

Welcome

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Opportunities for Actuaries in Banking

Diversity of Thought World Series
Episode 12

30 March 2022



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House Keeping

LIVE INTERACTION

All participants are on mute throughout the session.

Questions to the panelist(s) should be submitted through the Q&A window.

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@caribbeanactuarialassociation

Welcome

Cathy Lyn

Founder, Diversity of Thought World Series



Our Panellists:



Chris Daykin

Retired UK Government Actuary, Past President IFoA
United Kingdom



Geoffery Romans

Scotiabank
Jamaica



Iain Allan

IAA Banking Forum
United Kingdom

Our Panellists:

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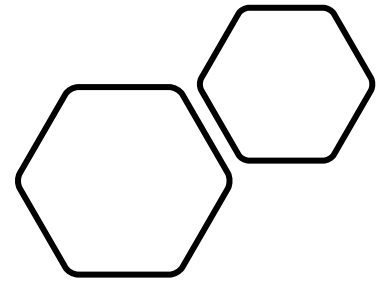
Christiaan Opperman
ASSA Banking Committee
South Africa



Lesley Traverso
Talent Insights
Australia



Cathy Lyn
Past President CAA, Past Chair IACA
Jamaica



***Diversity stimulates
variety in thinking
and offers alternative
perspectives!***



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This webinar is Part 2 which follows on *Part 1: The Launch of the Fellowship Certificate in Banking*.

This certificate is now available worldwide from the Actuarial Society of South Africa through the Institute and Faculty of Actuaries and any other Full Member Association of the International Actuarial Association.



Today's session delves into the practical aspects of Opportunities for Actuaries in Banking to bring out the fascinating world Banking brings to actuaries.

We encourage you to share your experiences in the chat during the presentation and look forward to your contributions to this session!

The actuaries and non-actuaries together have an valuable role to play in developing systems where our skills are useful and relevant to the communities we serve.

PRESENTATION

By Christiaan Opperman, FASSA, CERA



Leading the way

- Kudzai's story, an example of an actuary in Banking
- We have the skills to influence the heart of an economy, improving the lives of individuals and businesses
- There was a need for formal education

Banking education

- CABP (Certificate in Actuarial Banking Practice):
 - Available for non-ASSA and non-IFoA Associates part of bodies affiliated with the IAA
 - Same exam as the ASSA/IFoA Fellowship exam
 - Developed by ASSA with help of UK Actuaries
 - Developed and reviewed by actuaries and non-actuaries in banking
 - Our skills are transferrable from traditional areas to Banking
 - Key aspects: Glossary, credit risk (IFRS 9 ECL and regulatory capital), liquidity risk, operational risk, Basel capital requirements, etc.

Banking education

- What CABP is expected to achieve:
 - Equip actuaries for a roll in banking. Much of the concepts we learnt through our studies e.g. frequency (PD) vs severity modelling (LGD), DCF, transition matrices, etc.
 - Understand banking terminology of similar insurance concepts
 - Make you aware of how banks work and the vast regulatory and accounting requirements
 - Credential people will start looking for
- IFoA involvement:
 - IFoA saw the need to introduce banking into their syllabus
 - Banking is now a stream for their members
- Launch roadshow:
 - Global reach
 - Actuarial associations
 - University students

A role to play

- We have the opportunity and I dare say responsibility to get involved in Banking globally
- We are well-rounded professionals being groomed with the required skills to influence banking:
 - Analytical
 - Bigger picture thinking
 - Public focused
 - Integrity
 - Communication

A role to play

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PRESENTATION

By Iain Allan

Deputy Chair of the IAA Banking Forum





I understand that you have worked in banking for over 30 years.

