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The Urgency of Policy, Regulator and Risk Management in Maintaining a Sustainable Business: Case Study of Silicon Valley Bank (SVB)

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Abstract: This study aims to analyze the urgency of policies, regulators, and risk management in maintaining business at one of the 16th largest banks in the USA, namely Silicon Valley Bank . The method used is descriptive quantitative method. The data used is secondary data in the form of financial reports from 2020 to 2022 and is enriched by qualitative data sourced from articles from 2019 to 2023. The results show that SVB's financial management has experienced an impairment in the ROA, NIM and CAR ratios. SVB has an urge or tendency to take very high risks in an effort to achieve large profits which result in the use of high leverage and unstable sources of funding. The urgency of policies, regulators and risk management is considered very high in the case of SVB because their overall role is in maintaining a sustainable business.

Keywords: Urgency; policy; regulator; risk management; Silicon Valley Bank.

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1. Introduction

Every human entity or organization must be confronted with uncertainty in the form of opportunities and threats. Basically, every achievement of agreed goals and objectives must have a risk. Sources of uncertainty can come from the internal and external environment. Uncertainty has the potential to cause risk, and if not managed properly can have a negative impact on individuals and organizations in achieving goals (Perdana, 2023).

Humans are always faced with various risks, so risk has become a part of human life. Likewise with companies, companies are also exposed to various kinds of risks (Amatilah et al., 2021). So, it needs proper handling in its control. Improper risk handling will have a negative impact on the company. Many companies are not careful in handling risks, resulting in bankruptcy (Bahtiar et al., 2021).

Risk management must be realized and understood by every organization. In its management, risk management must be able to control situations that are factors that cause failure in achieving company goals (Nurwulandari et al., 2022). So, good risk management knowledge is needed, so that the company is able to face various threats that can lead to failure (Arta et al., 2021). Maintaining its existence and being able to compete with its competitors (Perdana, 2023).

Many of the company's biggest threats come from the external environment. So, companies must be able to manage threats into opportunities (Bahtiar et al., 2021). Creativity and new ideas in every situation are needed to maintain a sustainable business. A mature strategy to overcome many challenges and competent human resources can provide fresh air to the company (Nirmala Putri & Elsye Vanomy, 2022).

Silicon Valley Bank (SVB), is a bank that was founded 40 years ago (founded in 1983) in California, United States (Huang, 2023) with the aim of helping financial services to companies engaged in technology and innovation. SVB Bank has played an important role in supporting the growth and development of technology startups (Majeed, 2023). SVB is known for its innovative approach to customer service that is able to meet the extra needs of industrial technology (Vuillemey, 2023).

Some of SVB's customers include large companies from all over the world. Among them are startup companies, equity participation companies, and private equity companies, besides that there are technology companies. The range of services offered by SVB include deposit accounts and loans, special debt services, project financing, mergers and acquisitions advisory services. In its business strategy, SVB has a major role in the technology industry. However, in March 2023 the 16th largest bank in the United States went bankrupt (H. Ali et al., 2023).

This paper aims to analyze the urgency of policies, regulators and risk management in maintaining a sustainable business with a case study of the bankruptcy of Silicon Valley Bank (SVB). Thus, banks in every country can take precautions through risk management.

2. Literature Review

2.1. Policies and Regulators in Maintaining a Sustainable Business

There is no business that is not risky. Based on their activities, small and large businesses, have regulations and policies that aim to control and smoothen corporate goals. Regulations and policies must be owned by the company in order to create a conducive performance system. Regulations and policies must be substantial, in order to be able to detect earlier if there are actions that could endanger the company's sustainability (Arta et al., 2021).

Policy is a basic formula that is used to help and show direction as an effort to minimize risk and as a problem solver. Policies are created at various levels of decision making and managerial levels (W. Ali et al., 2022). In practice, policy executors need high flying hours in completing their duties. That is, policy execution requires the right people because if it is not executed by the right people, the results of the policy may not be on target (Hanifa & Perdini F, 2021).

