



#### WEEKLY WEBINAR SERIES - 4

Applying Operational Risk  
Management thinking to COVID-19

### Effective Risk Governance, Reporting and Communication for COVID-19

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## Webinar Schedule – Financial Services

Date	Topic	AEST	GMT
Thursday 2 April	1. A pragmatic analysis of COVID-19 risks including interconnections with other risks	8.00 p.m. – 9.30 p.m.	10.00 a.m. – 11.30 a.m.
Thursday 9 April	2. An analysis of COVID-19 risk treatments and controls	8.00 p.m. – 9.30 p.m.	11.00 a.m. – 12.30 p.m.
Thursday 16 April	3. A practical approach for processes to manage COVID-19 risks (including decision making)	8.00 p.m. – 9.30 p.m.	11.00 a.m. – 12.30 p.m.
<b>Thursday 23 April</b>	<b>4. Effective Risk Governance, Reporting and Communication for COVID-19</b>	<b>8.00 p.m. – 9.30 p.m.</b>	<b>11.00 a.m. – 12.30 p.m.</b>
Thursday 30 April ....	Based on your post Webinar Feedback	8.00 p.m. – 9.30 p.m.	11.00 a.m. – 12.30 p.m.



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## Your Presenters



**Manoj Kulwal**

Co-Founder & CRO at  
RiskSpotlight



**David Tattam**

Director, Research and  
Training  
The Protecht Group



**Jason Smith**

CEO and Executive  
Director at Risk  
Management Institute of  
Australasia



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## Agenda

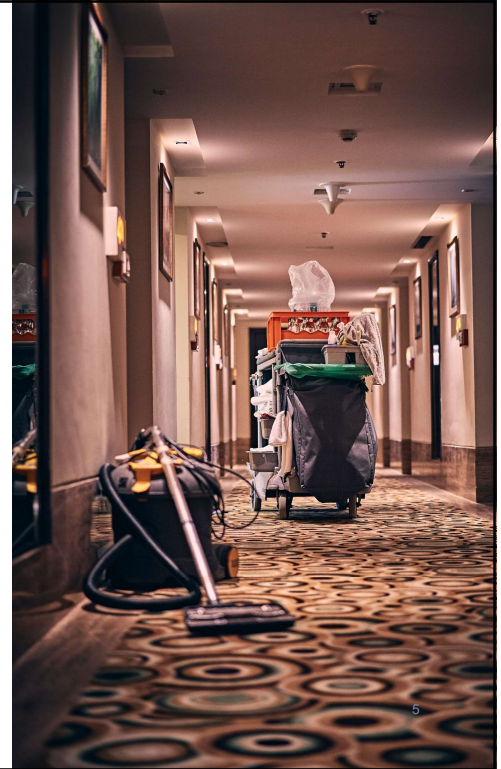
- 1** | Introduction and Housekeeping
- 2** | Presentation 1: Effective Governance, Reporting and Communication for COVID-19
- 3** | Presentation 2: External Data: A COVID-19 update
- 4** | Q&A
- 5** | Conclusions and next Webinar

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## Housekeeping

1. The webinar will go for 90 minutes.
  - Introduction 10 mins
  - Presentations 40 mins
  - Q&A 35 mins
  - Concluding Remarks 5 mins
2. Ask questions as we go. Enter your question in the question section on the GOTO control panel. If the question input area is not visible, click on the orange arrow at the top of the panel to expand the viewing area.
3. Any questions we don't get to during the webinar:
  - Address any key questions at the beginning of the next Webinar
  - Consider writing a blog or a later topic for any theme questions
4. Please complete the post webinar feedback questions at the end of the webinar
5. You will be send a pdf copy of the slides and a recording of the webinar will be made available to registered participants on our websites:  
[www.protechtgroup.com](http://www.protechtgroup.com) [www.riskspotlight.com](http://www.riskspotlight.com)



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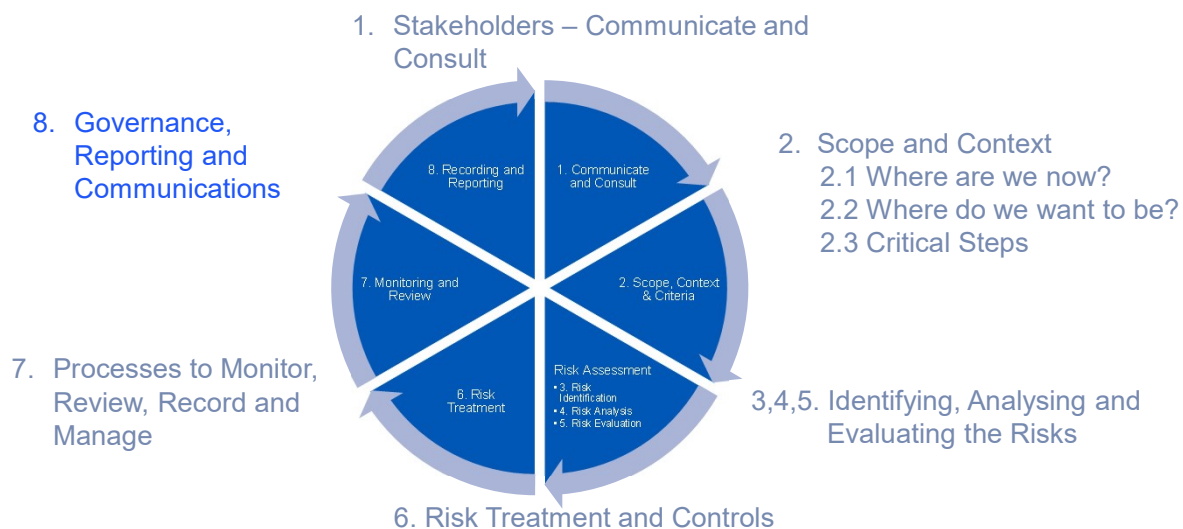
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## Overview