-
- *What kind of things have you done in banking?*

Experience in banking

- **1979-91 Phillips & Drew/UBS**
 - Developed international business, including with central banks
 - Obtained securities branch licence for UBS in Japan
- **1994-2008 Group Director, Strategy, RBS**
 - Involved in all aspects of business-as-usual activities
 - Also involved in acquisitions and joint ventures
- **2009-now Independent consultant, banking**
 - Helped new entrants with applications for banking licences
 - Helped small banks with capital adequacy assessments



Actuaries are trained for work in insurance.

- *Why should actuaries consider working in banking?*

A blurred background image showing a business meeting. Several people in professional attire are gathered around a table. One person is holding a smartphone, and another is holding a tablet. A white coffee cup is visible on the table. The image is partially obscured by a white curved shape on the right side.

Why banking?

- Banking is a large part of financial services
- Banking is not so different from insurance
- Banking is central to the economy
- Banking is moving into the digital age

I sometimes hear that bankers don't understand actuaries *and don't recruit them*.
Based on your experience, what is your opinion?

Actuaries in banking

Experience of being well-received as an actuary

- Phillips & Drew/UBS: Central banks, Japanese Ministry of Finance
- RBS: Colleagues across the bank, joint venture partners
- Consultant: Clients, regulators

Expected qualities

- Competence and reliability
- Integrity and honesty





I sometimes hear that the culture in banking is different from *the culture in insurance*.

Based on your experience, what is your opinion?

Culture in banking



WORKING IN MULTI-DISCIPLINARY
TEAMS



COMMUNICATING WITH
COLLEAGUES IN ALL AREAS AND AT
ALL LEVELS



GIVING ANSWERS/OPINIONS FIRST,
THEN REASONS



PROVIDING CONSTRUCTIVE
CHALLENGE

If I were to be working in
banking, what kind of bank
might I work for?



Banking is diversified

- Central banks
- Universal banks
- Investment banks
- Commercial banks (retail and corporate)
- Retail banks (personal and small business)
- Community banks
- New banks
- Non-banks
- Consultants



If I were to be working in banking,

- *where might my skills and experience be of value?*

Possible roles in banking

- Risk management (including enterprise-wide)
- Many other areas (understanding risks an advantage)

Moving into banking seems like a big step.

- *From your experience, how might I make this step?*





Routes into banking

- **Transfers**

- Activities are similar, actuaries have skills and experience

- **Problem-solving**

- Banks need appropriate skills, may be shortage of skills

Can you give us some
examples of transfers?



Examples of transfers



Model validation



Assessment of capital adequacy



Asset-liability management



Can you give us some examples of problem-solving?

Examples of problem-solving

- Climate change – stress testing, capital, pricing
- Quantification of expected credit losses
- Data science - product development, risk management

I understand that people in banking are familiar with FRM and CFA. *From your experience, what do you think of the ASSA/IFoA courses?*

Banking Fellowship courses

- Written by actuaries for actuaries
 - Focus on topics of interest to actuaries
 - Assume prior knowledge of actuaries
- Equivalents of SP exist (e.g. universities, FRM, PRMIA)
- SA is unusual (management v. measurement)

In addition
to technical
skills,

What other skills might be useful for roles in banking?

Other skills



Familiarity with language of banking (glossary)



Broader skills e.g. economics, accounting



Familiarity with IT, data science



Social skills (teamwork, communications, challenge)

PRESENTATION

By Lesley Traverso

Talent Search for Global Actuarial Profession



How to get a job in banking...

- It is all about identification
 - Your skills - (not your job title) - what do they really mean to someone else?
 - What the challenges are for banks - do you understand the domain?
 - How you can solve them - how do you apply your skills into the domain?
 - Who is the right person at a bank to talk to?
 - If I see an ad I like, how do I respond?
 - How do I convince them at interview that I am the one?

Identify your skills – what is your value proposition?