In general, a regulator is an entity or institution that has a role to regulate, supervise and enforce certain regulations or policies in a system, sector or industry. Its main task is to achieve the goals set by the government or authorized institution (Disemadi & Regent Sutra, 2021). In carrying out their duties, regulators create and issue regulations and policies as guidelines for business people (Alhakim, 2022). Oversight and law enforcement are also an important part of their responsibilities, so they can ensure stakeholder compliance. The critical function of regulators makes them an important element in maintaining balance and sustainability in various aspects of social and economic life (Paradise, 2020). The presence of a financial sector regulator provides the certainty and regulation necessary to safeguard the financial business (Sitompul, 2018) . Regulatory oversight that is not tight on the banking sector can lead to various uncontrollable risks, including financial risks, dubious banking practices, capital weaknesses and broad social and economic impacts (Gultom et al., 2022). A lack of oversight can also threaten the stability of the financial system as a whole, increase the risk of bankruptcy for financial institutions, and undermine public confidence in the banking industry (Alhakim, 2022). Therefore, regulators need to carry out strict and effective supervision to prevent potential risks and maintain the sustainability of the banking sector.

Implementation of policies and regulators in sustainable business is highly prioritized for company development. Running a sustainable business requires responsive policies and regulations. Especially for each division of the company to be able to form professional human resources (Hanifa & Perdini F, 2021). Sourced from rapid economic activity, policies and regulators are made and applied as facilities and infrastructure to make it easier for employees. The role of policies and regulators is also a determinant of success if applied rationally. If the policies and regulators are not on target, it can create the worst risk for the company. The company's lifestyle also depends on these two factors in running a sustainable business (Nirmala Putri & Elsye Vanomy, 2022).

2.2 Risk Management in Maintaining a Sustainable Business

The development of the business sector in this era tends to grow rapidly. Especially in businesses that focus on financial gain. Financial benefits can be obtained by applying some knowledge and business ethics (Bahtiar et al., 2021). Both small and large companies can invest their profits to launch their business. In risk management much is mentioned about the ups and downs of business travel. As well as efforts to manage risk properly in order to avoid bad possibilities. Every risk must occur and hinder business trips. Therefore it is important to manage risk to launch business activities (Zhou et al., 2013).

Risk management is the procurement of activities to regulate or manage adverse impacts that may occur. Every company or individual must face various risks. Therefore, responsive risk management is needed so that it does not involve bad things (Zhou et al., 2013). The benefits of risk management are intended to reduce the level of worst consequences or transfer risks and align the best actions to deal with risks. Efforts to minimize risk also depend on the consequences received. Instantly risk management has an important role in decision making. Risk control also has an impact on the development of the company. Risk control requires a high level of efficiency, so that in its implementation it can reduce burdens and bring benefits (Pennatur, 2001).

In running a sustainable business, rational risk management is required. Running a sustainable business requires systematic risk management. Structured risk management reduces the level of bad risks that occur (Hauf & Posth, 2023). Determination of risk management within the company must be based on careful thought to avoid missteps. The role of risk management within the company is important in building and developing a sustainable business. The risk management perspective also contributes to risk governance within each management division. Therefore risk management becomes an important standard in realizing the company's goals, especially in long-term companies (Arta et al., 2021).

3. Research Methods

This study uses a descriptive approach with quantitative methods (Arif & Mubarok, 2022). Secondary data was obtained from the annual financial reports published by SVB Financial Group for 2020 to 2022. The data obtained was then enriched with qualitative data sourced from previous articles spanning the last five years, namely 2019 - 2023, internet sources , and up to date news .

4. Results and Discussion

4.1. Silicon Valley Bank bankruptcy

Silicon Valley Bank founded in 1983 is the 16th largest commercial bank in the United States (Group, 2021). The bank provides banking services to nearly half of all US venture-backed technology and life sciences companies. SVB Bank also operates in Canada, China, Denmark, Germany, Ireland, Israel, Sweden and the United Kingdom (Danielsson et al., 2023).

SVB has benefited greatly from the tech sector's explosive growth in recent years, driven by very low borrowing costs and the explosion in demand for digital services caused by the pandemic. Bank assets including loans, more than tripled from US$71 billion at the end of 2019 to US$220 billion at the end of March, according to financial reports. Deposits swelled from $62 billion to $198 billion during that period, as thousands of tech startups parked their money as lenders. Its global employee base has more than doubled (Cahyani, 2023).

