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# AI for Credit Scoring, Underwriting & Risk Pricing Playbook

Improving credit decisions with AI while keeping them explainable enough to defend and appeal

- Practitioner
- Advanced
- Template Included

- Administrator
- 28 February 2023
- 3 minute(s)

Overview

A framework for AI-driven credit scoring, underwriting, and risk pricing — improving predictive accuracy while maintaining the explainability and fairness standards these applications specifically require, given their direct consequences for individual access to credit and the regulatory scrutiny they face.

Why can't credit scoring simply use the most predictively accurate

AI model available, regardless of explainability? Credit decisions carry regulatory requirements (adverse action notices, fair lending compliance) that require genuine explainability for individual decisions — a highly accurate but unexplainable model can create compliance risk that outweighs its accuracy advantage over a somewhat less accurate but genuinely explainable alternative.

What's the biggest fairness risk specifically in AI-driven credit

scoring? Proxy discrimination — where a model uses features that correlate with protected characteristics even without using those characteristics directly, producing discriminatory outcomes despite appearing neutral on its face, requiring specific disaggregated fairness testing to detect.

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