Financial Services Leadership Summit

January 2021

FSLS

VIEWPOINTS

# Global financial services policy after the pandemic

The COVID-19 pandemic caused massive personal and economic upheaval across the globe. It led to unprecedented actions from governments and central banks to support businesses and individuals, and it accelerated some trends toward deglobalization. As financial institutions considered ramifications for their customers and their balance sheets, regulators have focused on ensuring financial and operational resilience of firms and the system.

On November 10–12, 2020, Tapestry Networks and EY hosted the Financial Services Leadership Summit (FSLS). More than 70 directors and executives from among the largest banks and insurers joined EY executives, investors, and other experts for video discussions on the issues shaping financial services, including how policy and regulation are likely to evolve.[1] Participants discussed the implications of the US presidential election for financial services policy, regulators' priorities going into 2021, and China's ambitions in the global financial system.

At the summit, participants were joined for a discussion on policy and politics by Martin Chorzempa, research fellow at the Peterson Institute; Clay Lowery, executive vice president of research and policy at the Institute of International Finance; and John Liver and Marc Saidenberg, EY's Global Financial Services Regulatory Network co-leaders. This *ViewPoints* presents a synthesis of policy-related discussions that occurred both during the summit and in conversations conducted prior to it, focusing on two key topics:

- **Major changes to financial services policies are unlikely**
- **China's emerging fintech sector is unlikely to go global**

## Major changes to financial services policies are unlikely

A report from the *Economist* this summer observed, "It is sometimes said that governments wasted the global financial crisis of 2007–09 by failing to rethink economic policy after the dust settled. Nobody will say the same about the covid-19 pandemic."[2] The report referred to our present moment as "the start of a new era."[3] While this may prove true for macroeconomic fiscal and monetary policy, even with a new US administration, participants do not expect sweeping regulatory reforms or major policy changes toward financial institutions.

## The Biden administration is unlikely to prioritize financial regulatory reform, but key appointments could drive some changes

*"Financial regulatory matters are not a priority. It does not mean they will not be dealt with, but they are not a priority."*

– Participant

Much of President Trump's term was marked by deregulation, including changes to requirements under the Dodd-Frank Act and reduction of the influence of the Consumer Financial Protection Bureau (CFPB). This is likely to change under the Biden administration, but financial services policy is unlikely to be a top priority given the urgency of controlling the pandemic and passing a new stimulus package, and the stated objective of expanding infrastructure investment. A participant said, *"The Biden administration is not thinking that Wall Street is the enemy right now. They realize it is a part of the US economy that is actually working. However, they might get tougher on Wall Street later. It's just not important right now, as opposed to the position in 2008–2009."* Participants do expect the new president to favor a multilateral approach toward international institutions, for example they anticipate that the United States will rejoin the World Health Organization. They also see potential for changes to the tax regime for financial institutions, possibly to include transaction taxes as a means of funding a more progressive agenda. Still, one participant insisted, *"Financial regulatory matters are not a priority. It does not mean they will not be dealt with, but they are not a priority. With a tight Senate, it will be difficult to get any legislation passed."*

*"I don't think we will see anyone further to the left of those Biden has already named."*

– Participant

There are likely to be a number of changes to key agencies and departments that could have significant influence on financial services policy, however. Participants predicted that candidates are likely to be centrists, such as Janet Yellen, the nominee for Secretary of the Treasury, and Brian Deese, selected to head the National Economic Council. A participant predicted, *"I don't think we will see anyone further to the left of those Biden has already named."*

A participant noted that the Biden transition team includes a group dedicated specifically to identifying the next head of the CFPB, demonstrating the bureau's importance. Other key appointments are the new chairs of the Securities and Exchange Commission (SEC), the Federal Trade Commission, the Commodities Futures Trading Commission, the Federal Deposit Insurance Corporation, and members of the board of the Federal Reserve. These appointments will occur over the course of President Biden's first team.

