

IOR England & Wales Chapter Webinar

Operational resilience – expectations and challenges

10 June 2020 14.00 - 15.00 BST

Enhancing operational resilience in a way that is both efficient and cost-effective will be critical, especially as firms will be under enormous pressure to manage financial resilience due to the anticipated devastating economic impact of the COVID-19 lockdowns.

To find out more, please visit:

www.theirm.org/ior-operationalresilience

The Institute of Operational Risk

- **The IOR was founded in 2004**
- **The IOR evolved from the think tank ORRF set up by Brendon Young in 1998**
- **Mission:** 'The stated mission of the Institute is to promote the development and discipline of Operational Risk and to foster and maintain investigations and research into the best means and methods of developing and applying the discipline and to encourage, increase, disseminate and promote knowledge, education and training and the exchange of information and ideas.'
- **The IOR joined the IRM Group in 2019**
- **Membership:** Associate, Professional and Fellow plus Corporate Memberships
- **What do you get:** 1. Events; 2. SPGs; 3. Networking community; 4. Newsletters; 5. Jobs site; 6. Access to IRM member benefits (including SIG and RIG events).
- **England & Wales delivered 10 events in 2019** – hosted/ sponsored by the likes of Deloitte, the UK FCA, Protecht, Xactium and Protiviti

The CORM – Certificate in Operational Risk

- In 2018 we launched a Certificate in Operational Risk Management (**CORM**)
- The self-study Workbook contains 9 chapters covering all key operational risk management concepts. The concepts are covered using theory and practical examples.
- As a CORM student you also get 1 year Associate level membership of the Institute of Operational Risk (unless you are already a member of the Institute).
- This provides free access to the Institute's Sound Practice Guidance documents and free attendance for any event hosted by the IOR (and IRM).



Accreditation

- ✓ ATHE regulated by Ofqual
- ✓ RQF 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
- ✓ Independent certification

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In this webinar, we will hear from experts in operational resilience to understand the regulatory expectations and explore the key challenges in delivering operational resilience.

The speakers include:

Sarah Black, Deloitte - Partner, Risk Advisory

David Goodyear, NDS Consulting Ltd - Founder

Thibeli Malebo MBCI, Standard Bank in South Africa - Group Head of Business Resilience

Operational Resilience - Expectations and Challenges

1. Sarah Black
2. Thibeli Malebo
3. David Goodyear
4. Q&A



Operational Resilience

An update for the Institute of Operational Risk – June 2020

Welcome and introduction

The experience of COVID-19 will undoubtedly influence the direction of regulatory policy on Operational Resilience and support better '**Resilience by Design**'.



