Stress testing, as a major component in the overall risk management fabric of a financial institution, should not only comply with regulatory capital adequacy requirements, but also should help facilitate the business strategy and planning functions of the organization. The FTI Consulting Bank Governance & Regulation practice helps clients meet these objectives by focusing on three major themes:

- Ensuring that governance and operational components of stress testing are efficiently executed to meet the requirements of applicable regulations;
- Assisting the board and management understand and interpret regulatory requirements, internal processes and stress testing results; and
- Helping to improve the stress testing process and the integration of stress testing with other financial and operational risk management initiatives.

**Who We Are**

As a leading independent consulting firm, FTI Consulting is often the preferred provider of critical services to financial institutions. Our Bank Governance and Regulation practice comprises a team of experienced professionals including former senior managers at bank regulatory agencies and financial institutions who have the expertise and experience to add value while addressing client concerns. Our financial professionals are experienced bankers, CPAs, CFAs, attorneys, economists, forensic specialists and other financial professionals with expertise in compliance, enterprise risk management, financial and operational risk, information technology, and asset valuation. Our team includes former staff members of the Federal Reserve Board, the Office of Comptroller of the Currency, FDIC, SEC, Department of Justice and state Attorneys General.

**Meeting the Challenges**

As the experience and expertise of regulators increase, greater emphasis is being placed on adherence to guidelines and broad integration of risks into stress testing scenarios and models. To meet this challenge, financial institutions must devote proper attention to meeting regulator stress testing expectations while concurrently attending to fundamentals and forward-looking changes that enable them to stay ahead of the competition. We help our clients meet these challenges by offering the following stress testing services:

- **Governance Framework Assessment**
  FTI Consulting professionals conduct high-level assessments of the role and involvement of the Board, risk committees, management and risk officers in the fundamental elements of the client’s risk management structure, including controls, corporate culture and management reporting, with particular emphasis on their influence on stress testing. Our assessment is designed to uncover areas where the governance framework can be strengthened, taking into account the balance between the business objectives of the organization and those of applicable regulations. Our consultants thoroughly understand the detailed requirements of stress testing, regulator expectations and the influence of governance upon models and practices and their outcomes.

- **Model Validation**
  Our model validation process assesses the assumptions, technical components, data integrity and the process and controls inherent in model development and their application for decision making. We also assess the conditions under which assumptions may lose validity. We help clients anticipate, prepare for and respond to operational, financial and technical stress testing requirements raised by regulators.
Our model validation process addresses the following major aspects of stress testing:

- The governance framework for developing, conducting, interpreting and using stress test results, including responses to potential crisis scenarios;
- Data elements being measured, their value range and thresholds, and correlations within the enterprise;
- Risk factors;
- Various discrete and aggregate scenarios under which tests will “stress” the financial stability of the institution, including the various measures of capital adequacy; and
- Assessment of the reliability of the test components and protocols.

In addition to helping clients meet their regulatory compliance requirements, our validation process contributes to improving our client’s financial position.

**Risk Efficiency Services**

FTI Consulting’s Risk Efficiency Services help clients preserve the value created by company activities, uncovering and avoiding potential negative activities and events, and helping to drive improved performance and more effective decision making.

Our efficiency diagnostic is designed to evaluate the current state of a stress testing program across people, process, data and technology while identifying gaps and considerations for remediation and potential opportunities for technology innovation. We focus on the design and implementation of recommendations to improve efficiency, helping transform business and technology functions into an optimal process for stress testing.

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**Bank Governance and Regulation - Service Capability Brochures**

Specialized service capabilities are described in the following brochures.

- Anti-Money Laundering & Bank Secrecy Act
- Credit Risk
- Fair Lending and CRA
- Regulation and Compliance
- Bank Board Training
- Due Diligence
- Financial Risk
- Accounting & Financial Reporting
- CFPB Consulting
- Expert Witness & Litigation Support
- Governance
- Information Security Risk Management

Visit the FTI Consulting Bank Governance and Regulation website to download our brochures, articles and white papers: [http://www.fticonsulting.com/industries/financial-institutions.aspx](http://www.fticonsulting.com/industries/financial-institutions.aspx)