



Article of the month:

4 steps to align ESG and enterprise risk management

December 2018. Katie Abbott & Beth Richmond

As outlined in BSR's recent report, "Redefining Sustainable Business: Management for a Rapidly Changing World," resilient business strategies require an enterprise risk management (ERM) approach that effectively incorporates sustainability risks of material significance to the company, such as climate change, natural resource availability and social volatility.

An executive we recently interviewed outlined it this way: "Risk awareness needs to become much greater now that we are living in a riskier world and facing issues like the rise of authoritarianism, cybercrime and migration. We will see companies having much greater oversight of risk, and investors will be much more demanding of this than in the past."

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Why Retirement Is Broken And Needs To Be Reinvented

December 2018. Stephen Chen (Founder and CEO of NewRetirement.com)

Retirement is the #1 financial worry with 65% of Americans worried about it and a majority thinking about it 4 times per week. The core problem is uncertainty - people have no idea how much they need, because we have created a system around building assets instead of income.

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A Conditional Equity Risk Model For Regulatory Assessment

November 2018. A. Floryszczak, J. Lévy Véhel and M. Majri

We define and study in this work a simple model designed for managing long-term market risk of financial institutions with long-term commitments. It allows the assessment of solvency capital requirements and the allocation of risk budgets. This model allows one to avoid over-assessment of solvency capital requirements specifically after market disruptions. It relies on a dampener component in charge of refining risk assessment after market failures.

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Euro-zone: The risks of reversal

December 2018. DANIEL BEN-AMI (Deputy Editor at IPE)

Despite the ECB's ultra-cautious approach to reversing monetary expansion, several things could go wrong over the coming year. The challenge of reining in quantitative easing (QE) in the euro-zone is one of the greatest uncertainties facing investors over the coming year. Some 53% of institutional investors identified monetary policy tightening as one of the biggest risks to their portfolios in 2019, according to a survey by NN Investment Partners (NNIP).

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Strategy Selection: Is it worth the risk?

December 2018. JOSEPH MARIATHASAN (Contributing editor at IPE)

Peer group comparisons were the predominant form of risk assessment during the 1990s when there were only five large fund managers in the UK who offered multi-asset 'balanced funds' to pension schemes. Such comparisons will always be of interest because of the competitive element of human nature. But are they the best way of assessing the likely risk facing the plethora of 'targeted return' and other styles of multi-asset strategies that have arisen particularly over the past 10-12 years?

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Market risk drops €5 billion at big EU banks, reversing trend

December 2018. Alessandro Aimone (staff writer for Risk.net)

The eight European global systemically important banks (G-Sibs) reported a €5.3 billion (4%) drop in market risk-weighted assets (RWAs) over the three months to end-September.

Banco Santander posted the largest reduction of the group, with market RWAs falling by €2.2 billion, or 9%, to €22.6 billion in the quarter.

Credit Agricole disclosed a €1.5 billion (11%) reduction, BNP Paribas €1.3 billion (7%), Societe Generale €1.2 billion (7%) and Deutsche Bank €200 million (1%).

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Risk Awards 2019: The winners

December 2018. Risk.net

When US equity volatility surged in February, it immediately separated the market into winners and losers; a snap verdict that rested not just on how firms did on that day, but also on how they had been running their business in the weeks and months prior.

It was a one-off moment that gave dealers, investors and clearing houses an opportunity to test their powers and show off their planning. The story recurs in various forms throughout this year's Risk Awards.

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Multi-Asset Strategies: Worrying developments

December 2018. PIRKKO JUNTUNEN (Deputy Editor at IPE)

Most key indicators show that the developed economies are late in the economic cycle, a cycle that is one of the longest in history and might still beat the record of the 116-month cycle between 1991 and 2001. Peaking growth in developed regions, fiscal tightening and higher inflation are set to have an impact on most asset classes as fundamentals weaken further in the coming year or two. In addition, geopolitical tensions, trade wars and uncertainty surrounding Brexit are making investors jittery.

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The perils of trying to time the market

December 2018. The Economist.

Jesse Livermore earned his reputation as a talented speculator by pocketing a tidy sum during the Panic of 1907. Mindful that a scarcity of credit and a giddy stockmarket were a dangerous mix, he began to sell stocks short that autumn. When share prices crashed on October 24th, Livermore was up by \$1m (\$27m in today's money). He then changed course. He started to buy stocks, which were now a lot cheaper. The market rallied. By the end of the year Livermore had made \$3m.

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FCA survey reveals significant increase in tech failures

December 2018. Central Banking newsdesk

The UK's Financial Conduct Authority has recorded a 138% increase in technology outages at financial firms and an 18% rise in cyber incidents, according to one of the regulator's top officials.

"On the basis of the data that the FCA is currently collecting, we see no immediate end in sight to the escalation in tech and cyber incidents that are affecting UK financial services," said Megan Butler, executive director of supervision at the FCA, in a speech yesterday.

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The Actuary Magazine:

[Read More](#)

Irish SoA Database:

<https://web.actuaries.ie/press/erm-resource-database>



AFIR-ERM
Finance, Investment & ERM

UPCOMING EVENTS



AFIR-ERM Colloquium, Florence 2019

21st to 24th May 2019. Florence, Italy

The Istituto Italiano degli Attuari and Ordine degli Attuari (ISOA) and the AFIR-ERM Section are pleased to invite you to the AFIR-ERM Colloquium 2019: "Innovating Actuarial Research on Financial Risk and ERM", that will be held from 21 to 24 May 2019 in Florence, Italy, the cradle of Renaissance. Come enjoy from its artistic heritage as you walk along in an "open-air museum". Find out more about the event.

[Find out more](#)



FX Briefing in Frankfurt

12th February 2019. Frankfurt, Germany.

Risk.net, CME Group and BNP Paribas are set to host the second Risk FX Briefing in February 2019, this time in Frankfurt. This compact half-day event will feature an esteemed line up of industry professionals who will delve deep into the biggest challenges being faced by the investment and corporate community in Europe.

The briefing will give insights into the most pressing issues in the industry and get a crucial update on major themes in FX markets.

[Find out more](#)