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From Risk Models to Risk Intelligence

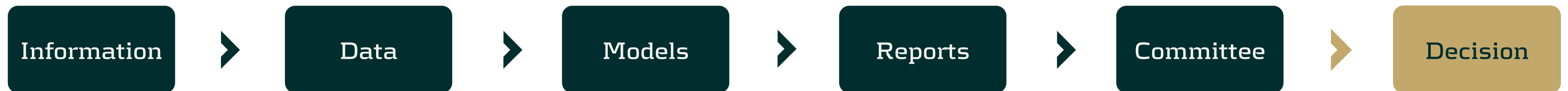
How AI is changing the way we understand, measure and manage financial risk

Will the risk model still be
the center of risk management
in five years?

Where Are We Now?

Much of risk management is still organized as a linear chain. The infrastructure is not the problem, the workflow is.

The result: a long distance between a new signal and a decision.



THE BOTTLENECKS SLOWING THE CHAIN

01

PERIODIC

The cycle sets the pace, not the risk.

02

FRAGMENTED

Evidence sits across systems, documents and people.

03

CAPACITY-BOUND

Human attention becomes the bottleneck.



From Risk Management

Risk management has always been about four tasks.

UNDERSTAND

Regulation and policy were fixed rules, read once and applied as written.

MEASURE

Models were validated on a cycle and rarely challenged in between.

MONITOR

Signals were checked periodically, only when a report was due.

DECIDE

Decisions relied on one manager working through the data alone.

What **constrained** these tasks was **not ambition**. It was the **cost of processing information**.

to Risk Intelligence

GenAI adds an intelligence layer on top.



GenAI changes the **economics of interacting with information**.



It lets you **interrogate, connect and explore** information in natural language.

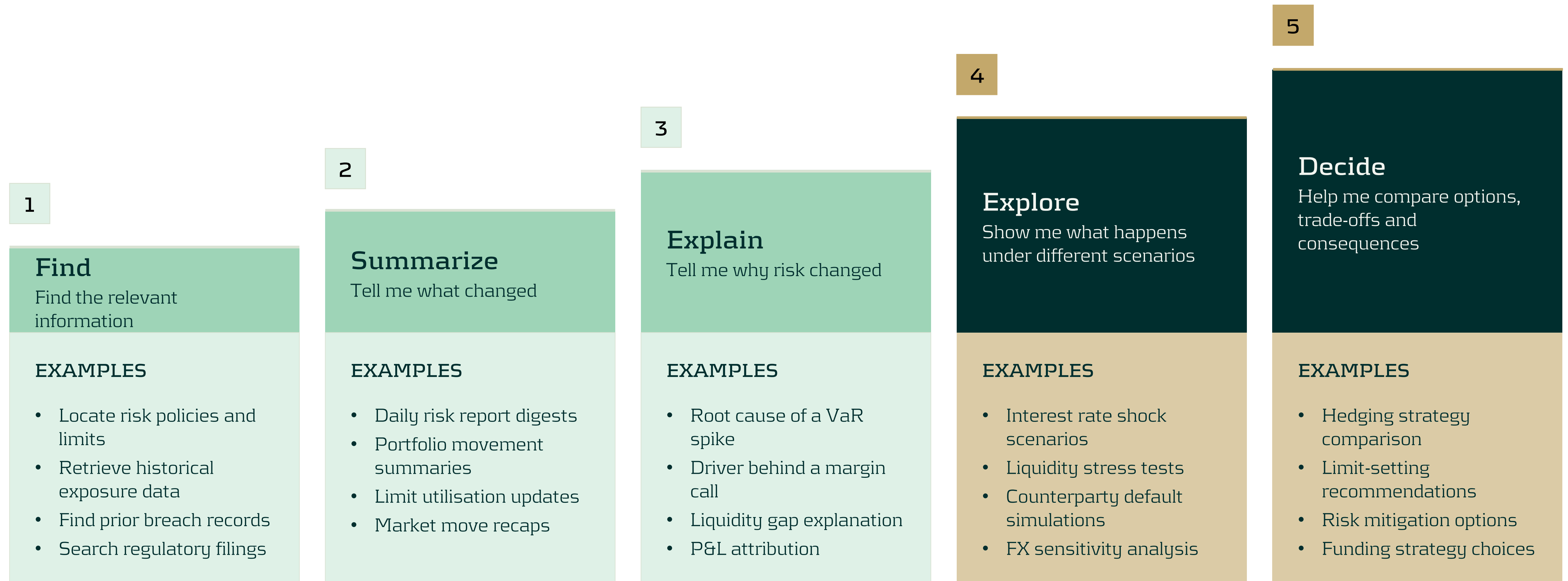


The opportunity isn't faster analysis. It's a **different way of working** with risk information.



