ERSTE **S**

AI in Credit Risk Management
Faster, Higher – but not stronger

David Eschwé
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Modelling Credit Risk

Risk Differentiation

- Logistic Regression

- Decision Trees

- PCA

Risk Quantification
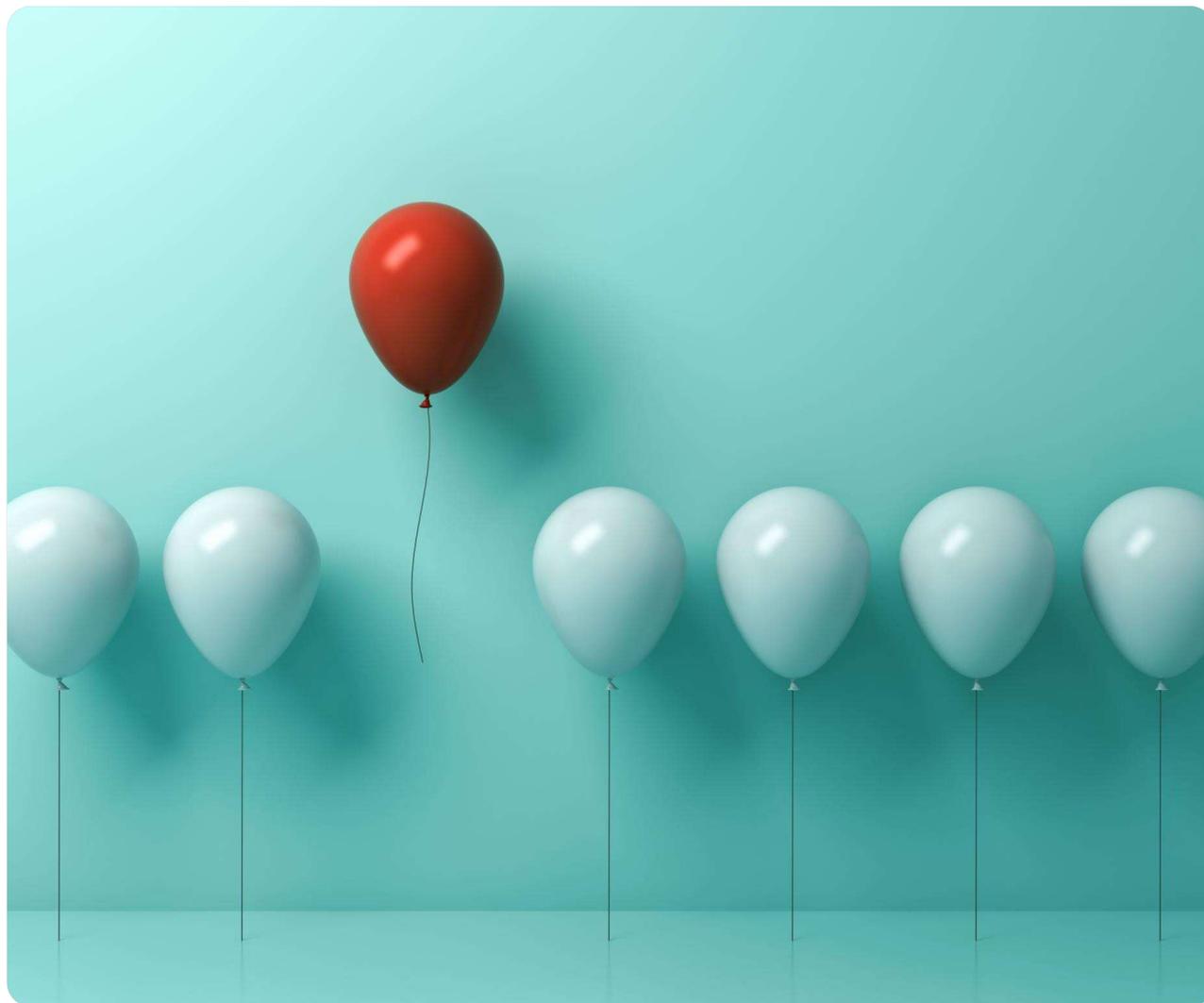
- Logistic Regression

- Survival Analysis

- Bayes Statistics

AI beats traditional methods*) — but invites greater regulatory scrutiny

- Explainability

- Validation

- Governance

*) e.g. Credit Risk Prediction Using Machine Learning

But AI is not always the solution!

- Portfolio Quality

- Low Default Portfolios

- Oversampling

AI drives innovation at the edge of Credit Risk modelling

- Faster Modelling

- Smarter Decisions

- Simpler Processes