Sarah Black

Partner

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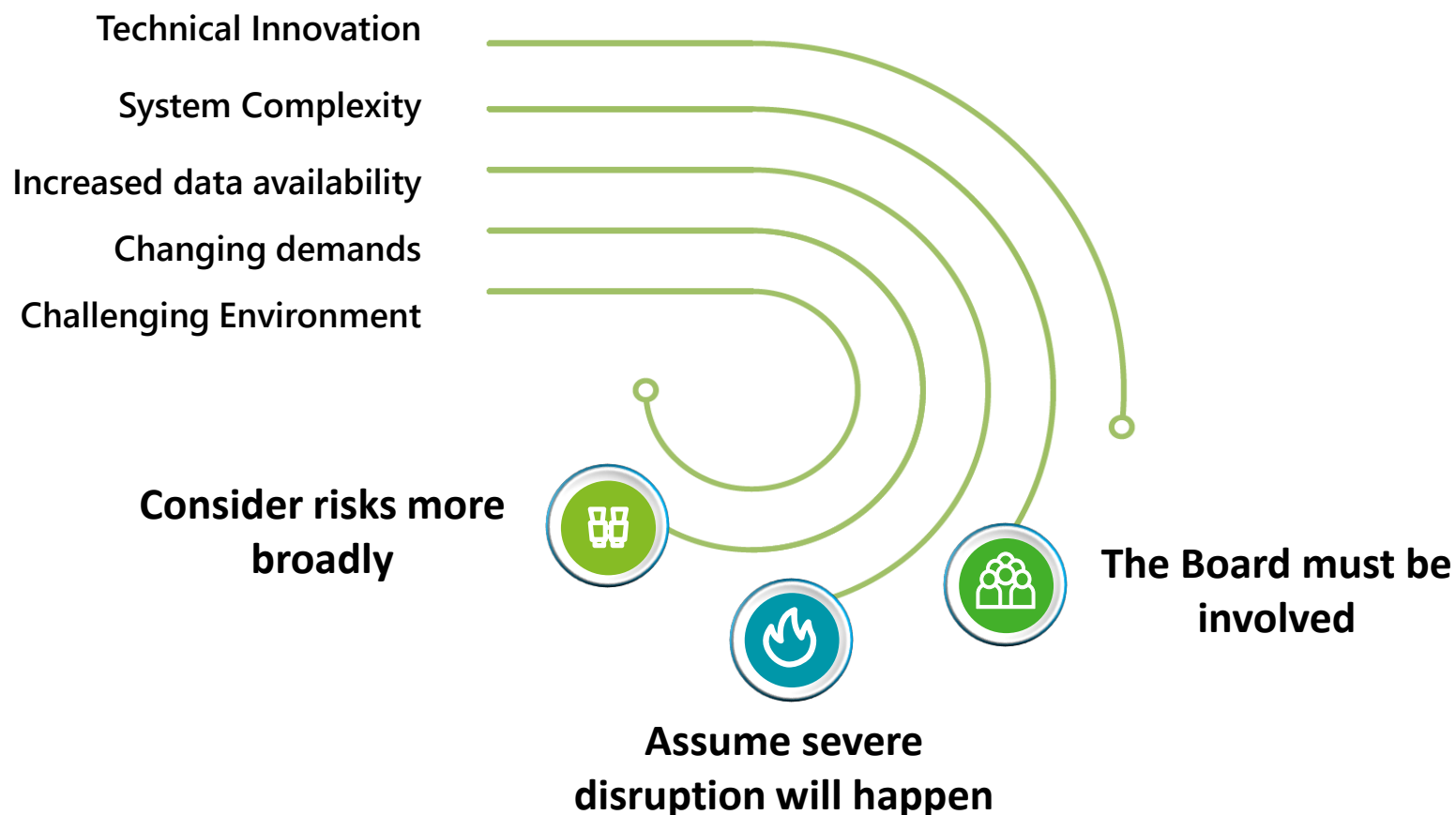
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The UK financial services sector has experienced market shocks as diverse as the global financial crisis, technology failures, cyber-attacks and the recent COVID-19 pandemic. This has focused regulatory attention on firms to improve their operational resilience.

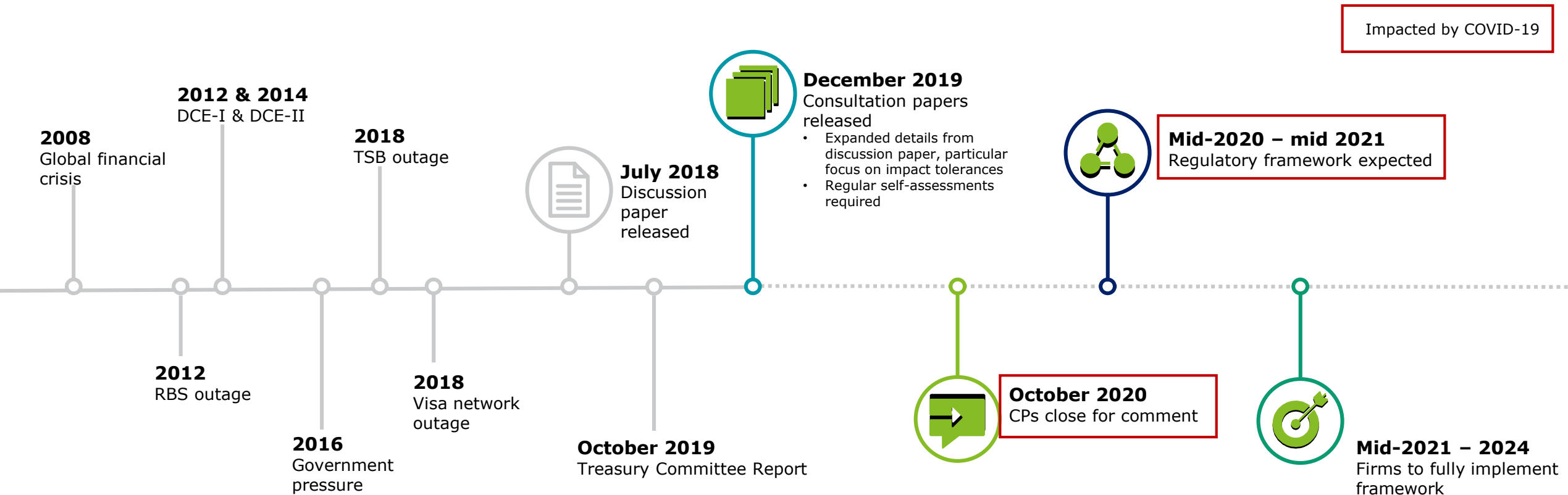
New forces are creating
new demands for
operational risk
management in
financial services.



