

Newsletter

The Fintech digital transformation of financial services

The recent valuation of Revolut for £24 billion has given cause for concern and reflection within the marketplace. As technology has increased information exchange and reduced transaction costs, the production of financial services can and are being disaggregated, what does this mean for more established players within the financial services market, and how will current business models need to be reassessed?

Find out more:

[Fintech digital transformation](#)

Hansuke can assist you and your organisation with this assessment. Please get in touch to find out more.

info@hansuke.co.uk

PRA publishes Policy Statement (PS17/21) implementing Basel III

The Prudential Regulatory Authority (PRA) received responses to its proposals implementing the rest of the Basel III standards. The proposals were positively received, but additional clarification was sought on the PRA's general approach and the definitions of capital, the NSFR and SA-CCR. This policy is intended to take effect at the same time as HM Treasury's revocation of the relevant parts of the CRR on Saturday 1st January 2022.

Find out more:

[Policy Statement | PS17/21](#)

BIS paper compares climate change stress-testing practices

The Bank of International Settlements (BIS) paper discusses challenges emerging from adapting traditional bank stress tests to climate-related risks. This includes: (i) data availability and reliability; (ii) the adoption of very long-time horizons; (iii) uncertainty around future pathways of key reference variables covering physical risks); and (iv) uncertainty relating to transition risks.

Authorities and banks are incrementally building up expertise by conducting more climate stress tests, however the regulatory implications of these stress tests are yet to be defined. It is anticipated that climate stress tests will become part of the annual supervisory reviews within the banking sector.

Find out more:

[Stress-testing banks for climate change – a comparison of practices](#)

EBA publishes final Guidelines for the use of data inputs in the expected shortfall risk measure under the Internal Model Approach (IMA)

EBA's Guidelines entail that banks using the alternative IMA to calculate market risk capital requirements must compute the expected shortfall (ES) risk measure for those risk factors for which a sufficient amount of verifiable prices is available. The Guidelines clarify the conditions that the data inputs related to modellable risk factors should meet for their use in the ES calculations. The Guidelines will be applicable from 1 January 2022.

Find out more:

[EBA Report](#)