Open-Finance Underwriting

Turning UAE Transaction Data into Mid-Market Credit Decisions

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Abstract

The UAE's open-finance infrastructure creates a practical opportunity to improve mid-market credit decisions. Consented transaction data can show operating inflows, supplier payments, payroll, taxes, debt service, cash volatility and liquidity pressure at a frequency unavailable from annual financial statements. It can also create false confidence when accounts are incomplete, transactions are misclassified, seasonality is misunderstood, related-party flows are ignored or a model converts weak evidence into a precise-looking score.

This paper develops a controlled underwriting framework for banks, finance companies, private-credit funds and other appropriately authorised lenders evaluating UAE mid-market borrowers. It connects consent, permissible access, data lineage, account completeness, cash-flow features, borrower due diligence, risk grading, pricing, facility structure, covenants, portfolio limits, model governance, human review, monitoring and recovery. The framework draws principally on the Central Bank of the UAE Open Finance Regulation, the CBUAE Credit Risk Management Regulation and Standards, the CBUAE Model Management Standards, the UAE Personal Data Protection Law, the current Basel Committee Principles for the Management of Credit Risk, official UAE credit-reporting requirements and World Bank work on alternative data in small-business finance.

Six figures present the consent-to-credit architecture, a credit funnel, a cash-flow feature map, a covenant heat map, a recovery waterfall and a monitoring dashboard. Six tables provide a data-sufficiency gate, underwriting decision matrix, facility-structure framework, monitoring playbook, hypothetical portfolio analysis and a 100-day implementation programme. A hypothetical UAE distributor illustrates the method. Every amount, ratio, probability, score and outcome in the case is a management assumption created solely to demonstrate the framework.

Open-finance access does not itself create authority to lend, process every data field, make an automated decision or disregard existing credit standards. The applicable licensing, banking, finance-company, fund, data-protection, credit-reporting, anti-money-laundering, sanctions, consumer-protection, competition, tax, accounting, insolvency, security, employment and contractual requirements depend on the lender, borrower, product, data, jurisdiction and facts. This paper provides general information for professional audiences and does not provide legal, regulatory, tax, accounting, credit, data-protection or investment advice.

JEL Classification: G21, G23, G28, G32, G33, G38, O33

Keywords: open finance, UAE credit underwriting, transaction data, mid-market lending, cash-flow underwriting, alternative data, credit risk, covenant monitoring, model governance, private credit

1. Open finance changes the evidence available to a credit committee

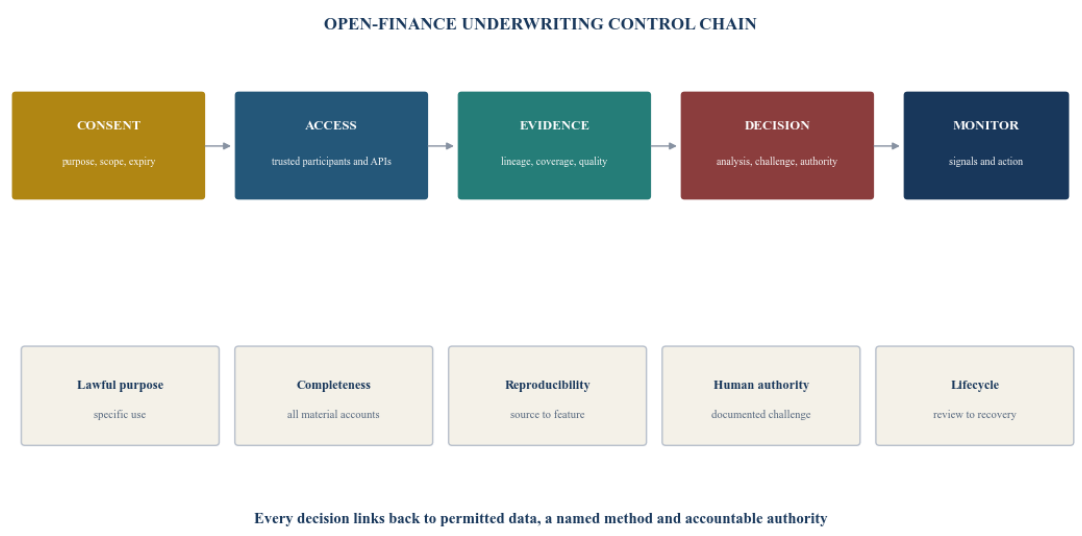
Mid-market credit analysis often begins with information that is reliable and delayed. Audited accounts describe a completed period. Management accounts can be current and uneven. Bank statements are detailed and laborious to reconcile. Bureau information shows reported obligations and payment behaviour. A borrowing request can arrive while the company is growing, absorbing working capital or experiencing a temporary shock that none of those sources captures alone.

