RiskVizon
BUSINESS VALUE BEYOND COMPLIANCE

The Real Cost of Weak Governance

A $500 Billion Failure of the Three Lines of Defence

Bankruptcy Case Studies · BIS · FSB · EIOPA · FINMA

Anwarul Hasan (MBA, PhD)

Founder & CEO · Risk Vizon LLC · Zurich, Switzerland

25+ years · UBS · KPMG · Swiss Re | anwarul.hasan@riskvizon.com

$548B
in bank assets failed
in a single 2023 quarter

113
critical findings unresolved
at Credit Suisse — FINMA

219
insurer failures since 1999
across 31 countries — EIOPA

CHF 3B
UBS price for Credit Suisse
vs. CHF 531B balance sheet

Sources: FINMA · FSB · BIS/BCBS · EIOPA · US Federal Reserve (SVB review, 2023)

KEY TAKEAWAYS

- Frameworks existed on paper — accountability did not in practice
- Every post-mortem: governance, not the model
- GRIP turns static principles into real-time ownership and escalation

The Real Cost of Weak Governance

A $500 Billion Failure of the Three Lines of Defence

By Anwarul Hasan (MBA, PhD)
Founder & CEO, Risk Vizon LLC · Zurich · July 2026

In a single ten-week window in 2023, US banks holding a combined **$548 billion** in assets failed — Silicon Valley Bank ($209B), Signature Bank ($110B) and First Republic ($229B). Days earlier, Credit Suisse, a 167-year-old global systemically important bank with a CHF 531 billion balance sheet, was sold to UBS for **CHF 3 billion**. Four different business models, three different regulators — one identical root cause in every official post-mortem: **weak governance**, not a business-model failure.

Same Failure, Different Balance Sheet

FINMA's own December 2023 report on the Credit Suisse crisis is unusually blunt for a regulator: between 2018 and 2022 it ran 108 on-site reviews, raised 382 points requiring action, and rated 113 of them high or critical — yet the underlying weaknesses were "never sustainably remedied." The US Federal Reserve's own review of Silicon Valley Bank reached the same structural conclusion four months earlier: the board "did not receive adequate information from management about risks… and did not hold management accountable," even as SVB was rated satisfactory on management from 2017 through 2021 despite repeated internal warnings. Two regulators, two continents, the same sentence.

Board level: accountability nobody owned

- FINMA: Credit Suisse's governance was deficient because "responsibilities were not clearly defined and often not enforced."
- Federal Reserve: SVB's board did not hold management accountable for risks it was told about — a governance gap, not an information gap.

Executive level: findings, not incidents

- SVB ran its own internal liquidity stress tests, failed them, and had no workable plan to access liquidity under stress — a known finding left unclosed.
- FINMA: recurrent scandals and a "weak tone from the top" hardened into a poor risk culture at Credit Suisse over more than a decade.

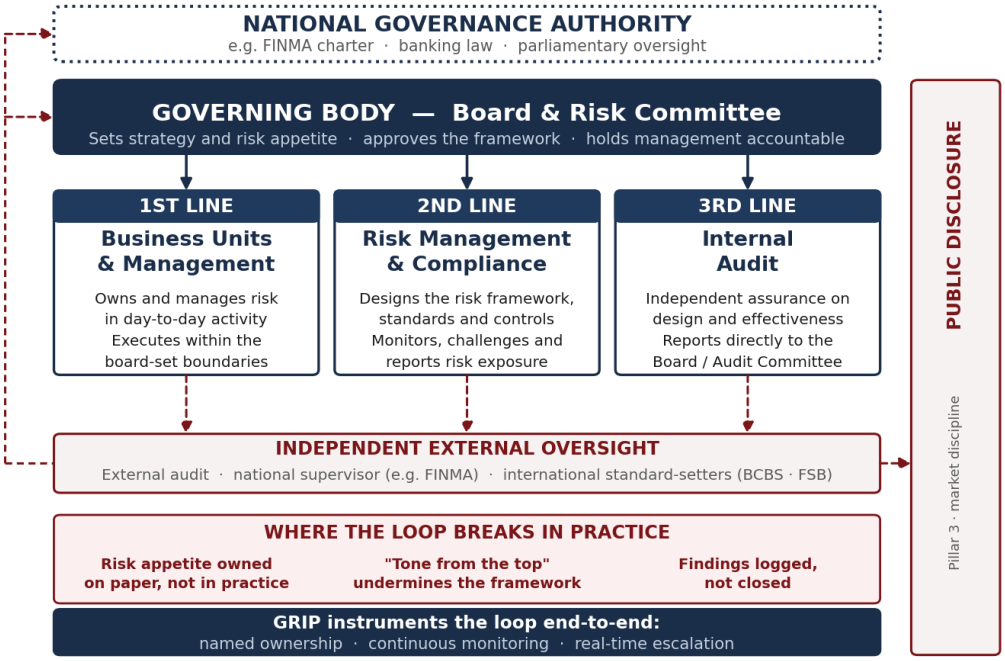
> *"Credit Suisse's corporate governance was deficient in several respects, with responsibilities not clearly defined and often not enforced." — FINMA, Lessons Learned from the CS Crisis, 19 December 2023*

