



# Financial Services in Uncertain Time

## Revisiting Risk Governance

### Context

- The prosperity and the economic boom made many banks too loose with their credit policies.
- Belief that the “constant” growth would never end resulted in a stronger focus on the sales side, underestimating the risk side. In some cases this has led to non-compliance with policies (e.g. breaching the product and client limits).
- In some institutions credit risk was underestimated, especially in terms of derivative instruments—there was no clear risk ownership. The management board and senior management were not adequately informed about the risk to which the company was exposed.

### Risks and Challenges

- How is the risk bearing capacity transformed to limit systems?
- How does risk exposure relate to risk bearing capacity?
- Who is responsible for setting and updating the exposure/clients limits?
- What are the responsibilities of the Internal Audit Department in terms of the review of the internal capital adequacy assessment process (e.g. adequacy of the limit system)? Who reviews the process of the post-audit recommendations implementation?
- How do you assign the risk cost to the sales forces?

### How Deloitte can help

Deloitte is experienced in setting up enterprise-wide risk management frameworks and a risk governance culture. The scope of services covers design, implementation and optimisation of a risk governance culture.

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Deloitte helps with the design and implementation of the integrated capital management framework (especially the limit system and risk adjusted performance measurement).

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Contact us for more information: [infoc@deloittece.com](mailto:infoc@deloittece.com)

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