

RISK ADVISORY SERVICES

Training



Consulting
Implementation
Training
Support

Simplifying Risk Management Globally



Operational Risk Management

Overview

The course is aimed at enhancing the knowledge of attendees as to the nature, scope and methods of managing operational risk within a financial institution. With 'real world' examples and case studies it will enable attendees to grasp not only the theory advocated by Basel II and the Principles for Sound Management of Operational Risk but provide practical insights to implementing ORM within their own organisations

Presented by a risk practitioner with extensive experience within the banking industry and knowledge of implementing ORM frameworks within varying sizes of financial institutions.

Who should attend

- Board of Directors/Managers
- Heads and Deputy Heads of Risk
- Risk Managers
- Heads Internal Audit
- Heads of Compliance
- Heads of Business & Functional Groups
- All middle management & individuals requiring an understanding of Operational Risk

Training Approach

Lecture style presentation based on practical experience and 'real world' examples with break-out groups to work on case studies & exercises

COURSE CONTENT

- INTRODUCTION
- REGULATORY REQUIREMENTS.
- OR PRINCIPLES
- OR PROCESS
- GOVERNANCE
- RELATED OR PROCESSES
- BUSINESS CONTINUITY MANAGEMENT
- OPERATIONAL RISK APPETITE
- IMPLEMENTATION CHALLENGES
- EXERCISES & CASE STUDIES

1. INTRODUCTION

- Risks within a Bank
- What is Operational Risk and what does it cover?
- Importance of Operational Risk Management
- Goals of ORM
- Examples of OR events
- Key terms
 - Gross v Residual Risk
 - Frequency vs. Severity
 - Expected vs. Unexpected Losses
 - Near miss events

2. REGULATORY REQUIREMENTS

- Basel II – Pillars and Approaches
- Criteria for BIA, TSA, & AMA
- Basel Categorisation of Business Lines
- Regulatory Requirements
- Regulatory and Economic Capital
- Calculating Operational Risk Capital
- OR Capital and Effect on Product Pricing
- Principles for Sound Management of OR

3. OPERATING PRINCIPLES

- Policies, Standards and Procedures
- Decentralised Management – Business Partnership
- Three lines of ORM defence - Management, Oversight, and Audit
- Relation with Other Departments and Branches

4. OPERATIONAL RISK PROCESS

Identification

- Categorisation – Cause>Event>Effect
- Data Collection
- OR Event Classification
- Losses/Gains/Recoveries
- 'Risk Event' Reporting

Workflow Documentation

- Benefits of documenting workflows
- Elements to documenting workflows
- Business Process Re-engineering

Assessment

- Top down v Bottom Up Risk Assessments
- Risk Response
 - Risk Tolerance
 - Risk Priorities
 - Risk Treatment

Reporting

- Key to effective reporting
- Know your audience
- Dashboard Reporting
- Monthly / Quarterly OR Reports

Treatment

- Risk Treatment Options
- Assessment of Treatment Options
- Risk Treatment Plan
- Insurance

Monitoring

- Risk Indicators
 - Thresholds,
 - Leading and lagging indicators
- Risk Performance Evaluation
- Action Plan Tracking
- Forensic ORM

5. GOVERNANCE

- Operational Risk management as part of good Corporate Governance
- Roles and responsibilities of:
 - Board of Directors (BoD)
 - Risk Management Committees
 - Chief Risk Officer (CRO)
 - Business & Functional Group Operational Risk Officers
 - Compliance
 - Internal Audit
 - Head of Operational Risk Management Group (HO) ORM Department Staff

6. RELATED OR PROCESSES

- New Client Approval
- New Product Approval
- Information Security
- Outsourcing

7. BUSINESS CONTINUITY MANAGEMENT

- Continuity Management & Disaster Recovery
- BCM Drivers
- BCM Life Cycle
 - Business Impact Analysis
 - Recovery Solution & Plan
 - Structured Walk Through
 - Solution Implementation
 - Validation

8. OPERATIONAL RISK APPETITE (ORA)

- ORA Definitions
- Appetite vs. Tolerance
- Linking ORA to Overall Strategy
- Benefits of ORA

9. FRAMEWORK IMPLEMENTATION CHALLENGES

- Typical challenges in the practical realization of Operational Risk capabilities and methods.
- Key factors for successful implementation
- Expectation management

EXERCISES AND CASE STUDIES

- OR case studies
- Workflow documenting & Analysis
- Incident Categorisation
- Key Risk Indicator Evaluation & Development
- OR Overview Test



Ganga Wanduragala

Ganga has worked for over 30 years within major institutions in the financial industry in multiple locations around the world, gaining significant insight into the many aspects of operations and processes.

Within the senior positions held, he has overseen and been actively involved in 'change the bank' and 'run the bank' projects and effected business process re-engineering to not only help simplify processes but also strengthen governance & control elements along the entire process chain.



Current Position

Managing Director – GSA Management Ltd

Previous Positions Held



Deutsche Bank - Regional Head of Operational Risk Management for Europe (ex Germany)

Deutsche Bank - Divisional Head of Operational Risk Management Private Wealth Management



Deutsche Bank - Chief Operating Officer for Private Wealth Management UK Region

American Express Bank—Director Trade Finance Operations

American Express Bank—Project Director Global Trade Finance



Citibank—European Trade Finance Operations

Industry Memberships



Professional Member (PIOR) - Institute of Operational Risk Management

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