

Welcome to this edition of the Newsletter of the Institute of Operational Risk. This publication is designed to help keep members and non-members informed of developments within the industry and also within the IOR itself. If you would like further information about any of the issues raised in this newsletter, or have any suggestions about how we can improve the content or design, please do not hesitate to contact the Editorial team at the following address: info@ior-institute.co.uk

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Certificate in Operational Risk Management – Success

Congratulations to Ellis Williams of National Australia Bank. Ellis is our very first student to receive the Certificate in Operational Risk Management. It's a wonderful achievement Ellis and thanks for your feedback.

"The IOR Certificate in Operational Risk Management has added real value to my self-development and potentially career opportunities by providing me with a working knowledge of a subject that I had limited prior exposure to. The course content was complemented by real-life examples to illustrate operational risk concepts providing for a much better appreciation of the subject and its implications."

To our many other students who should now be close to booking their exams we hope that this gives you encouragement and we look forward to announcing your success shortly. At time of writing we now have 4 successful holders of our CORM.

We would also encourage members to reach out to colleagues. This is an externally accredited qualification which seeks to support an ability to evidence competency in the topic of Operational Risk. This is becoming more and more important for employers and regulators, especially in the UK with the expanding Senior Managers Regime.

So if you or someone you know would benefit from the CORM please join the growing number of students taking the qualification. Full details, including pricing and how to apply, can be found at <https://www.ior-institute.org/education/certificate-in-operational-risk-management>

Chapters and Education

Our Education programmes continue to expand with the support and involvement of our Chapters. Two recent initiatives show the potential for our Institute to become the professional body of choice for operational risk practitioners.

We are delighted to announce that the German Chapter has successfully led an initiative with the Frankfurt School of Finance and Management.

Non-Financial Risk Degree Programme

Not only due to media-effective scandals, non-financial risks are in focus – regulators and affected companies as well show a high amount of interest regarding the identification and steering of operational risks, reputational risks and other non-financial risks.

On that basis, in cooperation with the IOR (German Chapter), the Frankfurt School of Finance & Management offers a degree programme related to non-financial risks, consisting of attractive seminars and conferences as well as the exchange with industry experts. Acknowledged professionals provide participants with their expertise.

The programme addresses experts from banks and insurances in the region Germany, Austria and Switzerland, mainly employed in the areas of OpRisk management, Compliance, Security, IT, and Audit (Advanced Level). The language base for the course is in German.

The programme consists of the following modules:

- Mathematical and statistical basics of risk management and controlling
- Operational risk
- Business Continuity Management
- Non-Financial Risks
- Controlling of reputational risk
- OpRisk Forum – optional
- RepRisk Forum – optional
- OpRisk quant-workshop – optional

Please follow the link for further information and registration.

[NFR Degree Programme](#)

Meanwhile a visit to the UK from South Africa led by Professor Jackie Young (FIOR) indicates how the Institute and Academia can work together in different ways.

INSTITUTE OF OPERATIONAL RISK/UNISA COLLOQUIUM

During 11 – 15 September 2017 a team consisting of members of the Department of Finance , Risk Management and Banking, Unisa, under the leadership of Prof Jackie Young, attended a colloquium and symposium hosted in conjunction with the Institute of Operational Risk (IOR) in the UK, London. The team consisted of the following members:

Prof Jackie Young – team leader and supervisor
Prof Johan Marx – panellist and supervisor
Prof Ashley Mutezo – panellist
Ms Liana Griesel – PhD student
Mr Johan van Huyssteen – PhD student
Ms Erika Botha – PhD student
Mr Gerhard Grebe – PhD student
Mr Jethro Godi – PhD student
Ms Sune Mare – MCom student

The aim of the visit was to establish an international networking relationship between Unisa and the IOR, participate in a symposium and to provide students the opportunity to present their research (work in progress) and receive feedback from a panel of experts.

Dr Jimi Hinchliffe (Chair of the England and Wales Chapter, IOR), hosted the Symposium, coordinated by the England and Wales IOR Chapter, on 13 September 2017. The chairperson of the symposium, Prof Tony Blunden (Head of Consulting at Chase Cooper Ltd), lead a debate on:

“The modeling of operational risk has brought little or no value for management of it!”

The speakers included Philip Umande (Head of Operational Risk Capital, Lloyds Banking Group), Prof Rodney Coleman (Honorary Senior Research Fellow, Imperial College) and Alex Marcuson (Marcuson Consulting). After an interesting debate, it was confirmed that modeling of operational risk is adding value and should develop

further in the future. It also requires further research from academics in the field of risk management and actuarial/decision sciences.

The following colloquium, hosted by the IOR Council, took place in London City, on 14 September 2017, and aimed to provide an opportunity for Unisa MCom and PhD students (busy with research in risk-related studies) to give a presentation on their research to a panel of experts/professionals. The panel consisted of the following members:

Mr John Thirwell (FIOR) (Panel Chairperson) – Council member of the IOR.
Mr Phillip Martin (FIOR) – Council member of the IOR
Dr Cormac Bryce – Nottingham University, and Chief Examiner for the IOR
Prof Jackie Young (FIOR) – Supervisor
Prof Johan Marx – Supervisor
Prof Ashley Mutezo – Member of the IOR

The students gave presentations to the panel on the following topics:

Mr Johan van Huyssteen (PhD) - A framework to optimise investment strategies for small and medium non-life insurers in South Africa.
Ms Liana Griesel (PhD) - An integrated strategic and risk management framework for corporate institutions: a South African perspective.
Mr Jethro Godi (PhD) - A diagnostic evaluation of risks for investors in emerging markets: a BRICS perspective.
Mr Gerard Grebe (PhD) - A revised Basel III framework for banks operating in East- and West-Africa.
Ms Erika Botha (PhD) - Perceived success of energy strategies with the South African Financial Services Sector.
Ms Sune Mare (Masters) - A critical analysis of operational risk appetite for the banking industry in South Africa.

