



# Early Alert System

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# Early Alert System

## Proactively assess, monitor, and flag risky assets

### Challenge

Non-performing assets (NPAs) are a direct result of poor business performance, increasing fraudulent behavior, or adverse macroeconomic conditions. If left unchecked, NPAs can pose a serious challenge to the financial sector. These not only have a direct negative impact on a financial institution's balance sheet but its reputation.

Amid a decadal trend of declining NPAs in the Indian banking system, regulators are intensifying their focus on proactive risk management to prevent future NPA surges. For banks to avoid increasing NPAs and maintain a proactive solution approach, there's a clear need for a comprehensive Early Alert System (EAS) framework that:

- **Integrates diverse data sources:**  
For operational efficiency, banks need to build a unified data repository combining multiple internal and external data points.
- **Leverages machine learning (ML):**  
To address ongoing threats, it's vital for banks to incorporate machine learning to properly assess and score borrower risk profiles.
- **Enforces timely action:**  
At any moment, banking systems receive threats which is why it's imperative for banks to implement defined timelines for reviewing and responding to EAS triggers.
- **Streamlines workflows:**  
Banking efficiencies wouldn't be possible without unifying action workflows with EAS and trigger management processes.

Additionally, regulatory bodies, like the Reserve Bank of India (RBI), have certain EAS expectations:

- **Foster cross-team collaboration:**  
When banks sync up employees' activities, they ensure teams work efficiently together on EAS alerts.
- **Embed EAS in fraud management:**  
Because it helps quickly bring fraudulent activity to banks' attention, EAS integration within the broader Fraud Management Policy Framework is now required by January 2025.
- **Connect EAS with Core Banking Systems (CBS):**  
To ensure a streamlined workflow, banks should link EAS with other banking systems, including CBS.

Some financial institutions have made significant advances on the data front. However, bringing operational efficiency to manage borrower assessment, regularly monitor risks, and recommend internal actions remains elusive for some organizations.

## Solution

Early anomaly detection on credit repayment through analysis of multitude of internal and external data points allows banks to stay within the mandated guidelines from regulatory bodies like the RBI and the International Monetary Fund (IMF).

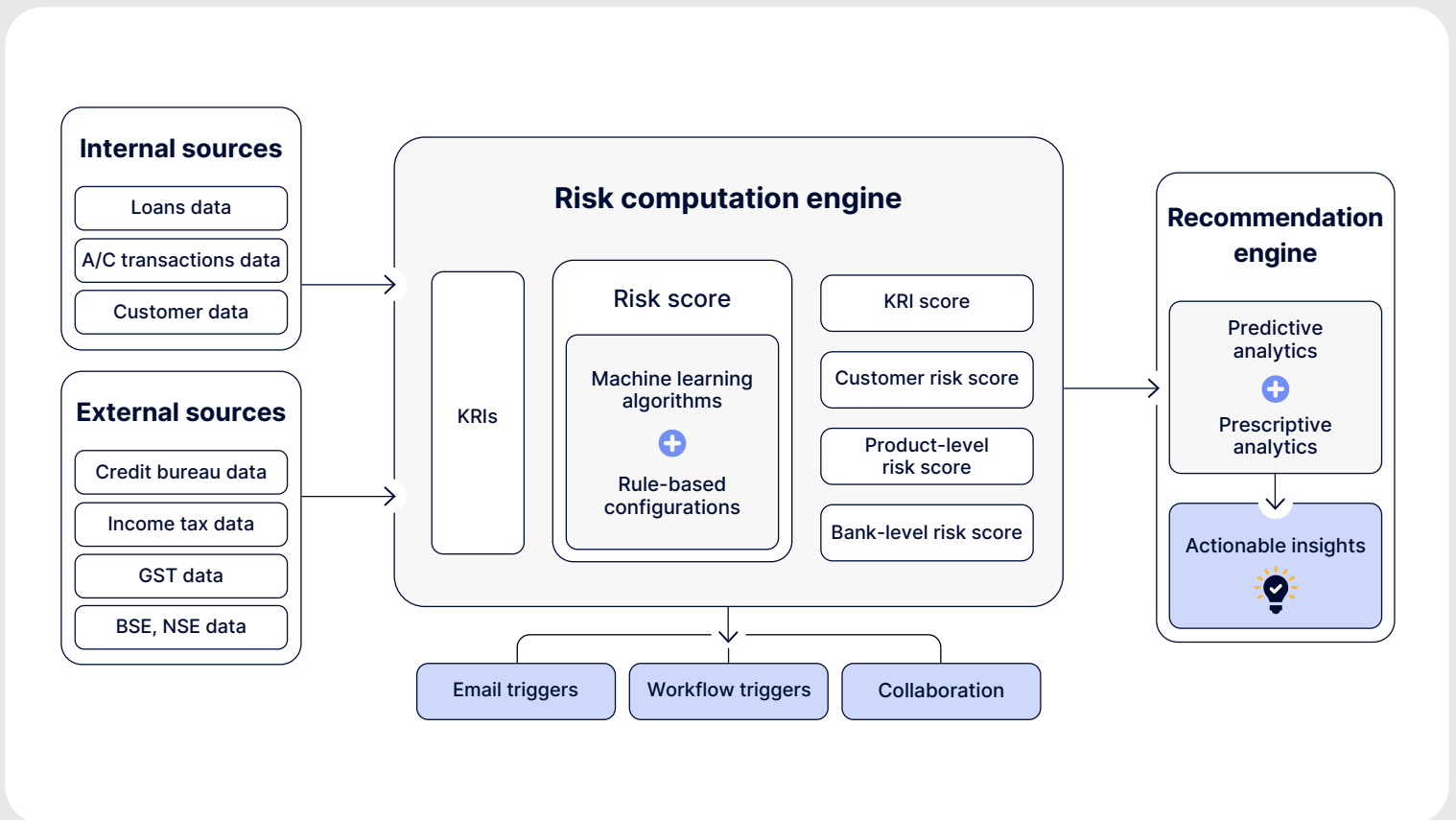
The G2 Risk Solutions (G2RS) EAS empowers banks with a holistic approach to risk assessment by augmenting internal data with external sources like Goods and Services Tax (GST) filings, corporate filings, and bureau data. It allows for customization for a top-down and bottom-up analysis. As a result, the platform evolved from a compliance tool into a strategic decision-making asset.

