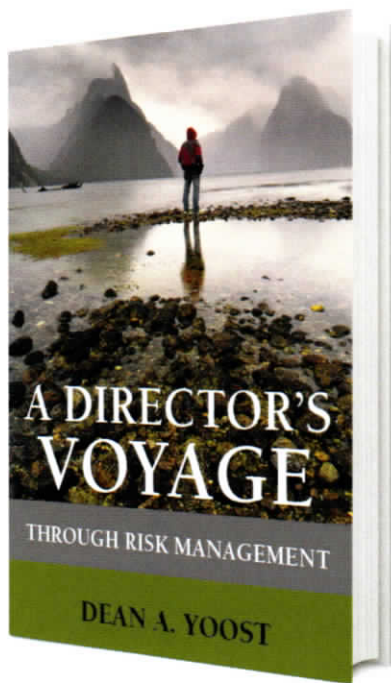




A DIRECTOR'S VOYAGE THROUGH RISK MANAGEMENT

by Dean A. Yoost



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REVIEWED BY RICHARD J. PARSONS

IMAGINE BEING IN a business where the odds of failure are 20%. Worse, if your business fails, the government eats the losses. Worse yet, failure means the government must examine the causes. And when it does, 99% of the time the government will find weak corporate governance and under-skilled directors as the primary reason.

This is the exact situation for U.S. banks since the 1980s.

Perhaps surprisingly, there has not been a how-to book available for the diligent, roll-up-your-sleeves independent bank director. But thanks to Dean Yoost, a director of Japanese-owned Union Bank of California, there is now such a book.

In *A Director's Voyage Through Risk Management* (The Risk Management Association, 2016), Yoost provides practical, how-to advice for the nation's estimated 70,000 bank directors. The book has a number of excellent suggestions for bank directors willing to do their homework.


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At the top of the list of strengths is the checklist "Questions Directors Should Ask," which is linked to each of the book's 18 chapters. These questions alone are well worth the book's \$35 price tag. Directors and bank risk executives alike will benefit from posing these questions in the exercise of their duties.

Chapters two, three, and four address three critical themes currently center-stage for bank regulators: credible challenge, culture, and risk appetite. These three chapters are likely to be the most important for those in the director community who continue to struggle with evolving concepts that regulators view as the backbone of effective 21st century bank governance.

Another strength of the book is its focus on technology. Yoost provides seasoned counsel to bank directors charged with overseeing information technology and cybersecurity and with supervising fast-changing technology budgets.

While *A Director's Voyage* appears written for directors in all industries, several of its chapters offer a deep dive into banking's unique regulatory demands and expectations. The book provides an excellent framework for identifying and interpreting some of the most salient demands of the federal agencies charged with overseeing banks.

Now is the time when banking seems easy, and that is precisely why directors should be most alert to the risks that will trigger the next round of bank problems. For those diligent directors willing to do their homework during the good times, *A Director's Voyage* should be required reading. 

Richard J. Parsons is a former executive vice president and corporate operational risk executive with Bank of America. He is the author of *Broke: America's Banking System*, *Common Sense Ideas to Fix Banking in America* and *Investing in Banks*, both published by RMA. He is also a member of the Editorial Advisory Board of *The RMA Journal*. He can be reached at richardparsons8@gmail.com.



Thank you

for your purchase of *A Director's
Voyage Through Risk Management*
by Dean A. Yoost

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