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## Webinar Schedule – Financial Services

Date	Topic	AEST	GMT
Thursday 30 April	5. Identifying effective KRIs for monitoring operational risks	8.00 p.m. – 9.00 p.m.	11.00 a.m. – 12.00 p.m.
Thursday 7 May	6. Building scenarios to assess COVID-19 risk exposures	8.00 p.m. – 9.00 p.m.	11.00 a.m. – 12.00 p.m.
Thursday 14 April	7. Practical demonstration of ERM processes applied to COVID-19 using Protect.ERM	8.00 p.m. – 9.00 p.m.	11.00 a.m. – 12.00 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: Identifying effective KRIs for monitoring operational risk exposures
- 3** | Q&A
- 4** | Conclusions and next Webinar



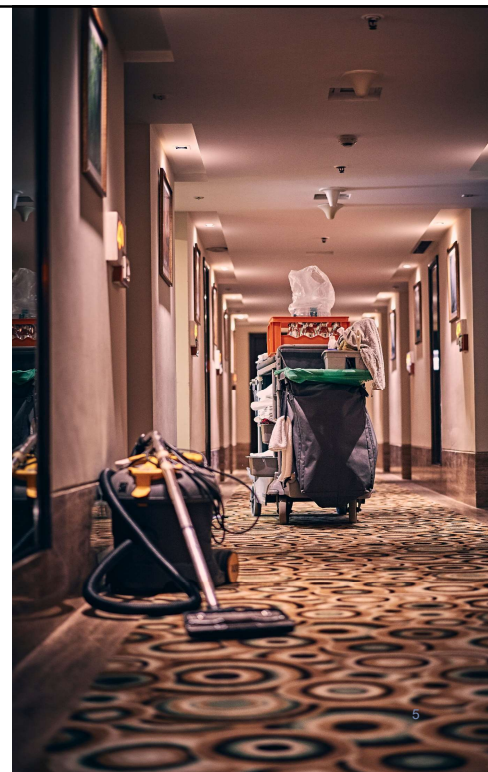
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## Housekeeping

1. The webinar will go for 60 minutes.
  - Introduction 5 mins
  - Presentation 30 mins
  - Q&A 20 mins
  - Concluding Remarks 5 mins
2. Ask questions as we go using 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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## Agenda

1. Why Risk Metrics are important
2. Nature and Types of Risk Metrics
3. Identifying Powerful Metrics
4. Capturing and Scaling Metrics
5. Maintaining, Using and Reporting Metrics
6. Who does what with Metrics?



## The value of Risk Metrics

1. **“Real Time”** monitoring of risk
2. **Early warning system**
3. **Proactive** rather than reactive risk management
4. **Incentivize** staff for risk management
5. **Benchmarking** to promote best practice
6. **Objective information** to manage the business



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## What are Risk Metrics?

1. **A Risk Metric** - quantifiable measure used to track and assess the status of a specific risk.
2. **Risk** often produces symptoms, red flags or other evidence as it travels through its life, from cause to impact.
3. **Controls** often give off evidence which indicates how the control is performing.