Our EAS solution enables banks to:

- Incorporate workflows for seamless cross-team collaboration.
- Leverage deep ML analysis of underlying contributing factors to continuously monitor risk profiles of borrowers.
- Flag accounts for corrective actions in a transparent and auditable manner via its recommendation engine.

With G2RS' EAS offering, banks can rest assured their organizations follow routine mandate updates from regulatory bodies.

## Approach



## Highlights



### Comprehensive data integration

Aggregate data from internal and external sources into a cohesive banking model.



### Dynamic risk scoring

Calculate risk scores at various levels, including EAS, customer, portfolio, industry, and product.



### Configurable alert system

Define thresholds to trigger in-app and email alerts.



### Pre-packaged EAS

Includes RBI and Department of Financial Services (DFS) prescribed EAS along with the capability to include your own custom EAS.



### Automated action workflows

Implement pre-configured actions upon receiving alerts while monitoring progress with deadlines and reminders.



### Unified platform access

Offer a single, comprehensive view for all departments and users.



### Seamless system integration

Utilize connectors for upstream and downstream integration with other banking systems.



### ML-powered insights

Enhance risk assessment accuracy with machine learning algorithms.

## Benefits

- **Early intervention:**  
Enables the credit risk team to intervene in case the risk profile of customer/portfolio increases.
- **Proactive risk management:**  
Early detection of borrower risk helps banks reduce future NPAs.
- **Regulatory compliance:**  
Ensure adherence to evolving regulatory guidelines, including timely fraud detection and reporting.
- **Enhanced operational efficiency:**  
Streamlined workflows and actionable insights drive efficiency in managing borrower assessments.
- **Empowered business users:**  
The Low-Code No-Code (LCNC) framework allows non-technical users to tailor the system to their needs without relying on IT.



To learn more about how G2RS' EAS solution can help proactively detect future NPA surges, visit [g2risksolutions.com](https://g2risksolutions.com) or contact us directly via email: [info@g2risksolutions.com](mailto:info@g2risksolutions.com).

## About G2 Risk Solutions (G2RS)

G2 Risk Solutions is the definitive expert in risk and compliance business intelligence for financial institutions and online platforms. We are industry pioneers providing market-leading solutions for merchant risk, digital commerce risk, bankruptcy risk, and credit risk and regulatory reporting. We are driving innovation and shaping the future of risk management through unprecedented data, technology, and global compliance and risk expertise, providing the financial services and digital commerce ecosystems with the tools needed to navigate complex and ever-changing regulatory requirements and mitigate risk.