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Risk Management

Achieving an effective risk framework

Johann Meeke
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Achieving an effective risk framework - topics

Context

Components

Comments



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A world of risk

Technology
and
Humanity



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What is effectiveness?

Efficiency is doing things right

Effectiveness is doing the right things

Peter Drucker



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Risk Management Framework - doing things right

Identify..

- Risks
- Business & Risk Strategy
- Key/ emerging trends, variances and anomalies
- Aggregation & Concentration
- Stresses and Scenario threats to Business
- New product s & markets

Measure...

- Risk Exposures , risk measures
- Aggregation
 - Key Performance / risk indicators and targets, limits, thresholds
- Effectiveness of Risk Mitigation
- Stress testing and scenario analysis
- Internal Capital Adequacy (ICA)/ Solvency II

Manage...

- Risk Governance, Policies, & Committees
- Risk appetite - challenge business planning cycle, + risk and funding/ capital management
- Training , knowledge management and awareness
- Remediation actions
- Multi level controls

Monitor...

- Risk Exposure vs. risk profile
- Major projects/ change management programmes/ M&A
 - Extent of embedding
- Model standards and related governance
- Reviews, analysis/ testing/ validation
- Challenge "Line 1"
- Own Risk Assessment

Report ...

- Risk Exposures
- Limit breaches
 - Cascade/ escalation processes
- Escalating reports/ findings
- Risk reporting from Divisional flows & analysis
- Regulatory interactions

Embedded and continuous



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Role of the Risk Function - an example



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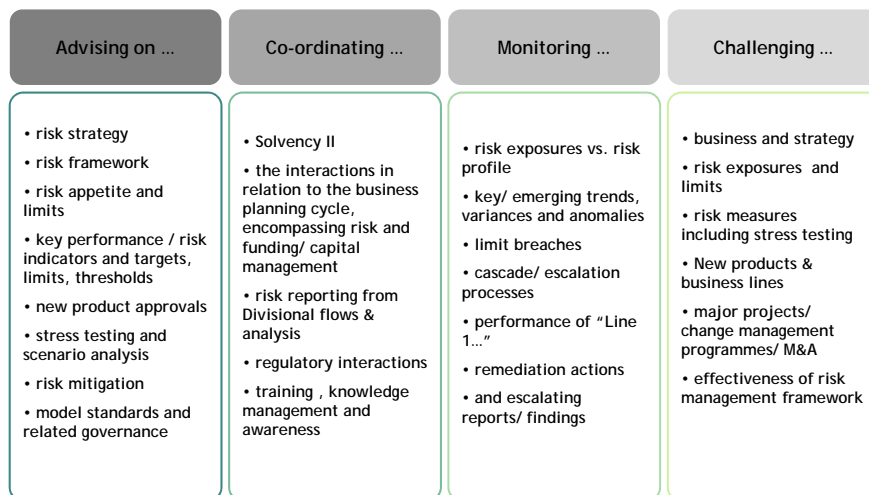
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The CRO mandate - an example



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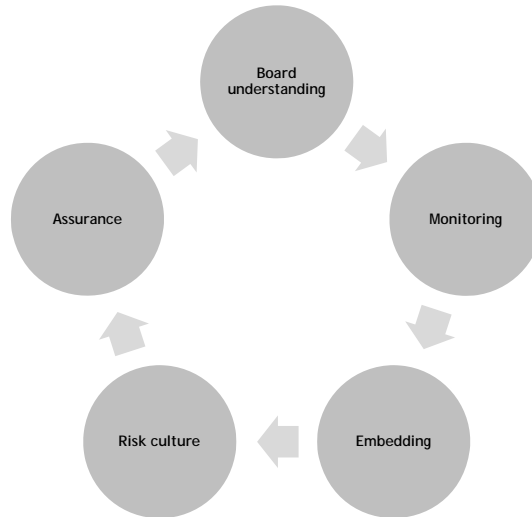
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Some considerations - doing things right



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Doing the right things?

... observations from supervisory reviews



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Thank you

Doing the right things

and

Doing things right



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