Randy Quarles, who is currently vice chair for supervision at the Federal Reserve, is unlikely to be reappointed when his term expires in late 2021, according to one participant, who noted, *"[Quarles] is fundamentally a conservative and has a different view on policies than Biden does."* One participant characterized the reappointment chances of Fed chair Jay Powell as *"more of a mystery."* The precarious economic environment may favor stability over a politically motivated change.

## Global regulatory priorities are likely to remain largely unchanged

The COVID-19 pandemic provided regulators and policymakers with the first major test of the resiliency measures put in place following the global financial crisis. It also renewed a focus on protecting vulnerable customers and on the risks accompanying accelerated digitalization.

### Ensuring continued financial resiliency

Standard & Poor's forecasts credit losses for banks of about $2.1 trillion for 2020 and 2021 due to the pandemic, with $1.3 trillion in 2020 alone.[4] Lloyd's of London estimated significant losses for the insurance sector, including underwriting losses of $107 billion and a reduction of the value of global sector assets by $96 billion; taken together these would represent the insurance industry's largest-ever loss at $203 billion.[5] Those projections are sobering, and although participants noted that firms still have regulatory capital buffers and that regulators are providing forbearance if firms need it, some questioned how markets would react if a financial institution were to tap into those buffers. In a discussion over the summer, a participant pointed out that institutions would only use them if they absolutely had to, *"in which case we won't be able to worry about the market's reaction to it."*

*"The strong financial performance of the banks so far would suggest that nothing needs to be done, but there needs to be some reflecting on where things stand now."*

– Participant

Despite these concerns, both North American and European regulatory authorities have expressed confidence in the resilience of the international financial system, including based on the results of annual stress tests and other assessments. The pandemic is likely to have a long tail, however, making financial resilience a central focus for global regulators. A participant noted, *"The strong financial performance of the banks so far would suggest that nothing needs to be done, but there needs to be some reflecting on where things stood when stress tests were completed and where they stand now."*

The Fed announced in September that it would "analyze large banks' ability to withstand two coronavirus-related recession scenarios as part of a second round of stress tests."[6] Results released in December reaffirmed that "firms maintain strong capital levels under two hypothetical severe scenarios."[7] Following an analysis of these results, a participant said they would be *"very surprised"* if the Fed did not lift the cap on capital distributions to investors by the end of the year: *"This will lead to a full implementation of the stress capital buffer in the US."* Euro-area banks were subjected to a similar test by the European Central Bank (ECB). Andrea Enria, chair of the ECB's supervisory board, said, "The banking sector (in the euro area) is in a very strong position to withstand an unprecedented shock," but he warned that if the crisis deteriorates, some banks "would face difficulties in maintaining their compliance with the minimum (capital) requirements."[8]

## Expanding the focus on climate change and sustainability

*"The climate change agenda is not going backwards … I would not be surprised to see the SEC move to mandating more disclosures in this area."*

– Participant

Participants expect the focus on climate risk and sustainability more generally to expand under a Biden administration. Reentering the Paris climate accord is a top priority for President-Elect Biden, who has announced that he will bring the United States back into the accord as early as February 2021.[9] The president-elect has also emphasized the need to grow sustainable finance and support clean energy. One move in that direction is the Fed's announcement that it will join the Network of Central Banks and Supervisors for Greening the Financial System.[10] A participant stated, *"The climate change agenda is not going backwards. There is a move to get proper disclosures, risk management tactics, and stress tests in place … I would not be surprised to see the SEC move to mandating more disclosures in this area."* However, some participants questioned whether the Fed and other central banks will adopt climate stress testing: *"It's tricky. It is very challenging to do this, and there is a lot of skepticism about this at the Fed."* Risk modeling related to climate change could start impacting capital, however, with "green" assets getting preferred treatment over "brown" assets. One participant predicted that this preferential treatment, though controversial, would begin *"very soon"* in some jurisdictions.

