DSI 001 WORKED EXAMPLE

FinCo Credit Engine

Constructed example. Not a real assessment.

A machine-learning credit decisioning system that commits the organisation's capital at machine volume, deployed 22 months ago and never assessed against a defined governance framework.

> **Scope.** One deployment: the autonomous Credit Engine, from data inputs through to capital commitment. The assessment reads this system, not the organisation as a whole.

This example is deliberately not a passing system. DSI 001 is not useful because it certifies good systems. It is useful because it can classify a live autonomous system, show why the result fails, and sequence the path back to a stronger governance posture.

RESULT

3.42

Not Compliant

Governance Benchmark Index. Scale 1.0 to 5.0, where lower means a stronger assessed governance posture.
Compliant threshold: GBI at or below 2.50.

Reason. Compounding exposure across contract infrastructure, liability architecture and adaptive stability.

State 00	State 01	State 02	State 03
Unclassified	Assessed	Compliant	Certified

▲ FinCo: Assessed, Not Compliant (GBI 3.42)

~94%
Decided autonomously
of retail loan applications, with no per-decision human sign-off.

AUD 250k
Committed per decision
the capital the engine can commit without human authorisation.

22 months
Since last reassessment
run against no defined governance framework in that time.

The system, and where its governance is absent

DSI 001 first maps the decision supply chain: the path a decision travels from data to capital commitment, and the governance layer that should exist at each stage. FinCo's governance operates at the policy and reporting layers. It is absent at the three stages where the engine's autonomous authority is greatest.

Data inputs	Model processing	Decision formation	Execution	Institutional exposure
Application data plus historical repayment data used for fine-tuning.	Foundation model fine-tuned over 14 months; quarterly retraining.	Autonomous approve or decline, with loan terms set in range.	Capital commitment up to AUD 250,000 without sign-off.	Balance-sheet exposure across roughly 5,000 decisions a week.
PARTIAL	ABSENT	ABSENT	ABSENT	ABSENT
Provenance incomplete for fine-tuning data.	Retraining is not a governance trigger.	AE3 not recognised; no scope-boundary record.	No audit trail adequate for governance.	Liability architecture does not address AE3 at this volume.

The engine runs at Level 3 operational autonomy: it executes consequential decisions within defined parameters without per-decision human authorisation. Human review exists only as an exception path. Two analysts review roughly 300 applications a week against more than 5,000 automated decisions in the same period, so oversight is supervisory, not authorial, for about 95 per cent of the credit decisions made.

> **Why this matters.** Governance present at the policy layer does not govern a decision made at the execution layer. DSI 001 reads where authority actually sits, not where the policy says it sits.

The dimensional profile

DSI 001 reads the system across six dimensions. The profile concentrates risk in contract infrastructure and liability architecture, the two stages where the engine acts with the least governance.

D1 Autonomy

ELEVATED

Level 3 execution; oversight supervisory for about 95 per cent of decisions; commitment authority to AUD 250k with no per-decision sign-off.

D2 Data

MODERATE

Financial and identity data in production; training-data provenance partly documented; consent basis for historical repayment data not fully evidenced.

D3 Contract

ELEVATED

No AI-specific provisions in any material agreement; no audit rights over the model provider; customer documentation does not represent how decisions are made.

D4 Liability

HIGHEST

AE3 not recognised; a recourse process that implies a human review which does not occur at volume; insurance that excludes the actual exposure.

D5 Leverage

MODERATE

The lending line depends on the engine running across roughly 5,000 decisions a week; scope-restriction protocols are not defined.

D6 Stability

ELEVATED

Quarterly retraining is not treated as a governance event; reassessment triggers undefined; no reassessment in 22 months.

Why the weaknesses compound

Systemic Escalation. High-volume autonomous commitment combined with an unrecognised and uninsured liability category. The system makes consequential decisions at machine volume while the liability governance needed to manage their consequences does not exist.

Infrastructure Collapse. Significant autonomy combined with the absence of AI-specific provisions in any material agreement. There is no contractual infrastructure through which liability for autonomous decisions can be allocated, and no audit rights over the model provider on which the system depends.

Individual governance weaknesses are manageable. Compound weaknesses are systemic.

The result is not the average of the six dimensions. Where weaknesses combine, the standard treats the exposure as systemic rather than additive.

Evidence quality, and one result across four audiences

DSI 001 reads not only the risk posture but whether the governance could be demonstrated rather than asserted. Under EIS-01 the evidence is graded across the system lifecycle.

Design	Deployment	Operational	Outcome
PARTIAL	ABSENT	INADEQUATE	ABSENT
Architecture and pre-deployment testing exist; no prior classification record.	No record that governance was assessed before go-live.	Engineering telemetry exists; governance telemetry does not.	No contemporaneous record of decisions reviewed against governance.

Reconstruction risk is high. A governance claim that cannot be demonstrated from contemporaneous records is not a claim the standard can credit. Where the only source for a control is an after-the-fact management representation, the control is recorded as not evidenced.

One result, four audiences

This is one assessment, applied to the different question each institution asks.

Board

Not Compliant. At this governance posture a board would have a clear basis to withhold scale expansion pending remediation, to establish an oversight committee, and to receive the GBI each quarter until Compliant. The result also forms part of the record on what was known and what was done.

Insurer

Level 3 autonomy with three live coverage gaps: a professional-indemnity AI carve-out, a technology errors-and-omissions limitation, and no treatment of AE3. This may support a move from conditional review during remediation toward standard review once a Compliant result is issued, subject to the insurer's own underwriting process. It does not determine cover, terms or price.

Investor

A governance deficit relevant to valuation and to deal terms, with a remediation timeline and milestones that can be written into the agreement as conditions and monitored to exit.

Enterprise procurement

A system-level signal that the vendor is not yet suitable for a regulated buyer's reliance process without remediation, with a defined path to adequacy rather than a pass or fail on the vendor's name.

The remediation pathway

The same assessment sequences the work. The profile points to contract and liability first, because that is where the compounding exposure sits. In the worked example, deployment authorisation is withheld pending remediation, with a target of Compliant within 12 months.

Months 1–2 D3, D4

Contract renegotiation: AI-specific provisions, audit rights, AE3 liability allocation.

Milestone: agreements updated; AE3 recognised; provider AI-liability exclusion addressed.

Months 2–4 D1, D6

Oversight committee established; accountability documented; operational evidence programme begun.

Milestone: decision log active; anomaly escalation operational; reassessment triggers defined.

Months 3–5 D2

Training-data provenance documented; consent basis evidenced.

Milestone: provenance held; legal basis recorded per data category.

Months 5–7 D5

Commercial-leverage review; scope-restriction protocols; board reporting cadence.

Milestone: board receives periodic GBI; escalation defined.

Months 6–9 All six

Formal reassessment by an accredited assessor.

Target: GBI at or below 2.50 (Compliant).

DSI 001 produces one defensible, portable result: a board can act on it, an underwriter can evaluate it, an investor can condition against it, and a procurement team can use it to understand the system-level governance risk, and it shows the remediation sequence required to move toward a stronger classification.

The standard	The assessment	This document
Decision Standards Institute publishes and maintains DSI 001.	Accredited assessors issue DSI 001 results, independently of the standard.	Illustrative only. FinCo is constructed.