



Collateral grading transformed: Unlocking precision, speed, and compliance with cognitive automation

In today's banking landscape, collateral grading is no longer just a compliance checkbox—it's a competitive differentiator. As risk complexity increases and regulatory scrutiny intensifies, the ability to rapidly and accurately appraise collateral defines winners and laggards in the lending space.

Traditional models remain plagued by lengthy turnaround times, incomplete risk views, and inefficiencies created by siloed data and tedious manual checks. For many institutions, bottlenecks in physical asset assessment or outdated documentation slow down the entire lending cycle and increase exposure to non-performing assets. These challenges become more pronounced amidst new standards like Basel IV and persistent market competition from agile fintechs.

Cognizant's next-generation collateral grading solution marks a step change in how banks and financial institutions manage risk and operational efficiency. Picture a platform that brings together diverse collateral data—structured and unstructured, from APIs, legal search reports, satellite imagery,

and market indicators—into one seamless grading process. Through intelligent data extraction, regulatory mapping, and normalization, the system rapidly prepares information for advanced review, all in line with the latest compliance standards.

But this isn't just about faster data processing. The real breakthrough is an AI-powered core that leverages neural networks and NLP to analyse collateral at multiple levels—including dynamic compliance checks and deep documentation profiling. The platform cross-checks regulatory variables in real time, uses summary analytics to surface outliers, and delivers risk-adjusted grading that is both transparent and audit-ready. Credit appraisers benefit from an oversight layer, ensuring independent review and approval of each grade, while compliance teams get instant visibility into regulatory alignment. Our grading process goes beyond surface-level analysis. It integrates quantitative scoring—adjusted LTV, spread calculation, and asset categorization—with qualitative checks such as legal scrutiny and lifespan evaluation of the asset.

The result: more accurate, risk-sensitive ratings that move your institution from reactive risk management to proactive portfolio optimization

A key differentiator is the modular nature of Cognizant's solution. Whether you're reviewing land, vehicles, or buildings, the platform dynamically computes grade and spread ranges, auto-classifies assets, and supports advanced provision analysis. The entire process is configurable to your policy needs, with built-in futureproofing for compliance updates and market shifts.

The before-and-after impact is game-changing:

- Data collection and valuation time reduced from hours to minutes through OCR and digital sync
- Legal and registry checks automated for instant validation—no manual chase-up required
- Risk pricing adapts to spread engines and dynamic beta scoring—no more flat bands or outdated logic
- Approval and decision support is always informed by end-to-end risk intel, not fragmented reports

Banks leveraging this platform can expect not just operational efficiency, but improved credit quality, regulatory confidence, and customer experience. The journey to intelligent collateral management is underway—and those who move fast will define the market.

Curious what a next-gen collateral grading journey could look like for your institution? The real transformation story is just beginning—and we'd love to help you write your own chapter.

Connect with Cognizant to explore how our advanced collateral solutions can redefine risk, efficiency, and value in your lending portfolio.

About the Author:



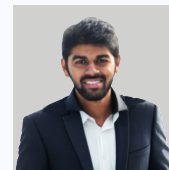
Dipankar Panda
Consulting Principal,
Cognizant BFSI

Dipankar Panda brings nearly 21 years of global consulting and industry experience in risk and regulatory compliance. He has led numerous advisory and transformation projects in the areas of risk, financial crime, and wealth management, focusing on advisory services, program management, and project management.



Gokulnath K S
Manager,
Consulting, Governance,
Risk and Compliance

Specializing in BFS, with a focus on Credit Risk and Regulatory Reporting. With expertise in both functional and technical domains, assisting organizations in developing and implementing comprehensive regulatory reports, contributing to critical projects such as the Basel pre-study and data management.



Surianarayanan A
Senior Manager,
Consulting, Governance,
Risk and Compliance

Surianarayanan A is a seasoned professional in risk management and regulatory compliance with expertise in Basel implementation and digital transformation for BFSI clients. He has led innovative projects like AI-driven stress testing frameworks and advanced risk tools, helping organizations optimize efficiency and navigate complex regulations.



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World Headquarters

300 Frank W. Burr Blvd.
Suite 36, 6th Floor
Teaneck, NJ 07666 USA
Tel: +1 201 801 0233

European Headquarters

280 Bishopsgate
London
EC2M 4AG
England
Tel: +44 (0) 20 7297 7600

India Corporate office

Siruseri-Software Technology Park of India (STPI)
SDB Block – Ground floor North wing
Plot No H4, SIPCOT IT Park
Chengalpattu District
Chennai 603103, Tamil Nadu
Tel: 1800 208 6999

APAC Headquarters

1 Fusionopolis Link,
Level 5 NEXUS@One-North,
North Tower, Singapore 138542
Phone: + 65 6812 4000

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