Silicon Valley Bank (SVB) is a leading financial institution serving the banking needs of technology startups and joint venture debt in the United States (Groups, 2020). With over 50% of all US venture-backed companies and many VC firms as clients, it provides banking services to emerging technology companies such as Cisco Systems and Bay Networks (Heider et al., 2023).

SVB builds close relationships with its clients, creates a close-knit sense of community within the technology industry, and connects limited partners (LPs) and general partners (GPs) with start-ups. SVB is well-known for its practice of providing venture capital loans, which include approximately $74 billion worth of loans, including venture debt. SVB was the largest US bank to fail since the 2008 financial crisis. The bank's collapse was due to its exposure to risky start-ups and the panic created among investors and depositors following the announcement of a fundraising plan to close gaps in its balance sheet (Hauf & Posth, 2023).

The sudden collapse of SVB has stranded billions of dollars in companies, investors, and depositors, creating a bloodbath in the start-up industry and banking stocks. This crisis highlights the risks associated with investing in the fast-paced world of technology start-ups, and the potential for tight credit for the entire industry, which could stifle innovation and entrepreneurship. The collapse has sent global markets reverberating, with bank shares tumbling in the US, Europe and Asia, and investors rushing to shift investment into safer assets (assets afe - haven) amid bets on less aggressive tightening by the US Federal Reserve. HSBC purchased the UK arm of SVB for the symbolic price of one pound (Metrick & Schmelzing, 2023).

Table 1. Silicon Valley Bank (SVB) Bankruptcy Flow

Date	Information
December 31, 2022	89% of SVB's total assets are uninsured deposits. With total assets of $209 billion, SVB is included in regulatory category IV ($100 billion - $250 billion). This category does not require a Total Loss Absorbency Capacity (TLAC) so in the event of default all liabilities other than deposits under $250,000 are at risk.
March 8, 2023	SVB sold more than $21 billion in assets for a loss of 1.8 billion, borrowed $15 billion and aims to hold an emergency share sale to raise $2.25 billion in equity. Accordingly, Moody's downgraded SVB.
March 9, 2023	Customers withdraw funds of about $ 42 billion from banks.
March 10, 2023	Supervisor closed the SVB and placed it under the control of the US Federal Deposit Insurance Corporation (FDIC).
March 12, 2023	The FDIC, Treasury and FED decided to follow their standard procedures and use systemic risk exclusion, which allows the FDIC to guarantee uninsured deposits. To counteract contagion effects, the FED established a Bank Term Funding Program (BTFP) to provide liquidity equivalent to US depository institutions for up to one year.
March 21, 2023	Department of Finance, Janet Yellen said the government is ready to provide further guarantees for deposits if the banking crisis gets worse.

Source: H. Ali et al. (2023); Heider et al. (2023); Geman (2023)

SVB's share price shows an unstable movement from the technology sector over the last two years with amplification (stronger movement). SVB is one of the KBW Index which consists of 24 banks. The KBW Bank Index (Keefe, Bruyette & Woods) is a stock market index that measures the performance of a group of US banks. This index was created by a financial services company specializing in the banking industry (Geman, 2023) . The movement of the KBW Index provides an overview of the performance of the banking sector as a whole. This index can be used as an indicator to observe trends and volatility in the banking industry, as well as to compare the performance of individual banks with the sector average. (Heider et al., 2023) . The following is a chart of the SVB and KBW Index stock prices:

Figure 1. KBW Bank Index and Silicon Valley Bank 2013 – 2023
Source: Axios Market, 2023

The chart shows a significant movement between 2019 and 2021. In 2020, when the Covid-19 SVB pandemic experienced an increase in stock prices because the role of technology at that time had a high urgency. As a result, several start-ups have started and SVB has not hesitated to provide capital. During this period, interest rates continued to increase, which is why it was quite difficult for some creditor customers to return SVB capital (Salmon, 2023). Thus SVB's CFO (Chief Financial Officer) and CEO (Chief Executive Officer) sold bank shares worth over $3.5 million and $3.6 million respectively 11 days before the crash. The two executives had filed registration documents 30 days before the sale, in accordance with a rule set by the Securities and Exchange Commission (SEC) in 2000 called Rule 10b5-1, which aims to prevent insider trading. As a result of the sale of these shares, one group suspected that bank management deliberately did not disclose the bank-run risk caused by rising interest rates to shareholders (Geman, 2023).