## Governance, Reporting and Communication

1. Governance Structures and the Risk Management Framework
2. Principles of Risk Reporting
3. Communicating what matters and when it matters – The Dynamic Risk Profile

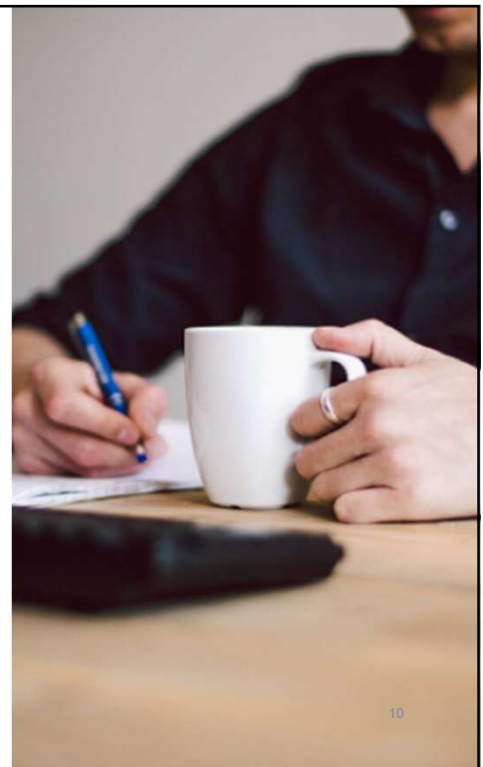
## Step1: Linking Risk Management with Strategy



## Polling Question

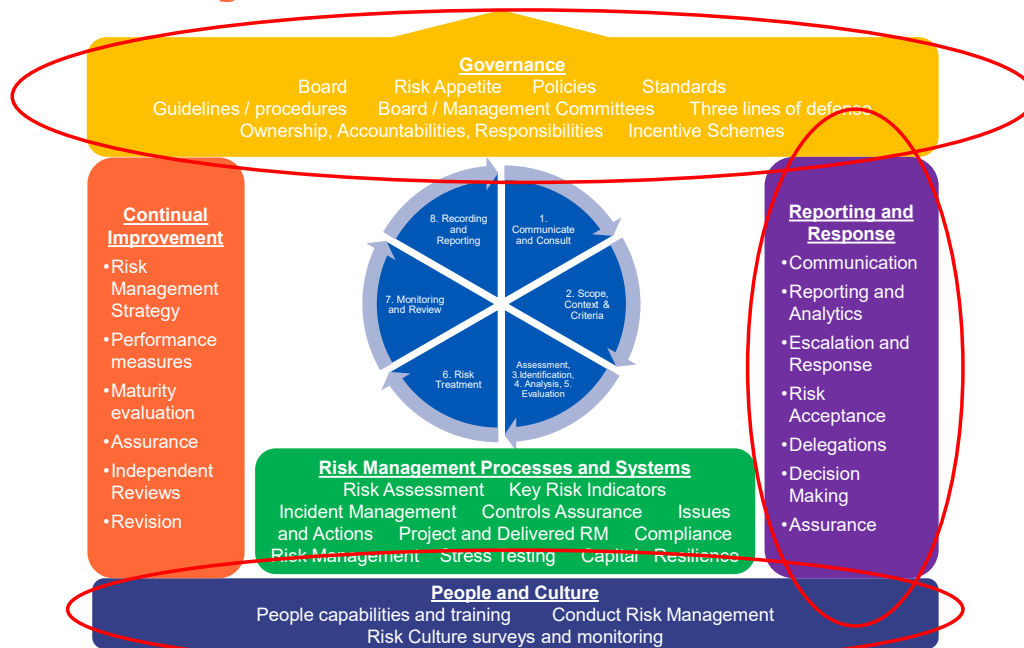
To what degree do you believe your organisation's risk management is linked to, and integrated with, strategy and objectives?

