



STRESSTESTING

Status Quo

Risk models and the application of stress tests are used to quantify risks when checking the solvency of banks. The financial crisis exposed the inadequacy of risk models in place at many institutes, also that the sensitivity of the models was insufficiently identified and that a "translation" into appropriate control measures did not take place in all instances. Moreover, the supervisory authorities had scant opportunity to produce effective comparisons due to the methodical sovereignty of the individual institutions.

Increasingly, the supervisory authorities therefore focused on the results of stress testing to produce comparative solvency analyses. In turn, this development means that institutes are facing increasingly strict and significantly more complex implementation and execution workloads, as well as the necessity to adapt to a constant cycle of new stress test requirements. This applies to all types of stress test required by the supervisory authorities.

Consultation paper for the draft guidelines on stress testing and supervisory stress testing (EBA/CP/2016/28)

Framework requirements for bank-wide stress testing

Overarching aspects

- Requirements for the governance framework, including demands in regard to the control relevancy
 of stress testing in the bank
- Requirements for an adequate data infrastructure in regard to data integrity, completeness, flexibility and availability
- Regulations on the scope of stress tests, both in regard to the included parts of the company, as well as to the number/type/structure of scenarios and parameters that need to be considered etc.

Stress test types

• Stress testing set-up

Feedback effects

Business model analysis

Portfolio cross sections

Reverse stress testing

Comparison with ICAAP and ILAAP

Connection to financial recovery planning

Risk types

Consistency

between scenarios and risk types

Consideration of concentrations

Correlation of risk factors

Aggregation of risk contributions

Securitisation

Conduct risk

FX lending risk

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How mature are your stress tests?



Why choose Geissbühler Weber Consulting?

With Geissbühler Weber Consulting, you will have a partner that helps to satisfy regulatory requirements for stress testing at all times.

EXPERTISE

We can draw on the profound know-how of recognised experts from a variety of fields.

INDEPENDENT PARTNER

As external and independent partners, we have no conflict of interests in regard to your stress test. This enables us to ask critical questions to identify the ideal model for your organisation.

RESOURCES

External support from an expert does not place a burden on your daily business. Implementation can therefore be completed cost efficiently and in a timely manner.

BEST PRACTICE UND BENCHMARKING

Our long-standing experience means we are familiar with the industry best practices. We are therefore in a position to show you the benchmark in addition to the minimum regulatory standards.

Thank you for contacting us



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