

Regulatory Workshop on Risk Based Supervision



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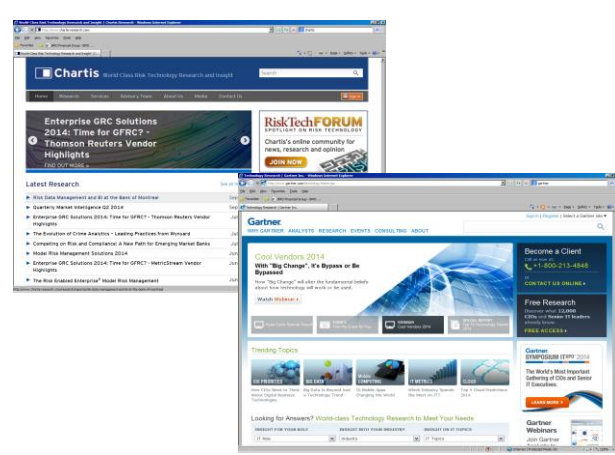
Agenda

- Prerequisites for a risk based supervision program
- Identification and prioritization of risks
- Measuring and monitoring risks
- Reporting
- Calibration

Prerequisites for a Risk Based Supervision Program

What risks do you really care about? Build the model you can support now.

- Strategy is clear, actionable and board level approved
- What risks do you care about?
- An articulation of risk tolerance as part of framework
- Engagement and commitment from senior executives and supervisors
- Understand your capabilities and capacity
- Get the tools you really need



Identification and Prioritization of Risks

The qualitative, the quantitative and what it says to you

- Data analysis for risk identification or to confirm and shape qualitative judgment
- Qualitative judgment to shape understanding of what data may be saying
- Not everything can be top priority – using risk tolerance to help
- Develop desired outcomes for key risks and the reality of what you can reasonably achieve given time



Measuring and Monitoring Risks

What you measure matters.

- What you measure can influence behaviors of intermediaries and supervisors
- Good metrics, bad metrics and great metrics – driving to risk profiles with a comprehensive view
- Capabilities in risk and supervision and the question of independence
- How's the risk tolerance holding up?



Reporting

Telling the story of progress made. Consistent messaging to stakeholders.

- Telling the story of progress against desired outcomes as detailed in action plans
- Risk tolerance as a core, consistent messaging point
- Different stakeholders need to hear different things but the story must be the same



Calibration

The only constant is change. Calibration is key.

- Economic, business and political environment is constantly changing; the size and shape of risks also change
- Not just calibrating what you measure and how
- Calibrate people capabilities and capacity, processes and governance
- Still using the right data and tools?