- A. Hardly at all
- B. Partly
- C. Fully





## Step 2. Risk Management Framework



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## A Focus on Governance

- 
1. Board, Board Audit and Risk Committees / Management Risk Committees + Crisis Committee
  2. Risk Appetite
  3. Policies, Standards, Guidelines, Procedures
  4. Three Lines of Defence
  5. Risk and Control Ownership, Responsibilities and Accountabilities
  6. Incentive Schemes

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## Three Lines of Defence



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## Polling Question

To what degree do you believe your three lines of defence model has been disrupted by COVID-19?

- A. Not at all
- B. Partially
- C. Severely

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## A Focus on Escalation, Reporting and Response

1. Communication
2. Reporting and Analytics
3. Escalation and Response
4. Risk Acceptance
5. Delegations
6. Decision Making
7. Assurance

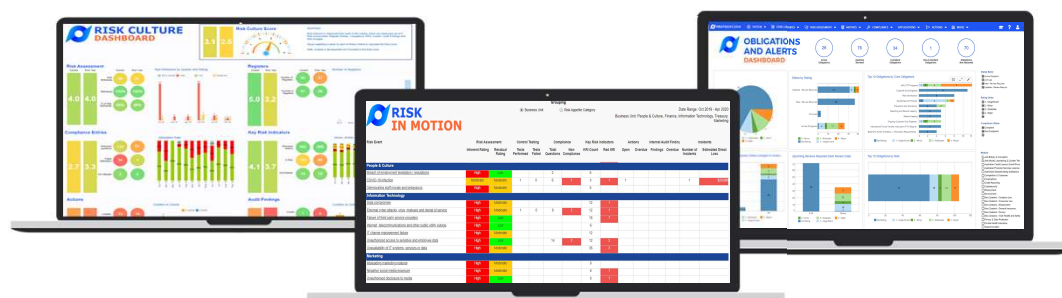
### Reporting and Response

- Communication
- Reporting and Analytics
- Escalation and Response
- Risk Acceptance
- Delegations
- Decision Making
- Assurance

## Reporting and Analytics

### Purpose

- To provide assurance / red flags over key risks
- To assist in making better risk / reward based decisions





## Board Reporting and Communication

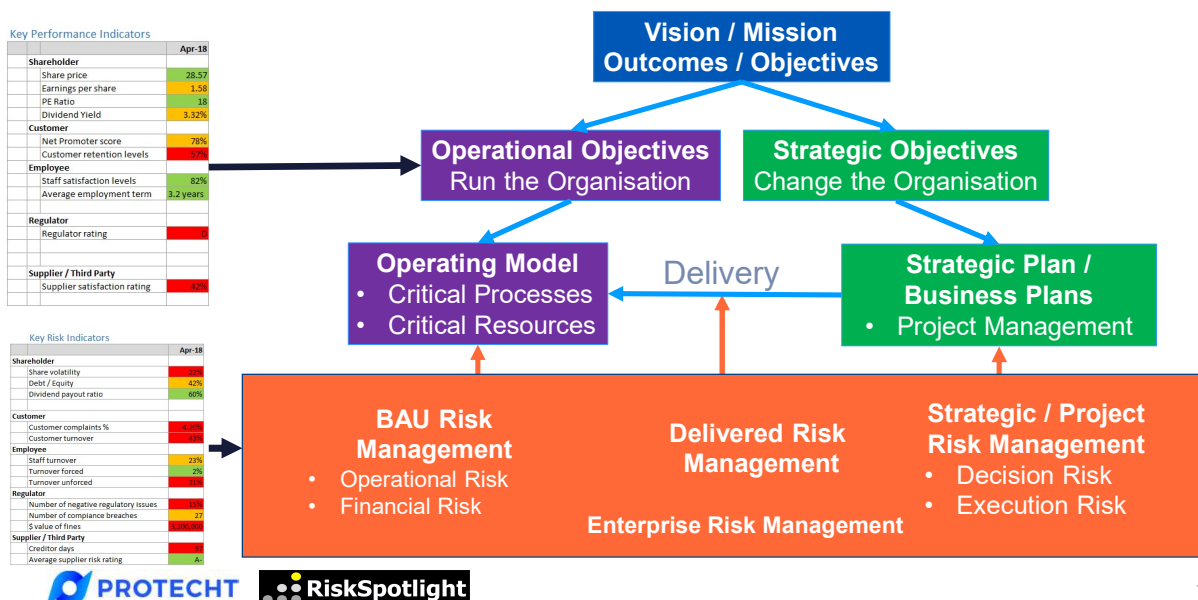
PRUDENTIAL  
INQUIRY INTO THE  
COMMONWEALTH  
BANK OF AUSTRALIA  
APRIL 2018

### Key Lessons

- Board and committees must receive **appropriate risk reports** with relevant metrics
- Must be **strong communication and reporting** between the Audit, Risk and Rem committees
- Management must communicate to the board with **candour** and **both bad and good news equally**
- Line Management should be called upon to **present directly** to committees and the board on material risk matters
- Ensure **Non-financial risks** must be given **equal voice to financial risks**
- Risk data must be able to be **aggregated and viewed across business lines** so as to be able to identify emerging and / or systemic risks
- The objectives of different stakeholders (shareholders, customers etc.) must be **balanced**  
The **voice of finance** and the **voice of customer** must be heard equally
- The **Short and long-term** objectives must be balanced
- The **voice of risk** must be balanced with the voice of reward

