

# Today's Topic:

## Live Global Poll on 20 RCSA Topics for Operational Risks

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Facilitator: Manoj Kulwal

# Today's Session

- We will be conducting polls – 20 questions
- For some questions, context will be explained
- You can post your views
- Poll outcome will be analysed and summarised in a report format within 4 weeks. All attendees will receive a copy of this report.
- IOR & CORM overview after 10 questions
- Slides & recording will be available within the members area on the IOR website



# Poll Question

1. How many levels have you defined in your customised risk categories?

- 2 levels
- 3 levels
- 4 levels
- 5 or more levels
- We do not use customised risk categories



*See next slide...*

# Level in Risk Categories

- External Theft & Fraud
  - Fraud
    - Credit card fraud
    - ATM fraud
  - Theft
    - Theft of cash
    - Theft of assets
- Internal Theft & Fraud

Example of a risk  
categorisation with 3 levels.

# Poll Question

## 2 part question – Part 1

2. On which of the following contexts does your organisation perform risk assessments?

- Organisation Hierarchy
- Business Objectives
- Processes
- Products
- Assets



# Poll Question

## 2 part question – Part 2

3. On which of the following contexts does your organisation perform risk assessments?

- Decisions
- Third-parties
- Projects
- Compliance Obligations
- Other topics not listed in this or previous question



# Poll Question

4. Does your organisation perform risk assessments at a predefined frequency?

- Yes, yearly
- Yes, half-yearly
- Yes, quarterly
- Yes, monthly
- No, we do not perform assessments at a predefined frequency



# Poll Question

5. Does your organisation perform risk assessments when any of the following “trigger events” occur?

- During development of our business strategy
- Significant business decisions are made
- Significant changes occur in internal business env.
- Significant changes occur in external business env.
- Significant incidents occur in ext./int. business env.





# Poll Question

6. For performing risk assessments, which of the following time horizons does your organisation consider?

- Next 12 months
- Next 2 years
- Next 3 years
- More than 3 years
- We use different time horizons based on assessment context



# Poll Question

7. Does the risk assessment methodology of your organisation involves assessment of inherent risk exposure?

- Yes
- Yes, but we are considering to exclude this in the near future
- No
- No, but we are considering to include this in the near future



# Poll Question

## 2 part question – Part 1

8. Which of the following measures does your organisation capture as part of risk assessment?

- Likelihood
- Frequency
- Financial Impacts
- Reputational Impacts
- Customer Impacts



# Poll Question

## 2 part question – Part 2

9. Which of the following measures does your organisation capture as part of risk assessment?

- Regulatory Impacts
- Business Disruption Duration
- Employees Impacts
- Vendor Impacts
- Business Strategy Impacts



# Poll Question

10. Which of the following approach has your organisation adopted for risk assessment?

- Fully qualitative
- Quant. of fin. imp. but qual. for all other measures
- Quant. of fin. and non-fin. imp. including rep. imp.
- Fully quantitative



*See next slide...*

# Risk Assessment – Qualitative vs. Quantitative

## 4 Levels

- Low
- Medium
- High
- Very High

## Financial Impact Ranges

- £1 mln to £2 mln
- £2 mln to £5 mln

## Quantify Non-Financial Impacts

- A 2 hour disruption to online banking system = £1mln to £2mln compensation to customers

