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GlobalRiskExpert – Insights from the Ri\$k Minds Conference in Geneva

Geneva, Switzerland – Over 600 of the world’s top risk managers met this week in Geneva Switzerland for the 13th annual risk management conference, called Ri\$k Minds 2006. While this annual event is mostly a capital markets risk conference, this year we saw in attendance several former sell-side risk people who have moved over to the dark (eg buy) side.

The conference attendee and speaker list has become a “who’s who” in the world of risk management and included top managers from the bluest of blue chip firms and academic institutions. Tuesday’s top presenters were Madelyn Antoncic, the Chief Risk Officer of Lehman Brothers and Robert Merton, the Nobel-prize winning professor at Harvard Business School. Dr. Antoncic gave a comprehensive account of the risk structure and systems at Lehman while Merton engaged the standing-room-only crowd with a discussion around current issues in risk and derivatives.

Tuesday’s afternoon sessions included several breakout streams, including a single stream on advanced market risk concepts featuring behind-the-scenes risk quant powerhouses from RBS, Citigroup and Lehman – namely, Riccardo Rebanato, Eduardo Epperlein and Eduardo Canabarro. Other notable presenters included the esteemed Emanuel Derman, Alan Smith from HSBC and Jan-Peter Onstwedder from BP.

Wednesday’s session was focused on the CRO role. Risk advisory partner Phil Rivett from PwC moderated the day. In fact, PwC was offering CD disks that included the entire conference’s presentations. They likely have some leftovers so you can probably contact him at London’s PwC office to request a copy.

Wednesday’s presentations kicked off with an excellent set of slides from outgoing Royal Bank of Scotland CRO Rich Gossage, who discussed RBS’ approach to risk management and their organizational structure. Gossage discussed the challenges of getting 4,000 risk professionals and over 120,000 RBS employees (up from 25,000 in 1999) to embrace the concept of risk management. He also introduced RBS’ initiatives such as their Risk Academy and their Risk Leadership Forum – which includes 150 of their top risk management professionals. This is an internal elite group that offers invitations to RBS risk professionals based on performance and talent, not title. Gossage, who is turning over the reins on January 1st, didn’t mention his next career stop, but it is likely he will turn up somewhere in the near future.

Dave Bushnell from Citigroup was on stage next, and he discussed non-traditional risk issues, such as legal, proximity and country risk – making most of us shake our heads about the complexity of the risk situation at the super-large multinational firms such as Citi. Both he and Rich Gossage noted that Regulatory and Compliance risk operational and strategic issues are the most time-consuming part of their roles – the things that keep them up at night.

Tim Pagett, an advisory partner at PwC, who recently relocated his family to Beijing, educated the group on risk and governance in China. While we were all aware of the size and scope of the Chinese economy, Pagett wowed the crowd with fact after fact about this explosive economy as well as the challenges of doing business and communicating in China. As a business owner who is opening shop in Asia in early 2007, I was both encouraged and enlightened as well as scared to death about the challenges of operating in China.

Several panels followed, including Raj Singh from Allianz and Michael Alix from Bear Stearns. The day concluded with an enlightening panel from the buy-side. Erwin Martens from TIAA-CREF and David Martin from AllianceBernstein were joined by Peruvemba Satish from hedge fund DKR and Chris Chaloner from Man. David Martin, who has twenty years of experience at Citigroup and was one of the designers of Windows on Risk that was used in the Citi executive suite for many years, spoke about his transition to the buy-side. He explained that buy-side firms have a very different perspective on risk, as compared to the sell-side. Buy-side clients, not investment managers, bear the risk, as compared to bank and investments who are risking their own capital. Martin, who is respected within his firm as well as the industry for both his technical skills as well as his simple and straightforward approach and style, finished by challenging those in attendance to ask themselves “Is your firm accident prone, or not? That is really the critical issue.”

This annual event is regarded by most people in the risk management community as the world’s top annual risk management event. Over 30 vendors, including household names such as MoodysKMV, Standard and Poors Risk Solutions, and RiskMetrics were in attendance, as well as growing firms such as Risk Talent Associates. The conference organizer, ICBI, did an excellent job hosting this first rate event, which included a casino night on Wednesday night, so that the risk managers could enjoy some Las Vegas style risk management. ICBI is offering a similar conference in March in Hong Kong, where they expect three hundred risk professionals at their first such event in the Asia market in the risk space.

Other notables at the conference included Chairman of the Board of PRMIA, Geoff Kates, whose day job includes running Lepus Consulting, a top risk consultancy. Mark Lawrence, the former CRO of ANZ Bank, also surfaced at the conference taking his usual seat in the front row. Many of us were curious to hear about his new job as a partner at McKinsey, and we were further astonished to learn that McKinsey has a large global risk management practice.

The main part of the conference concluded on Thursday with the schedule including presentations by Hugo Banziger, the CRO of Deutsche Bank, as well as the always interesting

Tom Wilson, Chief Insurance Risk Officer at ING Group. Stephen Kealhofer spoke on a topic he knows a bit about – successfully managing credit risk.

Put this event on your calendar for next year. You won't be disappointed.

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