Open finance can make consented account and transaction information available through standardised infrastructure. The CBUAE Open Finance Regulation establishes an API Hub, Trust Framework and common infrastructural services for cross-sector data sharing and transaction initiation on behalf of users. Participation is mandatory for CBUAE licensees in respect of products and services within the framework's scope, with implementation proceeding in phases.[1] The CBUAE reported that the Al Tareq initiative went live in 2025, with two banks and two third-party providers meeting operational requirements and central infrastructure enabling services including data-sharing APIs and standardised consent journeys.[2]

The underwriting opportunity is greater frequency, traceability and behavioural evidence. The lender can observe whether invoice receipts arrive as described, whether revenue depends on a few counterparties, whether payroll and tax payments are stable, whether cash deficits recur before month end and whether existing debt receives priority. These observations remain evidence inputs. They do not replace the credit committee, legal structure, ownership diligence, financial analysis, purpose test, repayment source, security review or independent risk judgment.

The operating model should answer five questions before the first decision: which data may be accessed; whether the account population is complete; how raw transactions become reviewed features; how features influence the credit decision; and how every material conclusion can be reproduced from source records.

Figure 1. Controlled consent-to-credit architecture



Author framework based on the cited UAE open-finance, data-protection and credit-risk requirements.

2. Start with the legal and regulatory perimeter

The CBUAE Open Finance Regulation controls the provision of open-finance services in the UAE. It sets licensing routes, identifies persons deemed licensed, defines limitations and requires secure interfaces, records and supervisory access.[1] An organisation should determine whether it acts as a data holder, service owner, open-finance provider, lender, processor, technology vendor or several of these roles. Each role can carry a different responsibility.

The framework is consent-led. The data purpose, participating entities, accounts, fields, duration, use and withdrawal process should be expressed clearly. The regulation restricts access to purposes connected with the open-finance service and prohibits an open-finance provider from processing sensitive data for that service even with explicit user consent.[1] Additional authority may be required for lending, advice, negotiation or another regulated activity.

UAE Federal Decree-Law No. 45 of 2021 requires personal data to be processed fairly, transparently and lawfully, collected for a specific purpose, limited to what is necessary, accurate and protected by technical and organisational measures.[3] Data subjects have information rights concerning processing purposes, automated decisions and data sharing. They can object to certain automated decisions, and the law provides for human review at the data subject's request in the circumstances described by Article 18.[3] A data-protection impact assessment is required for high-risk processing described by Article 21, including certain systematic automated evaluations with legal or significant effects.[3]

Corporate transaction data can contain personal data: employee names, sole-trader counterparties, cardholders, beneficial owners or narrative references. The lender should minimise fields, restrict access, separate underwriting from unrelated commercial use and apply retention and deletion rules. Consent evidence, processor instructions, cross-border arrangements, security controls and incident response should be reviewed by qualified advisers for the actual structure.

3. Define a complete data population before calculating a score

A transaction model can be arithmetically correct and economically misleading when material accounts are missing. A borrower may route collections through one bank, payroll through another, shareholder transfers through a third and trade-finance settlements through an off-balance-sheet facility. The lender needs a declared account map across legal entities, currencies and banking relationships.

Completeness begins with ownership and group structure. The borrower identifies operating entities, holding entities, material related parties, collection channels, merchant accounts, payment gateways, cards, loans, overdrafts, guarantees and trade instruments. The lender reconciles the declaration to audited accounts, bureau records, management accounts, debt schedules and legal diligence. Unexplained gaps become conditions or reasons to stop the automated path.

Data quality should be assessed across coverage, continuity, timeliness, currency, duplication, reversal, counterparty identity, transaction narrative and category confidence. A twelve-month period can miss a long operating cycle. A two-year period can contain a discontinued business. The observation window should cover the borrower's cash-conversion cycle, seasonal peaks and at least one meaningful stress period where available.

Table 1. Minimum data-sufficiency gate before transaction analysis

Test	Evidence	Pass condition	Escalation when incomplete
Legal entity population	group chart, licences, audited accounts and beneficial ownership records	every borrowing, operating and material cash-owning entity identified	ownership and legal diligence before scoring
Account population	borrower declaration, bank confirmations, bureau and debt schedule	all material collection, payment, debt and merchant accounts mapped	manual underwriting and funding condition
Consent and purpose	consent record, privacy information and permitted-use register	specific active permission covers required fields and use	pause access and obtain compliant authority
Observation period	account-level start and end dates	complete period covers relevant operating and seasonal cycles	extend history or use conservative manual treatment
Transaction integrity	unique identifiers, reversals, duplicates and balances	ledger reconciles within approved tolerance	data-quality remediation and exception approval
Counterparty resolution	names, identifiers and mapping rules	material inflows and outflows assigned with stated confidence	manual review of unresolved material flows
Currency treatment	account currency and conversion source	original and reporting currency preserved with date-specific method	independent reconciliation
Related-party treatment	ownership map and transaction classification	material related-party flows separately visible	enhanced diligence and decision condition
Existing obligations	bureau, statements, facilities and guarantees	observed service agrees to declared obligations or differences explained	independent verification and credit escalation
Audit trail	source ID, transformation version and reviewer	decision can be reproduced from retained authorised evidence	no automated decision until traceable

The precise gate should reflect product, borrower, licensing perimeter and current professional advice.

