

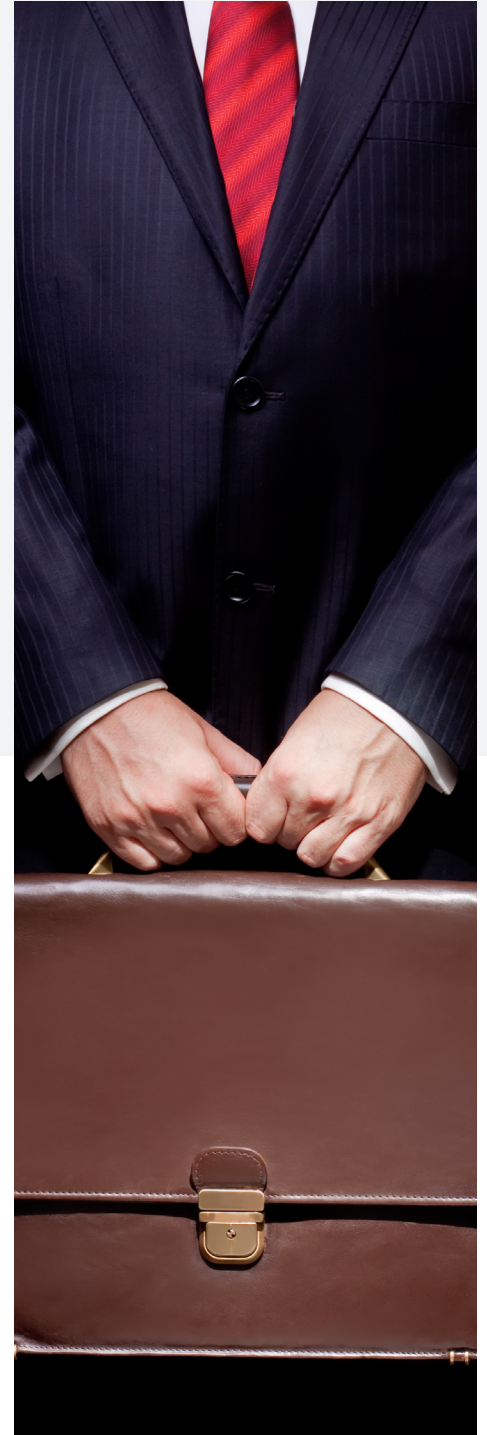
Risk Management for Banks and Financial Institutions with Govenda

Banks and financial institutions have very different corporate governance needs than other companies. They are often regulated more heavily and have much more complex business models. The stakeholders and governmental entities are also significantly diverse. However, banks and financial institutions are inaugural leaders in corporate governance best practices and bank board portal software can enhance their pioneering achievements. This whitepaper will explore the following topics regarding the benefits of board portals for banks and financial institutions:

- The role of the Chief Risk Officer.
- Responsibilities of the risk committee.
- Risk mitigation and reputational risk.
- Securely organize and manage sensitive information.

Board Governance Environment for Banks and Financial Institutions

The environment for banks and financial institutions has changed noticeably since the Great Recession. While political parties come in and out of power, the regulatory landscape for banks is constantly evolving. The global market is more intertwined and governments are constantly passing hosts of laws and regulations for financial institutions. The board management and governance of these institutions need an increasing amount of knowledge to compete and thrive in this rapidly changing environment. After the Great Recession, Congress passed the Dodd-Frank legislation, and now Congress is considering rolling key provisions back. Whatever the outcome, banks and financial institutions will need to adjust. In addition, it's important for banks to accurately keep track of the risks they may be taking on a daily basis.