- Monte Carlo simulations

More qualitative

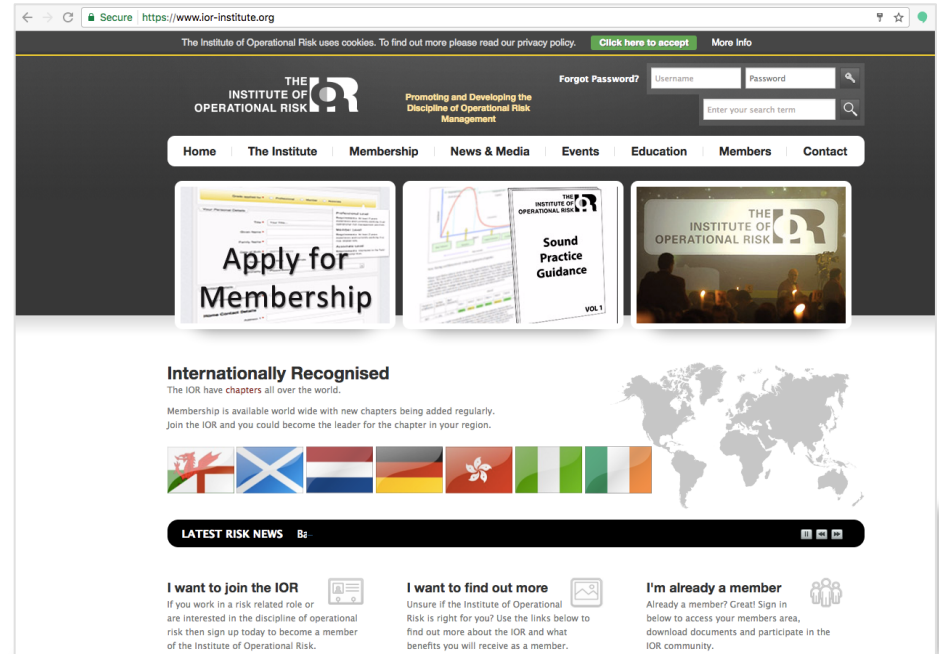
More quantitative

Risk Management  
as Art

Risk Management  
as Science

# About IOR

- Global member based organisation
- Promote development of operational risk discipline
- Develop and share practical guidance with practitioners (Sound Practice Guidance)
- Develop independent professional certifications
- Undertake research on emerging topics
- Organise and deliver events



Visit: [www.ior-institute.org](https://www.ior-institute.org)

# Certificate of Operational Risk Management



## ACCREDITATION

- ATHE regulated by Ofqual
- QCF Level 4 in the UK
- EQF Level 5 in Europe



## STUDY METHOD

- Self-learning
- 130-150 hours of study required
- Study workbook provided



## STUDY TOPICS

1. Fundamentals of Operational Risk
2. Management of Operational Risk
3. Operational Risk Appetite
4. Operational Risk Tools
  - Categorisation
5. Operational Risk Tools
  - Risk and Control Self-Assessment
6. Operational Risk Indicators
7. Operational Risk Tools
  - Events and Losses
8. Operational Risk Tools
  - Scenario Analysis
9. The Regulatory Treatment of Operational Risk



## EXAM

- Online (with online invigilator)
- 50 multiple-choice questions
- 75 minutes



## FEE

- £550 + VAT includes:
- Study workbook and Exam fee
  - 1 year IOR Associate membership



## BENEFITS FOR INDIVIDUALS

- Learn operational risk concepts
- Demonstrate commitment and professional knowledge



## BENEFITS FOR ORGANISATIONS

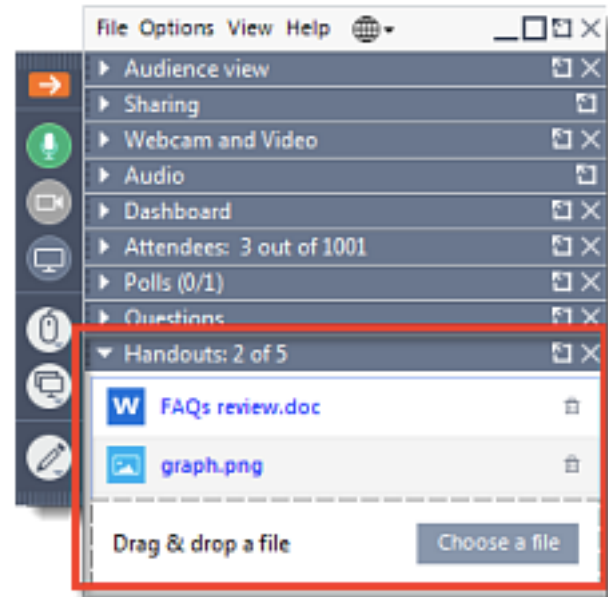
- Develop common understanding
- Provide assurance through Independent certification