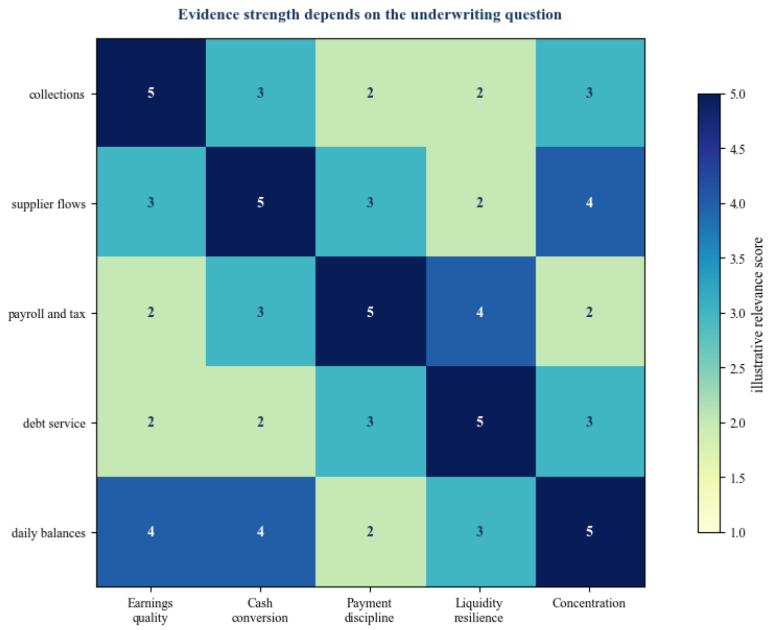
4. Turn transactions into economically meaningful features

The feature library should begin with the repayment thesis. A working-capital facility depends on recurring operating inflows, cash conversion and borrowing-base quality. An acquisition facility depends on consolidated cash generation, integration risk and debt capacity. An asset-backed facility depends on collateral cash flows, perfection and recovery. The same transaction can carry different meaning across products.

Operating inflows should be separated from shareholder funding, loan proceeds, refunds, intercompany transfers, asset sales and one-off receipts. Operating outflows should distinguish suppliers, payroll, rent, utilities, tax, debt service, capital expenditure, distributions and exceptional items. Netting should preserve the gross pattern where concentration and timing matter.

Useful features include recurring monthly inflow, volatility, trend, customer concentration, late-payment proxy, refund ratio, cash-conversion timing, lowest daily balance, days below a liquidity floor, payroll stability, supplier continuity, debt-service coverage and the frequency of returned or rejected payments. Each feature needs a definition, business rationale, calculation period, outlier policy, missing-data rule and owner.

Figure 2. Transaction evidence mapped to five underwriting questions



Author framework. Features require borrower-specific interpretation and validated data.

5. Preserve financial-statement and bureau discipline

Transaction data provides a view of cash movement. It does not establish revenue recognition, profitability, asset ownership, contingent liabilities, tax compliance, inventory quality or legal enforceability. The lender should reconcile transaction-derived measures to audited and management accounts, tax records where lawfully available, customer ledgers, supplier ledgers and facility statements.

Differences can be informative. Cash collections below recognised revenue can signal slower conversion, channel changes, routing outside observed accounts or accounting timing. Collections above revenue can reflect advances, taxes, pass-through receipts or related-party funding. The credit memorandum should identify the bridge and show unresolved differences.

Official credit information remains important. CBUAE requirements for specialised banks require credit information to be obtained from Al Etihad Credit Bureau before extending credit to an individual or company and reported at least monthly.[6] Other lender-specific obligations should be confirmed for the applicable regime. Open-finance evidence should be reconciled to bureau obligations, payment records and declared facilities.

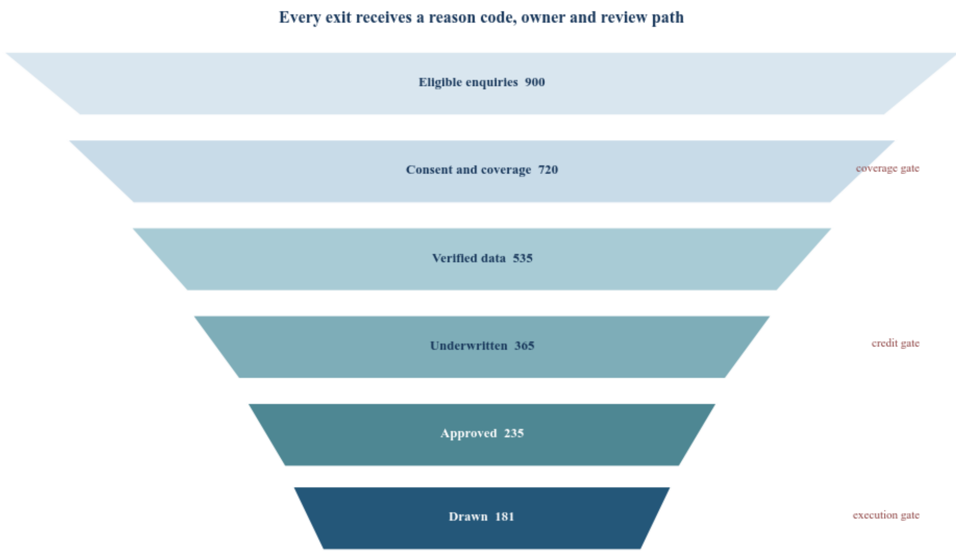
The CBUAE Credit Risk Management Regulation states that licensed financial institutions should limit reliance on external credit assessment and develop an independent view of credit risk.[4] Transaction analytics can strengthen that independent view when the lender documents the connection between source evidence, feature, conclusion and decision.