Bank-run is a condition where the majority of bank customers simultaneously withdraw their funds from the bank, this is due to concerns or distrust of the bank's financial stability. A bank run can occur when a customer is concerned that the bank is unable to meet payment obligations or that their funds are not safe. When a group of customers start withdrawing their funds from the bank, this can create a domino effect where other customers are also worried and withdraw their funds. This can lead to serious liquidity shortages for banks and lead to the inability of banks to meet customer withdrawal requests (Metrick & Schmelzing, 2023).

The impact of the bank-run at Silicon Valley Bank (SVB) on the stock market experienced a decrease in negative returns. Every stock exchange experienced a negative and significant abnormal return, except for the Chinese stock market (SZSE 100) which experienced unexpected fluctuations, while the Hang Seng experienced the highest negative abnormal return (Yadav et al., 2023). The higher the CAR value, the more it has a significant and sustainable impact on the stock market value. Conversely, if the CAR value is low, it will not have a significant or sustainable impact on the stock market value.

Table 2. Cumulative Abnormal Return Values

Index	City	Abnormal Returns
NASDAQ Composite Index	United States of America	-0.0179
Nikkei 225	Japan	-0.0083
Hang Seng	Hong Kong	-0.0305
SSE Composite Index	China	-0.0053
FTSE 100	United Kingdom	-0.0093
Euronext 100	Europe	-0.0071
NIFTY	India	-0.0108
TSX 60	Canada	-0.0156
SZSE	China	-0.0018

