

The Institute of Banking and Finance of Trinidad and Tobago
Enterprise Risk Management

Tuesday July 1st & Wednesday July 2nd 2014
Hyatt Regency Trinidad

Facilitator: Mr. Keith Checkley

- President of the Institute of Banking and Finance of Trinidad and Tobago (IBF), Mrs. Joel-Ann Cook-Walcott
- Council Director of the Institute of Banking and Finance of Trinidad and Tobago (IBF), Dr. Dorian Noel
- Chief Executive Officer of the Institute of Banking and Finance of Trinidad and Tobago (IBF), Ms. Paula Baldwin
- Facilitator, Mr. Keith Checkley
- Distinguished Ladies and Gentlemen

The world today is a far more interconnected entity than it ever was.

It may not seem that the rise of ISIS in the Middle East, or the incursions of Boko Haram in Nigeria have any bearing on our little islands here in the Caribbean but they do. Directly or indirectly almost everything that happens anywhere in the world, no matter how far away, impacts our lives here in Trinidad and Tobago.

That impact could be in the form of an increase or decrease in energy revenues, travel and trade restrictions, higher or lower food prices.

Thus we all bear the risk. And it behooves us all proactively to take steps toward risk-mitigation. In local parlance this was expressed by the sage advice:

“When your neighbour house is on fire, wet your own!” Given recent experiences, I believe that advice should be modified to *“Don’t wait until your neighbour’s house is on fire to wet yours.”*

Ladies and gentlemen, it is no longer a case of *“What happens in Las Vegas, stays in Las Vegas”*. The financial debacle of 2008 was a particularly spectacular illustration of the necessity for risk

management. The cry “too big to fail” was on everyone’s lips as governments scrambled to mitigate the effects of the failure of a few very large companies.

Ladies and gentlemen, we cannot ignore that risks are emerging on every front for business – operational, financial, social, environmental, technical and political. Risk is a natural part of life, and indeed an accepted part of business and financial operations.

As the global economy continues to recover from the worst downturn in our generation, and more than 5

years after the onset of the financial crisis, the financial and financial services industries continue to respond to challenges that have emerged from the crisis. Among the issues facing the financial industry and the wider global economy include:

1. A slow and fragile recovery;
2. Ongoing uncertainty in the Euro area;
3. Regulatory reform and reorganization of regulatory oversight;
4. Stricter capital requirements; and
5. Imbalanced growth and profitability.

What is crucial is how we respond to and embrace emerging risks to mitigate negative consequences to

our business, and leverage such risks for opportunities for growth and advancement.

Deloitte and Touche, in its 8th Global Risk Management Survey, indicates that a robust ERM programme *“is intended to provide an institution with an overall framework and methodology for managing the risks that could prevent it from achieving its business objectives. ERM assists organizations to identify and manage significant risks, and to then clarify their risk appetite and risk profile.”*

Regulatory developments, liquidity and systemic risks, and risk governance are some of the areas currently receiving greater focus. Globally, one profound regulatory change has been the Basel III framework for banking regulation which will be implemented from 2013 to 2019, and which will require higher quality levels of capital and greater liquidity.

In respect of the local financial sector, Government has been able to strengthen regulation to ensure the sector remains stable and accommodative of growth and economic activity, with the implementation of the

Securities Act 2012, Financial Intelligence Unit Act, and revisions to the Insurance Bill.

Going forward, businesses should be adequately prepared to respond to evolving dynamics in the financial services industry, including new laws, rules and regulations. At the same time, they should be sufficiently equipped with the necessary analytical capabilities, information technology systems and the right data sets to facilitate their adaptation.

These issues are what make workshops like these vitally important. I therefore wish to congratulate the

Institute of Banking and Finance and the various organisers of this 2-day workshop.

The Programme looks to be a very informative, productive and relevant one, and I am sure that participants will have the benefit of advanced knowledge and understanding of modern approaches to international enterprise risk management.

As Minister of Finance and the Economy I am heartened that you are all gathered here to engage in this important task. I wish you all success in your endeavours and look forward to a business sector

much better equipped to deal with the vagaries of a fickle world.

Thank you and good morning.