

Evolving Business Strategies in An emerging regulatory landscape

28 May 2011

Agenda

- The Journey – a recap
- Managing regulatory heterogeneity
- This is a corner office agenda

Basel 1 – a capital calculation mechanism

- A bit of history of banking pre Basel 1
- Effect of Basel 1 on the Banking system
 - More focused on capital calculation
 - Influenced the conduct of businesses
 - Risk management practices changed but little

Basel 2– a driver of strategy

- Firm link to risk management practices in the firm
- Data management a critical part of Basel
- Front line uses Basel 2 to differentiate between opportunities
- Economic capital and bettering of return on capital
- Basel 2 had its failings but it is an important building block

Basel 3 – An attempt to fix gaps

- The debate on quality and quantify of capital
- The proposals related to liquidity
- The regulatory conundrum

Has the pendulum swung too far?

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Multi speed regulation

- The developed and emerging markets divide
- The many versions of Basel rules
- Business challenges

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This is a corner office agenda

- Needs buy in at the highest level
- A multi year process
- Will require significant investment
- And significant buy in from people