

Chairman summary of session IPM 68: Risks in finance – the state of the art in statistical methods

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This topic covered two approaches: (i) a data collection approach, and (ii) a research approach to risks in finance and to the management of those risks. Discussion of the data collection approach focused on data assessment needs and “gaps” and the links with frameworks of risk. Discussion of the research approach focused on ways in which prudential supervisors and the banking industry deal with risk. For the data collection approach, the Invited Paper Meeting covered macroprudential analysis and the measurement of credit risk transfer. For the research approach, a paper from the banking industry looked at the advanced measurement approach to operational risk. A second paper presented by a prudential supervisor covered the supervisory review process.

Concluding remarks

Going forward, further work on these themes would be desirable in order to: (i) strengthen the analytical and conceptual framework for financial stability analysis, which would in turn clarify data priorities; (ii) strengthen work on international data harmonisation and particularly on the comparability of exposures (large exposures, trading books) between institutions and on cross-sectoral and cross-border financial linkages, in order to identify the build-up of risk; (iii) increase coordination of microprudential data collection from banks (exposures, capital and liquidity, credit risks) and its frequency (end-period and period averages and high-lows). Data collection should be shared between supervisory authorities and economic statisticians, not least to reduce the burden on business; and (iv) meet statistical demands for stress tests and the implementation of the advanced measurement approach for banks (Basel II).

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