

ADVANCED OPERATIONAL RISK MANAGEMENT, MEASUREMENT & MODELLING

Course Overview

This course focuses on strategic and practical management and business issues related to operational risk implementation within your financial organisation. Balancing regulatory and business demands is addressed by exploring six core areas of operational risk to banks and offering practical solutions. Operational risk is a growing concern for many firms. With increase in regulation, business complexity, the role of critical processes and systems, and the new wave of emerging technologies, financial risk will continue to grow in scale and significance for many firms. The focus of the operational risk training will be on the importance in the financial services industry and the development of organizational capabilities to address it, including the communication of operational risk metrics, such as Key Risk Indicators (KRIs). For example, we will review in detail the Basel methodologies for calculating economic capital for operational risk management and examine advanced tools for operational risk preparation, including stress testing and scenario analysis. In addition, we will examine operational risk in the context of an Enterprise Risk Management (ERM) framework. This operational risk management course also presents how teams make decisions about operational risk and how the organizational culture impacts risk reporting, operational risk management, and strategic risk.

Delivery Approach

The material is presented through real-life case studies, allowing us to explore credit risk, market risk and how operational risk is handled by organizations and how failure to contain it can often lead to regulation and reputational damage.

Course Prerequisites

Heads of departments, senior management and board level business experience in banking; this is not a high-level mathematical modelling focus and therefore higher-level knowledge of mathematics is not required.

Target Participants

This intensive course is among the most in demand and is designed for senior management, board level directors and non-execs to focus on strategic and practical management and business issues related to operational risk implementation within their organisations.

- Senior management
- Members of the Board
- Heads of Risk
- Heads of Operations
- Heads of IT
- Heads of Internal Audit

Why Attend the Training

The course has the following features:

- Contains informative post-mortems on some of the most notorious operational risk events of our time
- Explores the future of operational risk in the current regulatory environment
- Facilitated by experienced subject matter expert certified by global flagship professional risk management bodies.

Course Objectives

The course examines the features that make operational risk measurement challenging. We will review best practices for financial risk management with special emphasis on its prevention and control and how risk management leadership can best be undertaken. Upon completion of the course, participant will:

- Learn best practices for managing operational risk
- Understand the metrics and methodologies for operational risk measurement
- Risk management leadership: know how to lead operational risk teams
- Understand operational risk and Enterprise Risk Management (ERM) framework
- Learn more about linkages between operational risk, regulation, and brand harm

Course Modules

Module 1: Definition and Drivers of Operational Risk

- Introduction to Operational Risk Management
- Definition of Operational Risk Management
- Operational Risk Management & Operational Risk Measurement
- Key Drivers of Operational Risk Management
- Case Analysis

Module 2: The Regulatory Force

- Trajectory of Basel Capital Standards
- Rules of the BCBS Accords
- Adoption of Basel Standards in Europe
- Adoption of Basel Standards in the United States
- Adoption of Basel Standards in Nigeria
- The Impacts Operational Risk on the Global Financial Crises
- The Future of Operational Risk Management
- Case Analysis

Module 3: The Operational Risk Framework

- Overview of the Operational Risk Framework
- Laying the Foundation for Operational Risk Management Framework
- The Essential Elements of Operational Risk Management Building Blocks
- Overview of Operational Risk Measurement & Modelling
- Operational Risk Reporting
- Objective Setting & Risk Appetite Definition
- Case Analysis

Module 4: Operational Risk Governance

- The Role of Operational Risk Governance
- The Critical Lines of Defence in Operational Risk Governance
 - The Three Lines Model
 - The Five Lines Model
- The Adoption of Risk Committees
- Case Analysis

Module 5: Culture and Awareness

- Securing the Buy-In of the Firm
- Marketing & Communication
- Operational Risk Immersion & Conversion Training
- Planning for Operational Risk Entrenchment
- The Operational Risk Management “Application Test”
- Case Analysis

Module 6: Policies and Procedures

- The Strategic Value of Policies, Procedures, Guidelines & Standards in Operational Risk Management
- Global Best Practices in Operational Risk Entrenchment
- Fusion of Revised COSO Framework & ISO31000 Standards.