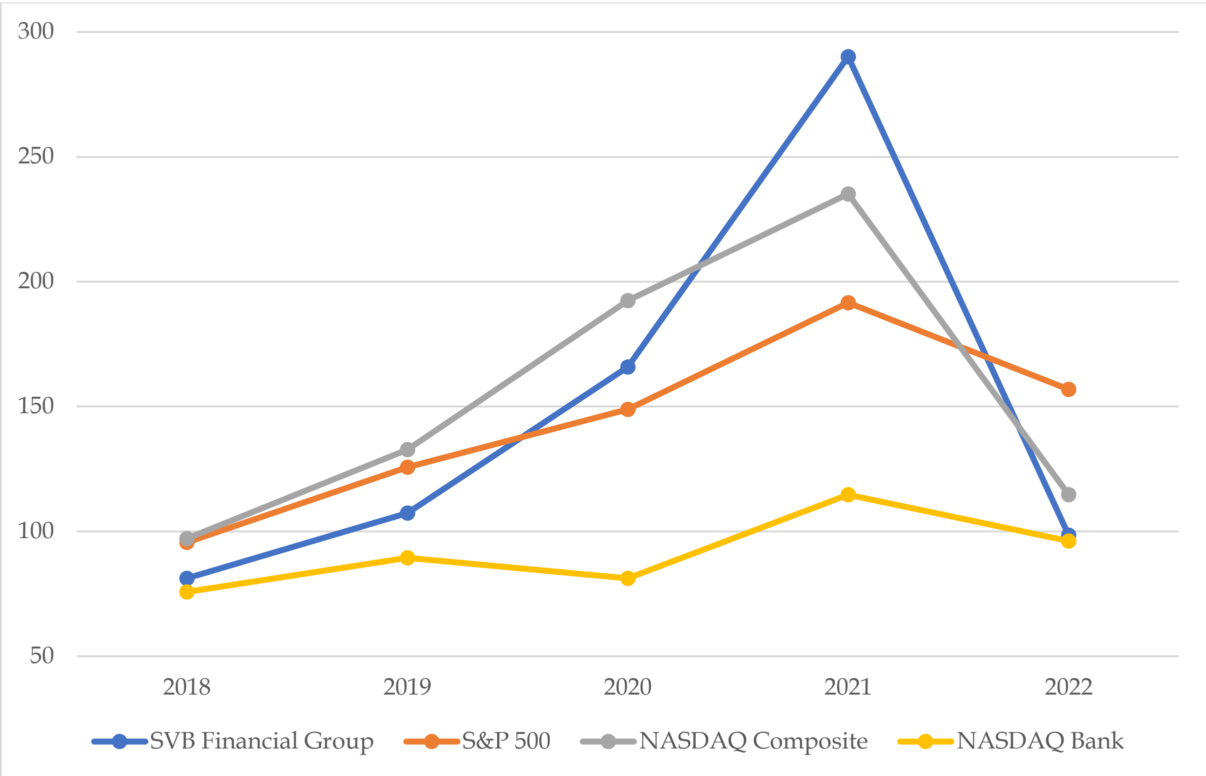

Figure 2. Comparison of Stock Performance in the Last 5 Years
Source: SVB Group Financial Report 2018-2022 (data processed, 2023)

The graph above shows a comparison of the performance of common stock companies with the S&P 500 index, the NASDAQ composite index, and the NASDAQ bank index in the last 5 periods. The chart shows SVB's gradual performance for growth achieved in 2021 which is even higher than the S&P 500 and the NASDAQ composite. And in 2022 experienced a very extreme decline that reached the NASDAQ (Group, 2022) bank values .

4.2. Silicon Valley Bank Financial Assessment Perspective Risk Based Bank Rating

In terms of financial assessments, banks in Indonesia and the United States have their own policies for analyzing company performance. According to Gultom et al (2022) states that world regulations may only have one central bank in each country. Therefore, the central bank must establish regulations that apply to all banks in the country. Regulations set by a country's central bank refer to global regulations such as Basel I, II and III even though these regulations lead to a capitalist system (Gultom et al., 2022) .

A risk-based approach to assessing financial soundness (Risk Based Bank Rating) is a method for assessing the soundness of a bank that replaces the previous assessment method based on Bank Indonesia regulation No. 13/1/PBI/2011, namely the CAMELS method (Capital, Asset, Management, Earning, Liquidity and Sensitivity to Market Risk (CAMELS) (Nurwulandari et al., 2022).

Table 3. Financial Rating Risk Based Bank Rating Perspective

Risk Based Bank Rating	Indicator	2020	2021	2022
Risk Profile (Risk Profile)	NPLs	0.279%	0.167%	0.195%
	FDR	44.27%	35.02%	42.91%
Earnings (Rentability)	ROA	1.39%	1.08%	0.694%
	NIM	2.67%	2.02%	2.16%
Capital	CAR	11.87%	15.06%	10.46%

Source: SVB financial reports for 2020-2022

4.2.1. Risk Profile

a. SVB Non-Performing Loans

NPL aims to measure the level of financing problems faced by banks. From the results of the calculations and assessments above, the results show that the quality of SVB's assets from 2020 to 2022 has fluctuated. However, SVB's NPF/NPL figure is always <2%, which is based on SE BI criteria No.13/24/DPNP 2011, which means the company gets the title "Very Healthy" (Abdillah et al., 2021).

b. Financing to Deposit Ratio SVB

If the FDR ratio is higher, the bank's liquidity will be lower due to the large amount of customer funds allocated to financing. A very high FDR ratio can jeopardize bank liquidity if customers withdraw money or deposits with short term maturities. However, the SVB FDR rate from 2020 to 2022 has fluctuated which tends to be <75%, which means that SVB has received the title of "Very Healthy" based on SE BI criteria No.13/24/DPNP 2011 (Abdillah et al., 2021).

4.2.2. Earnings

a. Return On Assets SVB

This ratio is used to see the ability of bank management in managing its assets to increase profit before tax (Fitriany & Octrina, 2022) . The smaller this ratio indicates the lack of ability of bank management to manage assets to increase income or reduce costs (Amatilah et al., 2021; Ardhefani et al., 2021) . From Table. 3, it is known that the ability level of SVB has decreased from 2020 to 2022. The composite value is 0.694% based on SE BI No.13/24/DPNP 2011 that SVB gets the title "Unhealthy".

b. Net Interest Margin SVB

NIM aims to see the ability of bank management in managing its productive assets to generate net interest income. The higher the NIM ratio, the higher the bank's ability to generate net interest. Table . 3 shows that SVB's NIM ratio has fluctuated from 2020 to 2022. The latest NIM value shows a decrease of 2.16% compared to 2020. This value shows that SVB's ability is not good enough to generate *net interest income* , so SVB is based on SE BI criteria No. .13/24/DPNP 2011 received the title "Unhealthy".

