



# CONDUCT RISK CERTIFICATION



## KEY TAKEAWAYS

- Gain a clear understanding of the concept and role of conduct risk
- Understand the core components of conduct risk
- Understanding the role of various tools, analytics and technology in the management of conduct risk
- Understanding the role of Conduct Risk Reporting
- Gaining an understanding of what does good conduct look like for customers
- Understanding of what does good conduct look like for a firm
- Knowing your responsibilities and accountabilities in the management of conduct risk
- Understanding the historical experience of misconduct in the light of regulation.



## COURSE OBJECTIVES

- Gain a practical understanding of the concept of Conduct Risk from the perspective of the institution and the customer.
- Insight into what constitutes a good risk culture and the role of good conduct in organisations
- Understand the underlying forces that drive conduct risk for institutions
- Insight into the Scope of an Enterprise Conduct Risk Framework
- Gain a clear understanding of Conduct Risk Framework Components & Implementation
- Understand the role of Operational Risk and Internal Audit as key stakeholders in the Management of Conduct Risk
- Insights into Conduct Risk Failures and consequences based on International experience
- Role of Human Resources as a vital asset in the management of conduct risk
- Gain a thorough understanding in the importance of conduct risk reporting
- Understanding approaches and techniques in the management of conduct risk

## **CORPORATE PROFILE**

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.

# CONDUCT RISK COURSE OUTLINE

## DAY 1: INTRODUCTION TO CONDUCT RISK, ITS COMPONENTS, DRIVERS, IMPLEMENTATION STEPS & ASSOCIATED CHALLENGES

### Morning Session - Day 1

#### 08:30 - Registration and refreshments

- 1.1. Definition and Concept of Conduct Risk
- 1.2. What is Risk Culture and Introduction - Why is Conduct Risk in the Spotlight?
- 1.3. Why is Conduct Risk important in the current global context?
- 1.4. **Team Exercise:** *How Conduct Risk fits into Risk Culture? Brainstorming Practical Workshop - Formulating Conduct Risk implementation actions - What should be done to manage Conduct Risk by your organisation?*
- 1.5. Conduct Risk Components
- 1.6. Relationship Between Conduct and Culture
- 1.7. What drives Conduct Risk? Eight Key Conduct Risk Drivers - A Detailed look into the Drivers.

### LUNCH BREAK

#### AFTERNOON SESSION - DAY 2

- 1.8 **Team Exercise:** *Developing Conduct Risk Metrics to monitor Conduct Risk in your organisation*
- 1.9. What is the role of the Board & Senior Management Regime in the management of Conduct Risk?
- 1.10. Main Steps in Conduct Risk Institutionalisation
- 1.11. Foundation Elements of a Strong Risk Culture
- 1.12. Q&A Session and Key Takeaways from Day 1**

## DAY 2 - CONDUCT RISK FRAMEWORK & POLICY, ITS COMPONENTS, CONDUCT RISK APPETITE, ROLE OF TECHNOLOGY & OPERATIONAL RISK

### Morning Session - Day 1

- 2.1. Defining the Scope for an Enterprise Conduct Risk Framework
- 2.2. Conduct Risk Framework Components & Implementation
- 2.3. Role of Technology and How Technology can help in better managing Conduct Risk
- 2.4. Recent Costs of Remediation due to Conduct Risk Failure
- 2.5. Conduct Risk Appetite - Is there an Optimal level for Conduct Risk
- 2.6. **Team Exercise:** *Determining root causes of bad conduct. An interactive deep dive session looking into root cause analysis of misconduct*

### LUNCH BREAK

#### AFTERNOON SESSION - DAY 2

- 2.7. How can Operational Risk play a role in Conduct Risk Enforcement and Management
- 2.8. Operational Risk metrics (People, Process & Systems) that can assist organisations in the monitoring of conduct risk breaches.
- 2.9. Role of Internal audit and monitoring process in enforcing Conduct Risk
- 2.10. Role of establishing defined timelines and responsibilities in the implementation of an effective Conduct Risk framework
- 2.11 **Q&A Session and Key Takeaways from Day 2**