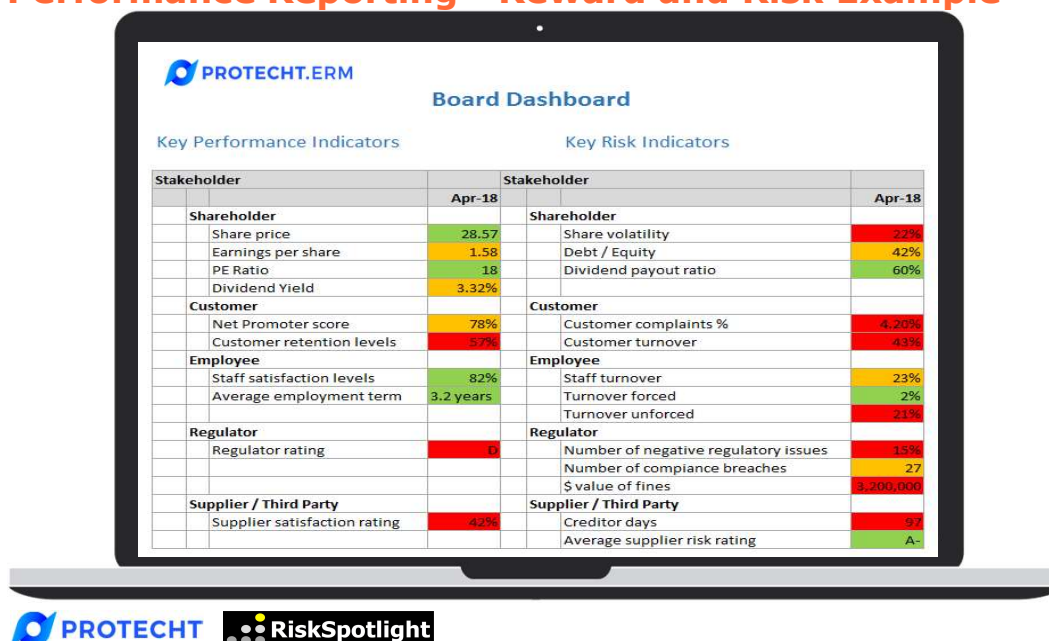


## Types of Metric

- **KRI**      **Key Risk Indicator**  
Indicates the level of risk at each stage of its life (Cause, Event, Impact).  
e.g. Number of infected people in country / region / area
  
- **KCI**      **Key Control Indicator**  
Indicates the performance of controls  
e.g. Number of staff infection tested / temperature tested
  
- **KPI**      **Key Performance Indicator**  
Indicates the achievement against objectives. This is the same as measuring the impact of risk as impact is measured against objectives.  
e.g. Level of customer satisfaction



## Performance Reporting - Reward and Risk Example



## Types of KRI

- **Single** e.g. Number of staff who have been infection tested
- **Composite.** e.g.  $\frac{\text{Number of staff who have been infection tested}}{\text{Total number of staff}}$

Combination of one or more pieces of information such as a ratio or other algorithm.

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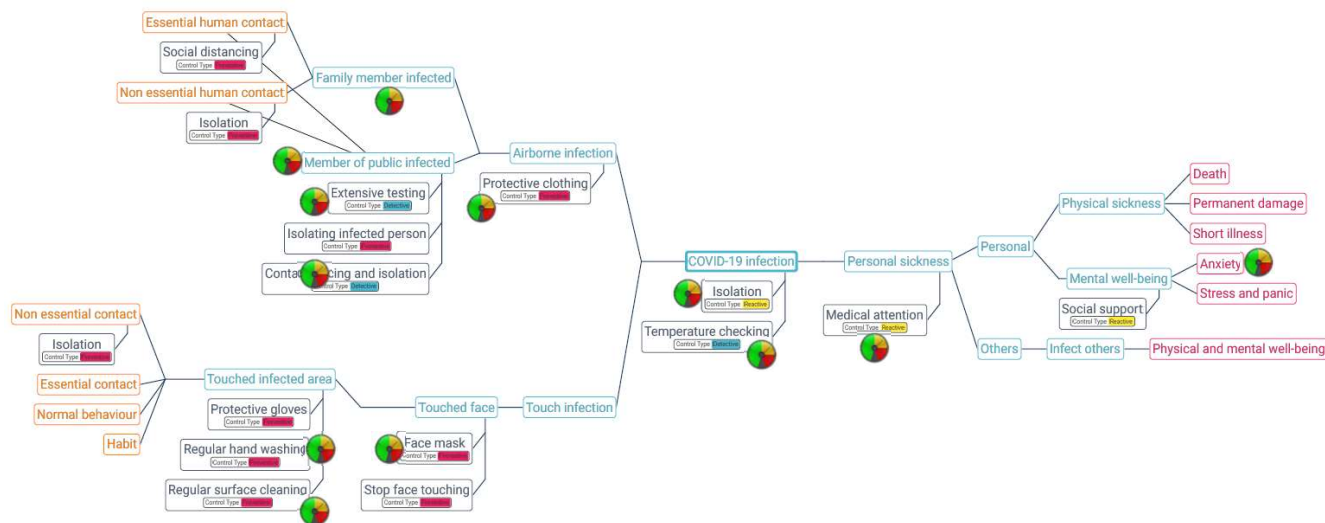
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## Methods to Identify strong metrics

1. Identify Key Risks (aligned to Risk Appetite Statement) and Key Controls
2. Analyse risk – e.g. Bow Tie Analysis (causes, events, impacts and controls)
3. Identify symptoms / red flags / evidence of risk travelling through the Bow Tie and put in place KRIs to track them and KPIs to measure impact.
4. Identify how a key control's performance can be tracked and put in place KCIs
5. Consider single or composite Indicators