4.2.3. Capital

The aspect of capital (capital) is calculated using the CAR (Capital Adequacy Ratio) or in America it is called the Capital Adequacy Standard. This ratio aims to determine the adequacy of the minimum capital provision for a bank to cover risks that might occur, such as operational risk, credit risk, and market risk (Zuraidah & Wahid, 2023) . The higher the CAR ratio, the higher the company's capital adequacy level (Ahsan & Al-Azhar, 2019) . From Table. 3 shows that the SVB CAR ratio has fluctuated from 2020 to 2022. In 2021 it experienced a significant increase of 15.06% and then decreased to 10.46% in 2022. This shows that the level of SVB capital adequacy is not good enough or based on the criteria SE BI No.13/24/DPNP 2011 SVB received the title "Unhealthy". The following is a graph of SVB's financial assessment from a Risk Based Bank Rating perspective:

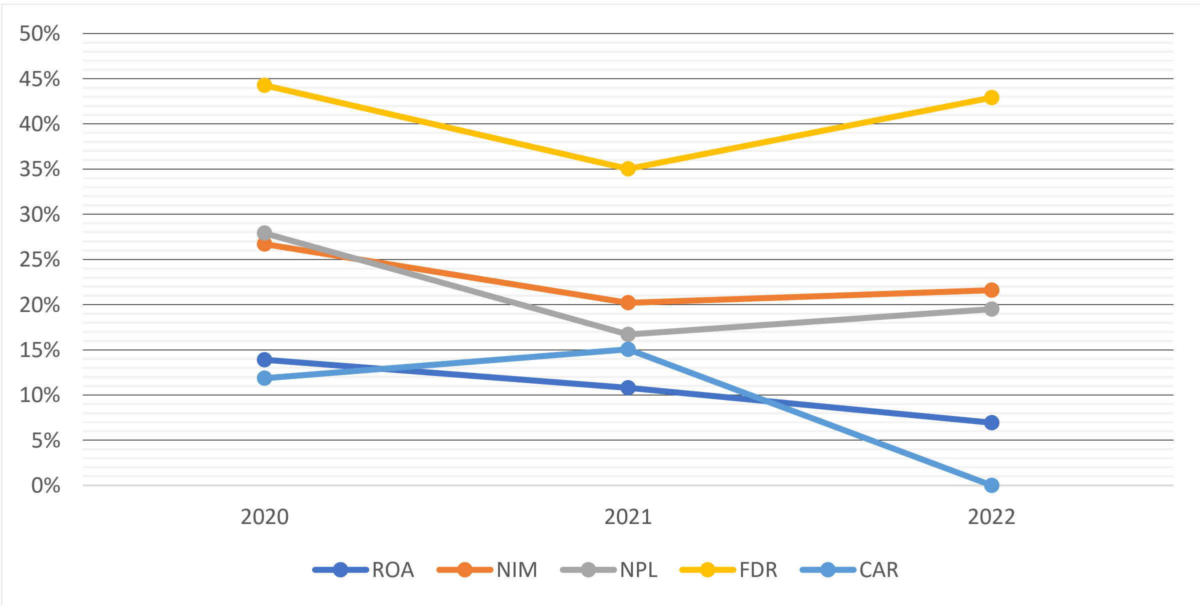

Figure . 2 SVB Financial Assessment Perspective *Risk Based Bankk Rating*

4.3. Silicon Valley Bank Risk Management

4.3.1. Credit Risk

The credit profile of SVB's loan portfolio can fluctuate resulting in the level of problem assets and collections can fluctuate which allows for allowance for credit losses in each period. Assessment of credit risk or the level of ability to cope with losses (*Allowance for Credit Losses* /ACL) is determined by objective and subjective factors, but ACL may not be sufficient to absorb credit losses that actually occur (Group, 2022) .

