

# 4 Key Insights from the Stress Testing Europe Summit

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We had the pleasure of attending the [4th Annual Stress Testing event](#) in London, hosted by Center for Financial Professional. The event was attended by senior stress testing professionals from global banks and was insightful, as well as impressive, in terms of the breadth and depth of coverage around stress testing. We've derived four key insights from the event:

- Many **organizations continue to struggle with data, systems, and reporting**. However, it is encouraging to see many banks have resolved the challenges faced by the process, despite it being done using more resources and consultants, which has significantly increased the budget.
- **Capital planning, CAO, and Stress Testing being a part of the business process is key**. Organizations such as Bank of America Merrill Lynch and ING stood out not only for how they have organized themselves but also for embedding stress testing within their business process.
- All who attended agreed on one point - **stress testing is “an art rather than a science”**. While standardized approaches have generally been built into the frameworks of most banks, there was a difference in terms of how the scope of these applications was being developed. Finding ways to assess anomalies from a macro or operational perspective seemed to be proving incredibly difficult. The actual role of stress testing was to provide an objective view of risk to the business and not make definite statements on how it should be treated.
- The starkest observation made was that **as budget pressures increase, the demand for skilled quantitative resources also increases**. Banks struggle to find skilled resources. Regulators, too, are faced with similar issues. Acuity Knowledge Partners predicts the advent of new liquidity rules and FRTB in 2017/18 will further accelerate and put pressure on innovation, and the BAU and modeling teams across both model development and validation.

This is where Acuity Knowledge Partners believes it has an “edge”, as it can assist organizations by providing skilled resources. Unlike the above four insights, these resources work only for the client and work on an onshore/nearshore/offshore basis. The client benefits not only from skilled resources

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and improved retention but also from “knowledge retention” at a significantly reduced cost of ownership.

Drop an email to [contact@acuitykp.com](mailto:contact@acuitykp.com) to learn more about our stress testing-related capabilities and services

#### About Acuity Knowledge Partners

Acuity Knowledge Partners is a leading provider of high-value research, analytics and business intelligence to the financial services sector. The company supports over 400+ financial institutions and consulting companies through a team of over 4,000+ subject matter experts who work as an extension of the clients’ teams based out of various global delivery centres.

We empower our clients to drive revenues higher. We innovate using our proprietary technology and automation solutions. We enable our clients to transform their operating model and cost base.