Operational Risk Management Framework
The World Bank Webinar

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The Bank for International Settlements (BIS) defines Operational Risk as: ‘The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.’
CORPORATE CULTURE

Identity

‘The way we do things around here’

- Risk
- Occurrence
- Management
• Impacts to the Risk Culture:
  • Quality and integrity of staff;
  • Extent of change the organisation is going through;
  • Effectiveness of the control environment; and,
  • Reward practices.
OPERATIONAL RISK FRAMEWORK

Key Components

- Operational Risk Policy
- Operational Risk Management Process
- Risk Treatment
- Risk Monitoring and Reporting
- Identification and Classification
- Risk Assessment and Measurement
• Outline:
  • Sponsorship
  • Identifying Key Risk Officers
  • Firm-Wide Approach
  • Roles and Responsibilities
  • Principles of the Three Lines of Defence
  • Co-ordination
  • Acceptable Risk Levels
  • Control Standards Framework
OPERATIONAL RISK FRAMEWORK

Constraints

• Implementing an Operational Risk Framework:
  • Data collection and management constraints
  • Cultural constraints
  • Resource and cost constraints
  • Indicator constraints