

Operations Risk Management – Beyond Compliance: A Value Added Incentive

A 3-day intensive course on Operations Risk Management & Mitigation – from assessment to implementation

Why you should attend

Who Should Attend

- This course intended for Executive Management, Senior Personnel and Operational Staff whom are responsible for the operations risk management program in

their respective business unit/division/branch or for carrying out the implementation of that program.

- This course also is an ideal introduction for Central Bank staff involved in oversight



This introduction, to Operations Risk management and mitigation, moves the participants beyond the various international compliance requirements for operations risk, and into an understanding of operations risk management and mitigation as a value added proposition, increasing the bank's profitability and structural strength.

Although financial institutions have been managing risk exposures for years operational risk management as a discipline is relatively new. The change in focus to operational risk management has been

**Updated to
include the SocGen case study**

driven by a number of factors, led by the compliance requirements of regulators. Other critical factors include the complexity of banking & financial products, advances in technology, rapid expansion of bank operations, and the increasing vulnerability of financial institutions to operational failures & losses. The increased attention to Operational Risk has also been driven by a number of major events attributed directly to operational failures.

This course is the basic introduction to Operations Risk management and mitigation. It is intended to move the participants beyond the international compliance requirements for operations risk (such as contained in Basel II), and into an understanding of operations risk management and mitigation as a value added proposition, increasing the bank's profitability and structural strength.

Citadel Advantage offers an intensive 3-day course taught by experienced practitioners with extensive Operations Risk experience. As a basic foundation, the course commences by giving a basic introduction to Operations Risk compliance requirements. This is followed by more in-depth sessions moving beyond Operations Risk compliance and into the actual implementation process of a sound Operations Risk Management Program. The benefits derived from the implementation of a sound program are covered in detail.

What is the curriculum focus?

What the course covers

Managing Operations Risk - Definitions

How the operations risk defined, the risk mitigation standards currently in use and current best practice.

Key elements in managing Operations Risk

Developing risk strategies, overseeing these by the banks board of directors, operational risk culture, internal control culture, internal reporting and contingency planning.

Developing an Appropriate Risk Management Environment

Key components include:

- **Policy & Structure**
Board approval; Providing guidance to senior management; Developing risk management policies; Establishing an operational risk management structure; Establishing clear lines of management responsibility, accountability and reporting; Regular review and internal audit verification.
- **Implementation**
 - Transforming operational risk management policies into specific processes and procedures
 - Implementation of a risk management process within the banks business units.
 - Staff policies to ensure that staff are qualified in operational risk management, are responsible for monitoring and enforcing risk policy compliance and have the appropriate authority.
 - Communicating the bank's operational risk management policy to all staff units.
 - Ensuring that there is appropriate documentation relating to controls and transaction-handling practices.

Risk management function

Risk mitigation is an ongoing function and should become a central feature of every bank's ongoing risk management activities.

Identifying and assessing the operational risk

Topics to be covered include the following critical issues.



- Identifying most potentially adverse risks, and assessing banks vulnerability to these risks through an “Environmental Survey” and a

“Technology Inventory” leading to the completion of a Risk Assessment - Identifying appropriate indicators that provide early warning of an increased risk of future losses.

- Collection of a bank's historical loss experience data including procedures for monitoring operational loss events.

- Ensuring that all new products, activities, processes and systems are



subject to adequate assessment procedures regarding operational risk before they are introduced/implemented.

What is the curriculum focus?

Controlling and/or mitigating material operational risks

Internal practices to control operational risk such as setting & monitoring risk limits; maintaining safeguards for access to, and use of, bank assets and records; ensuring that staff have appropriate expertise and training; identifying business lines or products where returns appear to be out of line with reasonable expectations; regular verification and reconciliation of transactions and accounts.

Contingency and business continuity plans

Expecting the unexpected. Full-scale contingency and business continuity plans should be in place, tested and ready to use should the need arise.

This ties up operations risk requirements and mitigation. Areas covered include establishing disaster recovery and business continuity plans, identifying critical business processes (including those where there is dependence on external vendors or other third parties), restoring electronic and/or physical records, and the regular testing of these plans.



Dealing with risks in specific operations areas

The course provides a detailed overview of assessing and managing risks in specific bank operations areas. This covers; Core & Distributed Operations, Standalone micro-computers, Environmental & Technology Controls.

For further details please contact

Citadel Advantage

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Operations Risk

We cover critical issues around security concerns, security controls, secure operations and the key risk areas (reputation, strategic, credit, liquidity, legal & operations) as well as

- **Payments Systems**
RTGS, Large Value Transfer Systems, Cash management products, Securities & Collateral, Interbank messaging systems, Cheque payments, EFTPOS and CLS.
- **Payment Instruments**
Cheques, Electronic Payments, Cards, ATMs, Internet
- **Case Studies**
The course contains a number of case studies including the recent SocGen rogue trader case plus interactive participant sessions.