RISK GRAPHS

DECISION INTELLIGENCE

FINANCIAL MODEL RISK • SR 26-2 • OCC BULLETIN 2026-13

Risk Materiality Requires

Risk Intelligence

An executive view of the transition from SR 11-7 to risk-based, evidence-led model risk management.

MODEL RISK • GOVERNANCE • VALIDATION • THIRD PARTY

SR 11-7 is retired. The new baseline is here.

On April 17, 2026, the Federal Reserve, OCC, and FDIC issued revised interagency model-risk guidance.

THEN	NOW
SR 11-7 / OCC 2011-12	SR 26-2 / OCC 2026-13
Periodic validation emphasis	Risk-based, evidence-led governance
Separate legacy issuances	Consolidated revised guidance

THE SHIFT • From proving a model was validated to proving that model risk is actively managed.

2026 IS THE

2026 is the model-risk inflection point.

The guidance is principles-based and tailored—but large institutions must make MRM visible, connected, and defensible.

FOUNDATION

Replaces the 2011 framework after 15 years of supervisory experience.

TAILORING

Practices should be commensurate with risk profile, size, complexity, and model use.

SCOPE CLARITY

A model is a complex quantitative method grounded in statistical, economic, or financial theory.

STRATEGIC IMPLICATION

Connect inventory, tiering, validation, monitoring, exceptions, and ownership.

FIVE ADAPTATIONS THAT

Five adaptations that matter most.

For the largest global financial institutions, the operating model—not just the policy—must change.

01 MODEL INTELLIGENCE	Connect every material model to purpose, legal entity, owner, data, methodology, controls, validation, limits, and decisions.
02 RISK-BASED CADENCE	Set validation and monitoring intensity by materiality, uncertainty, complexity, use, data volatility, and potential impact.
03 USE ACCOUNTABILITY	Evidence that models are used within approved boundaries and that limitations, overrides, and assumptions are governed.
04 THIRD-PARTY CHALLENGE	Apply accountable challenge to vendor scores, pricing engines, AML platforms, credit solutions, and portfolio models.
05 DECISION-GRADE REPORTING	Give management and the board a live view of concentrations, overdue remediation, limitations, and exposure.

THREE MONTHS FROM NOW,

Three months from now, what should change first.

Re-baseline. Re-tier. Reconnect.

SEPTEMBER 2026

RE-BASELINE

Map the existing SR 11-7 / OCC 2011-12 program to the new guidance. Identify evidence gaps.

OCTOBER 2026

RE-TIER

Reassess materiality and validation frequency across critical model domains.

NOVEMBER 2026

RECONNECT

Link inventory, lineage, findings, limitations, attestations, approvals, and use.

A spreadsheet can record a model. It cannot reliably expose a model-risk dependency.

Into 2027, model risk becomes connected.

A decision discipline—not a periodic documentation exercise.

Q1 2027	Reconciled enterprise inventory, unified taxonomy, and accountable model ownership.
Q2 2027	Risk-based validation and monitoring plans tied to materiality and changing conditions.
Q3 2027	Third-party model governance integrated with procurement, vendor risk, and validation workflows.
Q4 2027	Board-level intelligence connecting exposure, limitations, findings, and decision impacts.

The competitive capability is defensible judgment backed by connected evidence.

Four risks you can’t ignore.

These risks compound fast.

RISK 01 • INVENTORY BLIND SPOTS

Shadow analytics, end-user computing, vendor components, and model changes create unknown exposure.

RISK 02 • VALIDATION DEBT

Backlogged validations, repeated findings, and untested assumptions accumulate unresolved model risk.

RISK 03 • THIRD-PARTY OPACITY

External models still require accountable bank challenge—even when data, code, or methodology is opaque.

RISK 04 • GOVERNANCE FRAGMENTATION

Disconnected owners, data, controls, compliance obligations, and use conceal aggregate exposure.

AI is not a free pass.

Generative AI and agentic AI are outside the explicit scope of SR 26-2—but not outside enterprise governance.

For global financial institutions, “out of scope” does not mean “out of governance.”

Separate model-risk classification from broader AI, technology, operational, conduct, privacy, and cybersecurity risk.

Apply disciplined governance to AI-enabled decisioning that influences credit, fraud, AML, pricing, capital, customer outcomes, or regulatory reporting.

Build a common evidence layer now—before AI-specific supervisory expectations harden.

HOW

How RiskGraphs helps.

MRM is no longer just a validation challenge. It is a decision-intelligence challenge.

MODEL RISK KNOWLEDGE GRAPH

Connect models, decisions, owners, data, vendors, validations, limits, policies, findings, and approvals.

DYNAMIC RISK TIERING

Continuously score materiality and residual risk using criticality, complexity, uncertainty, change, and exposure.

EVIDENCE-READY GOVERNANCE

Operationalize ownership, effective challenge, controls, approvals, restrictions, issue remediation, and attestation.

THIRD-PARTY TRANSPARENCY

Map vendor models to internal processes, data dependencies, controls, contractual obligations, and responsibilities.

RiskGraphs makes model risk a live management signal—not a periodic documentation exercise.

RISKGRAPHS

DECISION INTELLIGENCE

Turn Material Model Risk Into Decision Intelligence.

RiskGraphs connects model inventories, validation evidence, data dependencies, third parties, findings, and business decisions—so leadership can see and govern material risk.

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Schedule a Decision Intelligence Platform demo today.