment of the cost and timeline.

Acceptance:

- The undersigned representatives of AtliQ AI and Lauki Finance agree to the terms and deliverables outlined in this Statement of Work.

Signatures:

Peter Pandey, AtliQ AI

Date:

Steve Singh, Lauki Finance

Date: