



Future opportunities

ACTUARIES IN BANKING

2nd European Congress of Actuaries

My journey along a banking group



Selection interview of
an insurance company
of a banking group

Actuary of Insurance
company of a banking
group

Chief Actuary of
Insurance company of
a banking group

My journey along a banking group



Chief Actuary of Insurance
company of a banking group

Member of Asset and
Liabilities Committee

My journey along a banking group



Member of Asset
and Liabilities
Committee

Lehman Brothers
Bankrupt

My journey along a banking group



Lehman Brothers
Bankrupt

Research and
development project
on ALM in insurance

My journey along a banking group



Research and
development project
on ALM in insurance

Director of Markets
and Treasury of a
Bank

My journey along a banking group



Director of Markets and
Treasury of a Bank

Added roles: CFO of group
of companies and CEO of
Insurance company

My journey along a banking group



Added roles: CFO of group of companies and CEO of Insurance company

Director of Finance and Support to Companies (Corporate Banking)

Actuaries in banking by Peter Sinkis and Nicholas Scott



This paper has been prepared for the Australian Actuaries Institute
2014 Financial Services Forum

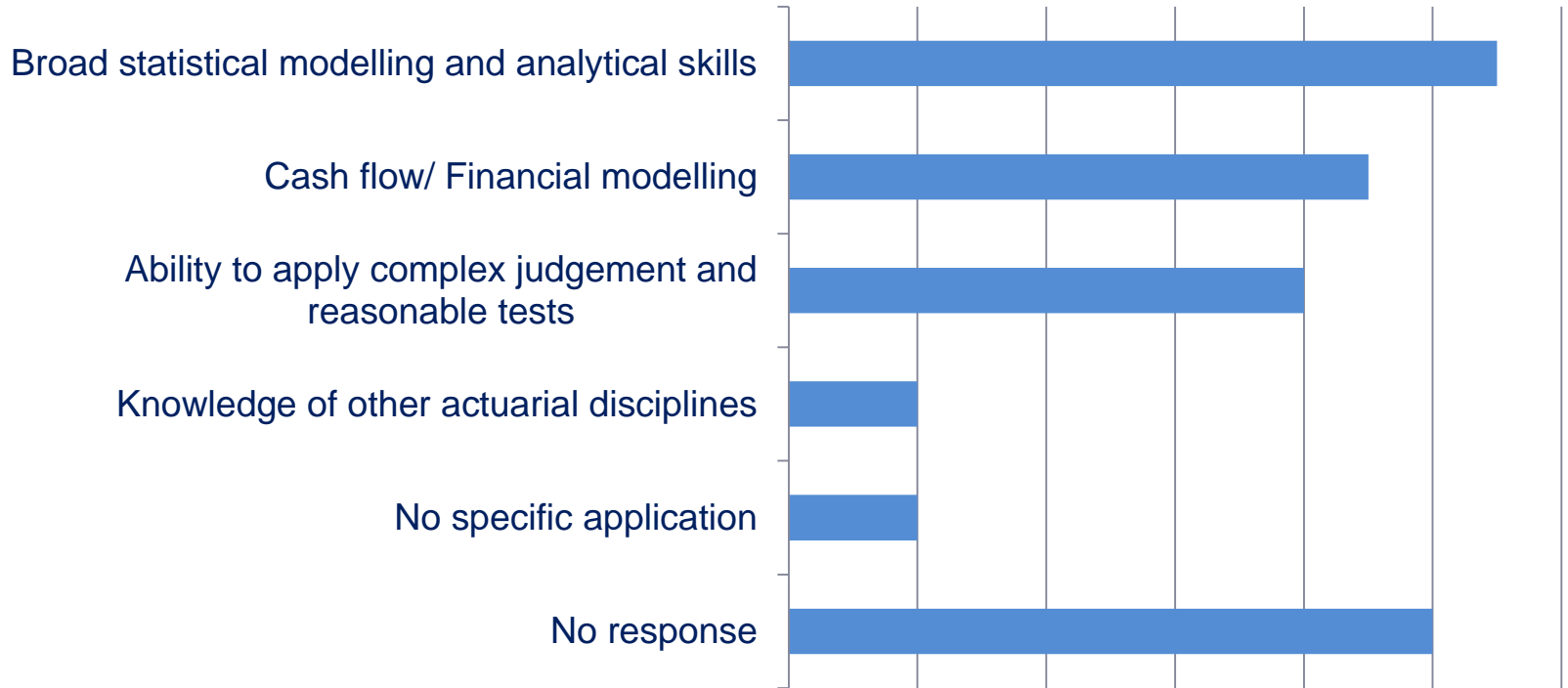
A discussion of the roles and experience of actuaries working in the
banking sector as provided through a member survey and several in-
depth interviews.

<http://www.actuaries.asn.au/Library/Events/FSF/2014/SinkisScottBankingPaper140505.pdf>

What general area of Banking Practice do you currently work in?



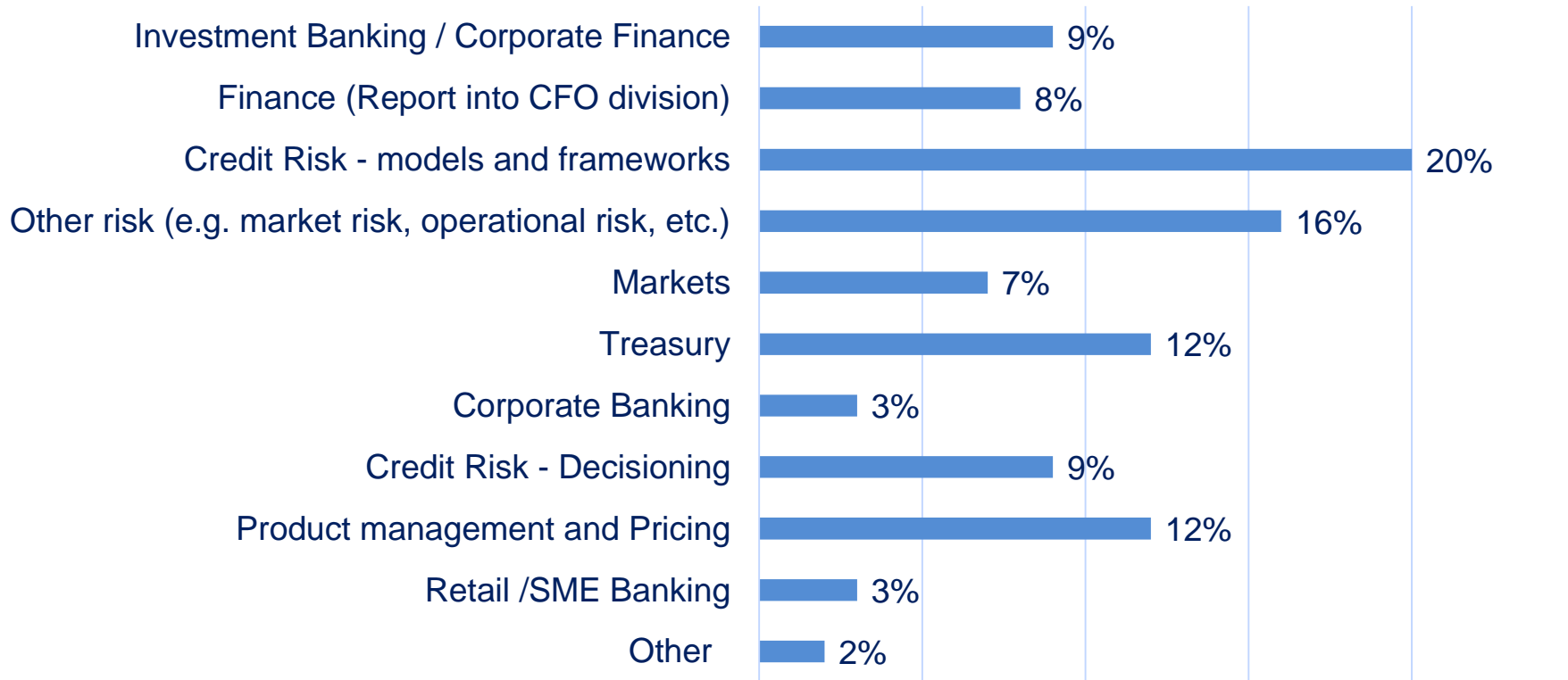
What actuarial specific skill sets are applied in your current role?