- How does an actuary define themselves?
 - Many have tried to sum it up, but each person is unique, united by common goals
 - Working for the good of society
 - Bound by ethics and professional code of conduct
 - Trained to understand numerical data from diverse sources and solve problems within a given context or domain
 - Most outside the profession think that the domain is always insurance
 - We need to educate them that actuarial skills can be applied to many domains, insurance is just where the profession started and so is where the majority still apply their skills

How to identify your skills

- For a particular project/task, look at the steps that you take and what you produce rather than what it is described as
 - For example -
 - if you “price household insurance” what you actually do is collect data from different sources to analyse the risk of an event happening (e.g. the house burning down), and the effect that would have on the reserves and future profitability of the insurer whilst making sure that the premium is priced appropriately so that sufficient customers buy the product.
 - If you “analyse credit risk” what you actually do is collect data from different sources to analyse the risk of an event happening (e.g. a default on the loan) and the effect that would have on the reserves and future profitability of the bank whilst making sure that the interest rate is priced appropriately so that sufficient customers buy the product.
- Another exercise is to look at each of the standard statements on your resume, and continue the sentence by answering the question “which means that.....”
 - For example -
 - Pricing home and motor insurance (*which means that....*) I analyse data from a variety of sources, apply xyz modelling techniques and advise the senior management team of the price the company should charge for a given product

What are the challenges in banking to understand?

Does solving these challenges really motivate & inspire you?

- What are the market threats currently?
 - What does this mean to the banking market?
 - Can you think through creatively how you can use your skills to counter these?
- Motivation
 - Analyse your motivation for a desire to go into banking
 - Do you think you will get paid more? Never take a job for the money, only ever for the learning experience, career development and because you have a strong personal interest, a change in domain may mean a cut in salary in the short term.
 - Remember that you will most likely be employed as an “analytical person”, not an “actuary” and therefore salaries may not equate
 - Culture - what is important to you? How do you self-identify? What makes you who you are? Where are you going to get the best synergy between your values and beliefs and those of your employer?
 - You may not be ready to make the move, but this analysis will enable you to plan your professional development tasks so you are in the future

Finding who to talk to

- Not always HR, they often have junior members of staff or an algorithm which only sees job titles and tries to match with job descriptions
- Find a contact, preferably someone you already know, or look up on Linked In to find someone in the right part of the bank that you are interested in
- Or, use the actuarial membership lists to find an actuary already working at that bank, they are likely to be most helpful
- Arrange a coffee (you pay!), but be very clear in your own mind about what you want to do, what you want to ask, and how you are going to promote yourself
- Make sure you have an outcome from that meeting, not just a nice chat

Responding to job ads

- Tailor your resume specifically to the role
- Explain what exactly you do and quantify/demonstrate how well you do it, not just provide a list of job titles
- Be clear that your opening paragraph or “summary” section describes your true motivations for moving into banking, but don’t use generic statements, be true to yourself
- Make sure you include visa/working rights information if you were not born in the country
- Make sure it goes to the right person and is addressed appropriately

Do a convincing interview - making a match!

- Preparation – read the job description if you have one, prepare how you will answer questions to describe your key projects and actions (e.g. managing a team member) in the format "what was the situation, what did I do, what was the outcome"
- Be very clear as to how you think your skills are suited to a banking environment. Many people with little past contact with actuaries do not appreciate the breadth of the education and training, you should be excited to share that with them.
 - For example - Explain how you would put a model together to find the answer to a banking question rather than an insurance question, by doing so you are demonstrating your adaptability and flexibility
- Ask the right questions – take time to think those through before hand,
 - Make sure you are clear on the structure of the team (helps you to determine culture and future promotion prospects),
 - Make sure you understand the expectations on you for the first month, 3 months, 6 months etc
- Follow up – thank the people for their time (spell their names correctly), and reiterate why you think you would be the right person for the role and how you can add value to them
- Always remember – interviewing is a two-way street, they are not there to catch you out, it is as much about you making sure they are the right company as they are finding if you are the right employee

Questions & Answers

PREGUNTAS Y RESPUESTAS | VRAAG EN ANTWOORD



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Thank You

Cathy Lyn

Founder of the Diversity of Thought World Series

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