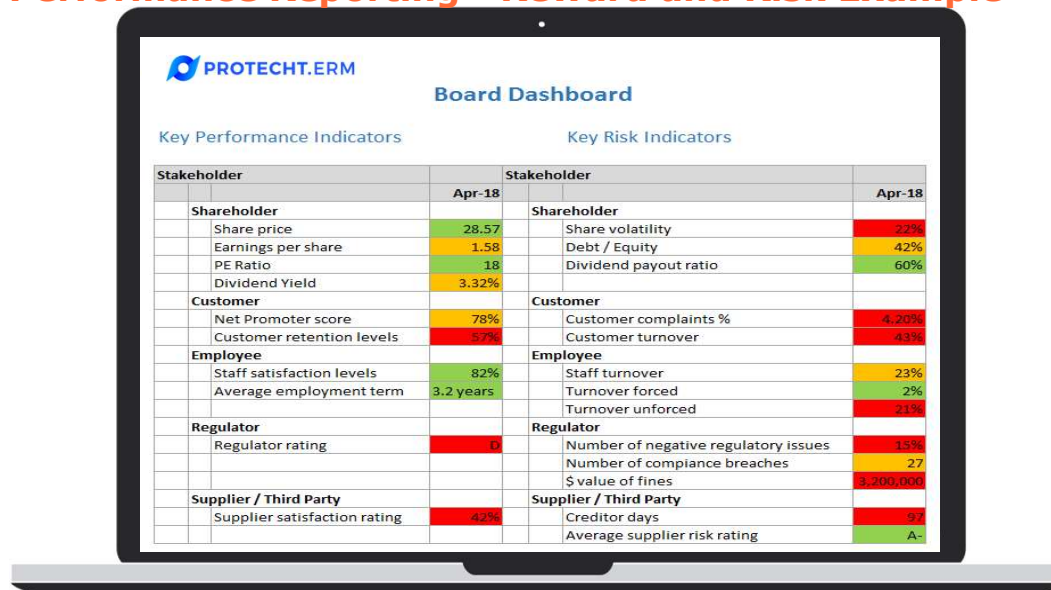
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## Performance Reporting – Risk and Reward



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## Performance Reporting - Reward and Risk Example



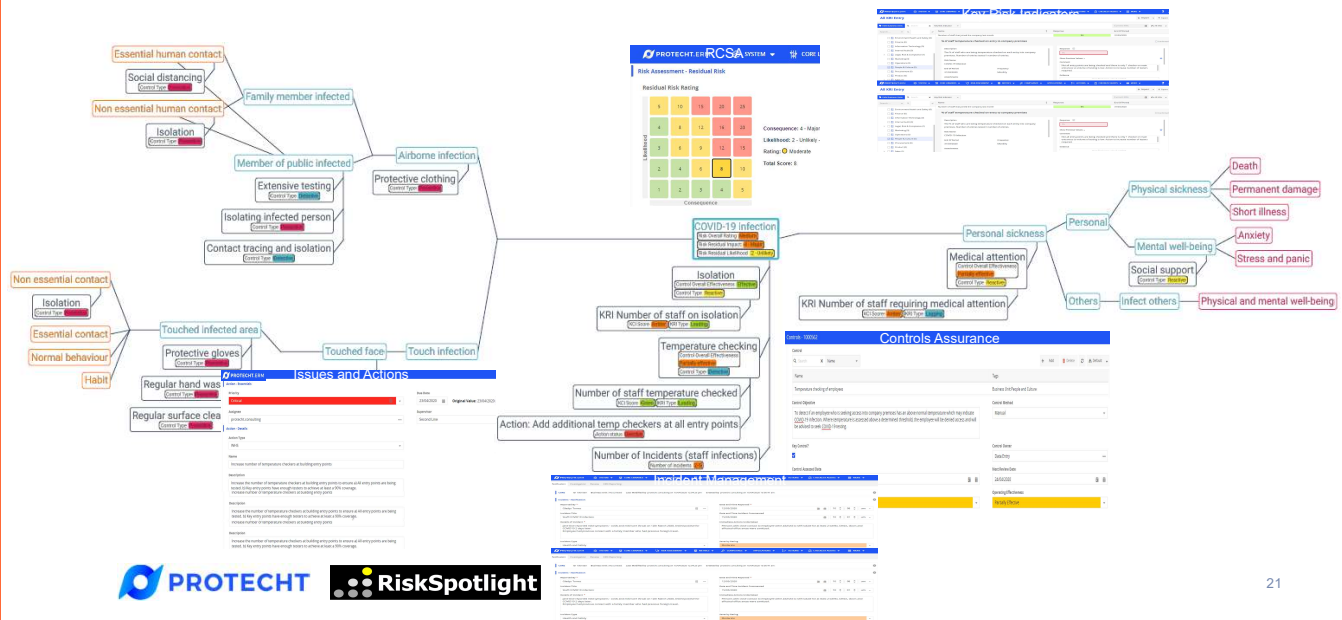
## Polling Question

To what degree is your risk reporting integrated with reward reporting in order to give a balanced Risk / Reward view of performance?