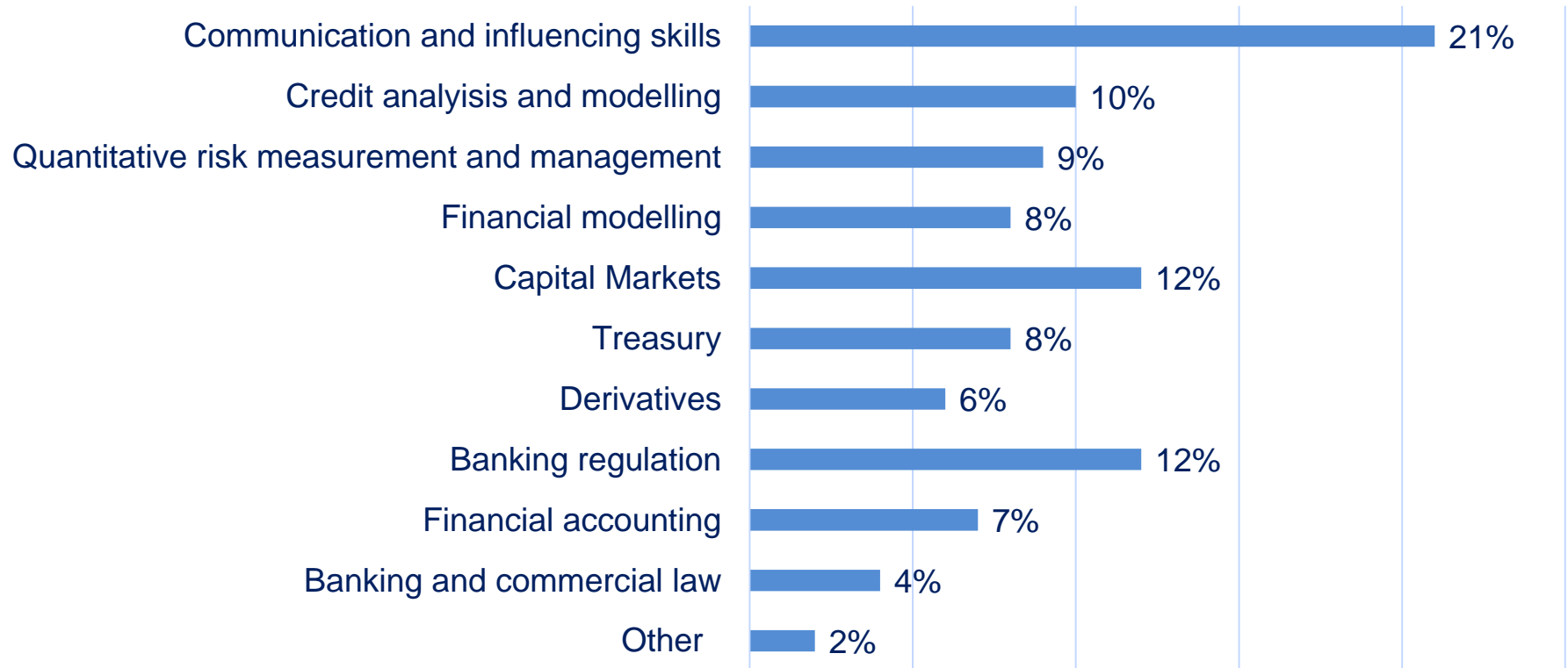
How do your colleagues perceive the relevance of your actuarial background in your current role?