6. Design a funnel with explicit stop, review and approval gates

An efficient funnel removes cases for valid reasons. It should not conceal decline logic inside a score. The first gate confirms borrower and product eligibility. The second confirms consent and data sufficiency. The third tests fraud, sanctions, ownership and legal issues. The fourth assesses repayment capacity and structure. The fifth applies independent challenge and approval authority.

A case can leave the automated path without being declined. A complex group, volatile event, incomplete data history or material model override can move to enhanced manual underwriting. The funnel should record the reason and outcome so management can see whether automation excludes a particular segment or creates repeated exceptions.

Figure 3. Illustrative open-finance credit funnel with controlled gates



Counts are hypothetical management assumptions created for process design.

Table 2. Underwriting decision matrix

Dimension	Evidence	Acceptable path	Enhanced review	Stop or decline consideration
Repayment source	recurring operating inflow and financial statements	stable, explained and adequate under downside	volatility or recent change with credible evidence	no identifiable lawful repayment source
Data coverage	complete material account map	continuous, reconciled history	short gap or complex routing that can be verified	material undisclosed or inaccessible accounts
Leverage	existing and proposed debt schedule	within approved product and borrower limits	refinance, contingent debt or rapid increase	debt burden outside risk appetite without valid mitigation
Concentration	customers, suppliers, products and geography	diversified or contractually resilient	concentrated with strong evidence and structure	dependency lacks visibility or credible mitigation
Governance	ownership, management and controls	clear authority and reliable reporting	succession, key-person or related-party complexity	ownership or authority cannot be verified
Conduct and integrity	KYC, AML, sanctions, disputes and tax status	required checks completed	adverse item requiring specialist review	legal or policy prohibition
Facility structure	purpose, tenor, amortisation and covenants	matches cash cycle and repayment source	bespoke controls or staged availability	structure relies on unsupported exit or refinancing
Model result	validated score with reason codes	within approved use and confidence	low confidence, override or out-of-scope case	result cannot be reproduced or responsibly used
Credit authority	complete memorandum and independent challenge	within delegated approval	committee or board escalation	valid authority unavailable

Thresholds, authorities and outcomes are illustrative; each lender should approve its own policy.

7. Keep the model subordinate to credit judgment

The CBUAE Model Management Standards apply to UAE banks using models for decision-making and require governance, development, approval, independent validation, monitoring and controls designed to reduce model risk.[5] A lender should confirm its exact regulatory perimeter. The disciplines remain useful for any organisation using transaction models in consequential credit decisions.

Model documentation should define purpose, population, target outcome, data sources, transformations, exclusions, performance measures, limitations, decision role and override process. Development and validation should be organisationally separated to a degree proportionate to risk. Changes to transaction categorisation can alter model behaviour even when the statistical code remains unchanged, so data and taxonomy versions belong in change control.

Performance should be tested across industries, company sizes, operating cycles, currencies, time periods and relevant borrower characteristics. A model trained on merchants with high-frequency card receipts can perform poorly for project contractors with milestone payments. Approval should state where the model may be used and what sends a case to manual review.

Reason codes should describe the evidence influencing the result. A credit officer needs to see that cash deficits recur, collections are concentrated or debt service has increased. A proprietary score without traceable drivers weakens challenge, borrower communication, exception handling and remediation.

8. Structure the facility around observed cash behaviour

The transaction record can inform limit, tenor, amortisation, availability, pricing and covenants. A business with predictable monthly collections can support scheduled amortisation. A seasonal importer may need a borrowing base and clean-down period. A contractor can require milestone-linked drawdowns and assignment controls. The structure should reflect the cash-conversion mechanism rather than the highest modelled limit.

Debt-service capacity should be tested under declines in collections, margin compression, slower customer payment and higher funding cost. A downside model should state which stresses can occur together. It should also identify actions available to the borrower before default, including cost reduction, working-capital release, shareholder support or asset disposal, with evidence for each.

Pricing should reflect expected loss, capital, liquidity, operational cost, concentration, optionality and target return. Open-finance efficiency can reduce information and monitoring cost. It does not remove credit, fraud, legal, recovery or model risk.

