



Scenario planning

Reaction | Resilience | Recovery | New Reality
COVID-19

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Scenario planning



Why scenario planning is crucial in time of Corona?

- No one can predict with any accuracy how long this period of uncertainty will last – or how significant the impact of COVID 19 will be. As with any significant disruption, robust scenario planning and testing to identify the key issues for your business is critical.
- And then making the decisive decisions to mitigate and manage these risks is critical to build resilience and agility on your organisation.



Key challenges faced

- ✗ Current uncertainty is unprecedented. It is difficult to develop adequate forecasts let alone assign probabilities to different scenarios.
- ✗ As such, it is hard to predict the impact on liquidity, credit, capital and profitability.
- ✗ Suitability of existing contingency and recovery plans may be challenged if designed on scenarios not suitable for COVID-19.
- ✗ Rapidly changing crisis situation requires great agility. Suitability of existing contingency and recovery plans is challenged as they are designed on scenarios not suitable for COVID-19.
- ✗ The long-term impacts of COVID-19 on ways of working, client expectations and bank's strategies are yet unknown



How to respond

- ✓ Design multiple scenarios through an agile and structured approach to show how different forces can manipulate the future.
- ✓ Prepare yourself to act across different time horizons: near-term, intermediate-term and more longer term. What will be the “new normal?” Plan accordingly your response.
- ✓ Tap in from knowledge from various sources and centrally generate scenarios for different uses (vital services, customer strategies, capital and liquidity management, IFRS9, etc.)
- ✓ Consider the long term impact of COVID-19 on the bank's (digital) strategy and operating model. For example, will branch banking ever go back to pre-COVID days?

Know how different forces can manipulate the future

How we can help

Scenario development and deployment

We have a strong track record in helping banks to use scenario planning as a tool for various purposes: strategy, business continuity, capital, recovery, liquidity and loan loss provisioning.

Scenario integration

Our clients benefit from incorporating internal and external views and ensuring integration into ICLAAP, recovery planning, contingency funding planning, IFRS9 and business continuity planning. A consistent narrative used across your organization improves decision-making.

Assessment long-term strategic implications

Through our proven 9 Levers of Value strategy framework, KPMG is able to offer a pragmatic approach to re-assess the bank's ambition, business model and operating model components for a world post-COVID-19 (impact on branch banking, collaboration, value propositions, etc.).



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