



International Degrees Ltd

Financial Training Academy Courses

From the Heart of the World's Main Financial Centre

The Financial
Training
Academy Ltd

CerEOR Introduction to Operational Risk

Course Presenter – Dennis Cox

Dennis Cox is CEO of Risk Reward Limited, a Strategy and Risk Consultancy for the financial services industry, as well as being a director of a number of other companies. Risk Reward Limited is a strategy and risk consultancy that specialises in providing practical solutions to its client needs. These include meeting the challenges of the Basel Accord in respect of credit risk and operational risk, as well as other business and regulatory requirements.

Entirely focussed on the financial services industry its consultants are all business professionals interested in transferring their knowledge to their clients. The structure of the firm enables Risk Reward Limited to specifically build teams that meet or exceed client expectations. Dennis was formerly Director, Risk Management at HSBC Operational Risk Consultancy and spent 10 years in various senior roles with HSBC Prior to that he was Global Risk Director at Prudential Portfolio Managers Limited, with responsibility for credit, legal and operational risk for the global business. Previously he spent 12 years in practice with Arthur Young and BDO Binder Hamlyn.

Among a range of external interests he is a senior Council member of the ICAEW, a member of the Professional Standards Board, Chairman of the Financial Planning Committee of the London Society and a member of the Money Laundering Committee; together with being the Chairman of the Risk Forum for the Securities and Investments Institute. He also represents the public interest in the regulation of the Institute of Actuaries for financial service matters.

A regular writer he was the joint author of the Mathematics of Banking & Finance published by Wiley in March 2006 and is currently completing Frontiers of Risk Management for another publisher, prior to commencing with development of two further texts for Wiley.

Why Attend?

Banks and other financial institutions are still wrestling with creating the right recipe for dealing with operational risk. Finding a successful mix measures provides a different challenge for each bank. In operational risk generally much still remains unclear regarding the practical implementation and the use of qualitative and quantitative techniques together. Few banks have a sufficiently accurate measure of their operational risk in order to sensibly allocate economic capital, let alone to truly exploit operational risk for competitive advantage. Best operational risk practise and risk management – or lack of it- is being increasingly visible to customers, shareholders and regulators.

This course will provide participants with the knowledge they require to understand the key objectives of the so-called Basel Accord with regard to operational risk. It will explain what operational risk actually is, how to manage it, how to add value to your organisation and how to meet the demands of the regulator.

International Degrees Ltd

UEL Knowledge Dock ♦ 4-6 University Way ♦ London E16 2RD ♦ United Kingdom
Phone +44 (0)20 8223 7434 ♦ Fax +44 (0)20 8223 7502 ♦ info@international-degrees.com
www.international-degrees.com

Company Registered in England N^o 05912127 ♦ Reg. Off. 35 Beaufort Court, Admirals Way South Quay ,Waterside, London E14 9XL

LOCAL CONTACT



Led by an acknowledged expert in the field this 3-day programme will provide you with the knowledge you need to review, benchmark and refine operational risk plans within your organisation. The course focuses on both qualitative and quantitative techniques, offering integrated solutions for operational risk and suggesting approaches to the problems that an institution will face in meeting these new demanding requirements.

Who Should Attend?

- Internal Auditors
- External Auditors
- Operational Risk Team
- Risk Management staff
- Business operations staff
- Operational Risk service providers

Training Methodology

The course will consist of lectures supplemented by case studies drawn from published real life examples or practical experience. The objective is for participants to understand the stages and techniques in implementing an operational risk structure that will meet the demands of your regulator and the Basel Accord as they continue to develop.

Course Level

This is an introductory class. Delegates are not expected to have an advanced modelling or quantitative background.

A review of Basel II providing real guidance and a 3-day training course featuring:

- Introduction to the Basel Accord
- The key stages in building an operational risk framework
- Establishing and using an internal loss database
- Use of external loss data
- Development and use of scenario analysis
- Development and use of key risk indicators
- Consideration and use of control and risk self assessment
- Outsourcing and operational risk

Course Outline

Session 1: Overview

- The objectives of the Accord
- Definition of Operational Risk
- The difference between regulatory capital and economic capital
- The stages in building a successful operational risk strategy

- Calculation of an operational risk capital charge under the basic indicator approach
- Calculation of an operational risk capital charge under the standardised approach or alternative standardised approach
- Consideration of the partial approach and an introduction to the advanced measurement approach
- Risk identification
- Practical case study -The risks of outsourcing
- A brief review of the issues regarding outsourcing
- Short case study looking at totality of outsourcing
- How to include outsourcing within an operational risk framework
- Risk prioritisation
- Practical case study

Session 2: Internal Loss Data

- Obtaining internal loss data
- Accuracy of internal loss data
- Relevance of internal loss data
- Requirements for an internal loss database
- Structure of an internal loss database
- Practical case study on use of internal loss data
- Practical case study linking to loss data to economic capital modelling

Session 3: External Loss Data & Business Continuity Planning

- Business continuity planning
- The BIS requirements
- Cascading and escalating risk
- Practical case study
- The practical use of external loss data
- Practical case study using lessons from
- Major Public events and designing practical • scenarios

Session 4: Process Assessment & Reporting

- Introduction to business process modelling
- Identification of key controls
- Consideration of linkage to loss data
- Practical case study on business process modelling
- Control and Risk Self assessment
- Demonstration of the typical technique applied
- Developing and designing key risk indicators
- Practical case studies using real business scenarios