Table 3. Facility structure mapped to observed cash behaviour

Observed pattern	Credit interpretation	Possible structure	Monitoring focus
Recurring diversified receipts	potentially resilient operating cash flow	amortising term or revolving line within tested capacity	inflow level, concentration and debt-service coverage
Seasonal inventory build	temporary working-capital absorption	seasonal revolving facility with clean-down	inventory evidence, supplier payment and peak utilisation
Milestone project receipts	lumpy contractual conversion	staged draw, assignment or controlled account where valid	certified milestones, disputes and receivable ageing
Marketplace or merchant receipts	high-frequency channel evidence	receivables-linked limit with channel controls	refunds, chargebacks, platform dependency and settlement changes
Concentrated anchor customer	dependency and contract risk	lower advance, reserve, covenant or assignment where enforceable	customer status, payment delay and contract renewal
Related-party cash support	uncertain independence of repayment	exclude unsupported flows or condition verified subordination	source, recurrence, legal terms and withdrawal risk
Persistent overdraft use	structural liquidity deficit	smaller restructured limit, amortisation or remediation	lowest balance, excesses and cash-generation plan
Rapid growth with negative cash conversion	execution and working-capital risk	staged availability linked to verified milestones	margin, debtor days, inventory and funding gap

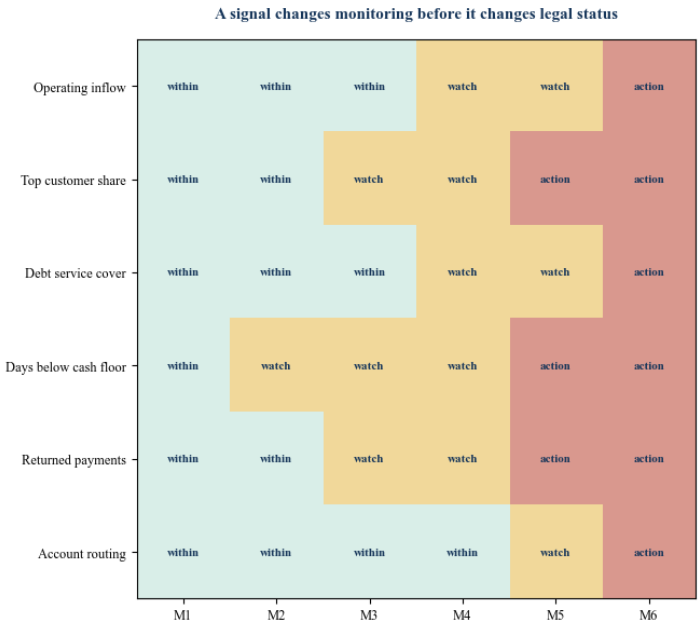
Examples are general and require borrower-specific legal, credit and regulatory review.

9. Convert covenants into observable early-warning signals

Traditional covenants often rely on quarterly accounts and certificates. Transaction data can support more frequent indicators, including minimum operating inflow, maximum concentration, debt-service coverage, cash-balance duration, payment-return events and account-routing compliance. Legal enforceability and borrower control over the data source require review.

An indicator should have a defined calculation, observation window, cure treatment, threshold, materiality, owner and escalation action. A single unusual payment should not automatically trigger default. A repeated pattern can activate enquiry, enhanced monitoring, draw suspension or committee review according to approved terms.

Figure 4. Illustrative covenant and early-warning heat map



Values and thresholds are hypothetical management assumptions.

10. Monitor the borrower and the portfolio as one system

The CBUAE Credit Risk Management Standards require licensed financial institutions to monitor individual obligors, facilities, relevant segments and portfolios, with information flowing between portfolio management and underwriting.[4] Open-finance monitoring can shorten the observation interval, provided that the lender controls false alerts, incomplete feeds and operational failures.

Borrower monitoring should compare actual behaviour with the approved thesis. Has the expected collection channel remained active? Has customer concentration increased? Are suppliers being paid later? Has payroll changed abruptly? Has a new lender begun receiving service? Each alert should link to a review protocol rather than produce an automatic adverse action without authority and context.

Portfolio monitoring should aggregate risk by sector, sponsor, geography, product, currency, maturity, model version, data provider and dominant cash-flow channel. A common API or categorisation error can create correlated operational exposure. A concentrated portfolio can look diversified at the company-name level while depending on the same government payer, platform or supply chain.

Table 4. Signal-to-action monitoring playbook

Signal	Validation	First action	Escalation	Record
Material inflow decline	check data continuity, seasonality, known event and other accounts	borrower enquiry and refreshed cash forecast	credit review when persistent or unexplained	source values, explanation, reviewer and deadline
Customer concentration increase	resolve counterparties and intercompany flows	assess contract, ageing and alternatives	limit, reserve or covenant review	concentration history and decision
Debt-service anomaly	reconcile bureau, statements and facility schedule	identify new, late or redirected obligation	independent risk and legal review	obligation, date, cause and remedy
Repeated returned payments	exclude technical duplicates and bank errors	liquidity discussion and daily monitoring	draw control or remediation committee	events, verified cause and action
Consent or feed interruption	determine withdrawal, expiry or technical failure	suspend model refresh and use last valid date visibly	manual review under approved policy	last complete period and data incident
Model drift	compare outcome, population and feature distributions	restrict affected use and investigate	validation committee and change approval	version, tests, decision and remediation
Policy exception growth	analyse originator, segment and reason	targeted file review	CRO, committee or board according to materiality	exception population and outcome
Recovery deterioration	validate arrears, collateral and borrower engagement	revised recovery estimate and plan	specialised assets or workout authority	cash recovery, cost, timing and forecast variance

Illustrative operating controls; contractual and regulatory consequences require current review.