- Formulation of Operational Risk Policy
 - Illustration 1: Sample of Operational Risk Policy
 - Illustration 2: Sample Standards, Procedure & Guidelines
- Case Analysis

Module 7: Loss Data Management

- Operational Risk Event Data Collection Dynamics
- Internal Loss Data Risk Events
- Risk Event Categories
- Using the BCBS Risk Categories
- Minimum Loss Data Standards
- From Where Should Operational Risk Event Data Be Collected?
- When Should Operational Risk Event Data Be Collected?
- How Should Operational Risk Event Data Be Collected?
- External Operational Risk Event Data
- Sources of External Loss Event Data
- Comparison Between Subscription & Consortium Databases
- Challenges of External Data
- Case Analysis

Module 9: Business Environment Internal Control Factors: Key Risk Indicators

- Understanding the Dynamics & Applications of:-
 - Key Risk Indicators
 - Selecting KRIs
 - Thresholds
 - KRI Standards
 - KRI Challenges
 - Examples of Operational Risk Metrics
- Case Analysis

Module 10: Risk and Control Self-Assessments

- The Role of Risk Assessments
- RCSA Approaches
- RCSA Scoring Methodologies
- Global Best Practices in Operational Risk Management
- Case Analysis

Module 11: Scenario Analysis

- The Relevance of Scenario Analysis
- Scenario Analysis Approaches
- Scenario Analysis Results & Their Applications
- Case Analysis

Module 12: Operational Risk Measurement & Capital Modelling (Practical Workshop Session)

- Operational Risk Capital Estimation Approaches
- Basic Indicator Approach
- Standardized Approach
- Advanced Measurement Approach
- Statistical Modelling Distributions & Measurement in Operational Risk
 - Poisson Distribution
 - Lognormal Distribution
 - Loss Distribution Analysis
 - POT
 - BM, etc
- Insurance – Limit & Moral Hazard
- Disclosure
- Future of Capital Requirements
- Case Analysis

Module 13: Operational Risk Reporting

- The Tactical & Strategic Roles of Operational Risk Reporting
- Loss Data Reporting
- Risk & Control Self-Assessment Reporting
- Key Risk Indicator Reporting
- Scenario Analysis Reporting
- Capital Reporting
- Action Tracking Reporting
- An Integrated View
- Operational Risk Reporting Dashboards
- Case Analysis

Module 14: Risk Appetite

- The Strategic Significance of Risk Appetite Definition & Setting
- Regulatory Expectations

- Overview of Range of Practices in Risk Appetite & Tolerance Methods.
- How to Implement a Risk Appetite Framework
- Modality for Monitoring Operational Risk Appetite
- Current Scene in Risk Appetite
- Case Analysis

Module 15: Reputational Risk and Operational Risk

- The Meaning of Reputational Risk?
- Reputational Impact of Operational Risk Crystallization
- Regulatory Oversight of Reputational Risks
- Reputational Risk Management Framework
- Case Analysis

Module 16: Operational Risk and Convergence

- Operational Risk as an Impetus for Convergence
- Governance, Risk & Compliance (GRC)
- Integrated Operational Risk GRC Reporting
- Case Analysis

Module 17: Best Practices in Related Risk Management Activities

- New- Product Approval
- Supplier & Third-Party Risk
- Legal Risk Management
- Regulatory Risk Management
- People Risk Management
- Fraud Risk Management
- Technology Risk Management
- Weather Risk
- Pandemic Planning
- Strategic Risk
- Case Analysis

Course Closure & Wrap Up

COURSE DURATION	DELIVERY MODE	DELEGATE CLASS SIZE	COURSE FEE/PARTICIPANT
3 DAYS	In-Plant	8 (Guaranteed Minimum)	For quote, please click http://demvros.com/contact/
Discount is available for class size above the minimum. Please visit www.demvros.com or call 08056154199 or e-mail for enquiries.			