

CRO Profile: Don Truslow, Wachovia Corporation

Don Truslow has seen Wachovia Corporation grow from a small regional bank to the US' fourth-largest financial institution. **Duncan Wood** talked to him about the challenges he faces as Wachovia's chief risk officer

When Don Truslow joined Wachovia's general management training programme in 1980 as a graduate fresh out of Virginia University, he was one of roughly 2,000 staff employed by the bank, which had \$6bn in assets and was based exclusively in the South-Eastern US.

Today, Truslow is the chief risk officer (CRO) of the fourth-biggest bank in the US, running a risk function with 2,400 staff, and reporting directly to the chief executive, Ken Thompson.

Wachovia has over 85,000 employees and \$410bn in assets, placing it at the head of the pack of institutions chasing a triumvirate of giants - Citigroup, JP Morgan Chase and Bank of America. Arguably the biggest difference between the big three and banks like Wachovia, Wells Fargo and US Bancorp is the geographic diversification of the leaders, which are players in all of the world's big banking markets across the breadth of the product spectrum. Recent rumours, though, suggest that the sharp lines of that distinction may soon become blurred. Wachovia has been linked with a bid for UK retail banking specialist, Abbey - a deal that would break fresh ground for the US bank. A Wachovia spokesperson declines to comment on the rumours.

The story of Wachovia's growth from humble beginnings to be one of the blue riband names in US banking is mirrored by changes in the status of Truslow's chosen profession. From its roots in the lending process, where the aim of risk management was simply to avoid making loans to shaky companies, the discipline has taken on far loftier ambitions, claiming a role for itself in all banking businesses and representation at every tier of management.

Truslow has been a participant in this change and was among the first wave of CROs to be appointed in the banking industry when Wachovia created the position in 2000.

"When I joined the bank, risk was generally thought of as being limited to the credit function - and the credit function was limited to a transaction-by-transaction approach."

Today, he notes, there is a far more nuanced approach to credit. Truslow talks about "tools for managing risk on a portfolio basis", about "being able to slice and dice" or "craft" a portfolio. A sculptor might recognise this language, but an old-school loan approvals officer would be lost.

The flowering of complexity on the credit side has been accompanied by a broadening of scope for the risk function as a whole, with risk coming to be seen as an entity in its own right, as something that exists in the sudden blaze of adverse publicity that ...

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