## Protecting vulnerable customers

Some participants expressed concerns that as the pandemic recedes, financial institutions will face a backward-looking review of steps taken in the crisis. Participants discussed the risks emerging as government-supported programs, including payment holidays, wind down and business interruption insurance policies come due. A participant noted, *"There are a lot of questions about fairness when governments are so involved in the lending industry. I expect fairness issues will be challenging for the next 12–18 months."* According to one bank director, *"The large banks - which were heavily criticized not moving fast enough- we are just trying damn hard not to* *walk into a punch at this point. It took us longer to process some things, but it appears based on the early data, that it will be more compliant and have less risky originations than what you've seen from some other channels, like fintechs."*

*"Consumer friendly is operationally expensive."*

– Participant

The financial industry also is paying attention to the Biden administration's intention to restore the authority of the CFPB, which some say was "all but 'systematically neutered'" by President Trump.[11] Banks and insurers will face additional costs as they undergo sharper scrutiny on consumer protection and public policy. As one participant noted, *"Consumer friendly is operationally expensive."* A director noted, *"Very explicit requirements on how to deal with customers in distress, requires an individual case-by-case approach, established frequencies of correspondence with that customer, some sort of forbearance strategy. it's very challenging and you might think it's easily achievable via technology, but I doubt it. The regulatory environment makes it very hard; they're not easily convinced that a lean technology delivery can effectively communicate with customers in that way."*

## Continuing prepandemic regulatory and policy priorities

*"I think we will see a rebound in expectations of operational risk and controls."*

– Participant

Though the pandemic has heightened some risks, participants generally expect regulators to continue to focus on the issues that commanded their attention before the crisis:

- **Cybersecurity and operational resilience.** Prior to the pandemic, regulators were concerned about cybersecurity and the operational resilience of financial institutions and were encouraging boards and management teams to prioritize them. The pandemic, which caused a massive shift to remote work and expanded use of digital channels, has only heightened those concerns. Firms are now reviewing what new risks they may have accepted by, for example, expanding their use of virtual private networks. According to one participant, *"While the industry has been largely effective at responding to unexpected changes in the remote workforce, the appetite for a higher, more coherent standard for managing the risks is out there … I think we will see a rebound in expectations of operational risk and controls."*
- **Global prudential standards.** The renewed focus on financial resilience, combined with a Biden administration more inclined to multilateral collaboration, could lead to acceleration of agreed international prudential standards for banks and insurers.
- **Financial innovation.** As fintechs and insurtechs continue to grow and incumbents transform their operations, regulators will continue to seek

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– Director

a balance between innovation and safeguarding against emerging risks. Some fintechs are now large enough to present systemic risks not fully captured by existing regulatory regimes. Some policymakers are also pressing for more scrutiny of the potential involvement of fintechs and other nonbank intermediaries in money laundering and other financial crime. One participant expects more standardization of regulation focused on activity, rather than the entity performing it, something many financial institutions have been calling for over recent years: *"It will be regulation based on companies doing similar business and activities. The arbitrage is not considered to be that great."* Still, some said that to encourage innovation, including around things like faster payments, governments and regulators may want to *"tread carefully—they need to be careful about going after tech companies."*

- **LIBOR transition.** Regulators are continuing to make progress on the upcoming LIBOR transition. Over the summer, the Fed called for financial institutions to continue prioritizing it: "The importance of transitioning from LIBOR is so great that despite the effects of COVID-19, the overall timeline remains the same."[12] Both European and US regulators are pushing financial institutions to consider the potential risks that could arise from the transition.[13]

- **Brexit.** UK and EU regulators are actively preparing for implementation of Brexit. In the last weeks of December, the EU reinforced its position that it should build its own capital markets within EU borders and outside of London: *"There is a desire to escape from financial overdependence on London,"* one participant said. The U.K.-EU Brexit deal provides no new transition period for financial services, nor any new arrangements to replace the existing "passport." This leaves both the U.K. and EU to address matters of access in financial services through unilateral declarations of equivalence under existing equivalence regimes contained in U.K. and EU law.