Operational Resilience | The journey so far...



In July 2018 the Regulators jointly published a Discussion Paper, 'Building the UK financial sector's operational resilience'. On 5 December, the UK's financial regulators, the Bank of England (BoE), Prudential Regulation Authority (PRA), and Financial Conduct Authority (FCA), published a series of consultation papers (CPs) on their proposed approach to operational resilience in the financial sector.



Operational Resilience | Five practical steps



The Regulator defined Operational Resilience as “the ability of firms and the financial sector as a whole to prevent, adapt, respond to, recover and learn from operational disruptions”. Resilience will be the ability to absorb and survive.

Board approval is required



1.

Identify important
business services



2.

Map important
business services



3.

Set impact
tolerances



4.

Undertake stress
scenario testing



5.

Conduct self-
assessment



Key Requirements:

Fix
vulnerabilities

Close gaps

**Operational
Resilience**
**Lessons learnt so
far from
COVID-19**



Closing remarks and takeaways

1

The UK is headed for a recession in 2020 even with unprecedented government spending. The scale and duration of **economic disruption remain uncertain**.

2

Organisations have the opportunity to both embrace and encourage change - this may include adopting remote working, encourage accelerated customer digital adoption and digital capabilities to support resilience. This change will drive both benefits and stresses for employers and employees alike.

3

Banks could use the context of COVID-19 and the conditioning of digital interactions to **break the inertia of digital adoption** and build in 'Resilience by Design'

Sector specific pieces have recently been issued by Deloitte Insights



[COVID-19 potential implications for the FS sector collection \(2020\)](https://www2.deloitte.com/global/en/insights/industry/financial-services.html?cid=subnav_financial-services)

Learn what questions banking and capital markets, insurance and investment management leaders should be asking themselves right now and what action steps they should consider in the face of COVID-19.

https://www2.deloitte.com/global/en/insights/industry/financial-services.html?cid=subnav_financial-services



[COVID-19 and operational resilience in the financial sector \(2020\)](https://www2.deloitte.com/si/en/pages/about-deloitte/articles/COVID-19-operational-resilience-financial-sector.html)

Learn about the direction of regulatory policy on operational resilience and the impact COVID-19 on the financial services sector.

<https://www2.deloitte.com/si/en/pages/about-deloitte/articles/COVID-19-operational-resilience-financial-sector.html>



[Preparing for the 'next normal'](https://www2.deloitte.com/uk/en/pages/risk/articles/preparing-for-the-next-normal.html?id=uk%3a2sm%3a3li%3a4dcom_share%3a5awa%3a6dcom%3arisk)

Learn about the Modified Resilient Operations and what organisations may need to do to prepare for the period of uncertainty that is likely to follow as the governments lift the restrictions.

https://www2.deloitte.com/uk/en/pages/risk/articles/preparing-for-the-next-normal.html?id=uk%3a2sm%3a3li%3a4dcom_share%3a5awa%3a6dcom%3arisk



