

Thursday, April 26, 2012

Dr. Audra Bowlus, Chair
Department of Economics
The University of Western Ontario
Social Science Centre, Room 4071
1151 Richmond Street North
London, Ontario,
Canada N6A 5C2

Dear Dr. Bowlus;

Attached is a Call for Research Proposals relating to our interest in applied research papers for the financial services sector. This Call has been distributed to a selected number of Canadian academic institutions. We have also sent these documents to your colleagues Dr. Janice Deakin, Dr. Jeffrey Gandz, and Dr. André Boivin.

The Global Risk Institute in Financial Services ("GRI") has been established to create and disseminate knowledge and understanding of financial service sector risk and its management. It seeks to integrate cross-sector, cross-function perspectives into an approach that engages multiple disciplines and professions to seek out the best ways to augment and sustain the strength of the sector, to strengthen the human capital that is at its core, and to inform policy development and regulation. Additional information can be found on our website at www.globalriskinstitute.com.

One of the key objectives of the Global Risk Institute is to support applied research on issues that are important to the banking, insurance, asset/wealth management and pension fund sectors as well regulators and policy makers. This Call supports that objective.

Should you have any questions relating to this document please do not hesitate to call me directly. I can be reached at 416-306-1178 or by email at lkomori@globalriskinstitute.com

Yours truly,



*Lloyd Komori
Managing Director,
Global Risk Institute*

Enc. Call for Research Proposals

Call for Research Proposals

The Sponsor:

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The GRI sponsors include the governments of Canada and Ontario, major Canadian financial institutions from banking, insurance, pension funds and asset management firms, and key sector service providers.

Overview of scope

The GRI is seeking research proposals that will widen the knowledge base on the subject of the financial risks of prolonged low interest rates. GRI is particularly seeking research that can be applied to the issues the members will encounter arising from prolonged low interest rates.

GRI is prepared to sponsor between one and four research projects the total cost of which will not exceed \$300,000.

Expenses

The GRI will cover travel and accommodation costs for in person meetings required to meet with GRI.

Deadline

Completed Research Proposals to be received by the GRI no later than 5:00 pm EST on June 15, 2012

Acceptance Notification

July 31, 2012

Deadline for delivery of research results

5:00 PM EST on May 31, 2013

Submission Procedure

Only electronic submissions will be accepted. Please send papers to: ikomori@globalriskinstitute.com

Topics

The following topics are provided as examples. They are not intended to be inclusive.

- How will prolonged low interest rates affect products and services offered by insurers, banks and/or asset managers to meet public needs related to protection, savings, and retirement funds, as well as the ability of pension funds to deliver target returns?
- How will a prolonged low interest rate environment affect risk taking/structuring/complexity? What are the implications for volatility in a low interest rate environment? How will prolonged low interest rates affect the risk profile of asset management firms? How will spread compression affect insurers and banks? How will the accounting for, and valuation of liabilities, be affected?
- What new risks arise? Will a prolonged low interest rate environment affect risk measurement and if so, what adjustments should be considered? What are the scenarios when we emerge from the prolonged low interest rate environment? What steps should member institutions take to prepare themselves for the cycle change?
- How should the stress tests conducted by our members be adjusted to reflect risk during prolonged low interest rate periods? How should the benchmarks be adjusted to enable members to be prepared for the end of the low interest rate period?
- Examine historic “low for long” periods in previous cycles, and their casual effect on asset bubbles, and derive issues for current examination. What lessons carry over from the Japanese experience with prolonged low interest rates?
- What are the public policy issues derived from prolonged low interest rate monetary policy? For example, what are the implications for the social support system requirements?

Submission requirements

In order to facilitate our analysis of the various research proposals, each proponent is asked to provide the following:

1. The topic(s) within the “low for long” theme that you propose to address.
2. The approach to be used to conduct the research including a description of any data sources, personal interviews, surveys, etc.
3. A work plan that reflects the project timelines, major milestones, interim status reports / deliverables to the GRI, etc. We need you to indicate if you intend to submit your research by October 31, 2012 or by May 31, 2013.

If the research paper is completed by October 31st, the GRI may choose to distribute the reviewed paper to those attending a GRI symposium scheduled for December 10, 2012.

4. The anticipated size, form and scope of the final deliverable.
5. The composition of project team including a summary view of their competencies and the role(s) that each member of the team will play, including an estimate of their individual allocation.
6. A fee schedule, including a description of all anticipated out of pocket expenses to be incurred.
7. Three references to recently conducted research work, not necessarily all in the risk space.

Evaluation process

A short list of proponents will be created. GRI may provide for follow-up interviews prior to making its final decisions. GRI will select one or more projects, complete contract engagement documentation, and provide for ongoing meetings with the selected proponent(s).

We propose to observe government procurement guidelines and we therefore provide the following evaluation template:

Evaluation Template

Description of Evaluation Criteria	Weighting (%)	Score (1-5)
A. Experience and capabilities of project team i.e. relevance of each team members experience together with a description of their contribution to the project.	20%	
B. Applicability of the potential output of the project on GRI industry sector(s) from a risk management perspective	35%	
C. Clarity and/or specificity of research approach proposed	15%	
D. Capacity for cross-sectoral use of research deliverables.	15%	
E. Clarity and comprehensiveness of the proposed work plan	15%	
Total	100%	

Contact information: Questions may be addressed to lkomori@globalriskinstitute.com