



PRESS RELEASE

Wolters Kluwer offers risk and compliance insights on recent bank failures

Recently published commentaries offer context, perspective in wake of banking disruptions

Minneapolis — May 9, 2023 — Recently published commentary by Wolters Kluwer regulatory and risk management experts is helping shed light on not only the likely causes behind several recent bank failures, but the warning signs evident as these failures first materialized—as well as suggestions for monitoring and better understanding the context in which these kinds of disruptions can unfold.

Essential in banks' ability to readily identify early warning signs, notes [Suzanne Konstance](#), Vice President and Lien Solutions Leader, [Wolters Kluwer Compliance Solutions](#), is having “a [front-line platform with the power to inform risk officers](#) and enable processes that can create a more robust risk appetite statement than many automated filing and lien management services to protect one's security interests, she writes.” [Lenders can capture insights](#) into their loan portfolios and create a risk appetite statements structure for managing those assets more effectively. Here, data plays a key role because it can help better calculate secured lending risk exposure, Konstance argues.

The specific steps an institution takes to proactively mitigate risks vary depending on the institution, and with banks relative in size to Silicon Valley Bank (SVB), Signature Bank and, most recently, First Republic Bank, a critical component is having built a [robust internal balance sheet management system](#) to identify critical gaps on their balance sheet.

“[Banks should be able to run simulations](#) that, in times of uncertainty, will enable them to apply a holistic risk management framework, which will assist the bank when a crisis appears. While supporting business as usual, they will have the ability to recognize and act quickly when an event occurs,” notes [Jeroen Van Doorselaere](#), Vice President of Global Product & Platform Management, Wolters Kluwer Finance, Risk & Regulatory Reporting (FRR). “In an everchanging and dynamic regulatory landscape, the ability to use regulatory metrics further constrains the internal risk management system and ensures regulatory compliance at all times while optimizing it from a risk perspective.”

Early signs of trouble may emanate from financial news stories or social media, news about a delay in a bank's financial reports, branch closings, or reports that a bank might be acquired or sold. Wolters Kluwer Legal & Regulatory U.S. has prepared a [Due Diligence Checklist](#) that sets out what to look for and ask about when conducting one's own assessment of the health of a financial institution. The Checklist identifies proactive steps to gauge how sound a bank is, and whether it is stable enough to merit one initiating or continuing business with that institution.

Once a bank shows signs of trouble, an assertive and prompt response from government, regulators and industry peers can go a long way in mitigating the losses experienced by a bank and its depositors. The quick and decisive actions in response to the SVB and Signature Bank failures [helped minimize the impacts](#) to depositors and restore confidence in the U.S. banking system, says [Tim Burniston](#), Senior Advisor, Regulatory Strategy, for Wolters Kluwer Compliance Solutions. “What we can point to in the early days of these developments is that regulators and major banks are collectively working to stem further losses and instill confidence.” Burniston expects to see “more positive measures by regulators and the industry to address and calm the current turbulence in the industry.”

More insights are available at [Bank Failures in the News: Why Compliance and Risk Management are Crucial](#).

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Wolters Kluwer (EURONEXT: WKL) is a global leader in information, software, and services for professionals in healthcare, tax and accounting, financial and corporate compliance, legal and regulatory, and corporate performance and ESG. We help our customers make critical decisions every day by providing *expert solutions* that combine deep domain knowledge with specialized technology and services.

Wolters Kluwer reported 2022 annual revenues of €5.5 billion. The group serves customers in over 180 countries, maintains operations in over 40 countries, and employs approximately 20,000 people worldwide. The company is headquartered in Alphen aan den Rijn, the Netherlands.

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