

Risk Management



474-P26-VE-1



Virtual



22 hours

Course Description:

Following the Development of a Modern Operational Risk Framework and Policy, An Efficient, Effective, and Successful Implementation of Operational Risk Is Critical to Any Bank or Financial Institution. This Course Will Provide Operational Risk Professionals and Specialists with The Technical and Behavioral Knowledge and Techniques Needed to Review, Benchmark, and Refine Operational Risk Plans Within a Bank or Financial Organization. With A Focus on Both Qualitative and Quantitative Techniques, It Offers Integrated Solutions for Operational Risk and Suggests Approaches to The Problems That an Institution Will Face in Meeting These Demanding Requirements.

Target Audience:

- Heads of Risk.
- Risk Managers.
- Board of Directors.
- Heads of Audit.
- Audit Managers.
- Heads of Compliance.
- Project Managers.
- Business Heads.
- Risk Management Professionals.
- Any Professional Who Needs to Know How Operational Risks Affect Their Organization.

Course Objectives

By the end of the program, participants will be able to:

- Understanding Operational Risk.
- Explain Operational Risk Management.
- Define Risk & Assessment.
- Select Operational Risk Measurement.
- Explain Internal and External Loss Data.
- Define Scenario Analysis and Stress Testing.
- Explain How to Mitigate Operational Risk.

- Explain Risk and Control Self-Assessment.
- Explain how to monitor, report, and handle incidents.
- Explain Risk and Control Self-Assessment.
- Apply Building It All Together.

Course Outline

Module 1: Understanding Operational Risk

Session 1: Understanding Operational Risk

- What Is Operational Risk?
- Defining the Scope of Operational Risk.
- How Do Banks Manage Their Operational Risks?
- The Development of Operational Risk Management.
- Frequency Vs. Impact.
- Inherent and Residual Risk.
- Expected Vs. Unexpected Losses.
- Near Miss Events.
- Risk Appetite.
- Operational Risk Sound Practices and What They Mean in Reality.
- Types of Losses.
- What Is Excluded from The Basel Definition – Other Risks?
- Quiz.

Module 2: Operational Risk Management

Session 1: Operational Risk Management

- Operational Risk Management Activities:
 - Identification.
 - Assessment.
 - Measurement.
 - Mitigation/Control.
 - Monitoring and Reporting.
- The Operational Risk Framework.
- The Role of Management in Operational Risk.
- The Three Lines Model.

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- Implementing an Operational Risk Framework.
- Operational Risk Management Within an ERM Framework.
- The Relationship of Operational Risk Management to Internal Control and Internal Audit.
- Operational Risk Governance.
- Risk Champions.
- Quiz.

Module 3: Risk Identification & Assessment

Session 1: Risk Identification & Assessment

- Identification of Operational Risks.
- Risk Workshops.
- Identification of Controls.
- Assessing Inherent and Residual Risks.
- Operational Risk Management Boundaries.
- The Assessment of Operational Risk.
- Risk Acceptance Policy.
- Quiz.

Module 4: Operational Risk Measurement

Session 1: Operational Risk Measurement

- Management Versus Mitigation Versus Measurement.
- Basel II Measurement Approaches.
- Basic Indicator Approach.
- The Standardized Approach.
- The Advanced Measurement Approach.
- Basic Criteria for Using the Measurement Approaches.
- Operational Risk Indicators.
- Risk Indicators and Risk Appetite.
- Key Risk Indicators.
- Quiz.

Module 5: Internal and External Loss Data

Session 1: Internal and External Loss Data

- What Are the Key Uses of Internal Loss Data?
- Event Types.
- Obtaining Internal Loss Data.
- Gross Loss Vs. Net Loss.
- The Key Issues That Need to Be Addressed.
- Loss Data Relevance and Scaling - What Should Be Done?
- Use of External Data.
- The Two Types of External Loss Data – Public and Pooled Data.
- Making External Data Relevant to Your Organization.
- Deriving Value from Historical Events.
- Quiz.

Module 6: Scenario Analysis and Stress Testing

Session 1: Scenario Analysis and Stress Testing

- What Is Scenario Analysis.
- Uses of Scenario Analysis.
- Developing Credible Scenarios and Applying Them in Practice – What Are the Key Issues That Need to Be Addressed.
- How Stress Testing Differs from Scenario Analysis?
- What Is a Suitable Operational Risk Stress Test?
- Quiz.

Module 7: Mitigating Operational Risk

Session 1: Mitigating Operational Risk

- What Is Operational Risk Mitigation?
- The Objective of Operational Risk Mitigation.
- Mitigation Techniques:
 - People.
 - Technology.
 - Processes.
 - External Events.

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- Identification of Key Controls.
- The Challenges of Implementing Effective Controls.
- Business Continuity Planning:
 - The Key Elements of An Event Business Continuity Plan.
 - Cascading and Escalating Risk.
 - Business Continuity for Extreme Events.
- Quiz.

Module 8: Risk and Control Self-Assessment

Session 1: Risk and Control Self-Assessment

- What Is an RCSA?
- What Is the Objective of Risk and Control Self-Assessment?
- RCSA Approaches.
- RCSA Workshops.
- Review of The Level of Accuracy of Data Produced.
- Consideration of The Problems with Risk and Control Self-Assessment.
- What Works and What Fails?
- Quiz.

Module 9: Monitoring, Reporting, and Incident Management

Session 1: Monitoring, Reporting, and Incident Management

- Monitoring Operational Risk.
- Event Reporting and Monitoring.
- Reporting Process.
- Developing and Designing Key Risk Indicators.
- Thresholds.
- Evaluating Risk.
- Incident Management.
- Assigning Owners & Risk Managers of Loss/Risk Incidents.
- Root Cause Analysis.
- Progress Monitoring and Closing Events.
- Quiz.

Module 10: Other Key Issues

Session 1: Other Key Issues

- The Role of Insurance.
- COSO And Operational Risk.
- EBA And Outsourcing.
- Supervision of Operational Risk.
- Operational Risk Disclosure.
- Quiz.

Module 11: Building It All Together

Session 1: Building It All Together

- What Are the Problems in Practice?
- The Regulators' View.
- Meeting The "Use Test"
- The Future – Where Next?
- Quiz.

Assessment Strategy

- 70% Quizzes.
- 30% Participation.
- The cut-off score is 60% of the Total Grade, Which Is "100."

Course completion will grant participants:

2 CEUs.

Course Language:

English.