Regulatory Blog
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Webinar: The Next Phase of IRB – The new Age of IRB Models

Recording of the webinar conducted by Kaan Aksel, Partner at PwC Germany, Luis Filipe Barbosa, Partner at PwC Portugal, José Diogo Beirao, Director at PwC Portugal and Petr Geraskin, Senior Manager at PwC Germany on November 27, 2025.

In today's rapidly evolving financial landscape, machine learning (ML) is challenging the way banks assess and manage credit risk. It introduces a data-driven paradigm that leverages vast and diverse datasets - ranging from transactional information to behavioral indicators - to uncover patterns and predict defaults with greater accuracy and speed. This shift is particularly relevant as banks face increasing pressure to enhance risk sensitivity, streamline decision-making, and comply with evolving regulatory expectations under the IRB and IFRS 9 frameworks.

The webinar covers:

- **ECB expectations on ML in internal models**
  Overview of the latest updates in the **ECB Guide to Internal Models (EGIM, July 2025)**, including principles for ML use, governance requirements, internal validation and audit expectations, as well as data management, IT, and third party involvement.

- **Market developments in ML-based credit risk modelling**
  How banks are applying ML across the entire **credit lifecycle** – from origination to monitoring and recovery – including hybrid approaches combining traditional statistical models with ML components.

- **Opportunities and challenges**
  Discussion of increased predictive power, early warning capabilities, and portfolio optimisation, as well as key challenges around **model explainability, data quality, internal governance, ethical safeguards**, and **regulatory compliance** under IRB and IFRS 9.

- **Trends and upcoming challenges**
  Insights into how **ESG-related risks, digital transformation**, and **geopolitical uncertainty** impact model performance and future expectations for credit risk models.

? Watch the webinar recording "The New Age of IRB Models" here:

Get ongoing updates on the topic via regulatory horizon scanning in our research application, PwC Plus. Read more about the opportunities and offerings**here**.

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Schlagwörter

Artificial Intelligence (AI), Bankenaufsicht (Europäische und Internationale Organisationen), Credit Risk, Digitalisierung, IFRS 9, Informationstechnologie (IT), Internal ratings-based approach (IRBA), Interne

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