



# News from our Committees

## March 2020

# ECIIA News

- Insurance Committee
- Banking Committee
- Public Sector Committee
- Governance Workgroup
- Communication

# Insurance Committee





# EIOPA's Key Priorities for 2020

- **Digitalisation & Cyber:** EIOPA will focus on the impact of new technology enabled business models and the use of the new technologies for supervisory purposes
- Furthering the **Sustainable Finance agenda:** EIOPA has a sustainable finance action plan and will further this work and contribute to ensure the reflection of ESG factors in relevant regulation as well as in its risk assessments

EIOPA aims to lead convergence towards **high-quality prudential supervision throughout the EU**: This will include nation-wide strategic supervisory priorities and the development of cross-border cooperation platforms to enhance effectiveness



# EIOPA's Key Priorities for 2020

- Driving forward conduct of **business regulation and supervision**: EIOPA will enhance the information available to supervisors on consumer trends and retail risk indicators
- Strengthening the **financial stability of the insurance and occupational pensions sectors**: EIOPA aims to develop common methodologies for identifying financial institutions to be included in WU-wide assessments for the effect of environmental risks on those financial institutions

Delivering **EIOPA's mandate** effectively and efficiently: Maintaining the commitment to ensure transparency and accountability. EIOPA also plans to continue to undertake initiatives to make regulation for both insurance and pensions sectors available on the website



# EIOPA's Key Priorities for 2020

EIOPA has released its strategy for **cyber underwriting and supervisory technology**. The objective is to contribute to the building of a strong and reliable cyber insurance market. The conditions that are essential for resilient cyber insurance market are:

- Appropriate cyber underwriting and risk management practices and corresponding promotion of such practices
- Adequate assessment and mitigation tools to address potential systemic and extreme risk
- A mutual understanding between policyholders and insurers of contractual definitions, conditions and terms
- An adequate level and quality of data on cyber incidents available at a European level

# ECIIA Insurance Committee plan



- ✓ Follow up on EIOPA Solvency Review consultation
- ✓ New position papers:
  - Outsourcing (in parallel with Banking Committee paper): draft to be discussed at next meeting
  - The impact of ESG on internal audit (based on 17 objectives of Paris framework): concept to be discussed
  - The use of data science by internal audit in the insurance business: concept to be discussed



# Join the LinkedIn Insurance Committee Group!



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# Banking Committee



# ECB's Priorities for 2020



- ECB will be ensuring that the **improvements achieved by the Targeted Review of Internal Models (TRIM)** should be incorporated into banks' ongoing processes and its supervisory approaches
- ECB will continue to focus on ensuring that banks are taking appropriate steps to **understand, monitor and mitigate their trading risks and asset valuations**

- ECB announces **that on-site missions will focus on trading and market risk aspects.** The coming years are also likely to see supervisors paying more attention to the decision-making and controls that underpin asset valuations, - which could put a strain on banks' data aggregation and reporting capabilities.
- ECB will also be taking a **closer interest in strategic planning.**

# ECB's Priorities for 2020

- ECB will also be making **more frequent use of supervisory initiatives aimed at strengthening cyber resilience**, not only covering supervised banks but also payment systems and financial market infrastructures
- ECB plans to use its **on-site inspections to also assess the quality of the Internal Capital Adequacy Assessments (ICAAP) and Internal Liquidity Adequacy Assessments (ILAAP)** of SSM banks in 2020, which should give banks more incentive to address the serious shortcomings found by inspections during 2018

ECB will also be implementing an **approach for the determination of Pillar 2 own funds requirements on a risk-based basis** during the individual banks' assessments

# ECB's Priorities for 2020

- ECB believes that **consolidation has a vital role** in boosting the underlying profitability of European banks, notably the beneficial effects that greater concentration has on banks' efficiency and thus, on the level of investment in technology and digitalisation.
- ECB also views **more cross-border mergers as a vote of confidence** in the Banking Union, and thus, will pay increasing attention to the threat that banks face and to the future-proofing of their business models.

ECB will be **increasingly interested in the management of non-financial risks with a growing focus on banks' ability to manage diverse non-financial risks, from cloud computing to climate change**

# EBA's Priorities for 2020

- EBA's **incoming Guidelines on loan origination and monitoring** aim to ensure that new loans are high quality, not only at origination but throughout their lifetimes. The guidelines apply a range of new requirements to banks' governance, loan origination procedure, pricing, collateral valuation and monitoring activities. These requests mean that the demand on bank's data, IT systems, governance and internal processes are increasing at every stage of the credit process.
- It is crucial for banks to have data infrastructure in order to collect, maintain, identify and report all relevant credit risk information



EBA's guidelines also **focus on ICT and security risk management**, as well as on-site inspections.

# EBA's Priorities for 2020



- EBA's guidelines on internal governance require banks to clearly define the roles and responsibilities of key risk control functions. This will help identify gaps in **the three lines of defence model which is increasingly seen as an obligatory standard for all business models.**
- EBA will also be focusing on making anti-money laundering a real priority for Europe, by **leading the work around the completion of the European Council Action Plan on AML. EBA will also be reviewing the effectiveness of the approaches to the AML supervision of banks used by NCAs.**

The approaches taken by both the ECB and EBA are becoming **more forward-looking and more focused on horizontal benchmarking.**

# ECIIA Banking Committee plan



- ✓ Follow up on EBA Review consultations
- ✓ Meeting with ECB
- ✓ New position papers proposals to be discussed at next Committee:
  - Assessment of internal audit function
  - The management of self-raised issues
  - The audit of cloud services
  - The role of IA in the business model risks
  - The assessment of the resources required (with benchmarking)
- ✓ 3rd edition of the Banking Forum for CAEs from SSM Banks: October 29 (with a welcome on the 28) in Frankfurt



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# Public Sector Committee



# ECIIA Public Sector plan



- ✓ Survey on NFR with EUROSAI
- ✓ Event with EUROSAI on NFR in Brussels in June (18)
- ✓ Standards for IA in the public sector (in discussion)
- ✓ Existence of IA function (in discussion)

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# ECIIA Governance Workgroup



# ECIIA Governance Workgroup

- ✓ Review of the EC plan for 2020
- ✓ Preparation of a roadmap on key issues impacting the profession:
  - ❖ Sustainability

With key new « advocacy messages » and the rôle of internal audit in this new environment



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