# Handouts

Download from Handouts section:

- CORM Brochure
- Sample of Workbook (with 21 sample exam questions)
- IOR Membership Brochure



# Poll Question

11. For qualitative assessment scales, how many levels has your organisation defined?

- 3 levels
- 4 levels
- 5 levels
- 6 levels
- 7 or more levels



*See next slide...*

# Number of levels in assessment measure scales

## 3 Levels

- Low
- Medium
- High

## 4 Levels

- Low
- Medium
- High
- Very High

## 5 Levels

- Very Low
- Low
- Medium
- High
- Very High

## 6 Levels

- Very Low
- Low
- Medium
- High
- Very High
- Critical

# Poll Question

12. Has your organisation defined different assessment scales for any measure?

- Yes, for financial impact measures
- Yes, for financial and non-financial impact measures
- No



*See next slide...*

# Multiple scales for a measure

## Example of a Financial Impact Scale

For a Business Unit with annual revenue of £20 mln

- Low = £25,000
- Medium = £25,001 to £250,000
- High = £250,001 to £1 mln
- Very High = Above £1 mln

For a Business Unit with annual revenue of £100 mln

- Low = £100,000
- Medium = £100,000 to £1 mln
- High = £1 to £5 mln
- Very High = Above £5 mln

# Poll Question

13. Does your org. aggregate scores for different measures into a single Overall Impact and Overall Exposure measure for each risk?

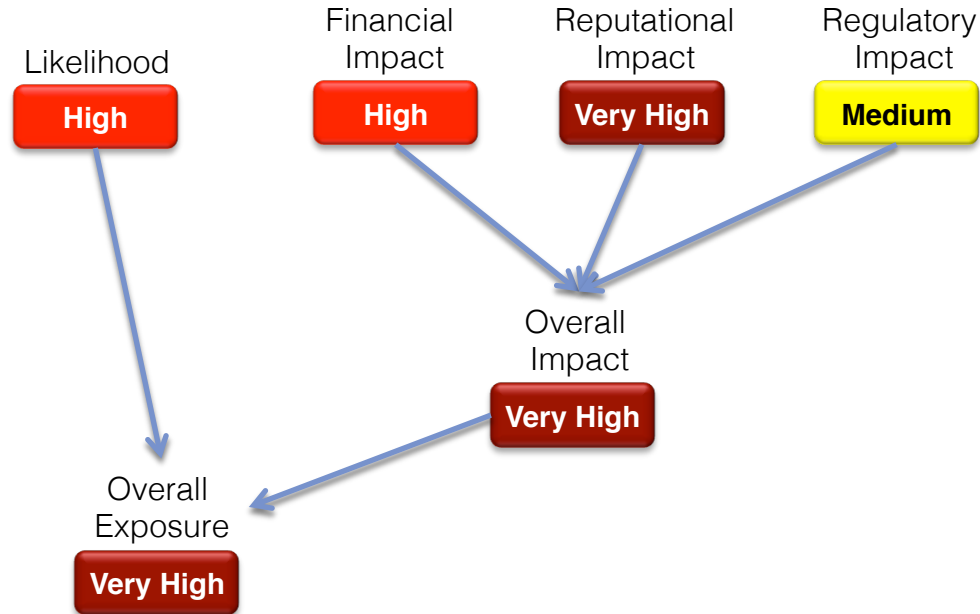
- We agg. multiple impacts into an Overall Impact measure
- We agg. Like. & Overall Imp. into a Overall Exposure measure
- We do not agg. any assessment measures at the risk level