- A. They are reported separately
- B. There is some joint reporting
- C. Risk and Reward are fully integrated for performance reporting

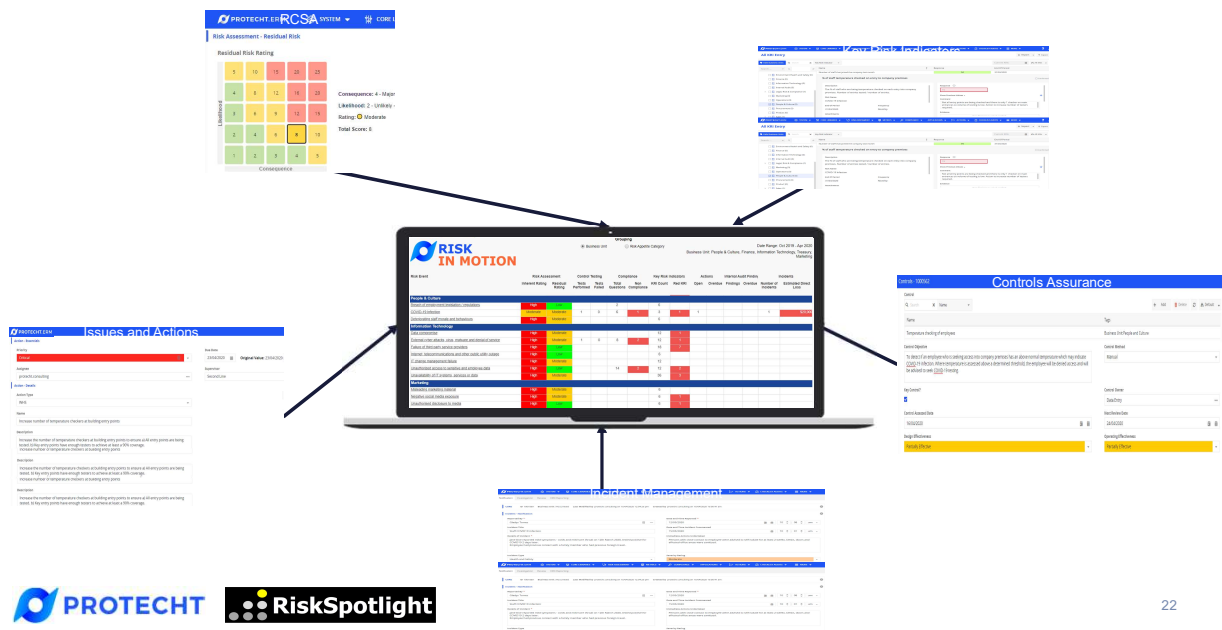


## Dynamic Risk Profile



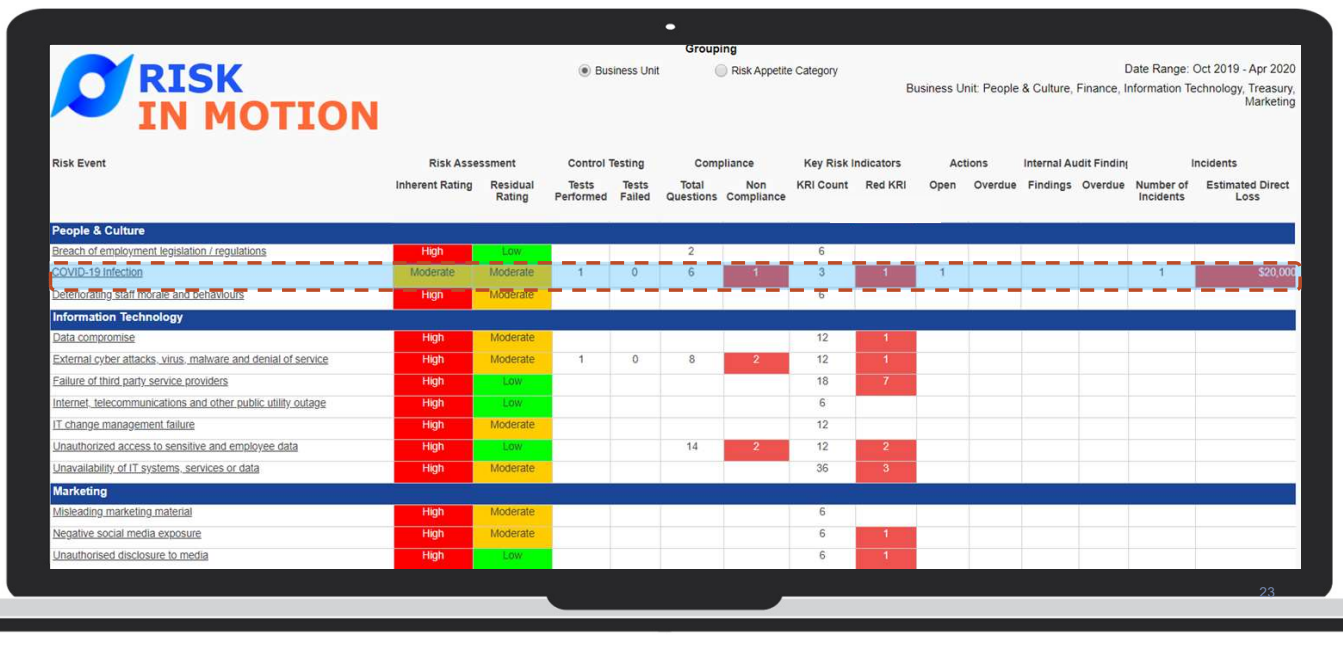
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## Reporting and Analytics



