

Operational Risk Masterclass

Agenda

Day 1 - Emerging risks, Conduct and Risk Culture

Session 1: Risk identification tools and emerging risks

- > Tools and techniques for risk identification
 - > Exposures and vulnerabilities
 - > The risk wheel
 - > Value drivers and reverse stress testing
- > Risk register: a list
- > Risk connectivity: network of risks
- > World economic forum: risk map
- > Emerging risks

Session 2: ORM governance and regulation

- > Basel 3 for operational risk
- > SMA and ICAAP: pillar 1 & 2
- > Sound principles: Basel committee
- > Governance of operational risk
- > 1st line and 2nd line: the partnership model
- > Use and reuse: The invisible framework

Session 3: Risk reporting and insight

- > Modern issues on events and risk reporting: the regulator's view
- > Analysing operational risk data: get insight, tell a story
- > Management information: the "reporting cake"
- > Aggregate and escalate risk information: your options

Session 4: Implementing the desired risk culture: a method

- > Defining risk culture
- > Acting on behaviours: the influencer
- > Necessary conditions: willingness and ability
- > Risk culture: DESIRE steps: Define - Inspire - Support - Enable - Reinforce - Evaluate
- > Assessing the risk culture

Day 2 - Risk Appetite, Internal controls and KRIs

Session 1: Defining risk appetite statements and tolerance limits

- > Industry guidance on risk appetite
- > Risk appetite, tolerance, risk limits and controls
- > Templates and options for actionable risk appetite
- > Risk appetite statements: features and examples
- > Cascading risk appetite: RCSA & indicators
- > KRI and risks limits

Session 2: Internal controls: human error and control design

- > Slips and mistakes: Typology and causes of human errors (J. Reason)
- > Human Reliability Analysis (HRA) and other methods
- > Understand and treat the causes of human error
- > Effective or illusory controls
- > Prevention by design

Session 3: Root causes analysis – the bow-tie

- > Root cause analysis: tool and method
- > Benefits of root cause analysis: tracking the common failures and systematic patterns
- > Treating causes over symptoms
- > Bow-tie: a most effective tool to define KRI and key controls

Session 4: Features and types of leading KRIs

- > Features of leading KRIs
- > KRI, KPI, KCI: definitions and uses.
- > A typology of KRIs
- > KRIs: metrics of risks drivers

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Day 3 - Cyber Security, Scenario Analysis and Project Risks

Session 1: Cyber threats and information security

- > Cyber threat landscape
- > Key controls in cyber security
- > Physical and behavioural measures
- > Prevention framework and assessment
- > Lessons learnt from some incidents

Session 2: Scenario analysis: governance, stress testing and assessment methods

- > Four dimensions of stress-testing
- > Steps and governance of scenario analysis
- > Tackling behavioural biases in scenario assessment
- > Industry practices and lists of scenarios
- > Assessing probabilities of rare events
- > Acting on scenario analysis

Session 3: Reorganisation risk and project management and outsourcing

- > Risk due to changes and reorganisations
- > Project risk management and the risk function
- > Commonalities with outsourcing risks
- > Case studies

Session 4: Resilience and reputation

- > Resilience regulatory guidance
- > Reputation risk management framework
- > Interactions between resilience and reputation