*See next slide...*

# Aggregating Assessment Measures

Risk: Theft of information by cyber criminals



# Poll Question

14. How does your organisation determine which risks should be escalated based on the assessment outcomes?

- Based on the assessment measure values (e.g. High and above)
- Based on comparison of asmt. values & risk appetite levels
- Based on other information not listed above





# Poll Question

15. Does your organisation capture multiple range of impacts and their likelihood as part of assessing a risk?

- Yes, we capture this in risk assessments
- Yes, we capture this as part of scenario analysis
- No, we don't capture this information currently



*See next slide...*

# Range of Impacts

Risk		Likelihood					
Theft of customer data by external parties		Medium					
		Range 1 ( > 50% of data is stolen)		Range 2 (10% to 50% of data is stolen)		Range 3 ( <10% of data is stolen)	
Impacts		Severity	Likelihood	Severity	Likelihood	Severity	Likelihood
Compensation to customers		Above £100 mln	< 10%	£10 mln to £100 mln	11% to 70%	Upto £10 mln	71% to 99%
Regulatory fine		Above £50 mln	< 10%	£5 mln to £10 mln	11% to 50%	Upto £5 mln	51% to 99%

# Poll Question

16. Does your organisation aggregate assessment measures across multiple risks?

- Yes, we agg. risks into their respective risk categories
- Yes, we agg. risks into their respective org. units
- Yes, we aggregate risks across additional dimensions not listed above
- No, we do not aggregate risk assessment measures



*See Excel Example (Agg 2, Agg 4, Agg 5, Agg 6)*

# Poll Question

17. How does your organisation structure the assessment of controls and risks?

- We first assess all controls & then assess risks
- We assess controls as part of the risk assessment
- We assess controls and risks independently



# Poll Question

18. Which of the following measures does your organisation capture as part of control assessment?

- Design Effectiveness
- Operating Effectiveness
- Quality of Documentation
- Other measures



# Poll Question

19. Which of the following is applicable for your organisation in relation to control assessment and control testing?

- We perform both control assessment and control testing
- We only perform control assessment
- We only perform control testing
- We don't perform control assessment or control testing



# Poll Question

20. What role does the 2nd line play in assessment of risks?

- Plays a sig. role in performing the risk asmt.
- Challenge the risk asmt. outcomes
- Report outcomes of risk asmt.



# Future Poll Topics

- Please submit your suggestions for topics on which you would like IOR to conduct an online poll.





## Next Webinar:

Topic: Refocusing Risk Management on Better Decision Making

Date: 3<sup>rd</sup> August 2018

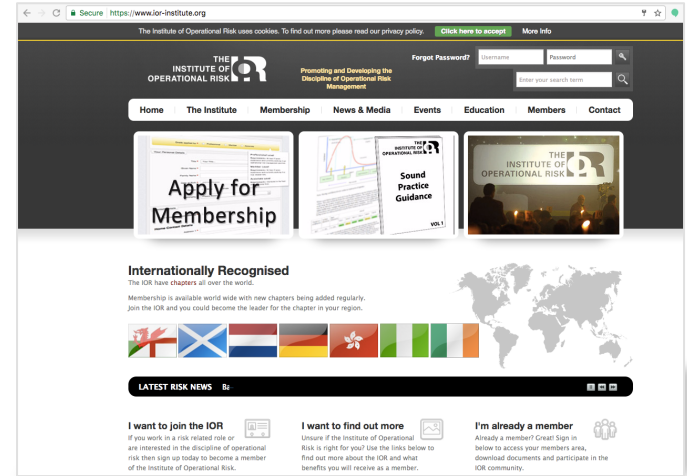
Expert Speaker: Tim Leech

## Next E&W Chapter Event:

Topic: Best Practices in Assessment of Risks

Date: 30<sup>th</sup> July 2018

Workshop Facilitator: Manoj Kulwal



# Thank You.

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INSTITUTE OF  
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