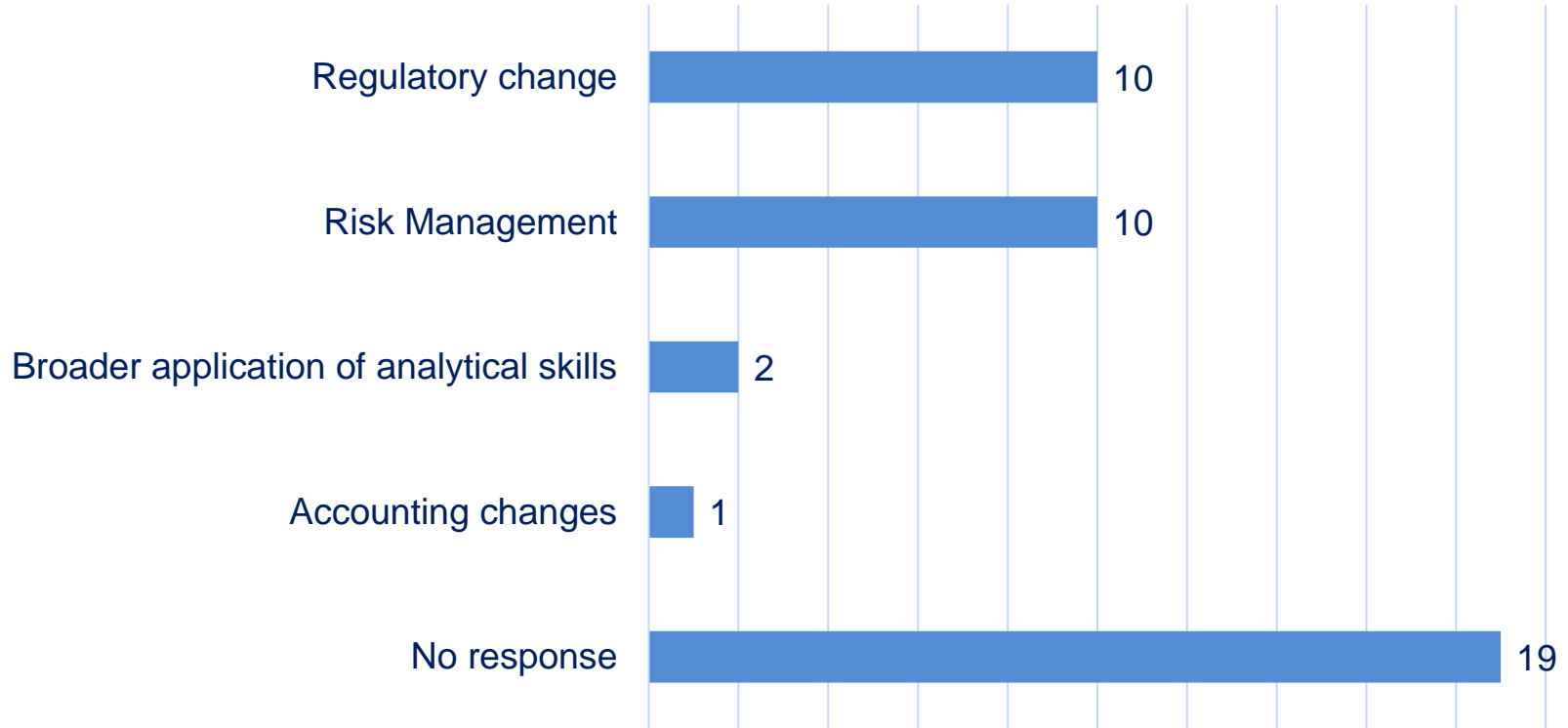
Which areas do you believe are currently best suited for actuaries?



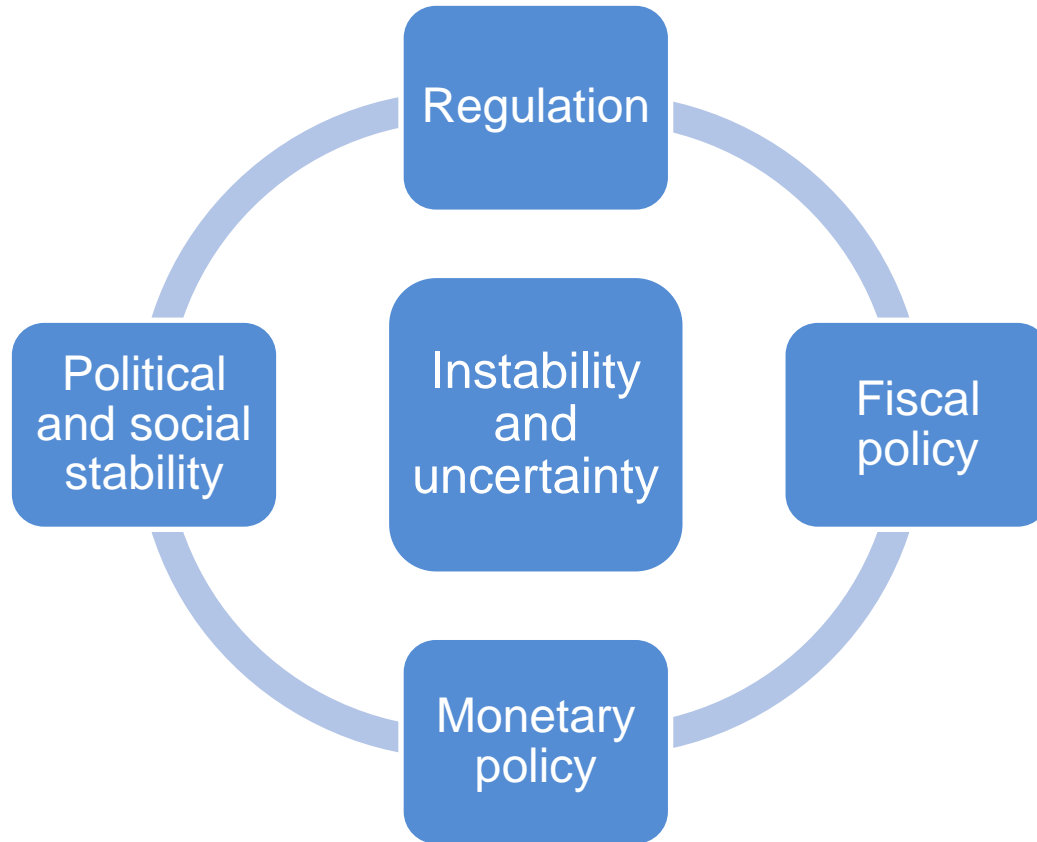
Which skills and knowledge areas need to be most urgently addressed for actuaries to flourish in Banking Practice?