Students received constructive feedback that may be incorporated into their research, which could benefit their studies to ensure that it adds value on an international basis and to the relevant body of knowledge.

According to feedback from the IOR and the team members, this project should be repeated in future and it could involve other countries where the IOR has a footprint (Chapters) such as England, Germany, Netherlands, Scotland, Ireland, Wales, Denmark and Nigeria. In view of the success of our visit, the IOR is prepared to host a similar event in future and equally prepared to extend the invite to students from other international tertiary institutions.

Prof Jackie Young wishes to thank everyone for their contributions, especially the IOR for hosting the events and Unisa (College of Economic and Management Sciences) for their support.

Membership Benefits

The Institute continually looks to partner with organisations who share the same values and objectives for the discipline of operational risk. The Institute is delighted to announce a partnership which meets these aims and offers additional value to our membership. This partnership with Risk.net means that we will shortly offer

- A bespoke IOR partners bundle with a 25% discount priced at £2,250, this includes:
 - Risk.net Business subscription with Risk magazine
 - Print and online access to the Journal of Operational Risk
 - Access to the Risk.net apps including Operational Risk
- Enterprise partners discount – an increased discount offer will be applicable for those who have several colleagues from the same organisation who would like access to Risk.net;
- 25% off any of Risk.Net Operational Risk events (Asia/ EU/ US) to all IOR members.

Further details will be formally announced via our website and a direct mailing

News and Events

The Institute was delighted to be able to provide feedback to the UK Prudential Risk Authority on their recent Consultation Paper CP12/17 Pillar 2A capital requirements and disclosure. The drafting was led by Council Director Michael Grimwade and the full text of our response can be found at <https://www.ior-institute.org/ior-news/ior-response-to-consultation-paper-cp1217-pillar-2a-capital-requirements-and-disclosure>

Our Director for Marketing, Manoj Kulwal, has led an initiative which introduces the opportunity for members who cannot access a local Chapter to access Webinar based events. These are free to both members and non-members when presented and then, when recorded, only available to members in the members area of the website.

Upcoming Webinars and events for your diary can be found below with full details available at <https://www.ior-institute.org/ior-events/upcoming-events>.

- IOR England & Wales - Building Accountability - Monday, October 23, 2017 - 3:30 pm - 6:00 pm
- 3rd Annual Culture and Conduct Forum for the Financial Services Industry - Tuesday, November 7, 2017 - All Day
- AFB + IOR England & Wales Chapter Networking Evening for Operational Risk practitioners - Tuesday, November 21, 2017 - 5:30 pm - 8:00 pm
- 7th Annual Scottish Chapter Conference – Thursday, November 30, 2017 – All Day
- Webinar - Calculating Cost of Managing Risks - Friday, December 8, 2017 - 2:00 pm - 3:30 pm

In a joint initiative with the Center for Finance Professionals <https://www.cefpro.com/>, the Institute launched a major international survey at the CeFPro Conference in New York on the 18/19th October 2017.

This important initiative seeks to answer some of the core questions:

- What do we understand of operational risk approaches today?
- How are the tools and skills being applied?
- Where does the discipline go from here?

The research output will be relevant to anyone seeking to develop their operational risk resources, toolkits and methodologies. It will also provide useful data to the Institute as we continue to develop our long term strategies. The report will be written by Institute authors and launched at the Next Gen Operational Risk Europe Conference in Spring 2018. Members are encouraged take part and the survey links will be distributed to our LinkedIn Group, this Newsletter Group and to Members in the next few weeks.

In another significant partnership the Institute, in conjunction with U.K. Finance, the main trade body for all financial services firms in the UK, we are supporting the creation of a Heads of Operational Risk Club. This leverages U.K. Finance's successful initiatives for CEO and CRO Clubs which allow senior leaders to share experiences and discuss topics that influence both their role and organizational focus.

Places are limited to the first 30-40 applicants and members who are in a senior operational risk role can apply via the following link:

<https://www.ukfinance.org.uk/training/the-uk-finance-heads-of-operational-risk-club/>

Annual General Meeting

The Institutes 13th Annual General Meeting will be held between 6.00 and 8.00pm on the 23rd November 2017. The meeting will be held at the 8 Club Moorgate <http://www.eightclub.co.uk/moorgate>.

Full details including the Agenda and related papers will be distributed direct to members via email. Members are asked to please make sure that their email addresses and contact details are up to date. You can update your contact details via the IOR Website www.ior-institute.org. If you do not receive your AGM papers please contact info@ior-institute.org to both get copies and to advise us of your current contact details.

As always the AGM provides a great opportunity to network with colleagues and importantly, to make your views and opinions known to your Institute and to find out from your Council what the year has achieved and what the future may look like.

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Promoting and Developing the Discipline of Operational Risk Management