Risk Management for Banks and Financial Institutions with Govenda

The Role of the Chief Risk Officer

The Chief Risk Officer (CRO) of a bank or financial institution is the foundation of a well-designed centralized risk management structure. The CRO alleviates many of the issues that financial institutions often experience such as the fact that risk management is often separated by product or organizational lines. As an executive officer, the CRO identifies, monitors, and manages risk on a bank-wide and an individual entity basis. The sophistication of a bank's risk management infrastructure also changes as the bank's risk profile changes. The Chief Risk Officer of a bank or financial institution is responsible for the following best practices:

- Meet with other members of the executive board to find innovative methods for minimizing threats in accordance with government regulations.
- Promote long-term financial health.
- Oversee audits, review compliance, document action plans, define risk control policies, generate management.
- Reporting tools, provide in-house user training, evaluate market trends, and create a global IT risk strategy.
- Acts as a guard for protecting the organization from fraud, penalties, security breaches, lawsuits, and investment losses.

Functionality of the Risk Committee

For a bank or financial institution, the landscape is complex and board committees play an even greater role in the company. Committees and groups can help the boards of directors get its work done more efficiently, and provide an easy way for members of

the board with specialized expertise to receive more detailed information. All systemically important banks generally establish a Risk Committee as part of the board:

- Risk committees are made up mostly or entirely of independent or non-executive board members.
- Chairs should not be the Chairs of any other committee.
- Members of the Risk Committee include directors who have experience in risk management practices and issues.
- Responsibilities include making recommendations about the institution's risk appetite and strategies to the board, periodically reviewing and updating the bank's risk policies and ensuring that management adheres to these policies.

Risk Mitigation & Reputational Risk

As banks have seen in the last two decades, risk mitigation is not only regulated by the balance sheet. Reputational risk is an important aspect of doing business with a large number of consumers. However, banks and financial institutions are well positioned to use the best practices in corporate governance. Since the regulatory environment is likely to create obstacles for banks and financial institutions for the foreseeable future, it means boards must keep up with the complexity even as they look for ways to streamline their operations with a bank portal software.

The integration of bank board portal software such as Govenda can considerably benefit banks and financial institutions by helping to manage risk and maintaining accurate and secure governance.

Risk Management for Banks and Financial Institutions with Govenda

Transforming Bank and Financial Corporate Governance with Govenda

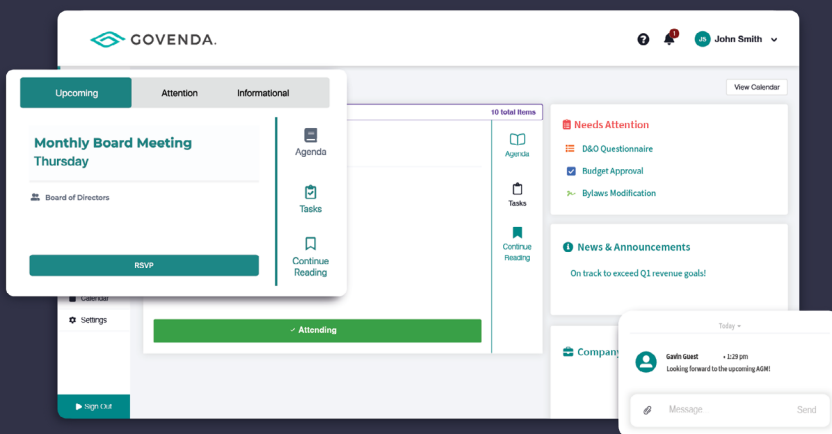
Banks and financial institution boards of directors are generally the shareholders' first line of defense in governance and have overall responsibility for the institution. One of the most important attributes of a good board is its ability and willingness to challenge management and engage in productive dialogue. Among other things, the board should help to ensure that transactions with related parties are reviewed, and reinforce the bank's principles throughout the organization. It should also help establish and maintain an appropriate risk governance framework that includes deciding how much risk the bank is willing to take and reviewing key policies and controls to make sure no one exceeds that level.

Govenda bank board portal removes cumbersome communication, unsecured documentation, and disorganized practices from board and committee members' experience. Board members know the importance of giving back and the critical impact of providing external guidance to a company. Govenda helps board members and the boards they serve, specifically in banks and financial institutions, by providing even more valuable guidance.



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