In a challenging economic environment, the lending needs of SVB's clients have been and may continue to be unpredictable. This can make it difficult for SVB to meet unfinanced credit commitments or to be unable to allocate adequate reserves for losses that could have a material negative impact. SVB provides loans that depend on investors, syndicated loans and loans that depend on third parties. Some sectors that are the focus of SVB loans are technology, life sciences, health industry, wineries, vineyards, individual loans, and commercial real estate loans (Zhou et al., 2013).

4.3.2. Market and Liquidity Risk

Instability and negative developments in national and global financial markets and overall economic conditions could have a significant impact on SVB's business, financial condition and results of operations. Geopolitical factors can also influence this situation. In addition, SVB faces a reduction in interest rate differentials in the future which could have a negative impact on SVB's business (Group, 2022).

Liquidity risk is also a concern because it can disrupt SVB's ability to finance operations and jeopardize its financial condition. Liquidity risk is related to the ability of a company to meet financial obligations and capital requirements when needed. If a company faces difficulties in accessing sufficient liquidity to finance its operations, this could jeopardize the continuity of the company's operations and financial condition. High liquidity risk can cause the company to have difficulty paying employee salaries, financing capital requirements, or meeting payment obligations to suppliers and creditors (Hauf & Posth, 2023).

The performance of assets such as equity warrants, venture capital fund investments and equity investment portfolios can be affected by equity market conditions and merger and acquisition activity. Changes in these markets will affect SVB customer needs for investment banking services, merger and acquisition consulting, and loan products (States, 2023).

4.3.3. Operational Risk

In terms of operational risk, Silicon Valley Bank faces risks including potential fraudulent activity that can have a negative impact on the company's business and financial condition, data breaches and service disruptions that can result in financial loss and reputational damage, dependence on IT systems and vulnerable cyber security, as well as risks from external events such as natural disasters and pandemics that may disrupt the company's operations. In addition, companies also face risks related to remote work arrangements, dependence on business partners and third parties, the instability of other financial institutions, the accuracy of customer and business partner information, international operations, income from equity assets, climate change, and the long-term impact of the pandemic. Covid-19 (Group, 2023).

4.3.4. Legal, Compliance and Regulatory Risks

Silicon Valley Bank (SVB) faces various regulatory challenges that can limit its activities, increase financial requirements and increase operating costs. These challenges include strict prudential standards, anti-money laundering regulations, and economic and trade sanctions. non-compliance with these regulations can have a significant negative impact on SVB's business, including its financial condition, operating results and reputation. In addition, legal and regulatory requirements regarding privacy and data handling can cause barriers to service and increase legal risks and fines. Litigation or government investigations can also negatively impact SVB's business practices and operational performance. It is important for the SVB to effectively manage conflicts of interest and understand the potential impact of anti-takeover provisions and federal laws regarding mergers or acquisitions (Group, 2023).

4.3.5. *Strategic, Reputation and Other Risks*

Based on Silicon Valley Bank's 2023 financial report data, there are several factors that need attention, such as significant growth in deposits allowing companies to experience higher growth, but also requires additional equity to maintain a healthy capital ratio. However, the risk of concentration in certain areas or assets increases the potential for losses, so that risk reduction efforts can affect the company's income and growth (Hauf & Posth, 2023).

In addition, strong competition can have a negative impact on SVB's business and growth, while the company's ability to retain and attract customers affects SVB's market share. Risks related to new business initiatives and the impact of acquisitions also need to be managed carefully. Damage to reputation can have serious consequences for a company's business, while effective risk management is necessary to mitigate risks and comply with regulations. In addition, the company's decision not to pay current and future dividends indicates a focus on growth and the company's capital requirements (Danielsson et al., 2023).

