



Credit Review

A discussion with Saad Aslam, PNC's Senior Credit Review Executive.

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Few other bank risk processes receive more regulatory scrutiny than the Credit Review function. To discuss the current state of the function and its future, we sat down with PNC's Executive Vice President of Credit Risk Review, Saad Aslam.



Give us an overview of your career path to date...

I consider myself very fortunate to have been given unique opportunities and experiences throughout my career. I have worked with some exceptional individuals in top-tier global banks and have also been through some critical periods for the financial

services industry, which allowed me fabulous learning opportunities.

I began my career in Dubai, working as a credit analyst and relationship officer in a corporate bank. We were doing very traditional general purpose and trade finance transactions for large corporates and local middle market borrowers. From there, my career has taken me to working in the Investment Banking & Markets Division for HSBC to working in Merrill Lynch investing in hedge funds. More recently I have worked at Credit Suisse and PNC, setting up and managing core governance and surveillance teams around all aspects of credit risk management across their commercial and retail businesses.

What is credit review and why do banks require an independent credit review function?

Credit Review is also referred to as Loan Review or Credit Risk Review across the industry. The function has existed in the US and globally for a number of years in many manifestations and has evolved as the regulatory requirements, maturity and complexity surrounding banks' lending activities have advanced.

The primary purpose of a Credit Review function is to provide the bank and its supervisory bodies (the Board, Executive Management, Regulators, and Auditors) with independent assurance that the credit

origination, underwriting, approval and administration functions of the bank are effective and capable of managing the loan portfolios. It is important that this assessment comes from a team that is not involved in any of these credit granting activities in order to avoid any conflicts and biases.

Having worked in both a foreign banking organization (FBO) and a US domestic banking organization, what do you see as the major differences and challenges in these firms' approach to credit review?

In my experience most FBOs have collated Credit Review with Credit Audit or with a Quality Assurance function. This strategy is generally borne out of a desire to keep the organizational structure around independence simple. As a result of this organizational placement, the Credit Review activity in these firms can sometimes be viewed as similar to an audit or quality control activity. Such organizational constructs can also lead to the Credit Review function being staffed with generalists (as opposed to credit risk professionals) who ultimately lack the necessary knowledge, credibility and engagement with key stakeholders in the 1st and 2nd line credit risk management functions.

In most US banks, Credit Review functions are risk-based with a dual reporting line to the risk committee of the board, ensuring the function's independence. This allows the risk-based Credit Review teams to recruit appropriate and qualified credit risk talent and provide a sustainable credit risk career path to its members. It also results in a markedly sophisticated and thoughtful approach to the management of credit risk at enterprise level because risk-based Credit Review teams take a holistic and analytical approach to assessing all aspects of credit risk management in the 1st and 2nd line.

In the current regulatory climate, do you foresee any short to long term developments which will impact credit review?

There are a few developments which will warrant sustained and continued enhancements to the scope of activity and skills needed in Credit Review teams. The most immediate development is the transition to CECL. The specific and clear regulatory mandate for Loan Review functions is in Attachment I of Interagency Policy Statement on the Allowance for Loan and Lease Losses. With transition to CECL, this policy statement will cease to exist and therefore Credit Review functions will not have a comparably explicit regulatory mandate.

To be clear, there will still be numerous other references in US banking regulations for an independent Loan Review function including in the OCC Handbook on Loan Portfolio Management. Notwithstanding, a lack of clear guidance could expose these functions to cost cutting strategies unless the underlying bank's executive management and boards take a position.

Other more secular changes include a convergence of Credit Review with validation and supervisory activities performed by Independent Model Validation teams. This is a result of more banks moving to model-based credit decision frameworks. In addition, there is an increasing need to establish effective coverage for Retail Lending portfolios where there is a challenge to recruit and develop talent for Credit Review functions.

Having built out and developed credit review teams, tell us about the candidate experience and attributes you look to when you come to hire.

We are looking for individuals who are passionate about credit risk management and are committed to building a long-term career in credit risk. This does not imply that we consider credit risk management as primarily a 2nd line of defense or Credit Review activity - on the contrary, we look for people who would be open to transitioning to origination, underwriting, approval or credit administration roles in the future. I consider Credit Review to be one of the best training grounds for credit risk management careers given the diversity of Credit Review teams' activities across enterprise-wide credit portfolios.

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Obviously technical skills in fundamental credit analysis, projections and risk ratings are essential for a seasoned Credit Review hire. However, communication and commercial orientation are probably the most overlooked skills. We want Credit Review to consider itself part of the enterprise credit risk management activity. For the team to be effective in its work, it must partner with its 1st and 2nd line stakeholders and raise issues and concerns which are reasonable and well-articulated.

What are some of the challenges facing the perception of a credit review function within an organization?

The biggest challenge is ensuring that the team is respected and has a high stature within the organization and ensuring it is intimately involved in all aspects of credit risk management. More often than not these functions are relegated to something of a “regulatory ask.” Firms do not commit time and resources to building an effective team since they don't see value beyond keeping regulators happy. This is a vicious cycle to break since in these circumstances you can't attract the right talent to the Credit Review team and without the right talent these teams continue to lack credibility.

Our Team

If you are interested in discussing our current credit review vacancies or discuss how we can help to recruit into your function, please reach out to Greg Anderson or Jonathan Moran.



Greg Anderson

Vice President - Americas
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Greg joined Barclay Simpson in the early part of 2015 having gained six years recruitment experience within risk and financial services in the UK. After 3 years in our Dubai office, Greg moved to New York in 2018 to focus on risk recruitment across the Americas. He specializes in VP to senior Director level positions on either a contingent or retained basis.

Greg has a thorough understanding of the Risk market across a broad range of specialisms including operational, market and credit and is able to offer consultative advice to clients and candidates both locally and internationally.



Jonathan Moran

Senior Associate - Americas
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Jonathan joined Barclay Simpson in 2014, recruiting treasury professionals into the London financial services market. He relocated with the firm to New York in 2015 and has since specialized in recruiting Associate to Director level candidates into internal audit and credit review positions throughout the US.

Jonathan has developed an excellent network in the US internal audit market particularly within the banking and insurance sectors. He can be reached for discreet enquiries into current vacancies or for general advice on recruitment to clients.

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