Operational Risk Masterclass

Agenda

Day 1 - Emerging risks, Conduct and Risk Culture

Session 1: Risk identification tools and emerging risks
- Tools and techniques for risk identification
- Exposures and vulnerabilities
- The risk wheel
- Value drivers and reverse stress testing
- Risk register: a list
- Risk connectivity: network of risks
- World economic forum: risk map
- Emerging risks

Session 2: ORM governance and regulation
- Basel 3 for operational risk
- SMA and ICAAP: pillar 1 & 2
- Sound principles: Basel committee
- Governance of operational risk
- 1st line and 2nd line: the partnership model
- Use and reuse: The invisible framework

Session 3: Risk reporting and insight
- Modern issues on events and risk reporting: the regulator’s view
- Analysing operational risk data: get insight, tell a story
- Management information: the “reporting cake”
- Aggregate and escalate risk information: your options

Session 4: Implementing the desired risk culture: a method
- Defining risk culture
- Acting on behaviours: the influencer
- Necessary conditions: willingness and ability
- Risk culture: DESIRE steps: Define - Inspire - Support - Enable - Reinforce - Evaluate
- Assessing the risk culture

Day 2 - Risk Appetite, Internal controls and KRIs

Session 1: Defining risk appetite statements and tolerance limits
- Industry guidance on risk appetite
- Risk appetite, tolerance, risk limits and controls
- Templates and options for actionable risk appetite
- Risk appetite statements: features and examples
- Cascading risk appetite: RCSA & indicators
- KRI and risks limits

Session 2: Internal controls: human error and control design
- Slips and mistakes: Typology and causes of human errors (J. Reason)
- Human Reliability Analysis (HRA) and other methods
- Understand and treat the causes of human error
- Effective or illusory controls
- Prevention by design

Session 3: Root causes analysis – the bow-tie
- Root cause analysis: tool and method
- Benefits of root cause analysis: tracking the common failures and systematic patterns
- Treating causes over symptoms
- Bow-tie: a most effective tool to define KRI and key controls

Session 4: Features and types of leading KRIs
- Features of leading KRIs
- KRI, KPI, KCI: definitions and uses.
- A typology of KRIs
- KRIs: metrics of risks drivers
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## Day 3 - Cyber Security, Scenario Analysis and Project Risks

### Session 1: Cyber threats and information security
- Cyber threat landscape
- Key controls in cyber security
- Physical and behavioural measures
- Prevention framework and assessment
- Lessons learnt from some incidents

### Session 2: Scenario analysis: governance, stress testing and assessment methods
- Four dimensions of stress-testing
- Steps and governance of scenario analysis
- Tackling behavioural biases in scenario assessment
- Industry practices and lists of scenarios
- Assessing probabilities of rare events
- Acting on scenario analysis

### Session 3: Reorganisation risk and project management and outsourcing
- Risk due to changes and reorganisations
- Project risk management and the risk function
- Commonalities with outsourcing risks
- Case studies

### Session 4: Resilience and reputation
- Resilience regulatory guidance
- Reputation risk management framework
- Interactions between resilience and reputation