Issues and Challenges



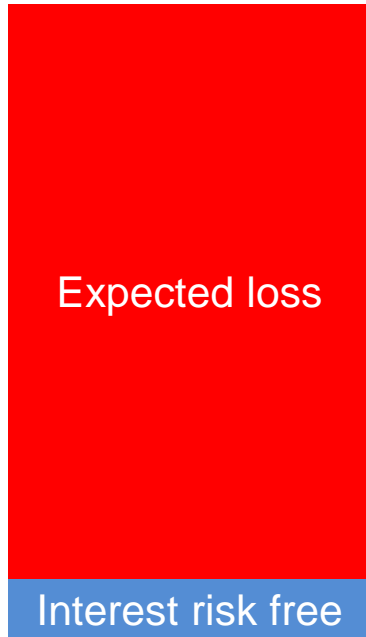
Issues and Challenges



Product management and pricing



Monetary policy has caused minimum interest rates, so that most of the interest paid by the borrower corresponds to the expected loss



$$= \text{Probability of Default} \times \text{Exposure} \times \text{Loss Given Default}$$



Repayment capacity of borrower



Sort of credit



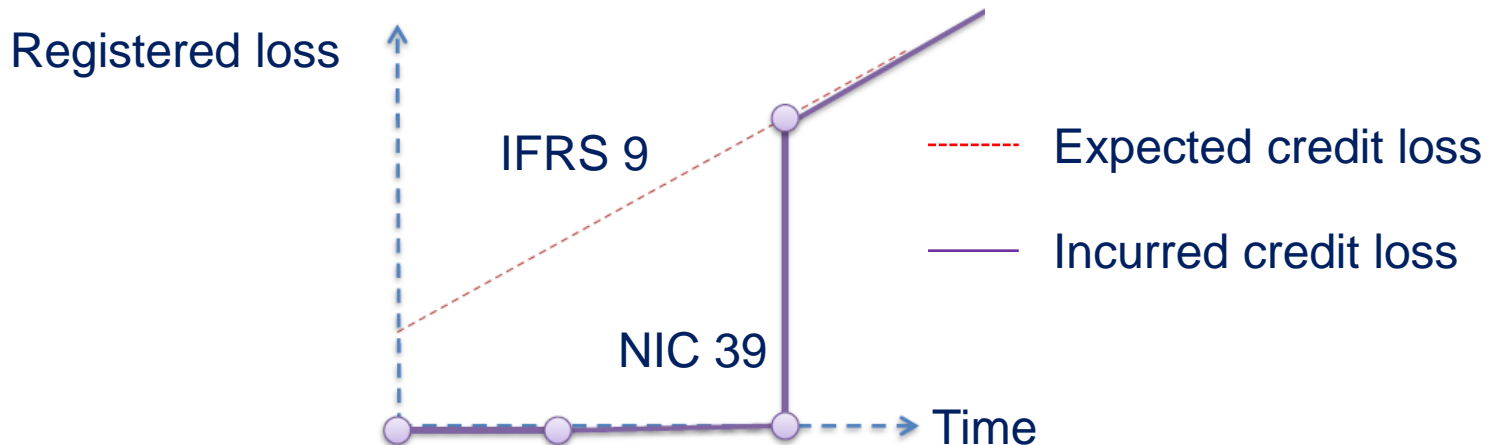
Borrower guarantees

Accounting change IFRS 9: credit loss provisioning



Credit loss provisioning under NIC 39 Vs IFRS 9

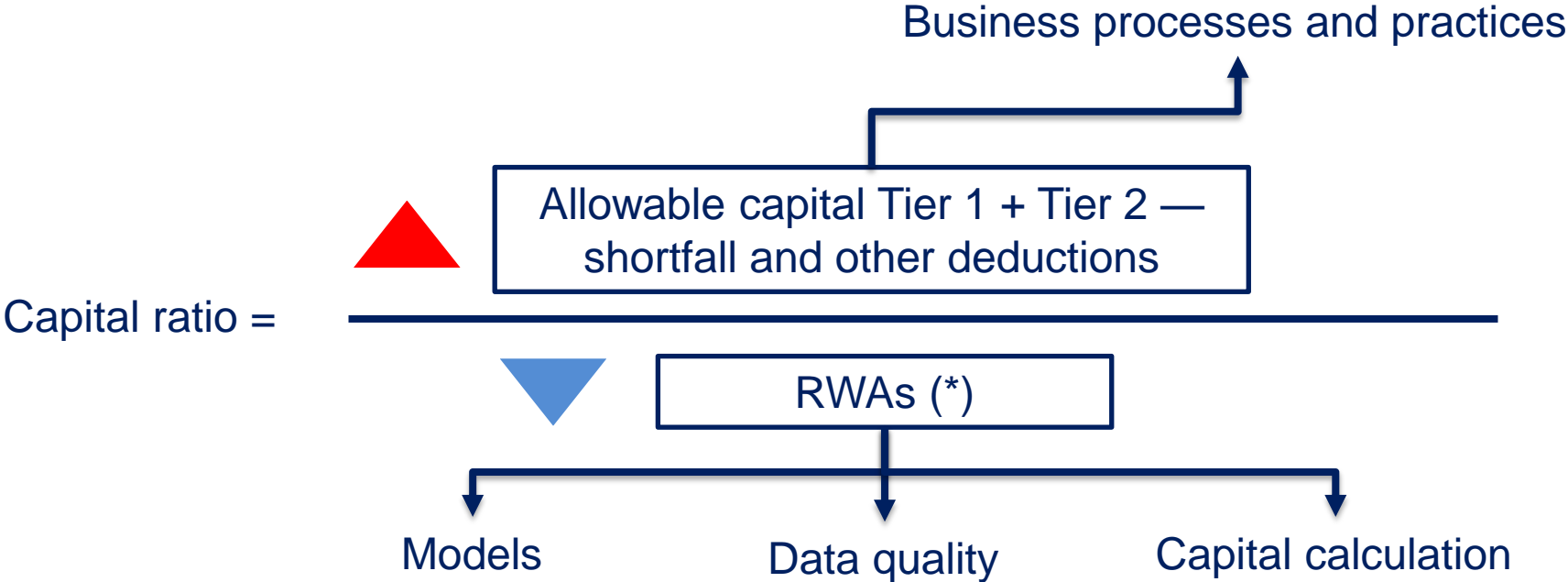
At the moment, accounting provisions are based on Incurred Loss Model
Evidence of Impairment, e.g. a delay of 90 days in payment



Basel III



Capital optimization



(*) Risk-weighted assets

Conclusion



Actuaries work across a range of banking roles; predominately in front-office investment banking, middle-office finance and credit risk related roles

But our knowledge and skills are not known in banking. The study analysed indicates that only 7% of Australian actuaries work in banking.

Banking is a sector vastly larger than insurance, in people and capital resources.

There are many reasons to pursue a career in banking, including broader career opportunities and a variety of work.

Regulatory change and other challenges are opening up important opportunities for actuaries.

Conclusion



More training in banking-specific techniques and regulatory requirements is important to create more opportunities for actuaries in banking

It's also important collaboration between actuarial associations to claim the role of actuaries in banking and create organized interest groups.

To start it could be interesting to conduct a similar study conducted by the Banking Practice Committee of the Institute of Actuaries of Australia

<https://www.actuaries.asn.au/practice-area/banking>



THANK YOU FOR LISTENING!

ARE THERE ANY QUESTIONS?