## Governments and central banks remain focused on managing the recovery

During the pandemic's first wave, governments took unprecedented steps to shore up markets and support struggling economies. A director said, *"I'd start from the perspective of simply trying to imagine what the world would look like at the moment if there wasn't the level of intervention by the central banks and the various amounts of government aid and stimulus and the like. We'd be looking at a degree of economic devastation we haven't seen in our lifetime."* Some participants expressed concern about what this will mean for continued government intervention in financial markets and in private enterprise. The more immediate concern, however, is how those interventions will be rolled back as the pandemic subsides.

*"There is concern about a cliff edge effect if you roll back the buffers too quickly."*

– Participant

Though some central banks have used negative interest rates to spur lending, participants do not expect the United States to do so. One said, *"I don't foresee the US dipping into negative interest rates any time soon. Negative rates' track record is not very good where it has been tried."* Lingering questions remain about conduct reviews and capital considerations after the pandemic, especially given the degree of government involvement in the financial system. *"The last financial crisis brought a high level of government intrusion into the financial sector. Now, there is a real global question about what will happen when this temporary relief is withdrawn and the need for future government support remains. It tees up a lot of questions,"* observed one participant. Governments are likely to be cautious about pulling aid too quickly, however. One participant noted, *"There is concern about a cliff edge effect if you roll back the buffers too quickly."* In addition, participants expect regulators to be accommodative to ensure financial institutions can support economic recovery.

## China's emerging financial technology sector is unlikely to go global

As globalization retreats, the strategic competition between the United States and China has intensified. Financial institutions are now questioning how politics will affect their ability to operate in China: *"How can we continue to operate globally in light of the increased geopolitical tension with China?"* asked one director prior to the summit. Meanwhile, financial innovation is transforming China's financial system, with tech companies dominating many aspects of consumer financial services. The Chinese government is leading the way on experimenting with a central bank digital currency. For some participants, this raises questions about China's ambitions and its role in the global financial system.

### Strategic competition between the United States and China will continue

One of the greatest threats to a globally integrated financial system is the divide between the United States and China. The pandemic has widened that divide, according to Piyush Gupta, CEO of DBS: "The 'China–US bifurcation' is not new and has been happening for the last year. Most people imagined that we'd see an orderly resolution or a pact—maybe both. But COVID has exacerbated those tensions, and I think the chances of this leading to two blocs is real. The impact will be long-lasting."[14]

The Trump administration took a hardline stance toward China, and it is unlikely that a Biden administration will be much friendlier. One participant suggested that *"Biden and Trump are not all that different in their stances toward China."* Prior to the election, Richard Haass, president of the Council on Foreign Relations predicted, "U.S. policy toward China is going to be tougher over the next five years that then last five years. China has changed, and U.S. thinking on China has changed."[15] During the summit, a participant suggested that the Biden administration would likely remove many of the trade tariffs imposed on other countries during the Trump administration, but retain those imposed on China. A participant said, *"The Biden team believes in the importance of alliances and multilateral approaches. While they would like to keep pressure on China in the areas of tech and investments, they want to build international coalitions to put more pressure on China."*

## International expansion of Chinese financial technology may be limited

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>
> – Participant

Over the past decade, China has experienced a fintech and digital payment revolution. Cashless payment systems such as Alipay and WeChat Pay, built on digital wallets and QR codes, have become so ubiquitous in China that a participant noted a common joke in China is that denim companies were *"leaving the back pockets off of jeans because no one carries their wallets anymore."* Before it was pulled in October 2020, Ant Financial's initial public offering (IPO) was expected to value the company at between $200 billion and $300 billion, more than all but the largest global banks, making it the largest IPO ever.[16]

The meteoric growth of Ant Financial, Alipay, WeChat Pay, and other Chinese fintechs has led US officials to consider restricting their operation in the United States out of concern that "Ant Group and other Chinese fintech platforms [would] come to dominate global digital payments … potentially giving the Chinese government access to banking and personal data of hundreds of millions of people."[17]