11. Treat decline, override and exception data as governance evidence

Overrides are information about the operating model. A credit officer can identify a valid contract, unusual seasonality or verified ownership event that a model cannot interpret. Overrides can also conceal commercial pressure, inconsistent risk appetite or model weakness. Every override needs direction, reason, evidence, authority and subsequent outcome.

Decline reasons should be intelligible and specific enough for control. Categories can include eligibility, incomplete data, legal prohibition, conduct, weak repayment capacity, excessive leverage, concentration, structure, affordability, policy or authority. A lender should review whether particular channels, sectors or borrower types experience different outcomes and determine whether the cause is risk, data quality, model design or process access.

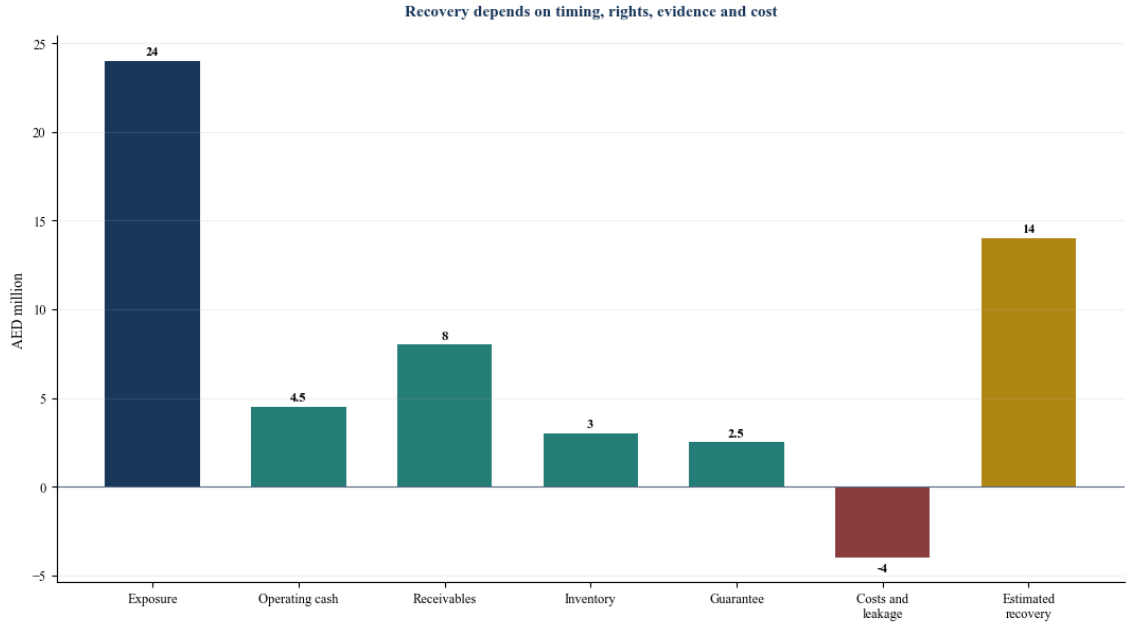
The CBUAE Credit Risk Management Standards require clear exception processes, CRO review, documentation and appropriate approval, with exceptions remaining a small part of the portfolio and receiving active monitoring.[4] The exact requirement applies within the standards' scope. A private-credit manager can adopt an equivalent internal discipline through its investment mandate and committee terms.

12. Plan recovery while the facility is still performing

Recovery analysis should begin at origination. The lender identifies the primary repayment source, secondary source, contractual rights, security, guarantees, set-off position, account control, priority, jurisdiction, enforcement path, cost and time. Transaction history can show where value moves before stress and whether collections remain available.

A recovery estimate should distinguish consensual cure, cash sweep, refinancing, asset sale, guarantee, security enforcement and insolvency distribution. Each path has timing, leakage and professional-cost assumptions. Legal advice should validate rights, perfection, priority and enforceability.

Figure 5. Hypothetical recovery waterfall for a mid-market facility



All values are illustrative management assumptions in AED millions.

13. Demonstrate the framework with a hypothetical UAE distributor

Consider a hypothetical UAE distributor seeking an AED 24 million revolving working-capital facility. The company imports industrial consumables and sells to contractors, manufacturers and facilities-management businesses. Every number and circumstance in this example is a management assumption created solely to demonstrate the framework. It does not describe a client, market forecast, approval expectation or recommendation.

The borrower reports AED 168 million of annual revenue and EBITDA of AED 16.8 million. It declares four operating accounts across two banks, one trade-finance line and two company cards. The consented data provides 24 months of transactions. Reconciliation identifies that 93 percent of reported cash collections flows through the observed accounts. The remaining seven percent relates to a foreign collection account and cash deposits that require manual evidence.

Transaction analysis identifies monthly operating inflows between AED 10.2 million and AED 17.6 million, with a seasonal peak before year end. The top customer represents 19 percent of observed operating inflow and the top five represent 48 percent. Median customer receipt timing has lengthened by nine days over six months. Payroll remains stable. Tax and existing debt payments appear regular. The lowest daily cash balance becomes negative in four of the last six months because the overdraft supports inventory purchases before customer receipts.