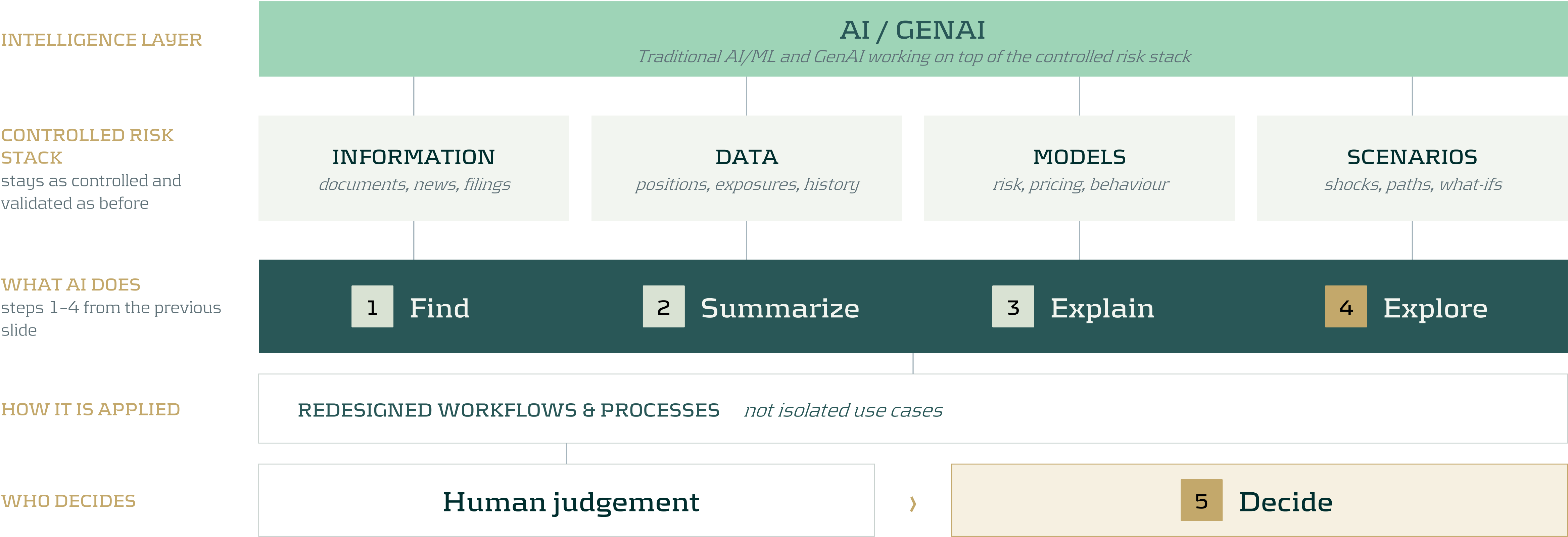
How Far Can Risk Intelligence go?

The progression is from information retrieval to decision support.



Redesigned Workflows & Processes

AI becomes the **intelligence layer** around the **risk infrastructure**. But aiming for step five does not mean handing over the decision.



AI makes the risk stack **easier to use**.



Case 1

What we see in practice.

THE TRADITIONAL PATH

- Regulation
- Interpretation
- Gap assessment
- Policy & procedure
- Control
- Employee searches for the answer



Bas

Find & Summarize: Regulatory Knowledge

From complex regulation to one risk question. The same knowledge, made interrogable.

Banking

I'm a credit institution under the CRR, not a G-SII, O-SII or SNCI. Which recent regulations are most relevant to me?

Timeline

What are the timeline events for Regulation (EU) 2026/543 on external reviewers of European Green Bonds?

Asset management

I'm an AIFM also managing UCITS funds. Which recent regulations on liquidity management and loan origination apply to me, and by when?