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## Dynamic Reporting



**RISK IN MOTION**

Grouping: Business Unit (selected), Risk Appetite Category

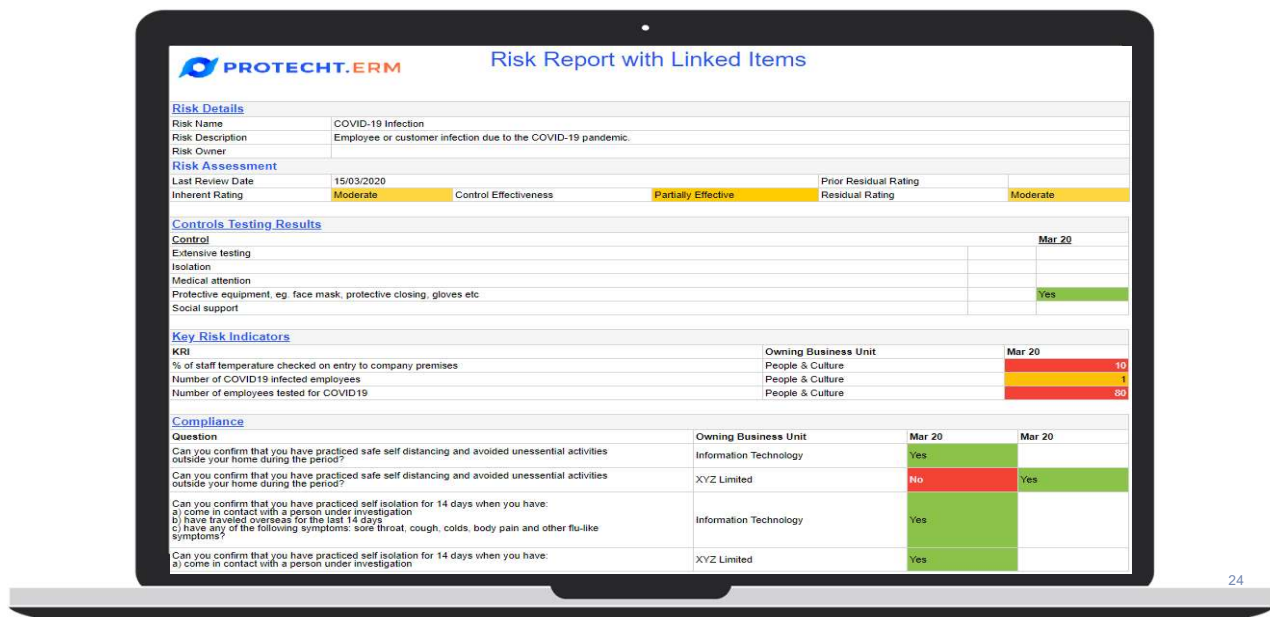
Date Range: Oct 2019 - Apr 2020

Business Unit: People & Culture, Finance, Information Technology, Treasury, Marketing

Risk Event	Risk Assessment		Control Testing		Compliance		Key Risk Indicators		Actions		Internal Audit Finding		Incidents	
	Inherent Rating	Residual Rating	Tests Performed	Tests Failed	Total Questions	Non Compliance	KRI Count	Red KRI	Open	Overdue	Findings	Overdue	Number of Incidents	Estimated Direct Loss
<b>People &amp; Culture</b>														
Breach of employment legislation / regulations	High	Low			2		6							
COVID-19 Infection	Moderate	Moderate	1	0	6	1	3	1	1				1	\$20,000
Isolation of staff in local hotspots	High	Moderate					6							
<b>Information Technology</b>														
Data compromise	High	Moderate					12	1						
External cyber attacks, virus, malware and denial of service	High	Moderate	1	0	8	2	12	1						
Failure of third party service providers	High	Low					18	7						
Internet, telecommunications and other public utility outage	High	Low					6							
IT change management failure	High	Moderate					12							
Unauthorized access to sensitive and employee data	High	Low			14	2	12	2						
Unavailability of IT systems, services or data	High	Moderate					36	3						
<b>Marketing</b>														
Misleading marketing material	High	Moderate					6							
Negative social media exposure	High	Moderate					6	1						
Unauthorized disclosure to media	High	Low					6	1						

