

# Managing During Difficult Times

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# About me - some info

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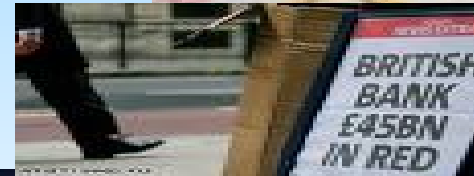
- **Loughborough University:**
- **Economics with Econometrics**
- **Midland Bank/HSBC:**
- **Branch**
- **Head Office – Risk Analytics**
- **Commercial Analytics, Decision Technology**

# Managing During Difficult Times

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**Risk Managers have experienced an unique journey over the last 18 months.....**

**This journey included/coincided with.....**



# Managing During Difficult Times

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- **Introduction**
- **Portfolios**
- **Key Challenges - Business as Usual ?**
  - **- Capital and RWA management.**
- **Events along the way**
- **Results**
- **What Next ?**

# Portfolios

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- **HSBC Brand – UK Bank business**
- **Overdraft, Cards, Loans**
- **Mortgages**
- **Scored & Score-Assisted Commercial Lending**
- **Acquisition Scores and Strategies**
- **Behavioural Models**
- **Basel Models**
- **Account Management, Early Collections**
- **Provisions and Forecasts**

# Key Challenges - Business as Usual ?

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- **Very unusual times**
- **Extant portfolios with inherent risks**
- **Rapid growth in early 000's**
- **Levels of indebtedness**
- **Lack of control of sales processes**
- **3<sup>rd</sup> Party activity**
- **Regulatory environment**
- **Growth of the internet**
- **Plenty to think about...**

# Key Challenges

## Capital and RWA Management

- **Basel II**
- **Management understanding**
- **Similar but different**
- **Pro-cyclicality**
- **Compounding effects of changes**
  
- **No surprises please !**

# Events Along the Way

- **Resources needed to achieve Basel Waiver**
- **Ongoing resource requirements to manage change**
- **Additional models to manage**
- **Increased number of stakeholders**
- **Pressures to manage costs, offshore, globalise**
  
- **Many models going out of alignment – priorities ?**
- **Similar issues across multiple entities**
- **Applicable lessons from the US**

# Results

- **Successful growth of offshore team**
- **Basel lessons – co-operation works !**
- **Sharing of experiences**
- **Dialogue with wider business representatives**
- **Reduce versions of the truth**
  
- **Maximise use of data – warehouse, bureau**
- **Stress Testing helps to set risk appetite**
- **There is still good business out there**

# What Next ?