However, prior to the summit, an executive challenged the notion that the growth of Ant Financial and Chinese fintech portends international expansion, suggesting, *"This is to fundamentally misunderstand the market conditions—arbitrage—under which [China's fintech] emerged."* According to a summit participant, there is little reason to expect that China's growing fintech companies will have similar success outside the country's borders, or that they are focused on such expansion, at least for now: *"There has been no real attempt to recruit users abroad. I don't know anyone who uses Alipay outside of China … The super app model is less effective outside of China."* The participant added, *"They do want to be big global players; it is just very difficult."* In addition, geopolitical factors may inhibit internationalism: *"The Chinese are concerned about reciprocity in protectionism. This will limit international expansion and aspects of localization that have protected them in China,"* noted the same participant.

*"There has been no real attempt to recruit users abroad. I don't know anyone who uses Alipay outside of China … They do want to be big global players; it is just very difficult."*

– Participant

Until recently, the Chinese government allowed tech companies to experiment and grow their financial services offerings. Recently, however, the state has reasserted its control, placing new requirements on some activities, limiting growth of some aspects of these businesses, such as money market funds, and mostly recently, halting the IPO of Ant Financial. "By firing a last-minute torpedo at Ant and Jack Ma, the company's controlling shareholder and celebrity founder of the e-commerce titan Alibaba, the authorities made clear that international bragging rights mattered less than ensuring private companies knew where they stand next to the state."[18] A participant observed, *"Entrepreneurs used to have a swashbuckling mentality in China where they could indirectly criticize the government without pushback. However, over the last six years, almost every major Chinese tycoon who has done this has been taken down a few notches, and their businesses have been disrupted."*

There have also been concerns that China may seek to replace the United States as the dominant state actor in the global financial system. One commentator notes, "Many assume the status quo is too entrenched to be challenged, but that is no longer the case. A separate financial realm is forming in the emerging world, with different pillars and a new master. The hegemon-in-waiting financially, as geopolitically, is China, whose rapid rise is tugging away at the system."[19] Could China's digital yuan replace the US dollar as a trade and reserve currency, at least in the Asia-Pacific region? A summit participant suggested this was highly unlikely, noting that the digital currency is being used exclusively for retail payments: *"Renminbi internationalization is no higher now than it was five years ago … Real money flows are on the wholesale side. And there is more control and surveillance built into the digital currency, so the People's Bank of China will see all information about transactions using the digital yuan. Who will use that outside of China?"*

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While the pandemic created massive economic upheaval, with clear consequences for financial institutions and their customers, it is unlikely to result in regulatory reforms like those that followed the last financial crisis. Instead, financial services leaders should be prepared for more subtle shifts in financial services policy to accompany what could be more significant macroeconomic policy changes. Ensuring resilience in the near term, enabling financial institutions to support recovery, and managing the ever-growing effects of technology on financial services will remain priorities for regulators in major markets. And while China's financial technology sector continues to grow, politics and the unique market circumstances that produced its growth, are likely to limit its global impact.

## Appendix: Summit Participants

In 2020, Tapestry and EY hosted the fourth Financial Services Leadership Summit. In the meetings and in preparation for them, we conducted numerous conversations with directors, executives, supervisors, and other thought leaders. Insights from these discussions inform this *ViewPoints* and quotes from these discussions appear throughout.

The following individuals participated in discussions for the 2020 Financial Services Leadership Summit:

### Directors

- Paul Achleitner, Chair of the Supervisory Board, Deutsche Bank
- Clive Adamson, Risk Committee Chair, M&G; Non-Executive Director, JPMorgan Securities
- Homaira Akbari, Non-Executive Director, Santander
- Joan Amble, Non-Executive Director, Zurich Insurance Group
- Bill Anderson, Chair of the Board, Sun Life Financial
- Jeremy Anderson, Vice Chair and Senior Independent Director, Audit Committee Chair, UBS Group AG; Risk Committee Chair, Prudential
- Tony Anderson, Non-Executive Director, Marsh & McLennan
- Alastair Barbour, Audit Committee Chair, Phoenix Group Holdings, Non-Executive Director, RSA
- Win Bischoff, Chair of the Board, JP Morgan Securities
- Norman Blackwell, Chair of the Board, Nominations & Governance Committee Chair, Lloyds Banking Group
- Jonathan Bloomer, Chair of the Board, Morgan Stanley International
- Agnes Bundy Scanlan, Non-Executive Director, Truist Financial
- Jeff Campbell, Non-Executive Director, Aon
- Marcia Campbell, Risk Committee Chair, Canada Life Ltd; Non-Executive Director, CNP Assurances
- Jan Carendi, Non-Executive Director, Lombard International Assurance
- Alison Carnwath, Audit Committee Chair, Zurich Insurance Group
- Michelle Collins, Non-Executive Director, CIBC
- Bill Connelly, Chair of the Supervisory Board and Nomination and Governance Committee, Aegon and Risk Committee Chair, Société Générale
- Howard Davies, Chair of the Board, NatWest Group
- Tom de Swaan, Chair of the Supervisory Board, ABN AMRO
- Carolyn Dittmeier, Chair of Statutory Auditors, Generali

## Directors continued

- Terri Duhon, Risk Committee Chair, Morgan Stanley International
- Tom Glocer, Lead Director, Morgan Stanley
- Tobias Guldimann, Audit Committee Chair, Commerzbank
- Robert Herz, Audit Committee Chair, Morgan Stanley
- Sheila Hooda, Risk Committee Chair, Mutual of Omaha; Nominating and Governance Committee Chair, ProSight Global
- Mark Hughes, Risk Committee Chair, UBS
- Bill Kane, Audit Committee Chair, The Travelers Companies, Audit Committee Chair, Transamerica
- Phil Kenworthy, Non-Executive Director, ClearBank
- Christine Larsen, Non-Executive Director, CIBC
- Nick Le Pan, Audit Committee Chair, CIBC
- Brian Levitt, Chair of the Board, TD Bank Financial Group
- Sara Lewis, Audit Committee Chair, Sun Life Financial
- John Lister, Risk Committee Chair, Old Mutual, Pacific Life Re, and Phoenix Life
- Monica Mächler, Non-Executive Director, Zurich Insurance Group
- John Maltby, Non-Executive Director, Nordea
- Trevor Manuel, Chair of the Board, Old Mutual
- Roger Marshall, Audit Committee Chair, Pension Insurance Corporation
- Callum McCarthy, Nomination and Compensation Committee Chair, China Construction Bank
- Richard Meddings, Audit Committee Chair, Credit Suisse, and Chair of the Board, TSB Banking Group
- Scott Moeller, Risk Committee Chair, JPMorgan Securities
- Chuck Noski, Chair of the Board, Wells Fargo
- Fausto Parente, Executive Director, EIOPA
- Debra Perry, Finance and Risk Committee Chair, Assurant; Non-Executive Director, Genworth Financial
- Marty Pfinsgraff, Risk Committee Chair, PNC Financial
- Brian Pomeroy, Non-Executive Director, QBE
- Peter Porrino, Audit Committee Chair, AIG
- Sabrina Pucci, Non-Executive Director, Generali
- Bruce Richards, Chair of the Board, Credit Suisse USA

## Directors continued

- Philip Rivett, Non-Executive Director, Standard Chartered
- David Roberts, Chair of the Board, Nationwide Building Society and Beazley
- Sarah Russell, Audit Committee Chair, Nordea
- Manolo Sánchez, Non-Executive Director, Fannie Mae, OnDeck Capital, and BanCoppel
- Alexandra Schaapveld, Audit Committee Chair, Société Générale
- Alice Schroeder, Non-Executive Director, Prudential plc
- Kory Sorenson, Audit Committee Chair, SCOR; Remuneration Committee Chair, Phoenix Group Holdings
- Eric Spiegel, Audit Committee Chair, Liberty Mutual
- Doug Steenland, Chair of the Board, AIG
- Bob Stein, Audit Committee Chair, Assurant; Audit Committee Chair, Talcott Resolution
- Kate Stevenson, Corporate Governance Committee Chair, CIBC
- Katie Taylor, Chair of the Board, RBC
- Peter Taylor, Audit Committee Chair, Pacific Life
- Joan Lamm-Tennant, Non-Executive Director, Equitable Holdings and Hamilton Insurance Group
- Jan Tighe, Non-Executive Director, Goldman Sachs and Progressive
- Mark Weinberger, Non-Executive Director, MetLife
- Tom Woods, Non-Executive Director, Bank of America