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## Drilldown



**PROTECHT.ERM Risk Report with Linked Items**

**Risk Details**

Risk Name: COVID-19 Infection  
Risk Description: Employee or customer infection due to the COVID-19 pandemic.

**Risk Assessment**

Last Review Date: 15/03/2020  
Inherent Rating: Moderate  
Control Effectiveness: Partially Effective  
Prior Residual Rating: Moderate  
Residual Rating: Moderate

**Controls Testing Results**

Control: Extensive testing, Isolation, Medical attention, Protective equipment, eg. face mask, protective clothing, gloves etc., Social support.

**Key Risk Indicators**

KRI: % of staff temperature checked on entry to company premises, Number of COVID19 infected employees, Number of employees tested for COVID19.

**Compliance**

Question: Can you confirm that you have practiced safe self distancing and avoided unessential activities outside your home during the period?

Owning Business Unit: Information Technology, XYZ Limited.

Mar 20: Yes, No, Yes.

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## Polling Question

To what degree is your risk reporting static vs. dynamic?

- A. Very static (e.g. monthly reporting)
- B. Partially dynamic (reporting more frequently than monthly)
- C. Totally dynamic reporting all information available at the current time.



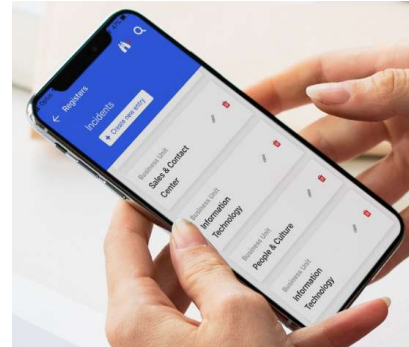
## A Focus on People and Culture Governance





## How do we engage with everyone?

1. Change the perception of risk management from a hindrance to an enabler
2. Make risk management real
3. Make risk management available
4. Educate, Empower and Incentivise




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**Free 2 month trial of RiskSpotlight Portal at <https://www.riskspotlight.com/portaltrial> for COVID-19 OpRisk news**

REFINITIV 

SilverUser1 21 Apr 2020 8:56 PM - RiskSpotlight Portal: First forward-looking operational risk content service.





































Home | Home > Dashboards > COVID-19 News | Logout | Configure Dashboard

RiskSpotlight Portal Home Page | **COVID-19 News** | COVID-19 Risks and Treatments | OpRisk Analysis | OpRisk Radar

COVID-19: OpRisk News By Region

Updates on how financial services firms are dealing with coronavirus (COVID-19)

▼ Expand/Collapse

Global							Europe								
Article Title	Article Link	Article Type	Published Date	Article Create Date	Regions	Countries	Source	Article Title	Article Link	Article Type	Published Date	Article Create Date	Regions	Countries	Source
Cit offers staff special bonus amid COVID-19		 Loss Event	22 Apr 2020	21 Apr 2020	Asia, Global, North America	Singapore, United States	HRD	Barclays Opens CLIBLS to Support Large Corporate Banking Clients Impacted By Covid-19 in the UK		 Loss Event	21 Apr 2020	21 Apr 2020	Europe	United Kingdom	Crowdfunder Insider
Survey Shows How the Security Industry is Mitigating Risk during COVID-19		 Loss Event	14 Apr 2020	15 Apr 2020	Global, North America	United States	Security	Watchdog Warns Banks on Small Business Lending		 Loss Event	21 Apr 2020	21 Apr 2020	Europe	United Kingdom	The National Law Review
Hackers struggle morally and economically over Coronavirus		 Loss Event	09 Apr 2020	09 Apr 2020	Global		Bleeping Computer	Ansvar Insurance CEO outlines coronavirus response		 Loss Event	18 Apr 2020	20 Apr 2020	Europe	United Kingdom	Insurance Business
Shadow IT Represents Major COVID19 Home Working Threat		 Loss Event	07 Apr 2020	07 Apr 2020	Global		Info Security	Coronavirus: Freeze on pawn, payday and car loan payments		 Loss Event	17 Apr 2020	17 Apr 2020	Europe	United Kingdom	BBC
IntSights: The dark web is a wretched hive of coronavirus scams and pandemic cybercrime		 Loss Event	07 Apr 2020	07 Apr 2020	Global, North America	United States	VB	Applan Helps Banks Automate Lending for the UK Coronavirus Business Interruption Loan Scheme (CBILS) and Prepare for the Coronavirus Large Business Interruption Loan Scheme (CLIBLS)		 Loss Event	16 Apr 2020	16 Apr 2020	Europe	United Kingdom	Global Newswire
How Visa And The US Secret Service Are Flattening The COVID-19 Fraud Curve		 Loss Event	06 Apr 2020	06 Apr 2020	Global, North America	United States	PYMNTS.com	Just £1.1bn of Covid-19 bailout loans have been issued to small UK firms		 Loss Event	15 Apr 2020	16 Apr 2020	Europe	United Kingdom	The Guardian
Be On The Lookout For These COVID-19 Insurance Scams		 Loss Event	02 Apr 2020	09 Apr 2020	Global		Forbes	Coronavirus: Insurance firms ordered to pay out or explain		 Loss Event	15 Apr 2020	16 Apr 2020	Europe	United Kingdom	BBC
Government responses to COVID-19 are making the fight against money laundering harder		 Loss Event	02 Apr 2020	09 Apr 2020	Global		Euronews	UK should consider 100% state guarantee for small business loans, banks say		 Loss Event	15 Apr 2020	16 Apr 2020	Europe	United Kingdom	Reuters
Coronavirus: What is BBVA doing to help citizens?		 Loss Event	01 Apr 2020	01 Apr 2020	Europe, Global	Spain	BBVA								
How banks can use technology to improve operational resilience in uncertain times		 Loss Event	30 Mar 2020	30 Mar 2020	Global		Finextra								

