Best Practice in Operational Risk Management

From risk environement to risk culture, the course covers in breadth and depth the most topical elements of operational risk management and its challenges for the financial services industry.

Taught by a world leading expert in the field and highly regarder guest speakers, the course is a must-have for all the operational risk practitioners wishing to benchmark their practice and discuss best practices. It is also a fantastic opportunity for newcomers to gain a comprehensive overview what modern operational risk managers need to know.

Delegates will leave the course equipped with a new network of practitioners, a wealth of content, additional references and readings, and an open line for further questions with the trainer, Ariane Chapelle.

Key Objectives and Learning Outcomes :

After the course, participants will know about:
- Identification of emerging risks
- Risk networks rather than risk registers
- Implementing ORM: the invisible framework
- Selenting and designing preventive KRIs
- How to differentiate and address human errors
- How to use root cause analysis most effectively
- Influencing behaviours for better control
- Risk Reporting and Conduct reporting
- Builing a framework for risk culture change

Who Should Attend

- Heads of Operational Risk
- Entreprise Risk Managers
- Operational Risk Managers
- Operations Managers
- Internal Auditors
- HR officers
- Compliance officers
- Consultants
- Regulators

Course outline

Day One: Operational Risk Framework, Risk Assessment and KRIs

Session 1: Operational Risk Framework and Governance

- Operational Risk trends and emerging risks
- The Canadian Guidance on Operational Risk Management
- Governance of Operational Risk: roles and responsibilities
- 1st line and 2d line: The Partnership Model
- Business value of Operational Risk Management
  Workshop and discussion: the business case for operational risk management

Session 2: Risk Identification & RCSA

- Tools and techniques for risk identification
- Risk register: a list
- Risk connectivity: network of risks
- Definition and rules for RCSAs
- Tool: Impact / probability matrix: format and meaning
- Usage and choice when defining RCSAs

  Class Exercise: Apply an RCSA to your top risks

Session 3: Root causes analysis and Control Design

- Slips and mistakes: Typology and causes of human errors
- Effective vs. Illusory controls
- Root cause analysis: identifying patterns of failures
- Bow-tie: a most effective tool to define
  - Preventive and corrective controls
  - Leading KRIs
  - Risk likelihood and expected impact
- Prevention by Design
  Exercise: apply the bow-tie to one of your incident; share the lesssons learned

Session 4: Designing and Selecting Preventive Key Risk Indicators

- KRI, KPI, KCIs: concepts,overlaps and examples
- Essential features of preventive KRIs
- Classifying KRIs: Environmental, Stress, Causal and Failure
- KRI Design: Frequency - Trigger levels - Escalation criteria – Ownership - Data accuracy
- Six steps to define and design preventive KRIs
  Class Interaction: review your KRI list

Day two: Risk Appetite, Scenarios and Risk Culture

Session 1: Risk Appetite Definition, Statement and Communication

- Industry guidance on Risk Appetite
- Definition and Governance: Communicating Risk Appetite
- Risk Appetite Statements: Features, Templates and Examples
- Cascading and Monitoring Risk Appetite: RCSA and indicators
Class Exercise: express risk appetite, tolerance and limits for two of your top risks

Session 3: Scenario Analysis: Application to Cyber risk

- Brainstorming and workshop techniques to identify scenario
- Scenario assessement: structure and method to mitigate behavioural biases
- Assessing rare events
- Examples: scenarios assessement IT disruption, cyber attackes and information security incidents
Class Exercise: Applied scenario structuring

Session 3: Reporting and Escalation

- The role of incident data collection
- Data features: core losses and tail risks
- Three golden rules of reporting
- Management information: the "reporting cake"
Class inteaction: best practice and sharing of experience

Session 4: Risk Culture and Conduct
- Defining Risk Culture
- Key objectives, key behaviours
- Case studiy: conduct metrics & culture change programme
- Influencing behaviours: a framework

Concluding remarks