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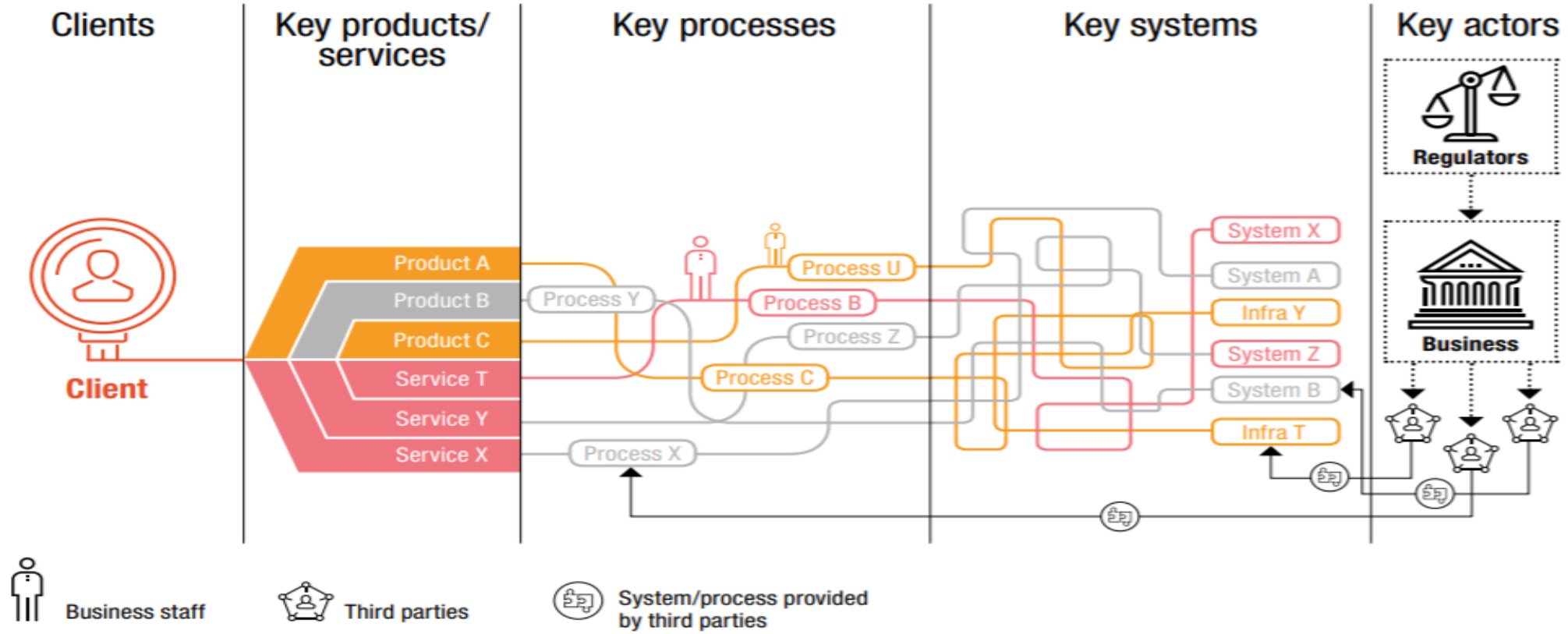
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Operational Resilience – Expectations and Challenges

IOR England + Wales Webinar
10th June 2020

Thibeli Malebo
Standard Bank

Operational Resilience



- Ability to:
 - Prevent
 - Adapt
 - Respond
 - Safeguarding people, assets and the brand