## Key COVID-19 Industry Updates

Uncertainty on whether the business disruption insurance policies cover pandemic

Intervention by FCA in UK for insurers to pay insurance claims or explain

7 states in US have introduced bills to force insurance firms to cover COVID-19 losses under business interruption policies

Ireland considering offering 6 month mortgage holiday to consumers (currently 3 months)

Complaints against US banks for prioritising government loans for their existing customers

Complaints against US banks for prioritising government loans that can make them higher fee revenue

## Key COVID-19 Industry Updates

Large scale COVID-19 related external fraud (e.g. phishing attacks)

Top executives in UK banks to forgo bonuses for 2020 (Natwest, Barclays, HSBC, Standard Chartered, Lloyds Banking Group, TSB)

Rise in availability and adoption of remote account opening solutions (e.g. biometrics, passport photo using mobile)

Indian banks deploying mobile ATMs across India to help customers get access to funds

The Central Bank of UAE directed all banks to not terminate jobs and cut salaries of UAE national employees

Bank branch in India asked to reopen after manager closes the branch suspecting all employees were infected

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## Questions and Answers

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## Final Comments



**Manoj Kulwal**

Co-Founder & CRO at  
RiskSpotlight



**David Tattam**

Director, Research and  
Training  
The Protecht Group



**Jason Smith**

CEO and Executive  
Director at Risk  
Management Institute of  
Australasia



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## Coming Up Next Week – Based on your feedback!

### SURVEY PREVIEW

Start survey

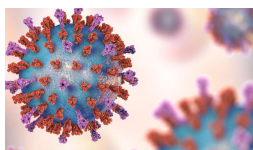
#### COVID-19 Financial Services Webinar 4 Survey

1. Are you interested in attending further weekly webinars on Operational Risk Management with a COVID-19 focus for Financial Services?
  - ☐ If Yes - please select which topics you would like to see covered in the two questions below
  - ☐ No
2. What additional topics would you like to see covered as additional future webinars? - Part 1
  - ☐ The practical application of Risk Appetite to COVID-19 and decision making
  - ☐ Applying strategic risk management to COVID-19 recovery strategies
  - ☐ Practical demonstration of ERM processes applied to COVID-19 using Protect.ERM
  - ☐ How will COVID-19 impact on the future of risk management?
  - ☐ What lessons will be learned from COVID-19 to factor into pandemic, disaster recovery and business continuity plans?

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## Coming Up



### Next Week's Topic

Topic based on feedback

Thur 30 April  
10-11.30am BST  
8-9.30pm AEST



### Webinar - Redefining How You Do Compliance Management

Regulatory Obligations in Protecht.ERM

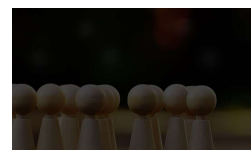
Tues 12 May  
10:00-10.45a.m. BST



### Risk in a Covid-19 World

Key insights on risk and compliance in a Covid-19 world

[protechtgroup.com/covid-19](http://protechtgroup.com/covid-19)



### Managing COVID-19 OpRisks

COVID-19 Resources from RiskSpotlight

[riskspotlight.com/covid19](http://riskspotlight.com/covid19)

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## Thank you!

The webinar recording will be made available for sharing shortly.

Help us improve by filling out the survey at the end of the session.

### Get in touch:

[info@protechtgroup.com](mailto:info@protechtgroup.com)  
[www.protechtgroup.com/erm](http://www.protechtgroup.com/erm)



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