

## COMPREHENSIVE OPERATIONAL RISK MANAGEMENT IN FINANCIAL INSTITUTIONS

### Course Overview

This course is designed to deliver a deep, practical understanding of operational risk management frameworks and measurement methodologies in financial institutions. Participants will be better prepared to implement meaningful risk assessment initiatives, produce useful risk management information and understand basic modeling techniques for operational risk measurement. Operational Risk is defined broadly and as a causal risk - the risk of loss due to failures in people, processes, systems or external events. It underlies many other risks, in particular regulatory and reputation risks, which are fundamental to the business model for financial institutions. It has also become a very costly risk for firms which have not managed it well. It is also a discipline which continues to develop rapidly in sophistication and relevance to business decision making. Participants will gain an appreciation for the role of corporate governance in an organization and of the participants, elements and relationships within risk management governance. The course will develop an understanding of the importance of operational risk management within the Banking and Finance industry and build an appreciation for the impact operational risk can have. The focus is on the practical implication of operational risk, rather than just the theory. To this end real-world examples and case studies are used throughout. The aim is that participants not only leave with a better understanding of operational risk, but also how better to manage it.

### Target Participants

A grounding in operational risk management techniques is also becoming increasingly important for front line staff both from a process and conduct perspective in their dealings with clients and market counterparts.

The course is relevant to all risk related roles in financial services, in particular:

- Operational Risk Staff,
- Financial Controllers,
- Operations and Technology Managers
- Compliance and Legal Officers.
- Transaction Processing Officers

### Course Objectives

The key learning objectives of the course are for the participants to:

- Gain an appreciation for the role of risk management in the post crisis financial services industry
- Gain an appreciation for the role of corporate governance in an organization and of the participants, elements and relationships within risk management governance
- Gain an understanding of the different roles in risk governance and the place of reporting and the use of various elements of a risk framework
- Gain an understanding of the theory and process of risk management and the expected results from a successful risk management process
- List and discuss a set of developments in the governance of risk management, with an introduction to the area of risk culture
- Describe the elements of a risk management framework and choose the elements to implement in their own workplace
- Manage an operational risk assessment program and apply it in their workplace
- Understand how to capture, report and investigate operational risk events, how to produce meaningful Risk Management Information including Key Risk Indicator (KRI) data and trend analysis, and how to implement operational risk appetite
- Be able to recognize how operational risk management can assist the overall business and add value

## COURSE CONTENTS

### A. Introduction

Participants will gain an appreciation of the role of risk management in the post crisis financial services industry.

- **Regulatory Context since 2008**
- **Embedding Risk Best Practices**

### B. Risk Governance

Participants will gain an appreciation of the role of risk management in the post crisis financial services industry.

- **Governance**
  - Origins of Corporate Governance
  - Risk Governance and Strategic Planning
  - Risk Governance Principles
- **People / Roles and Responsibilities**
  - The Board
  - CRO
- **Process**
  - Wider Reporting
  - Systems and Documentation
- **Risk Governance Developments**

### C. The Risk Management Framework

Participants will be able to describe the elements of a risk management framework and choose the elements to implement in their own workplace.

- **Risk Capacity**
  - Risk Capacity
  - Resources and Risk Capacity
  - Stress Testing and Simulation
  - Setting the Risk Capacity
- **Risk Appetite**
  - Risk Appetite
  - The Risk Appetite in an Organization
  - An Example Risk Appetite Statement
- **Risk Policies**
  - Introduction to Policies
  - Structure of a Risk Policy
  - Risk Policies in an Organization
- **Risk Pricing**
  - Policy Coverage
  - Risk Pricing Introduction
  - Interaction with Internal & External Partners
  - Capital Costs
- **Risk Culture**
  - Risk Culture
  - Leadership and Risk Culture
  - The Role of the Risk Management Function in Risk Culture
  - The Place of Other Staff in Risk Culture
  - Evaluating Risk Culture

### D. Risk Assessment

Participants will be able to manage an operational risk assessment program and apply it in their workplace.

- **Risk Assessment**
  - Risk Assessment Overview
  - Risk Assessment Lifecycle
- **Risk Scenarios ('Top Down')**
  - Top Down Identification
  - Workshops
  - Example Scenario (DR)
- **Process Models ('Bottom Up')**
  - Control Identification (Linking
  - Top-Down and Bottom-Up)
  - Process Reviews
  - Control Framework and Assessment
- **Operational Risk Issues**
  - Identify Issues and Design
  - Actions Plan
  - Issue Management
  - Residual Risk
  - Management Validation
- **Additional Risk Assessment Topics**
  - Risk Assessment of New & Expanded Products
  - Risk Assessment and
  - Third Party Services

**E. Risk Information**

Participants will be able to describe operational risk events, Key Risk Indicators (KRIs) and Reporting and create a KRI framework.

- **Introduction**
  - Risk Appetite and Risk Profile
  - Expected Loss
  - Unexpected Loss
- **Loss Investigations**
  - Operational Risk Incidents & Investigation
  - Collecting Loss Data
  - Quantifying Losses
  - Boundary Issues
  - External Loss Data
- **Key Risk Indicators (KRIs)**
  - Introduction to KRIs
  - Selecting Appropriate KRIs
  - Interdependent KRIs
  - Implementing a KRI Framework
- **Risk Reporting & Toolsets**
  - Data Model
  - Workflows
  - Reporting

**F. Risk Modeling**

Participants will be able to recognize how operational risk management can assist the overall business and add value.

- **Capital & Risk Pricing**
  - Basel II and Operational Risk Capital
  - Frequency and Severity
  - Combining Approaches
  - Capital Allocation

**G. Insurance Mitigation**

- Insurance Mitigation Introduction
- Risk Taxonomy and Mapping
- Qualification Criteria of Insurance Mitigation
- Calculation of Capital Relief

**End of Course & Closure.**

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