

## Model Risk Management for Today and Tomorrow

### Abstract

There is increasing focus on models as organisations seek to utilise data to improve processes, decisions and customer experience. The reliance on models in modern banking means that model risk is now considered a risk in its own right.

Whilst regulations and regulatory expectations are proportionate to the size and complexity of the organisation, the principles of Model Risk Management (MRM) are consistent. This talk discusses the key components of effective MRM including culture, efficiency and innovation.

Increased awareness of MRM and regulatory expectations at the very top of organisations are driving increased focus and engagement with models across the model lifecycle. This talk will provide some background and share our innovative approach for enhanced MRM which can provide significant benefits to organisations of all sizes. Unravelling the intricate factors that contribute to various sources of model risk. We will also use our extensive experience to highlight what robust and successful MRM looks like, through the combination of culture, controlled innovation and efficiency. We will discuss best practice in navigating the boundaries between models and the wider organisation. How best to drive efficiencies within MRM, including how to communicate and engage with non-technical stakeholders. How the use of tools and encouraging an environment of controlled innovation can increase internal team engagement and efficiency. Conclusions will outline ways organisations need to evolve tools, MRM practices, balancing controls and commercial focus.

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