

## Advisory Services

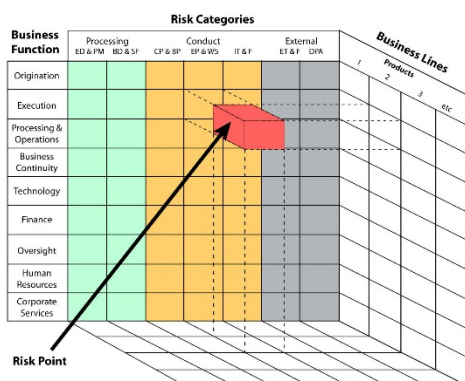
### Enhancing the Value of Operational Risk Management

Managing the inherent risks and exposures that arise from participation in the world's financial markets is nothing new to any financial services organisation. What is new, however, is the need for a formalised approach to managing such risks on a collective basis. This need is being driven by several factors: recurring loss experience; regulatory and legislative pressure; and pressure from various stakeholders within the organisation.

Many firms have responded with effective initiatives aimed at specific issues: regulatory capital estimation under Basel II, Sarbanes Oxley key control identification and testing, and general risk assessment. However, few firms have grasped the opportunity to initiate a comprehensive risk framework to address *all* relevant forms of risk through a single, holistic structure which can enhance the value of the processes and information in managing the organisation.

### Our Approach

We have created a generalised risk framework specifically designed to provide a holistic view of the many operational, strategic and reputational risks facing a modern financial services organisation.



The RiskBusiness Risk Framework is a multi-dimensional model which uses intuitive, risk-sensitive vocabulary to promote systematic and robust risk identification. And this in turn allows management to develop timely mitigation strategies for each risk. By focusing on exactly where and how exposures arise, management can develop appropriate counter-measures. The alignment of loss data collection, risk and control self-assessment, key risk indicator (KRI) measures, and scenario analysis within the Risk Framework, better positions management to effectively assess its risk appetites and communicate risk information and strategies throughout the firm.

### Our Services

We have developed a range of Risk Advisory Services to leverage the Risk Framework, in order to assist management in identifying, profiling, prioritizing, and combating operational exposures and risks.

Examples of these services include:

- *Enhanced Value in RCSA & Risk Profiling* – Introduction of an improved approach to RCSA methodology that focuses on systematically capturing management knowledge, in order to rigorously identify and measure key risks as a basis for internal communication and decision support. The risks and controls are associated with the processes from which they arise, thereby generating a two-dimensional map of risk (a “risk profile”). Risk



*Our team consists of seasoned industry players who have proven experience in designing, delivering and implementing leading risk practices and continue to play an active role in industry working groups and contribute thought leadership through publications and education. RiskBusiness has, both as individuals and collectively, a depth of established relationships with leading organisations and regulators across the field of risk management. RiskBusiness has principal consultancy locations in London, New York, Zurich, Amsterdam, Toronto, Buenos Aires and Hong Kong.*

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profiles can be directly compared and aggregated, and they allow hand-off risks to be more easily identified.

- *Enhanced Value in Scenario Assessment* – Scenario assessment programmes systematically capture management knowledge to define a set of extreme operational scenarios that, by definition, are of a type that can put the organisation's earnings under severe pressure. Each scenario is rigorously defined, with its likelihood and impact parameters linked to underlying business drivers (KRIs/KPIs). This enables the scenarios to react dynamically to changes in the business environment over time.
- *Enhanced Value in Loss Data Analysis* – The Risk Framework includes rigorously defined, specific, and business-intuitive loss categories, which are aligned with the data model used in other operational risk initiatives (such as RCSA and scenario analysis). These loss categories, moreover, can be customised to meet the needs of specialized business units, reflecting their unique risk exposures and business vocabularies. Keyword associations enhance the classification process and promote consistency of results. Clarity and consistency are essential to a successful loss data collection effort.
- *Balancing a KRI Programme* – KRIs can be created and monitored for any business process. To be effective, a KRI programme must focus on creating KRIs for the risks that cause management the highest level of concern. For each such key risk identified in RCSA and scenario processes, a minimum set of KRIs should be selected for tracking and prediction. These KRIs must ebb and flow in relation to the levels of risk experienced by the firm from time to time. For each KRI, tolerances (measured by thresholds/triggers) are established to drive reporting and response mechanisms.
- *Practices Benchmarking* – Emerging best practices in risk management can be observed only through direct experience. Based on the breadth of our client relationships RiskBusiness can provide an organisation with a balanced perspective on how their current practices measure up to a reasonable peer group.

## About RiskBusiness

RiskBusiness Services Limited is a risk consultancy specialising in leading operational risk and enterprise-wide risk management practices. Our consultants are like-minded industry professionals, who have the aim of furthering the operational risk management discipline by adding tangible business value to their clients by enabling them to make informed risk-reward decisions. For more information on RiskBusiness and its services, please contact RiskBusiness Services Limited through our website [www.RiskBusiness.com](http://www.RiskBusiness.com) or email us at [info@RiskBusiness.com](mailto:info@RiskBusiness.com).