



# OPERATIONAL RISK

**2 DAY MASTERCLASS**

# INTRODUCTION

Operational risk has emerged as an important and integral component of risk management practice and is regarded as a significant risk that can be found in any process within any organisation. The failure of people, processes and systems that represents Operational risk has been attributed to most of the risk management failures that have been witnessed by many global institutions.

While market and credit risk remain as the other key focal points of risk management, operational risk cannot be ignored at any cost given its significance in Risk management. Therefore, the topic of Operational Risk covered in this training program is designed to allow participants to gain a thorough understanding of the concept, role and application of Operational Risk and the benefits that best practice Operational risk brings to an organisation, if properly and effectively adopted. The main building blocks of an Operational Risk framework, the techniques and tools of Operational risk and the value and associated challenges that Operational Risk brings to organisations in relation to adoption or implementation will also be presented to allow for a full understanding of the entire topic area.

## **By attending this course, delegates will be able to:**

1. Understand how to build a robust framework for Operational Risk management
2. Build a culture for good risk management
3. Understand how to drive value out of Operational Risk management
4. Understand Risk Appetite and build robust Key Risk indicator frameworks.

## DAY 1 - MORNING SESSION SESSION 1

### **Fundamentals of Operational Risk Management.**

- 1.1 Definition and scope of Operational Risk
- 1.2 Characteristic and importance of Operational Risk
- 1.3 Relationships of Operational Risk to other risk types
- 1.4. Operational Risk Framework - Roles and Responsibilities
- 1.5 Operational Risk Management as a cycle

## SESSION 2

### **The Regulatory Treatment of Operational Risk**

- 2.1 Key regulatory influences on Operational Risk
- 2.2 Evolving approaches to regulation and supervision
- 2.3 Principles for the Sound Management of Operational Risk
- 2.4 Regulatory interest in specific Operational Risk categories.

## SESSION 3

### **Management of Operational Risk**

- 3.1 Components of a risk governance framework and how they interact
- 3.2 Roles and responsibilities of the Operational Risk management function
- 3.3. Accountabilities, roles and responsibilities in the management of Operational Risk
- 3.4 Needs and expectations of external stakeholders in relations to operational risk

## **CORPORATE OVERVIEW**

Know Your Risk (KYR) Training & Learning Solutions is a boutique international specialist risk management training organization catering to the training requirements for corporate and institutional clients in the field of risk management.

All training programs are tailored and designed by sourcing information and knowledge from global best practices in risk management. Programs being delivered by KYR Training & Learning solutions include two, three, four and five day programs that are delivered either as onsite or via remote learning.

Programs on various risk management topics involved Operational Risk, Fraud Risk & Conduct Risk have been successfully delivered by KYR Training & Learning Solutions to international banking and financial services clients onsite in Dubai, Singapore, Australia and Muscat with further international trainings planned for delivery internationally across multiple locations.

## AFTERNOON SESSION SESSION 4

### **Governance & Culture**

- 4.1 Basic Governance requirements
- 4.2 Culture Definition and Context in relation to Operational Risk
- 4.3 Positive culture factors
- 4.4 Operational Risk policy
- 4.5 How to drive a positive culture for good Risk Management

## SESSION 5

### **Risk Management Frameworks**

- 5.1 Purpose of a Risk Management framework
- 5.2 COSO ERM Integrated Framework
- 5.3 ISO 31000:2018
- 5.4 How do you communicate a Risk management framework - The Risk House

## DAY 2 - MORNING SESSION SESSION 1

### **Operational Risk Management tools and techniques:**

- Categorisation of Operational Risk
- Risk & Control Self - Assessment
- Issues & Action Plan Management
- Incident & Loss Event Management

## SESSION 2

### **Operational Risk Appetite**

- What is Risk Appetite
- Principles for an effective Operational Risk Appetite framework
- Elements of an Operational Risk Appetite Statement
- The differences between capacity, appetite and tolerance in relationship to Operational Risk Appetite
- The process for setting Operational Risk Appetite
- The role of Operational Risk Appetite in a Company's Culture.

## SESSION 3

### **Key Risk Indicators**

- Role and purpose of different forms of Risk indicators
- Nature and use of Key Risk Indicators
- Challenges surrounding Key Risk Indicators
- Sustainable Key Risk Indicator Framework

## AFTERNOON SESSION

## SESSION 4

### **Operational Risk Reporting**

- Who needs an Operational Risk Report - understand your audience
- What and when to report
- Derive value from the Operational Risk Report

## SESSION 5

### **Case Studies & Team Exercise**

1. Barings Bank
  2. BCCI
  3. Societe Generale
  4. HSBC
  5. ING Australia
  6. GOLD AE
- **Team Exercise 1)** Assessment of applicable Operational Risk and controls in reference to Case studies
  - **Team Exercise 2)** Example of a Banking product and application of Operational Risk Assessment