



Creating Sustainable Financial Systems in Europe

The Scottish Financial Risk Academy (SFRA) and its Approach

14th Euro Finance Week, Frankfurt am Main
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www.sfra.ac.uk



An Educational Response to the Financial Crisis

- The crisis revealed that the general *understanding of financial risk was poor*, from the man in the street to the man in the boardroom.
- It also highlighted:
 - The interconnectedness of financial institutions;
 - The complexity of products and business models;
 - The inadequacies of regulation;
 - That past success was no guarantee of future survival.
- In Scotland, the problems of some of our banks was a source of dismay. The right response was an educational initiative.
- With initial public seed funding and the strong support of a number of founder members, the SFRA was created in spring 2010 as a “demand-led Knowledge Exchange” organisation.



Industry Demands

- Access to the most able and best trained students, particularly to fill roles for which there are skills shortages;
- Advanced training opportunities for employees and clients, particularly in the most technical areas;
- Opportunities to learn about and evaluate the potential of the latest research;
- Interaction on a more regular basis with academic experts, both UK-based and international;
- Interaction between industry peers on matters of common interest, such as financial services regulation;
- An efficient focus for engagement that removes the inefficiencies of piecemeal interaction between financial services and the academic sector.



Meeting these Demands

- To obtain industry buy-in, SFRA addresses these demands directly through a series of activities: risk colloquia, training courses, student placements, networking events
- The Academy retains a deliberately “academic” approach. We aim for rigour, as well as relevance, in events and training.
- SFRA encourages a collaborative approach to matters that are of precompetitive interest, such as best practice ERM and responses to regulation.
- SFRA recognises the vital role of universities in sustaining a financial services cluster, and the need for financial services to assist universities – a virtuous circle.
- SFRA seeks to foster a long term collaboration between the financial services and academic sectors of a kind that is more common in other industries (e.g. engineering, pharmaceuticals).
- SFRA contributes to an environment that fosters innovation.



SFRA Founder Members

- The Risk Academy was established with the support and backing of the Scottish Funding Council for higher education and a group of Founder Members:
 - Maxwell Institute for Mathematical Sciences (an initiative of both Edinburgh and HW universities)
 - Aberdeen Asset Management
 - Barrie & Hibbert
 - Lloyds Banking Group
 - Scottish Financial Enterprise
 - The Actuarial Profession



Membership has grown rapidly

- Company members: 28 (as of 11.11.11) including
 - banks,
 - asset managers,
 - asset servicing companies,
 - life insurers,
 - consultancies,
 - software providers
- Academic departments at 6 universities:
 - Edinburgh (Mathematics, Informatics, Business School)
 - Glasgow (Mathematics & Statistics)
 - Glasgow Caledonian (Accounting, Finance & Risk)
 - Heriot-Watt (Mathematics & Computer Sciences, Finance & Investment)
 - St. Andrews (Economics & Finance)
 - Strathclyde (Accounting & Finance)



SFRA Activities I

1. Knowledge Exchange Events

- Bi-annual Risk Colloquia - mini conferences on topics in risk management comprising technical sessions and “bigger picture” sessions. 1: Risk Lessons from the Financial Crisis (04.11.10). 2: Absolute Returns and Hedge Funds (17.03.11). 3: Solvency II: Overcoming the Obstacles to Success (28.09.11). 4: Stress Testing (08.03.12)
- Knowledge Transfer courses offering advanced training opportunities (CPD). Material delivered by subject experts in short intensive format.
- SFRA Visiting Scholar Programme bringing leading financial risk experts to Scotland.



SFRA Activities II & III

2. Student-Centred Activities

- Summer placement for MSc students writing their dissertations. A growing number of companies are offering project-based placements. Very attractive to students. An easy entry to research interaction.
- PhD internships. Gives companies access to students with advanced skills for short projects (typically 3 months). Low cost research interaction.
- Promotion of the benefits of joint research and PhD training.

3. Industry Contributions to Postgraduate Training

- Industry practitioners lead “Special Topics” courses at MSc level. Adds immensely to the relevance of postgraduate education.