
PwC RiskMinds 2014 – Daily Update

Wednesday, December 10, 2014

Stream Chairmanship: The Future For Finance & Risk Management

Wednesday, December 10 was a busy day at RiskMinds for PwC. Chris Matten chaired the stream The Future For Finance & Risk Management.

Chris hosted two CRO panel discussions following a new format for RiskMinds where participants were encouraged to discuss themes in smaller groups.

The first discussion: "The Interconnectedness of Financial Institutions" focused on how different financial institutions (banks, asset managers, insurance and peer-to-peer lending) are evolving, changing the mechanics of financial services and adapting their risk strategy. Chris posed the question: "Is the financial services industry broken?". The consensus was that there is a definite perception that it is, particularly by the legislature. However, in reality it's role is merely evolving. Banks may be returning to a role as basic utilities and conduits for funding while new players such as peer-to-peer lending are delivering basic products more efficiently. It is still too early to say how the industry will rebalance - particularly given a need for banks to return to a lower margin model conflicting with incentive schemes. What is clear is that the business models and roles of financial institutions will change over the next few years.

The second panel discussed risk management around the world with discussions on the CEE, Latin America, Asia and the Middle East. Key themes included the dependence of many emerging markets (particularly the Middle East) on oil prices, contoured political instability and the challenges of multiple uncoordinated regulators and government driven restrictions.



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Stream Presentation: Cyber Security – Concerns for Leadership: What You Need to Know

Julien Courbe, PwC's Financial Services Technology Leader presented on a topic that although five years ago was not a priority, it is now at the forefront of most CRO agendas – cyber security. It was a highly anticipated presentation, with many people stopping by the stand in advance to inquire about the topic and pick up the two papers we had to support Julien's presentation - **Threat smart: Building a cyber resilient financial institution** and **Managing Cyber Risks in an Interconnected World**.



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He presented the latest trends around cyber security, focusing on the new types of adversaries, the new attack techniques used by cyber criminals and the required defense mechanisms to best detect and respond. It was followed by a discussion on cyber framework and the need to enhance collaboration between firms and government agencies.



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Champagne Round Table: What Does A Changing Front Office Mean For The Risk Management Function Of 2016?

The evening ended with James Moseley and Stefano Mortali from PwC UK co-chairing the Champagne Round Table 'What Does A Changing Front Office Mean For The Risk Management Function Of 2016?'. The discussion was predicated on the themes that have arisen throughout the first two days of the conference and an overview of the fundamental change happening to bank's commercial models. Topics discussed included the need for the Risk function to readdress its mandate in a changing market and business environment, the approach to adoption of emerging technology and re-engineering of business processes required to keep pace with a new Front Office strategy and specific analytic toolkits being adopted to measure / mitigate new risks. Given the changing business, regulatory sophistication and increasing cost pressures there is an imperative for the Risk function to evolve and maintain relevance. The discussion ended with James and Stefano providing insight into PwC's proposed response to the question and a blueprint for the operating model of a risk function of the future as well as a commitment to follow-up with participants in the new year.



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