

# Capital management and risk mitigation

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[Financial Services](#) / Capability

July 18, 2019

Turbulent conditions over the past decade have prompted new regulations and calls for increased transparency, even as industry consolidation continues. As financial institutions continue to consolidate, understanding and managing the regulatory environment will remain a crucial area of consideration.

In this challenging environment, Kearney helps financial institutions with end-to-end risk mitigation and capital management. Typical capital management and risk mitigation projects include:

- **Enterprise risk management (ERM) and strategic asset allocation.** Aligning a financial institution's ERM model with its global strategy can lead to better allocation of scarce capital, increase return on capital, and reduce the probability of regulatory intervention and funding difficulties. Many leading global players benefit from our proprietary Total Shareholder Value (TSV) model, which helps maximize returns on capital mitigate risks, both in terms of global corporate strategy and across business units, products, markets, and time periods.
- **Credit risk.** Kearney works with its clients globally to develop innovative approaches to credit management in each stage of their business processes and value chains. Examples include industrializing loan origination and processing, coordinating credit management for multinational corporations, and optimizing consumer finance. Our teams have helped financial institutions improve credit management and credit monitoring, identify security impairment early, manage credit recovery, restructure and dispose of non-performing loans, and build bank management practices in individual countries, product lines, and new acquisitions.
- **Market and operational risk.** Managing market and operational risks requires quantifying threats in the day-to-day business, using value-at-risk (VaR) estimations and operational risk measurements, and stress-testing techniques to comply with changing regulatory requirements.
- **Basel III impact, implementation, and compliance.** We work with clients to help them meet Basel III requirements and to integrate all risks into an economic capital model. We have assisted global banks and specialized finance companies in areas such as retail and corporate banking, specialty finance, capital markets, and investment portfolio business.

Superior risk management will increase investors' valuations, help to raise money at a lower cost, and contribute to a strong reputation and superior branding, which can create a crucial competitive advantage, reduce the risk of funding and liquidity difficulties, and make it easier to retain customers.

## **About Kearney**

For 100 years, Kearney has been a leading management consulting firm and trusted partner to three-quarters of the Fortune Global 500 and governments around the world. With a presence across more than 40 countries, our people make us who we are. We work impact first, tackling your toughest challenges with original thinking and a commitment to making change happen together. By your side, we deliver—value, results, impact.

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