## Executives

- Antoni Ballabriga, Global Head of Responsible Business, BBVA
- Zelda Bentham, Group Head of Sustainability, Aviva
- Cathy Bessant, Chief Operations and Technology Officer, Bank of America
- David Chalk, Ring Fenced Bank Risk Officer, Lloyds Banking Group
- Martha Cummings, Former Head of Compliance Strategy & Operations, Wells Fargo
- Jim Cunha, Senior Vice President, Secure Payments and FinTech, Federal Reserve Bank of Boston
- Mark Cuthbert, VP General Manager of Strategy, Planning, and Innovation, USAA
- Lara de Mesa, Group Executive Vice-President, Head of Responsible Banking, Executive Chair’s Office, Santander
- Hervé Duteil, Chief Sustainability Officer, Americas, BNP Paribas

## Executives continued

- Brad Hu, Chief Risk Officer, Citigroup
- Francis Hyatt, EVP, Chief Sustainability Officer, Liberty Mutual
- Rakhi Kumar, Senior Vice President, Sustainability Solutions, Liberty Mutual
- Scott Liles, Lead Executive, Spire Insurance, Nationwide
- Jed Lynch, Head of Americas, Sustainable & Impact Banking, Barclays
- Kara Mangone, Managing Director, Chief Operating Officer of Sustainable Finance Group, Goldman Sachs
- Tracey McDermott, Group Head, Corporate Affairs, Brand & Marketing, Conduct, Financial Crime and Compliance, Standard Chartered
- Ariel Meyerstein, Senior Vice President, Sustainability and ESG, Citigroup
- Tom Mildenhall, Managing Director, Global Head of Technology Partnership Development, Bank of America
- Alessa Quane, Executive Vice President and Chief Risk Officer, AIG
- Andy Rear, Chief Executive, Digital Partners, Munich Re
- Nick Silitch, Senior Vice President and Chief Risk Officer, Prudential Financial
- Alan Smith, Senior Advisor, ESG and Climate Risk, HSBC
- Jennifer Waldner, Chief Sustainability Officer, AIG
- Cathy Wallace, Senior Vice President and Chief Risk Officer, State Farm

## Other

- Sandra Boss, Senior Managing Director and Global Head of Investment Stewardship, BlackRock
- Martin Chorzempa, Research Fellow, Peterson Institute
- John Kim, Founder and Managing Partner, Brewer Lane Ventures
- Clay Lowery, Executive Vice President, Research and Policy, The Institute of International Finance
- Hans Morris, Managing Partner, Nyca Partners
- Carl Robertson, Chief Marketing Officer, Temenos
- Simon Toms, Partner, Mergers and Acquisitions; Corporate Governance, Skadden

