



Credit Risk Framework Enhancement

A Fintech and Banking Case Study

Transforming credit risk management in Indonesia's dynamic financial landscape through advanced analytics and automation.





The Indonesian Fintech Landscape

Market Dynamics

Indonesia's fintech boom presents both opportunity and challenge. Effective credit risk frameworks are crucial for sustainable growth amidst rapid innovation and evolving regulations.

40%

Credit-to-GDP

Lower than regional peers (150%+)

\$8.6B

Projected Revenue

Fintech revenue by 2025

The Imperative

A leading fintech company recognized the urgent need to strengthen its credit risk framework. Goal: Drive responsible expansion and maintain asset quality while entering new, untested customer segments.

74%

MSME Financing Gap

Micro, Small, and Medium Enterprises

2.21%

Banking NPL Ratio

As of September 2024

Critical Challenges



Underwriting Limitations

Legacy processes relied on traditional scoring, missing nuances in thin-file or new-to-credit borrowers.

1.7 billion adults globally remain unbanked, with Indonesia representing a significant portion (World Economic Forum)



Early Warning Gaps

Absence of predictive controls made it difficult to identify deteriorating credit conditions timely.

Major banks saw 100%+ YoY increase in provision costs in Q4 2024 (AlgoResearch)



New Market Risk

Assessment methodologies didn't account for unique credit behaviors in newly targeted segments.


Consumer loan NPLs increased 28 basis points YoY to 2.08% in Q1 2025 (CGS International)



Portfolio Monitoring

Siloed and reactive monitoring impeded proactive management of emergent portfolio risks.

Lending accounts for 84% of fintech funding in Indonesia (Statista, 2023)



The Transformation Journey

BeyondRisX Consulting was engaged to evaluate and enhance the bank's credit risk approach through comprehensive framework redesign.

Solution: Advanced Credit Scoring



Beyond Traditional Metrics

Incorporated alternative data sources to complement traditional credit data, significantly increasing predictive power.

- Transaction patterns analysis
- Digital footprint evaluation
- Behavioral data integration
- Enhanced thin-file assessment

❏ 90% of lenders believe alternative data helps approve more worthy borrowers (Nova Credit, 2024)

Result: More accurate credit decisions for diverse borrower profiles



Predictive Early Warning Systems

Data Collection

Continuous monitoring of borrower behavior and market signals

1

Early Alerts

Automated flags for deteriorating credit quality

3

AI Analysis

Machine learning models identify emerging risk patterns

2

Proactive Action

Intervention before visible defaults occur

4

Workflow Automation & Monitoring



Automated Underwriting

Re-engineered decision points streamline approvals while maintaining rigor and consistency.



Real-Time Dashboards

Consolidated risk oversight enables data-driven action across borrower cohorts and segments.

These innovations transformed reactive processes into proactive, intelligent risk management systems.



The Impact



Credit Assessment Accuracy

Improved predictive power and
early detection of risk trends



Default Rates

Measurable reduction through
proactive risk identification



Compliance Posture

Enhanced readiness for
regulatory review and audits



Stakeholder Confidence

Greater financial stability
supporting continued growth

By the Numbers

- Expanded credit access through alternative data could add \$3.7 trillion to emerging market GDP by 2030 (McKinsey)
- Digital payment transactions in Indonesia exceeded 20 trillion in January 2025
- Indonesia fintech market projected to reach \$11.06 billion by 2033, growing at 15.47% CAGR (IMARC Group)

Sources: McKinsey, IMARC Group, Statista

The Competitive Advantage

Advanced analytics and automation—when aligned with market realities—enable institutions to responsibly scale lending operations, maintain asset quality, and build sustainable competitive advantage in emerging markets.

Responsible Scaling

Expand lending operations with confidence and control

Asset Quality

Maintain portfolio health through predictive management

Market Leadership

Build sustainable advantage in dynamic emerging markets

Key Takeaway

The transformation demonstrates how strategic investment in credit risk infrastructure creates lasting value—enabling fintech banks to navigate complexity, serve diverse customer segments, and thrive in competitive markets.

- ❏ **Ready to transform your credit risk framework?** Contact BeyondRisX Consulting to future-proof your lending operations.