## DAY 3 - REGULATORY LANDSCAPE AROUND CONDUCT RISK - TRENDS AND KEY DEVELOPMENTS - ROLE OF HUMAN RESOURCES IN MANAGING CONDUCT RISK

### Morning Session - Day 3

- 3.1. Regulatory Landscape around Conduct Risk
- 3.2. Enforcement for misconduct by Top 15 Global Regulators (2012-2018)
- 3.3. Top three sectors most frequently fined for misconduct
- 3.4. Frequency of financial penalties for misconduct by Service Line
- 3.5. Expectations from Regulators going forward
- 3.6. **Team Exercise:** *Brainstorming Future Emerging Challenges around Conduct Risk based on Historical experience and Regulatory Experiences.*



# LUNCH BREAK

## AFTERNOON SESSION - DAY 3

3.7. Talent management - Key Considerations in HR Management to drive better Conduct Risk Outcomes

3.8 Remuneration, Reward & Incentivisation - Significance of an effective reward structure to promote an effective risk culture for the management of conduct risk

3.9. Role of Whistleblowing in the enforcement of Conduct Risk Management.

3.10. Role of Performance Management and its linkage to Accountability in the Management of Conduct Risk

3.11. Role of Training and Development in Conduct Risk Management

3.12 **Team Exercise:** *How can Human Resource Management assist in enforcing Conduct Risk?*

3.13 **Q&A & Key Takeaways from Day 3**

## DAY 4

**A) CASE STUDIES ON CONDUCT RISK:** Key Misconduct Events and its Relationship to Conduct Risk

**B) Role of Key Risk Management Reporting for Management of Conduct Risk** including a look at Artificial Intelligence in Management of Conduct Risk.

## MORNING SESSION - DAY 4

4.1 The case of Wells Fargo

4.2 **Team Exercise:** *Key Lessons from the WellsFargo Case. Actions that institutions could take to prevent situation arising.*

4.3 Australian Royal Commission Investigations into Misconduct

4.4 **Team Exercise:** *What could have prevented the Australian financial services sector not being scrutinised by the Australian Royal Commission*

- 4.5 LIBOR manipulation

4.6 PPI Misselling (UK)

4.7 **Case Studies Q&A** - *What are the key lessons learnt from the case studies?*

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# LUNCH BREAK

## AFTERNOON SESSION - DAY 4

4.8 Types of Risk Reports for the management of Conduct Risk

4.9. **Q&A:** What should Risk Reports include in managing Conduct Risk

4.10 Key data elements that should form part of conduct risk reporting

4.11. Role of an integrated Enterprise Risk Reporting System for the Management of Conduct Risk

4.12 Role of Artificial Intelligence (AI) in improving risk reporting for management of Conduct Risk

4.13. Ownership of Risk Reporting

4.14 **Q&A and Key Takeaways from Day 4**

## DAY 5 - MANAGEMENT OF CONDUCT RISK

5.1. Controls and Effective Strategies for Mitigation and Management of Conduct Risk including role of fair treatment of customers

5.2 **Exercise:** *To what extent can Internal Audit play a major role in enforcing Conduct Risk*

5.3. Tools for Firms/Organisations mitigating Cultural Drivers of Misconduct

5.4 Best practices for managing Conduct Risk

5.5 Proactive vs reactive approaches in managing Conduct Risk

5.6. Role of the Board, CEO and CRO in managing Conduct Risk

## AFTERNOON SESSION - DAY 5

5.7. Developing a strategic plan for the management of Conduct Risk

5.8. Dynamic vs Static approach to Conduct Risk

5.9. Incorporating effective Fraud Risk Management for the management of Conduct Risk

5.10. Role of KYC and AML in Good Conduct Risk Management

5.11 Management of conflict in the Management of Conduct Risk

5.12. Closing Remarks & Conclusion

5.13 **Interactive Discussion and Q&A** - *Key takeaways from the Conduct Risk program.*

**Course evaluation and Certificate Handouts**