
MERITRA BANKING • MODEL RISK & AI GOVERNANCE

AI Governance Framework

EBA, BCBS, EU AI Act. Board-approved policy.

This sample contains the 3-tier model risk framework used by the EBA, a preview of the Tier-1 AI Risk Policy language for board approval, and an example entry from the model inventory template shipped with the full kit.

20 PAGES

PDF + xlsx

3 REGIMES

EBA • BCBS • EU AI Act

USD 199

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Why AI governance moved up the board agenda

The European Banking Authority's Guidelines on ESG and AI Risk Management became effective January 2026. The EU AI Act classifies credit scoring and fraud detection AI as high-risk systems requiring specific documentation. BCBS principles on model risk management (2011, updated 2022) remain the baseline for board-level oversight.

For LatAm banks, these regimes apply directly through European parent companies (BBVA, Santander, Itaú-Unibanco subsidiaries), and indirectly through local regulators (CNBV, BCB, SFC) that are converging on equivalent frameworks. Custom AI governance work from WilmerHale, Thinking.inc, or Big 4 practices typically costs USD 30–75k and takes 3–6 months.

What is in this sample vs. the full framework

	Sample (this PDF)	Full Product
Tier classification framework	Full	Full + examples
Board-approved policy language	Tier-1 preview	All 3 tiers (2-page statement)
Model inventory template	1 example entry	8-sheet xlsx with 40+ fields
EU AI Act compliance checklist	—	Full checklist
BCBS model risk mapping	—	Included
LatAm regulator translation	—	CNBV · BCB · SFC mapped
Board report template	—	4-page quarterly template
Q&A prep	—	30 board questions
Price	Free	USD 199



EBA 3-tier model

Every AI model in the bank is assigned a tier with documented rationale. The tier determines the governance rigor, validation cadence, and escalation threshold. This is the framework directly aligned with EBA Guidelines effective January 2026.

	Tier 1	Tier 2	Tier 3
Risk level	High	Medium	Low
Example uses	Credit scoring, fraud detection, capital models	Customer segmentation, collections, churn prediction	Back-office automation, document classification
Validation cadence	Annual independent	Annual internal	Periodic
Board approval	Required	Committee-level	Not required
Documentation	Full (EU AI Act)	Standard	Light
Monitoring frequency	Continuous	Monthly	Quarterly
Incident threshold	Any material error	Pattern of errors	Systematic failure

Tier-1 AI Risk Policy statement

The full framework includes a 2-page AI Risk Policy statement drafted for a board resolution. Preview below: section 3 of the Tier-1 statement (purpose + scope + risk appetite). Full version includes governance structure, escalation procedures, roles & responsibilities, and the approval placeholder for board sign-off.

3. Scope and Risk Appetite (Tier 1 Systems)

3.1 Scope. This Policy governs all artificial intelligence systems classified as Tier 1 under the Bank's Model Risk Framework, including but not limited to systems used for credit decisions, anti-fraud scoring, anti-money-laundering transaction monitoring, regulatory capital estimation, and automated customer communications that constitute financial advice.

3.2 Risk appetite. The Board sets the risk appetite for Tier 1 AI systems as follows: (a) no Tier 1 system may be deployed without documented evidence of independent validation; (b) no Tier 1 system may be materially modified without prior committee review; (c) the Bank will not deploy a Tier 1 system where the root-cause attribution of decisions cannot be reconstructed within 30 days upon regulatory request.

3.3 Prohibited uses. The Bank will not deploy AI systems classified as "unacceptable risk" under the EU AI Act, including social scoring of natural persons, exploitative profiling of vulnerable customer groups, or real-time biometric identification outside of explicitly permitted use cases.



Example entry

The full kit ships an 8-sheet xlsx model inventory with 40+ fields per entry. Every AI model in the bank is documented in this format. Example entry below for a retail credit scoring model at a hypothetical tier-2 LatAm bank.

Field	Value
Model ID	RETAIL-CS-002
Model name	Unsecured consumer loan origination scorer v3.2
Risk tier	Tier 1 (high-risk: credit decisions)
EU AI Act classification	High-risk (Annex III, credit scoring)
Owner	Head of Consumer Credit Risk
Custodian	Model Risk Management team
Methodology	Gradient boosting (XGBoost) + logistic regression challenger
Population in scope	Retail unsecured applications, all channels
Training data	36 months, 2.1M applications, sourced from bureau + internal
Production since	April 2024
Last independent validation	October 2025 (annual cycle)
Validation result	Within tolerance on 6 of 7 KS segments
Next validation due	October 2026
Material modifications	2 — feature addition (Q2 2025), threshold recalibration (Q1 2026)
Monitoring metrics	PSI, KS, approval rate drift, fairness metrics
Incident log entries (12M)	0 material, 2 minor (documented)
Regulatory inquiries (12M)	None
Third-party components	Bureau data (Buró de Crédito), cloud infra (AWS)
Board visibility	Quarterly summary in Risk Committee pack



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• 4-sheet incident Log risk — incident taxonomy, severity scoring, remediation tracker

• 4-page Board Report Template — quarterly summary for risk committee

• EU AI Act compliance checklist — mapped to Annex III high-risk categories

• BCBS principles mapping — how each principle applies to Tier 1, 2, 3

• LatAm regulator translation — CNBV, BCB, SFC, SBS, BCRA equivalents

• Q&A; prep — 30 board questions with primary-sourced answers

• Lifetime updates as regulations evolve

• 14-day money-back guarantee

Get the complete framework

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