

Actuaries in Banking and Finance

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Banking and Finance : new fields for actuaries ?

- no if one look at history
 - De Witt and others
- no if one look at countries like France
 - a long story
 - Deparcieux in 1746
 - Founders of the Cercle de Actuaires Français in 1870
 - large involvement in bond trading and bond portfolio management at the beginning of the 1970 's

French Actuaries in Banking

- Who are they ?
 - mostly young people
 - attracted by the high salaries
- Why are they recruited
 - rocket scientists
 - high level of knowledge in Finance and applied mathematics

Finance and Actuarial Education

- extract of the core syllabus of the FFA
 - insurance : 105 hours of courses and 65 hours of tutorial
 - finance : 125 hours of courses and 45 hours of tutorial

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Traditional activities

- trading
 - derivatives
- portfolio management
 - bond
 - equity
- asset and liability management

French Actuaries in Banking

Breakdown of French actuaries by profession in the finance industry

Trading	16%
Portfolio management	31%
Marketing	10%
Risk control	6%
Research	12%
Credit	8%
Data processing, organisation	9%
Others	8%

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Wider fields

- research & development
 - market and credit risk analysis
 - derivatives, exotic options
- data processing/organisation and methods
- risk management and control

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New Basel Capital Accord

- Market Risk : no change
 - Standardized approach, Internal VAR models
- Credit Risk :
 - Standardized approach, Internal ratings based approaches
- Operational Risk :
 - Basic Indicator approach, Standardized business line approach, Internal measurement system approach

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Role of the Actuary

Assess the risk

- Determine the distribution of gains or losses or more generally return
- Measure the dependence between the several risks incurred

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New developments

EU is reconsidering its solvency system for insurance

Question : are new banking rules relevant of the insurance sector ?

Actuaries in Banking and the actuarial international organizations

- AFIR section
- Committee of Investment and Financial Risks of the Groupe Consultatif
- Committee on Financial Risks of the IAA