The Evolution of Stress Testing Best Practices

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Conclusão

- Teste de Stress estão em evolução em geral e no Brasil em particular
  - ICAAP em fase madura
  - Banco Central do Brasil: TETD e TEBU
    - Convergência de requerimentos com outras jurisdições

- Desafios para a implementação dos testes de stress
  - Governança do processo
  - Silos

- Caráter proativo
  - Visão prospectiva (*forward looking*)
  - Integração consistente e abrangente

- Infraestrutura para integrar os diversos aspectos do TS

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Conclusion

- Best practice risk management calls for **integrated** stress tests, as capturing **risk interaction** applies to risk measures and the **overlap** in **customer/strategic** behavior

- Effective stress testing is facilitated by modeling in a **holistic and unified view**
    - Ensures a consistent risk culture/language throughout the institution
    - Testing becomes more meaningful/actionable to management and regulators
    - Allows for more sophisticated extensions to improve decision making

- When properly architected, a stress testing process can lead to more **informed decisions**, **improved response** times and assist the organization in setting its **strategic vision**

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Thank you

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$$df(r_t) = \phi_t(\theta_t - f(r_t))dt + \sigma_t dW_t$$