

Preventive Key Risks Indicators

About the Course

Useful, preventive key risk indicators (KRIs) flag rises in risks before incidents occur. It is possible to design preventative KRIs, provided organisations understand their risk drivers and are willing to take a renewed look at their reporting practice on performance and controls.

Through a combination of presentations and practical exercises, this seminar offers a full review of the role and attributes of KRIs in financial services. It clarifies some confusing ideas about KRIs and offers insight on their role in a risk management framework. The seminar also reviews many examples of the best performing KRIs in banking and financial markets activities and proposes a step by step methodology to select and design preventive KRIs. Finally, newly added sections of the course include KRI for Information security, project management and conduct.

Course Highlights

- Receive a comprehensive overview of indicators
- Understand step by step how to select preventive KRIs
- Discuss process mapping and control design
- Apply KRI set to specific risks such as information security and project management
- Review indicators for risk culture and conduct
- Use KRIs as performance management tools

Learning Outcomes

- Design an efficient indicator program in a risk management framework
- Specify relevant indicators for various risks
- Focus on preventative risk indicators for their own activity
- Use indicators as an effective management tool
- Define threshold levels for KRIs that translate corporate risk appetite
- Comprehend the methods and strategies to use KRIs efficiently

Day 1: Risks on the rise, risk appetite and KRI framework

Session 1 : Emerging Risks and connectivity

- Operational risk frameworks in the financial services
- Framework complete and maturity: The ORM pyramid
- Exposure and vulnerabilities
- Rising operational risks and market trends
- Top risks survey
- Risk dependencies: the connectivity view

Class discussion and experience sharing: rising risks in organisations

Session 2 **Actionable risk appetite**

- Industry guidance on risk appetite
- Risk appetite, tolerance and limits
- Structure of actionable risk appetite
- Cascading risk appetite: RCSA & Indicators
- Top-down and bottom-up approaches to risk appetite

Class discussion and exercises: Define a risk appetite statement for one or two of your top risks

Session 3 **Preventive KRIs: a method**

- Selecting and designing KRI steps by step
- Metrics of risk drivers
- A typology of KRIs: Exposure, stress, causal and failure
- KRI design and reporting

Group work: Delegates will have the opportunity to apply this method and share their findings with others in a guided exercise

Session 4 **Root cause analysis for KRI identification**

- Root cause analysis and lessons learnt from large incidents
- Cause of the cause: The benefits
- Bow tie tool: Tracking common failures and systematic patterns
- Identifying causal KRIs
- Root cause and risk prevention

Group work: apply a bow-tie analysis to one of your incidents and share the lessons learnt

DAY 2: KRI reporting for special risks: Information Security, Project Management, Conduct and Culture

Session 1 : Process mapping and control design

- Process mapping: Highlights risks and controls at every step
- KCIs: Assessing controls: Their existence, their effectiveness
- Typology of controls
- Typology of human error: The work of James Reason
- Active and latent errors
- Prevention by design

Group work: Delegates will work on process mapping of relevant activities and share results with the class

Session 2 : KRI for Information Security Risks

- Information security risk assessment method: case study
- Key controls in information and cyber security
- KRIs for information security: exposure, failures and stress indicators
- Reporting & Governance on KRI
- Reassess your current indicators and select appropriately

Session 3 : KRIs for project risk management & validation

- Project management and risk management involvement
- KRI for projects
- Reporting on projects and changes
- Testing KRIs: Assess the validity of your indicators
- Governance around risk indicators:

Class discussion and benchmarking: KRI definition and governance in different institutions

Session 4 Indicators for Conduct and Risk Culture

- Conduct and Culture: metrics and behaviours
- Case study of a Conduct and Culture change programme (2018)
- Reporting on Culture
- Other influencers than KPIs

Class discussion and benchmarking: People risk, risk culture and indicators