The credit memorandum reconciles observed collections to management accounts, analyses customer and supplier ledgers, obtains bureau information, verifies facilities and completes ownership, legal, AML, sanctions and tax diligence appropriate to the lender. The repayment thesis is revolving cash conversion, supported by diversified collections and an inventory cycle. Risks include slower receipt timing, supplier concentration, foreign-currency purchases and persistent overdraft dependence.

The proposed structure remains hypothetical: an AED 18 million committed revolving line, an additional AED 6 million seasonal accordion subject to verified orders and borrowing-base evidence, a 24-month tenor, quarterly clean-down test, customer-concentration watch level, minimum trailing operating inflow and restrictions on additional secured borrowing. The credit committee can approve, amend or reject the proposal according to its authority and independent judgment.

Table 5. Hypothetical borrower and portfolio decision analysis

Measure	Base observation	Downside assumption	Decision use
Annual operating inflow	AED 156m observed	15 percent decline	test debt service and working-capital need
EBITDA	AED 16.8m reported	margin falls from 10.0 to 7.5 percent	reconcile cash conversion and covenant capacity
Top customer share	19 percent	rises to 27 percent	set watch threshold and concentration response
Top-five customer share	48 percent	rises to 58 percent	test dependency and portfolio correlation
Median receipt delay	nine-day deterioration	further 15-day delay	size liquidity buffer and seasonal availability
Existing funded debt	AED 31m	no reduction	aggregate leverage and service across lenders
Proposed committed line	AED 18m	fully drawn	test peak utilisation and clean-down
Proposed accordion	AED 6m	unavailable in downside	avoid reliance on discretionary capacity
Downside debt-service cover	1.42x modelled	1.08x severe case	committee condition, pricing and monitoring
Estimated recovery	AED 14m on AED 24m exposure	AED 10m severe case	inform structure, security and loss estimate
Portfolio sector share after approval	8.4 percent	10.6 percent if pipeline closes	concentration limit and allocation decision
Model confidence	medium-high	medium if foreign account remains incomplete	manual review and evidence condition

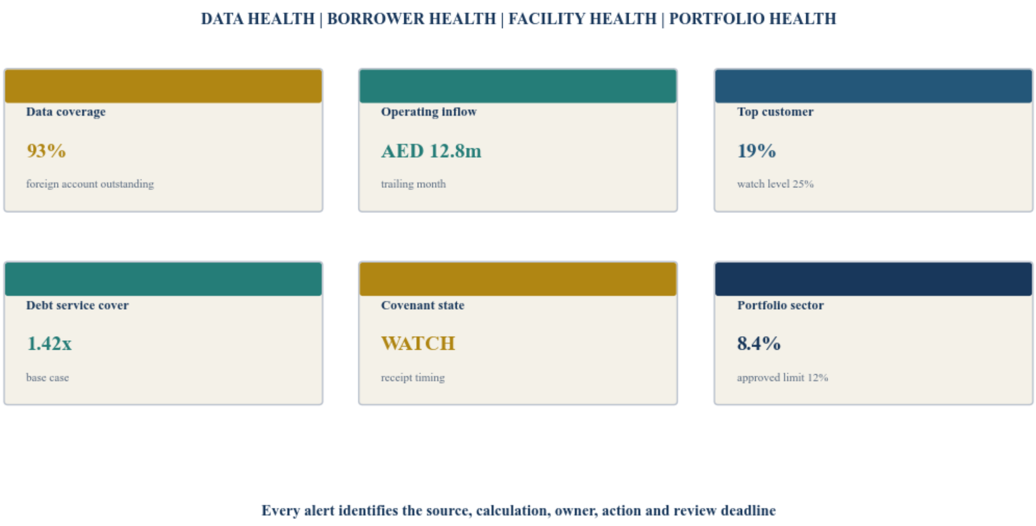
All amounts, ratios, scores and outcomes are illustrative management assumptions.

14. Use a dashboard that separates data health from credit health

A monitoring dashboard should show whether the evidence system works and whether the borrower is changing. Data-health indicators include consent status, account coverage, last successful refresh, unmatched transaction value, categorisation confidence and model version. Credit-health indicators include inflow, concentration, liquidity, debt service, covenant state, arrears, collateral and recovery estimate.

A green credit indicator derived from an incomplete feed is unreliable. A red data indicator should suspend automated interpretation and display the last complete observation date. The responsible team then follows the approved manual process.

Figure 6. Hypothetical open-finance credit monitoring dashboard



Every displayed value is an illustrative management assumption.

15. Govern vendors, APIs and operational resilience

Open-finance underwriting can depend on the API Hub, data holders, third-party providers, cloud services, categorisation vendors, identity tools and internal credit systems. The lender should map the service chain and identify which failure can stop access, corrupt features, delay decisions or expose data.

Vendor diligence should cover licensing and regulatory status, information security, access control, encryption, data location, incident response, subcontractors, change management, performance, audit rights, portability, deletion and exit. A contract should align responsibility with the lender's continuing obligations. Outsourcing does not transfer accountability.