Disclaimer

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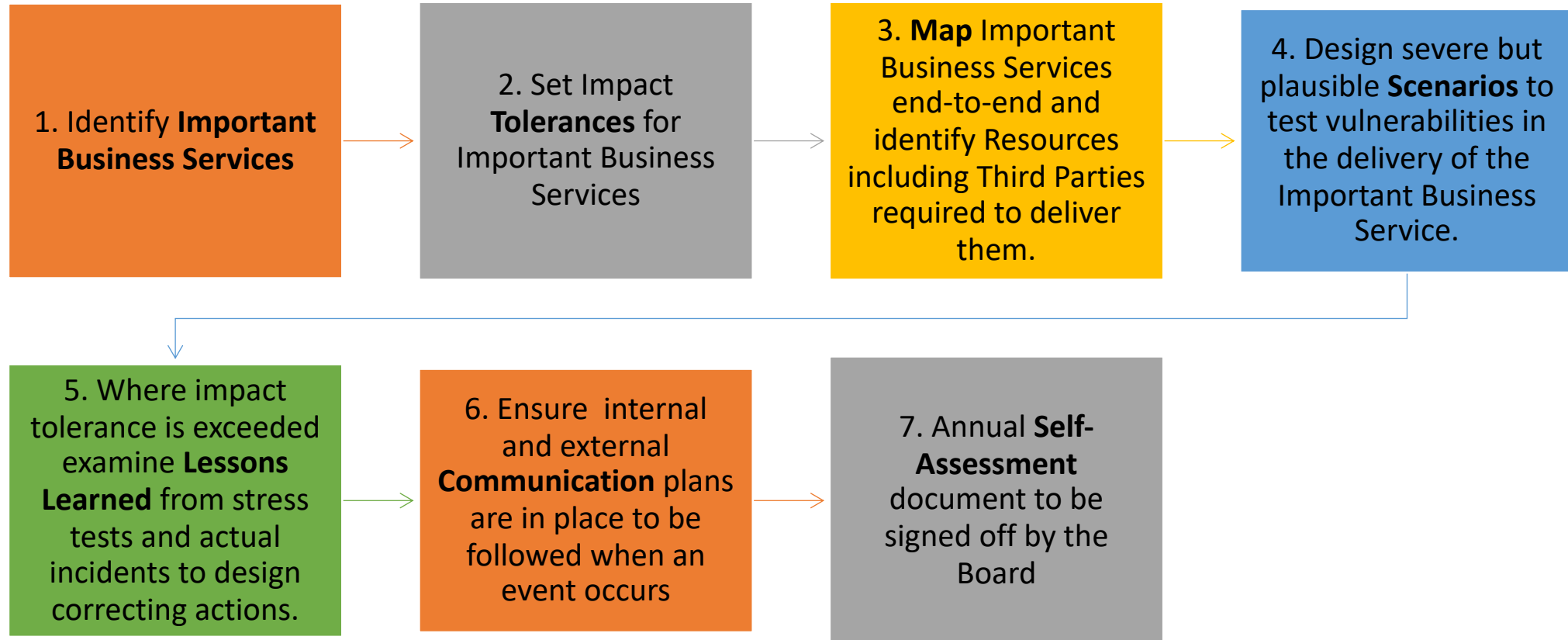
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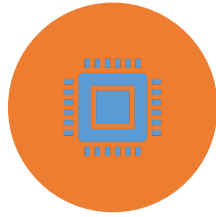
David Goodyear - Founder

Operational Resilience - Key Steps

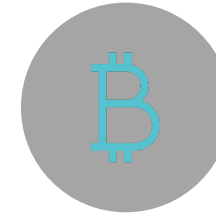


Implementation

Avoiding the Pitfalls



Fragmentation and Duplication – avoid creating duplicative ‘Resilience Risk’ Functions, repeating the errors of conduct ‘risk’.



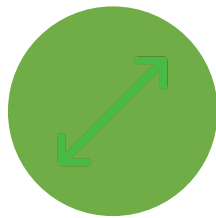
Failure to leverage the Operational Risk Management Framework – operational resilience is an outcome delivered through the ORM framework.



SMF24 (COO) or SMF4 (CRO) working in isolation rather than in partnership to deliver resilience.



‘Reinventing the wheel’ – failure to leverage existing frameworks and tools, including BCM, crisis management, vendor management, cyber security, information security and so forth.



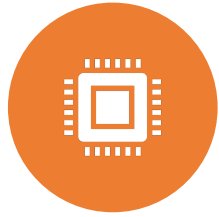
‘Getting into the weeds!’ Avoid the temptation to introduce unnecessary complexity and granularity (especially in the mapping of resources to business services).



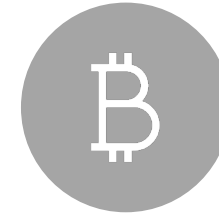
Lack of senior management buy-in

Assumptions to
Deliver

But are they
true?



Governance over
Operational Resilience will
be incorporated into the
existing Governance
framework



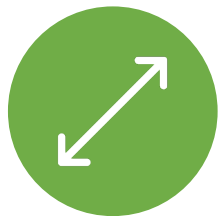
The current state for
Operational Resilience may
be quickly and accurately
assessed



The roles of 1st, 2nd and 3rd
lines of defense for
Operational Resilience are
clearly understood



A largely fit for purpose
control and risk mitigation
framework already exists
supported by a strong risk
and compliance culture



Sufficient resource and
budget to deliver the
project will be available
including secondment of
staff or appointment of
contractors if required



The requirements to
achieve Operational
Resilience from both a
regulatory and practical
perspective are clearly
understood

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