

# Credit Risk Assessment Market is projected to expand at a steady CAGR of 12.4 % by 2030 | Experian, Equifax

UNITED STATES, November 30, 2023

/EINPresswire.com/ -- Market

Overview:

Credit risk assessment solutions evaluate the risk involved in extending credit to individuals and businesses. They analyze multiple data sources to quantify the potential risk and assist in decision making regarding issuing loans, credit cards, and other financial products.



Credit Risk Assessment Market11

The [Credit Risk Assessment Market](#) size is expected to reach US\$ 16.56 billion by 2030, from US\$ 7.31 billion in 2023, at a CAGR of 12.4% during the forecast period.

Market Dynamics:

Increasing digitalization in the banking and financial services industry has prompted the adoption of advanced credit risk assessment solutions. Many organizations are investing in AI and machine learning-powered tools to automate and streamline credit risk analysis. This has significantly improved accuracy and helped lower costs. Additionally, open banking regulations have enabled sharing of consumer financial data, allowing credit risk assessment providers access to more diverse raw data for building robust risk prediction models. The analysis of alternative data sources is further expected to personalize offerings and serve more customer segments in the coming years.

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Credit Risk Assessment Market Drivers:

Increasing number of bad loans in banking sector is pushing for advanced credit risk assessment

tools

The banking sector across the globe has seen a significant rise in the number of bad or non-performing loans in the past decade. This is mainly due to the sub-prime mortgage crisis of 2008 and the subsequent global recession which affected the repayment capacity of many borrowers. Banks are now realizing the need for advanced credit risk assessment and management tools to prevent a recurrence of high bad loan ratios. Advanced analytical tools which can thoroughly assess the creditworthiness of potential borrowers and assign accurate risk ratings are in high demand. Many smaller banks and financial institutions are also implementing such credit risk management systems to improve their underwriting standards and lower loan default rates.

Increase in Fintech startups offering innovative credit risk solutions is transforming the market

The credit risk assessment market has witnessed the entry of several new technology driven companies or fintech startups in recent years. These startups are developing cutting edge solutions utilizing technologies such as artificial intelligence, machine learning, big data analytics etc. to assess credit risk in a more robust and accurate manner. Their solutions evaluate thousands of data points including traditional credit scores as well as new sources of alternative data to predict credit risk. Several banks have now started partnering with or acquiring such fintech firms to modernize and strengthen their credit risk management infrastructure. The innovation brought about by these startups is significantly transforming and boosting growth in the global credit risk assessment market.

Top Key Players:

Experian, Equifax, TransUnion, FICO, Moody's Analytics, Oracle, IBM, SAP, SAS Institute, Fiserv, Pegasystems, Genpact, ACL, Kroll, PRMIA, Riskconnect, RiskSpotter, Riskdata, BRASS, Misys

Detailed Segmentation:

By Component

Software

Services

By Deployment Model

On-premises

Cloud

By Organization Size

Large Enterprises

SMEs

By Vertical

BFSI  
Telecom & IT  
Healthcare  
Government  
Manufacturing  
Retail  
Others

By Technology  
AI & ML enabled Credit Risk Assessment  
Traditional Credit Risk Assessment

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**Credit Risk Assessment Market Restrain:** Stringent data privacy laws limit the sources of data that can be utilized for credit scoring

While new sources of alternative data hold promise to enhance credit risk evaluation, access to certain types of sensitive personal data is now restricted in many regions due to stricter privacy regulations. For example, in the European Union, the General Data Protection Regulation (GDPR) imposes tough rules around the collection and use of personal information. Financial institutions are prohibited from obtaining and analysing certain types of data without explicit customer consent under these laws. Similarly, laws such as California Consumer Privacy Act (CCPA) in the USA also aim to give consumers more control over their personal data shared with companies. Compliance with varying international privacy standards adds complexity for credit risk solution providers regarding the datasets that can be permissibly used in their models. This acts as a minor restraint on the development of next-generation credit assessment tools relying on extensive consumer profiles.

**Credit Risk Assessment Market Opportunity:** Growing focus on financial inclusion through alternate data driven lending opens new avenues

A massive global opportunity lies in expanding access to credit for the billions of individuals currently outside the formal banking network, mostly in developing economies. Traditional credit bureaus often do not have records for such "financially underserved" populations. Here alternate data-driven lending solutions assessing character, cash flows and other non-traditional variables can play a major role in facilitating inclusive finance. Several impact investing startups are now developing techniques to evaluate creditworthiness based on digital footprints, utility payments, mobile phone usage patterns etc. Established banks are also piloting such initiatives through fintech partnerships. As more players enter this segment, it has potential to significantly increase the addressable market for credit risk assessment vendors by bringing previously "unscorable" customer segments into the formal credit system.

Credit Risk Assessment Market Trends: Advent of artificial intelligence and machine learning models is revolutionizing credit risk modeling

A key ongoing trend transforming the credit risk assessment market landscape is the rising adoption of advanced machine learning and AI driven modeling techniques. Traditional statistical models rely on pre-defined variables and relationships selected by analysts. In contrast, modern AI/ML solutions can automatically extract patterns from huge volumes of diverse structured and unstructured data using techniques like deep learning, neural networks etc. This allows developing far more predictive and responsive risk models capable of handling dynamic macroeconomic conditions. Leading credit risk management technology providers are heavily investing in AI capabilities. Many banks are also actively collaborating with academic research institutions to pioneer next-gen "intelligent" systems for credit decisions. As AI proliferates credit processes across functions, it will fundamentally change risk evaluation paradigms in the coming years.

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Key Questions Addressed in the Market Report:

What is the expected size, share, and CAGR of the Credit Risk Assessment Market over the forecast period?

What are the key trends expected to influence the Credit Risk Assessment Market between 2023 and 2030?

What is the expected demand for various types of products/services in the Credit Risk Assessment Market?

What long-term impact will strategic advancements have on the Credit Risk Assessment Market?

Who are the key players and stakeholders in the Credit Risk Assessment Market?

What are the different segments and sub-segments considered in the Credit Risk Assessment Market research study?

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