## EY

- Omar Ali, Managing Partner, Client Services, EMEIA Financial Services
- Andy Baldwin, Global Managing Partner, Client Service
- Jan Bellens, Global Banking and Capital Markets Leader
- Kabari Bhattacharya, Associate Partner and EMEIA Insurance Sustainability and Resilience Leader
- David Connolly, Global Insurance Digital Leader
- Marie-Laure Delarue, Global Assurance Vice Chair
- Andrew Gilder, Assurance Partner and Asia-Pacific Banking and Capital Markets Leader
- John Latham, Global Client Service Partner
- Mike Lee, EY Global Wealth & Asset Management Leader
- John Liver, Global Financial Services Regulatory Network Co-Lead and EMEIA Financial Services Compliance and Conduct Leader
- Gillian Lofts, UK Wealth & Asset Management Leader, EMEIA Sustainable Finance Leader
- Ed Majkowski, Americas Insurance Sector and Consulting Leader
- Peter Manchester, EMEIA Insurance Leader and Global Insurance Consulting Leader
- Nigel Moden, EMEIA Financial Services Banking and Capital Markets Leader
- Kiet Pham, Principal, Americas Banking & Capital Markets Technology Leader
- Greg Raimann, Global Client Service Partner
- Marc Saidenberg, Financial Services Global Regulatory Network Co-Lead, Principal US Financial Services Advisory
- Isabelle Santenac, Global Insurance Leader
- Yang Shim, Global Financial Services Technology Leader and Americas Financial Services Consulting Deputy Leader
- Brandon Sutcliffe, Principal, Sustainability, Climate Change, Risk Management
- Marcel van Loo, EMEIA Financial Services, Regional Managing Partner
- Steve Varley, Global Vice Chair, Sustainability

## Tapestry Networks

- Dennis Andrade, Partner
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- Brennan Kerrigan, Senior Associate
- Tucker Nielsen, Principal
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# About this document

### About *ViewPoints*

*ViewPoints* reflects the network's use of a modified version of the Chatham House Rule whereby names of network participants and their corporate or institutional affiliations are a matter of public record, but comments are not attributed to individuals, corporations, or institutions. Network participants' comments appear in italics.

### About the Financial Services Leadership Summit (FSLS)

The FSLS is an annual meeting addressing key issues facing leading financial institutions. It brings together non-executive directors, members of senior management, policymakers, supervisors and other key stakeholders committed to outstanding governance and supervision in support of building strong, enduring and trustworthy financial institutions. The FSLS is organized and led by Tapestry Networks, with the support of EY. *ViewPoints* is produced by Tapestry Networks and aims to capture the essence of FSLS discussions and associated research. Those who receive *ViewPoints* are encouraged to share it with others in their own networks. The more board members, members of senior management, advisers and stakeholders who become engaged in this leading-edge dialogue, the more value will be created for all.

### About Tapestry Networks

Tapestry Networks is a privately held professional services firm. Its mission is to advance society's ability to govern and lead across the borders of sector, geography, and constituency. To do this, Tapestry forms multi-stakeholder collaborations that embrace the public and private sector, as well as civil society. The participants in these initiatives are leaders drawn from key stakeholder organizations who realize the status quo is neither desirable nor sustainable, and are seeking a goal that transcends their own interests and benefits everyone. Tapestry has used this approach to address critical and complex challenges in corporate governance, financial services, and healthcare.

### About EY

EY is a global leader in assurance, tax, transaction, and advisory services to the financial industry. The insights and quality services it delivers help build trust and confidence in the capital markets and in economies the world over. EY develops outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, EY plays a critical role in building a better working world for its people, for its clients and for its communities. EY supports the BGLN as part of its continuing commitment to board effectiveness and good governance in the financial services sector.

# Endnotes

[1] *ViewPoints* reflects the network's use of a modified version of the Chatham House Rule whereby names of network participants and their corporate or institutional affiliations are a matter of public record, but comments are not attributed to individuals, corporations, or institutions. Comments of network participants and guests appear in italics.

[2] "Governments Must Beware The Lure of Free Money," *Economist*, July 23, 2020.

[3] "Governments Must Beware The Lure of Free Money."

[4] "The $2 Trillion Question: What's on the Horizon for Bank Credit Losses," S&P Global Ratings, July 9, 2020.

[5] Emilie Giraud-Bel, "Financial Regulation in the Face of COVID-19: Resilient but Complex Clockwork," *New Atlanticist* (blog), August 11, 2020.

[6] Andrew Ackerman, "Fed to Add Pandemic-Recession Scenarios to Next Round of Big Banks' Stress Tests," *MarketWatch,* September 17, 2020.

[7] Board of Governors of the Federal Reserve System, *December 2020 Stress Tess Results* (Washington, DC: Federal Reserve Board, 2020), 1.

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