4.4. Silicon Valley Bank Pre and Post Bankruptcy Regulators

According to Mérő (2023), the Basel Committee emphasizes that regulatory facilitation by regulators and support from central banks and governments during the Covid-19 pandemic have dampened shocks to banks significantly, making it quite difficult to analyze their resilience to shocks. (Huang, 2023). However, the SVB bankruptcy event became a turning point in assessing the suitability of banking regulations. Although SVB is growing rapidly in 2021, it cannot be considered bigger than *Credit Suisse* (Hauf & Posth, 2023). The TBTF (*To Big To Fail)* principle or "Too Big to Fail" issued after the 2008 global financial crisis was abolished for the renewal of prudential regulations. In general, this principle has no significant effect because these rules are irrelevant for SVB compared to other large banks (Yousaf & Goodell, 2023) . Although banking regulation appears to be stringent, SVB cannot eliminate the incentive to take extreme risks and the moral hazard that is increased by deposit insurance in the case of banks operating with high *leverage* and relying on short-term liquid bank deposits or money market sources to finance bank assets (Yousaf et al., 2023).

Banks' encouragement or tendency to take very high risks in an effort to achieve large profits is a behavior that should be prevented or limited (Mérő, 2023). However, the failure experienced by SVB still shows that the urge to take risks still exists (Zhou et al., 2013). In addition, the phenomenon where deposit insurance provides risk protection for bank customers also encourages risky behavior because they feel more guaranteed by insurance protection in the event of a failure (Kamal & Priyatno, 2022). As a result, banks tend to use high leverage and use unstable funding sources to gain profits.

Factors such as the tendency to take extreme risks and encouragement of moral hazard are still carried out by SVB despite the tight banking regulations (Kahl, 2019). Regulations and regulators need to be continuously improved and developed to overcome these challenges and ensure the stability of the banking sector (Barr, 2023).

4.5. The Urgency of Policy, Regulator and Risk Management in Maintaining a Sustainable Business

In the case of the Silicon Valley Bank (SVB) bank-run, it is the concern of all equity institutions in maintaining the sustainability of their business. Policies, regulators and risk management have an urgency in maintaining a sustainable business. This is to protect the stability of the company, maintain compliance with applicable regulations and reduce risks that can have a negative impact on business (Hauf & Posth, 2023).

Strict regulatory policies and intensive supervision are aimed at preventing systemic failures in the banking sector and protecting the interests of customers and shareholders. Regulators have an important role in ensuring that companies carry out their operations according to established standards, including in terms of finance, credit risk, liquidity and overall risk management (Heider et al., 2023). Meanwhile, the company's internal risk management has a key role in identifying, measuring, and managing the risks faced by the company. By adopting an effective risk policy, companies can anticipate, reduce and manage risk appropriately, so as to minimize potential losses and maintain healthy financial performance (Zhou et al., 2013).

Based on SVB's financial assessment from a Risk Based Bank Rating perspective , where from 2020 to 2022 the ability of SVB's management to manage and generate profits is not optimal which results in operational risk, credit risk and market risk. Policies, regulators and risk management as a preventive measure against risks that may arise in the future (States, 2023) . In a rapidly changing and complex business environment, the adoption of sound risk policies enables companies to deal with challenges that may arise, such as changing market conditions, regulatory changes, and geopolitical risks (Arta et al., 2021). In addition, compliance with regulations and implementation of good risk policies can also build trust and reputation of the company in the eyes of stakeholders, such as customers, investors and supervisory institutions. This can provide a competitive advantage for the company and maintain a strong position in the market (Hauf & Posth, 2023) .

Thus, the urgency of policies, regulators, and risk management in maintaining business is to maintain operational continuity, protect the interests of stakeholders, and minimize risks that can disrupt the stability and growth of the company (Danielsson et al., 2023).

5. Conclusion

The financial assessment from a Risk Based Bank Rating perspective on the ratios of ROA, NIM and CAR shows that SVB's financial management experiences company health problems and tends to decrease from 2020 to 2022. Even though the risk profile value or ratio of Silicon Valley Bank's NPL and FDR increases and shows healthy criteria, does not rule out the possibility of SVB taking very high risks to achieve high profitability due to the use of high leverage and unstable funding sources. As for the advice that can be given by the author for banks to pay attention to policies, regulators and risk management in maintaining a sustainable business. In addition, the role of regulators in making policies and carrying out their functions is to be tightened in selecting financial sector companies. As for further research, they can conduct research with a longer timeframe, such as the 10 pre- and post-Covid-19 periods and can add financial assessments with other perspectives.

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