The screenshot displays the RWT Viewer interface, which is a regulatory knowledge management system. The top section shows a list of regulations with columns for Reference, Short ref, Title, Level, Relationships, Regulatory status, Date, SPOC, Applicability, Internal status, Description (A2), Topics (A2), Author, and Notes. The bottom section provides a detailed view of Regulation (EU) 2024/1623, including its title, date, and a timeline of events. The timeline shows key milestones such as 'Application', 'Partial application', 'Entry into force', 'Published', 'End of validity', and 'Adopted'. The interface also includes a 'Metadata' section with fields for Act type, Level, Author, Directory (EU), Responsible (EU), Subject (EU), and EURODOC (EU). A 'Relationships' section at the bottom shows a network of related regulations, including 'Adopts', 'Amends', 'Proposes to amend', and 'Legal basis'.

The breakthrough: institutional knowledge becomes something you can interrogate.



I'm a credit institution under the CRR, not a G-SII, O-SII or SNCI. Which recent regulations are most relevant to me?

 RWT assistant

○ Connecting to the live RWT database

○ Looking this up in the RWT database...

Ask about EU financial regulation...

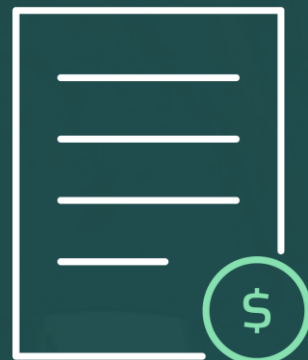
Ask

Case 2

What we see in practice.

TODAY

Task: "Prepare the risk report."



Result: One static output, produces on a cycle.



Bas

Explain & Explore: Risk Reporting

What if you could talk to your risk data?

- › **Explain:** Why did portfolio risk increase this month?
- › **Explain:** Which portfolios are driving it?
- › **Explore:** What happens if spreads widen another hundred basis points?
- › **Summarize:** Draft the key messages for the risk committee.

The dashboard becomes a conversation.

The numbers still come from controlled data and risk calculations. AI changes how people interrogate and communicate them.



What if you could talk to your risk data?

Illustrative example — mock portfolio, mock VaR figures

ASK THE RISK DATA

› Explain: Why did portfolio risk increase this month?

Total 1-day 99% VaR rose 30%, from €14.2m to €18.4m. All of it traces back to Euro Credit Core's BBB Financials sleeve: spreads there widened 35bps, the sleeve's duration extended from 4.2 to 4.6 years, and one holding — Halden Energy Corp — was downgraded from BBB- to BB+.

EVIDENCE: VAR SUMMARY PANEL

› Explain: Which portfolios are driving it?

› Explore: What happens if the risk-free rate rises another hundred basis points?

› Summarize: Draft the key messages for the risk committee.

Click a question to reveal its answer, in order.

Reset demo

1-DAY 99% VAR — GLOBAL FIXED INCOME FUND COMPLEX

●●● querying VaR engine for this portfolio...

TOTAL VAR (TODAY)

—

PORTFOLIO DURATION

—

BBB FINANCIALS SPREAD

—

VAR CONTRIBUTION BY MANDATE

MANDATE	BASE	CURR.	STRESS	SHR
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—