Operational resilience requires monitoring, retry controls, data-integrity checks, versioned schemas, alternative evidence paths and a manual process. A system should fail visibly. Credit staff should see that data is stale, incomplete or transformed under a new version before they act.

Cybersecurity and fraud controls should protect consent, credentials, API calls, account identifiers, transaction data and credit decisions. Access should follow least privilege, sensitive actions should require appropriate approvals and logs should support investigation. The exact controls depend on the participant role and applicable CBUAE, data-protection and sector requirements.

16. Align private-credit governance to the regulated evidence standard

A private-credit fund can use open-finance data through appropriately authorised arrangements. The fund's investment committee should approve the underwriting policy, eligible sectors, facility types, data standards, score role, overrides, concentration limits, valuation, monitoring and workouts. The fund also needs to reconcile its mandate, limited-partner disclosures, valuation policy, administrator processes and data-protection responsibilities.

The same evidence should support origination and portfolio management. A transaction model used only at approval can become stale as borrower behaviour and the portfolio change. Monitoring outcomes should feed back into feature review, pricing and risk appetite.

The manager should distinguish regulated requirements applying to banks or CBUAE licensees from internal controls adopted by a fund. Documents should describe the actual perimeter accurately. Legal and regulatory advice should confirm whether the manager, fund, lender, originator, servicer or technology provider needs a licence or approval for the planned activity.

17. Implement one controlled segment in 100 days

The programme should begin with one defined borrower segment and product. A narrow pilot provides enough consistency to test data, model and process while limiting operational and credit exposure. Candidates can include established UAE distributors, service businesses or merchants with recurring account flows and clear financial records.

Days one to 15 establish sponsorship, licensing and data-protection review, eligible product, borrower definition, risk appetite, authority and success measures. Days 16 to 35 design consent, data inventory, completeness tests, transaction taxonomy and source reconciliation. Days 36 to 55 develop features, decision logic, downside scenarios and reason codes using controlled historical data.

Days 56 to 70 complete independent validation, information-security testing, operating procedures, credit templates and staff training. Days 71 to 85 run decisions in parallel with the established process, with no unapproved automation. Days 86 to 100 review outcomes, exceptions, bias, data incidents, borrower experience and portfolio impact before a documented scale decision.

Table 6. One-hundred-day controlled implementation programme

Days	Workstream	Controlled deliverable	Gate
1 to 10	mandate and perimeter	sponsor, product, borrower segment, roles and legal questions	accountable authority confirms scope
11 to 20	risk and privacy	risk appetite, consent, permitted use, impact assessment and retention	legal, compliance, risk and data owners approve design
21 to 35	data	account map, taxonomy, lineage, quality and completeness controls	test cases reproduce source-to-feature results
36 to 45	underwriting	feature library, financial reconciliation and downside cases	credit owners approve economic meaning
46 to 55	decision	score role, reason codes, manual path, conditions and overrides	delegated authorities and escalation agreed
56 to 65	validation	conceptual, data, performance, stability and limitation review	independent validation resolves material findings
66 to 75	operations	API monitoring, security, vendor, incident and business-continuity controls	end-to-end test completes with auditable evidence
76 to 85	parallel pilot	established and proposed methods run on the same controlled cases	differences reviewed before any production reliance
86 to 95	monitored decisions	limited production population with enhanced oversight	every approval, decline and override receives review
96 to 100	scale decision	outcome, exception, conduct, data and portfolio report	authorised committee approves remediate, expand or stop

Timing depends on licensing, data access, technology, portfolio, advisers and governance readiness.

18. Limitations and conclusion

Open-finance data is a new evidence channel inside an established credit responsibility. It can improve timeliness and cash-flow visibility. It can also amplify missing accounts, classification errors, population bias, model drift and inappropriate automation. A controlled design begins with lawful purpose, complete data, economic interpretation and accountable approval.

The CBUAE Open Finance Regulation defines the UAE framework and participant obligations.[1] The CBUAE 2025 annual report documents the initial operation of Al Tareq.[2] The UAE Personal Data Protection Law establishes data-processing controls and rights, including provisions relevant to automated processing and high-risk impact assessment.[3] The CBUAE Credit Risk Management Regulation and Standards govern licensed financial institutions within their scope and provide direct requirements for underwriting, monitoring, models and exceptions.[4] The CBUAE Model Management Standards apply to UAE banks within their stated scope.[5]

The Basel Committee's current credit-risk principles address banks and supervisors, organising sound practice around the credit-risk environment, granting, administration, monitoring and controls.[7] World Bank materials describe the potential and operational issues associated with alternative and transaction data for small-business finance.[8] These sources inform the framework while retaining their actual jurisdiction and institutional scope.

The hypothetical distributor case contains management assumptions solely for demonstration. Its transaction history, financial performance, facility structure, recovery estimate and portfolio impact should not be treated as observations, forecasts, market terms or recommendations.

A lender should be able to explain a decision in plain language: what data the borrower authorised; which accounts and periods were complete; what the cash flows demonstrated; how those observations reconciled to financial and bureau evidence; why the proposed structure matched the repayment source; which risks remained; who challenged and approved the decision; and what monitoring will cause action. That chain turns open-finance data into a controlled credit capability.

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