The Framework Was Never the Problem

This is not a banking story. EIOPA's failures-and-near-misses database logs 219 insurance undertakings across 31 European countries since 1999, and names poor governance and ill-judged investment decisions among the leading causes — the same pathway, a different balance sheet again. Nor is it a new story: the Basel Committee's Corporate Governance Principles for Banks, revised in 2015 in direct response to the global financial crisis, already set out the board's duty to own risk appetite and the bank's duty to maintain a sound risk culture. Lehman Brothers, which entered

bankruptcy in 2008 with $639 billion in assets — still the largest filing in US history — ran leverage more than double the regulatory ceiling while its own governance structure signed off on it. The principles existed. The accountability to act on them, repeatedly, did not.

Look across the frameworks regulators already require — the Board setting strategic targets and risk appetite, the CXX layer executing within those boundaries, Risk Management identifying and monitoring, Internal Audit providing assurance, all supervised by BCBS principles at the international level and FINMA (or its peer authority) nationally — and the architecture is sound. What breaks is the operating loop between those layers: risk views sit in departmental silos, monitoring is periodic rather than continuous, and findings get logged rather than closed. That is exactly the gap FINMA's 382 unresolved points and the Fed's SVB review both describe in their own words.



The three lines of defence, redrawn as a single operating loop — and where it breaks in practice. Adapted from the IIA Three Lines Model and BCBS Corporate Governance Principles for Banks (2015).

Where GRIP Closes the Gap

GRIP — the Governance & Risk Intelligence Platform — is built directly against this pathway, not around it:

- **Ambiguous accountability** — GRIP's governance workflow ties every policy, risk and process to a named owner and organisational unit, so "not clearly defined and often not enforced" stops being an option.
- **Inadequate frameworks, always catching up** — an AI policy generator turns BCBS- and FINMA-grade principles into live, bank-specific policy documents, replacing static text that ages faster than the risks it describes.
- **Silo risk views and delayed decisions** — continuous emerging-risk scanning replaces the periodic review cycle that let SVB's and Credit Suisse's known weaknesses sit open for years.
- **Third-party and concentration blind spots** — dedicated third-party and portfolio analysis surfaces counterparty and concentration exposure before it becomes a depositor run.

© 2026 Risk Vizon LLC

- **Underplayed findings** — quantified stress-testing and risk-appetite dashboards give the Board the same real-time view the CXX layer has, closing the information gap the Fed cited at SVB.

None of this replaces a functioning board or a capable executive team — no software can. What it removes is the excuse that the information wasn't visible, the ownership wasn't clear, or the finding wasn't escalated in time. Every case above was diagnosed correctly, in writing, by an official regulator. The failure was in the months and years between diagnosis and action.

> *"A governance framework you cannot see in real time is a framework you are trusting on faith."*

I would welcome your perspective — connect on LinkedIn or reach out at anwarul.hasan@riskvizon.com.

Read the complete White Paper:

"The Real Cost of Weak Governance: A $500 Billion Problem"

Available at: **www.riskvizon.com**

#Governance #FINMA #FSB #BIS #EIOPA #RiskManagement #BoardGovernance #CRO #SwissBanking #GRIP #RiskVizon

ABOUT THE AUTHOR

Anwarul Hasan (MBA, PhD) is the Founder and CEO of Risk Vizon LLC, Zurich. With 25+ years at UBS, KPMG and Swiss Re, he is the architect of **GRIP — the Governance & Risk Intelligence Platform**, designed to empower boards, regulators and executives to govern, monitor and steer enterprise risks in real time.

anwarul.hasan@riskvizon.com · www.riskvizon.com | © 2026 Risk Vizon LLC