SCENARIO: +100 BPS PARALLEL RISK-FREE RATE SHOCK

Base VaR —

↓ +100bps

Gross stressed VaR —

↓ hedge

Band future offset —

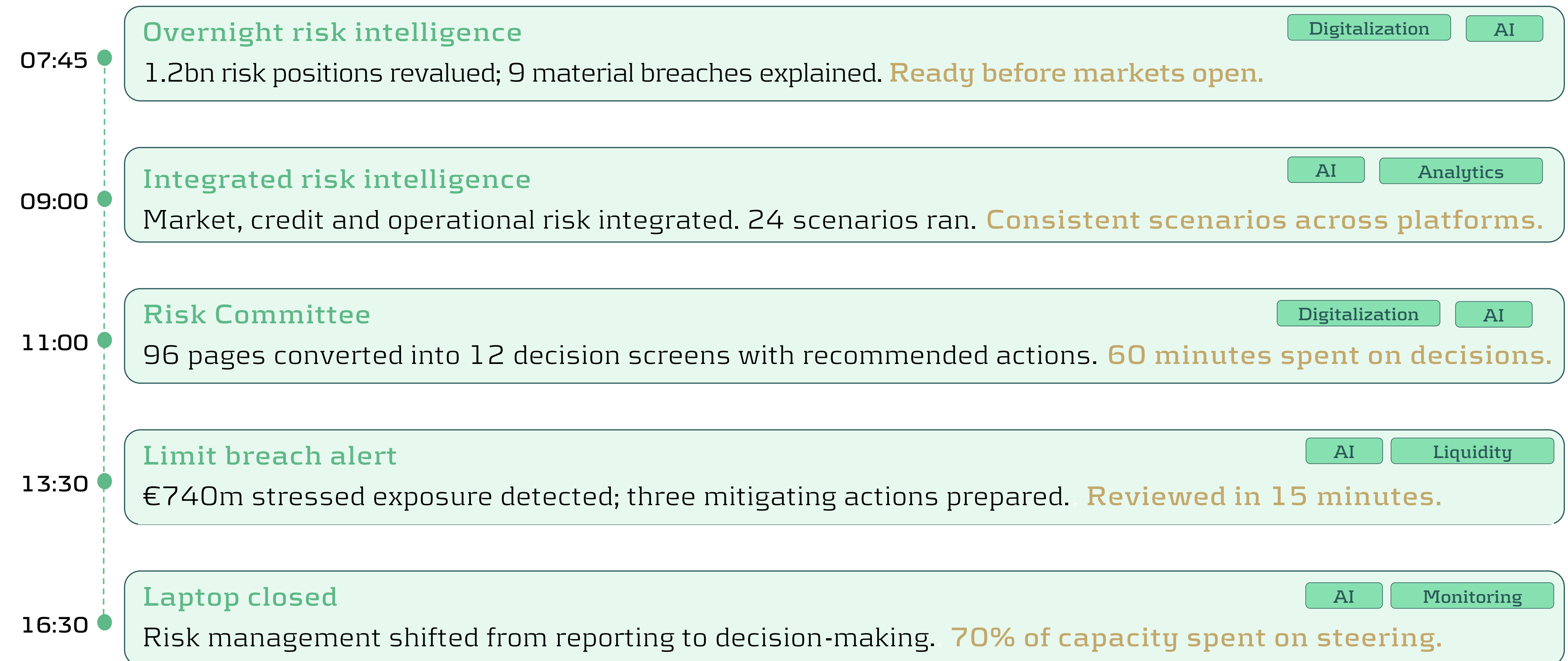
↓ net

Net stressed VaR —

Case 3

ALL: A Typical Day of Bas – Augmented Risk Manager – in 2030

The time between risk signal and management action has collapsed. Bas spends the day on judgement, challenge and strategic steering.



Bas

15 min

Mitigating actions
reviewed

24×

Scenarios generated daily

60 min

Spent on Risk Committee
decisions

70%

Time spend on strategic
steering



Moving Towards Risk Intelligence: The Beginning

Within financial risk we see the even more examples of GenAI being moved towards risk intelligence.

The categorization is as follows:

BUILD

A model-development copilot

- Data exploration
- Coding & feature engineering
- Documentation
- Challenger hypotheses

CHALLENGE

A validation assistant

- Compare methodologies
- Identify inconsistencies
- Search historical findings
- Challenge assumptions

MONITOR

Continuous risk intelligence

- AI/ML flags what changed
- GenAI explains why
- Portfolio & scenario signals
- Decision-ready narrative

CONNECT

New information made usable

- Read reports, news, research & commentary
- Identify events, facts & changing assumptions
- Connect them to portfolios, exposures & risk drivers
- Bring them into models, scenarios & risk decisions



What Do We See in Practice?

AI ADOPTION IS MOVING FASTER THAN THE FOUNDATIONS UNDERNEATH IT

Evidence From the Market

While adoption is growing, the foundations are not keeping pace to increase AI risk intelligence.

AFM · ASSET MGMT

323 Dutch asset managers surveyed in 2025 use AI mainly for information and analysis.

Policy, ethics and controls lag adoption.

ESMA · FUNDS

Only a **small share** of EU funds use AI as the main driver of **investment decisions**.

GenAI mainly supports human-driven investing.

DNB · INSURANCE

AI use is growing, but high-risk applications stay limited.

Governance, data quality and human oversight remain practical constraints.

ECB · BANKS

Only 28% of banks source all critical data from golden sources; 10% source none. **Data quality** remains the least mature risk area.

AI is becoming part of the risk and investment process, but **governance and data** are not yet keeping pace.



Observed Organisational Approaches to AI Governance

Core structural models for organising AI governance

 AI embedded in existing controls	 Hub-and-Spoke Governance	 Central AI governance
▪ Governed via existing control functions ▪ No dedicated AI governance: treated as an extension of current processes. → Typical entry point: minimal structural change.	▪ Central hub defines frameworks and methods. ▪ Business units (spokes) handle use-case decisions, implementation, and operations within guardrails. → Most common model today.	▪ Central AI team oversees AI policies and approvals. ▪ All GenAI use cases require central review before development/deployment → Centralization widely discussed

Discussions in the market

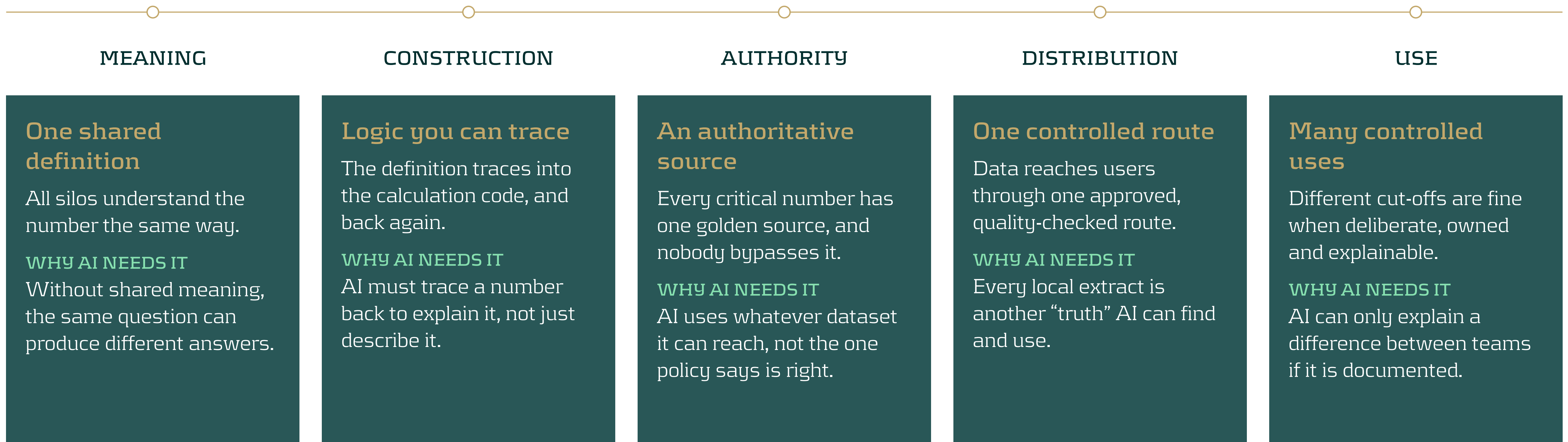
Structuring expertise	Leadership and role clarity	Centralization vs. flexibility
▪ How to bundle expertise across units within existing frameworks? ▪ Are current structures sustainable, or are new forms needed?	▪ Who leads AI governance: Risk, Data/AI Office, or IT? ▪ How are roles and responsibilities clearly separated? ▪ Does 2LoD risk becoming a bottleneck? ▪ Should intake/funnel processes be established?	▪ How much centralization is appropriate? ▪ How can business units remain agile? ▪ How should the interface with 2LoD be organized?



What AI Ready Data Looks Like

The **higher the ambition**, the **stronger the data** must be.

AI can only move from retrieval to exploration and decision support if the underlying data has meaning, lineage and ownership.



AI does not fix fragmented data. It amplifies it.



Case 4

What we see in practice.

AT THE START

- Labor intensive processing
- Manual and inconsistent application of business rules
- Recurring data issues

Data Remediation: Delivering AI Ready Data

Making data AI-ready goes beyond simply fixing the data. It involves multiple layers.

- 1 Diagnose the process, not just the data
- 2 Fix the foundations before touching tooling
- 3 Automate the pipeline against those foundations
- 4 GenAI is a perfect data remediation use-case.
- 5 Keep a human in the loop for the hard cases
- 6 Redesign the human workflow, and close the loop

The result.

75%

Faster overall remediation process

40%

Shorter process lead time

75%

Faster throughput time



From Risk Models

AI will increasingly sit around our risk infrastructure, helping us understand **more**, measure **better**, monitor **continuously**, and explore decisions **faster**.

UNDERSTAND

Regulation and policy stop being static, you can question them directly.

MONITOR

Signals are watched continuously, so issues surface before the next cycle.

MEASURE

Models stay controlled and validated; AI helps challenge and interpret them.

DECIDE

AI handles everything but the judgement; that stays with the risk manager.

to Risk Intelligence

THE QUESTION TO TAKE AWAY

Which parts of your risk management are still limited by your ability to process information?



Thank You.