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## COVID-19 Infection Risk – Identifying KRIs and KCIs

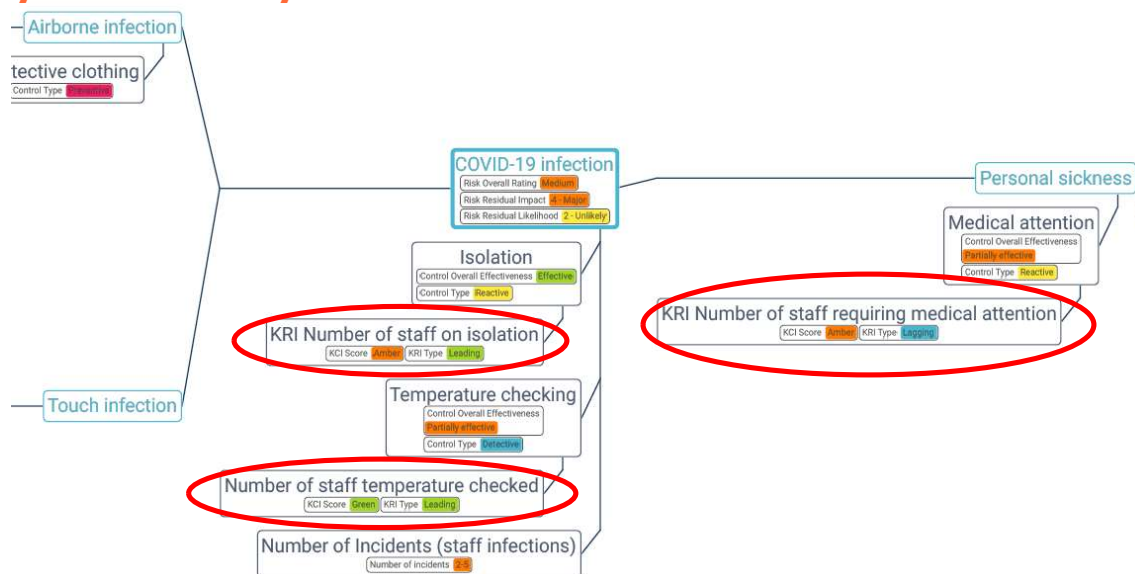


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## Key Risk and Key Control Indicators



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## Features of good metrics

1. Strong correlation between indicator and the risk / control
2. Information: Easy to collect, Reliable, Timely
3. Focus on leading indicators

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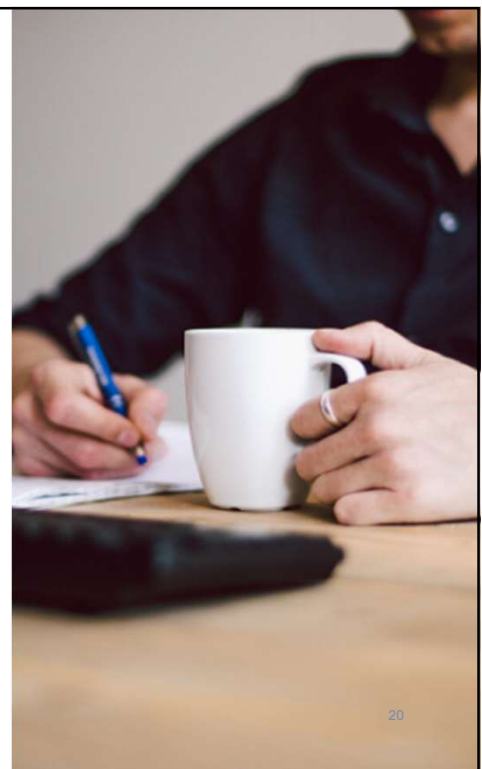
### COVID-19 Metrics

1. Define and analyse the specific "COVID-19" risk. Remember, these are your BAU risks. For new risks, analyse (e.g. Bow Tie Analysis)
2. Review the KRIs you have on your existing risks. Are they still relevant, are there other metrics that track the risk better through this period?
3. Are any COVID-19 related risks that were non key that have become key? If so, look for KRIs on these new risks.
4. Care! Make sure the metrics are valid!

### Polling Question

What % of your key risk indicators would you consider leading as opposed to lagging?

1. Greater than 75%
2. 50% – 75%
3. 25% – 50%
4. Less than 25%



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6. Who does what with Metrics?



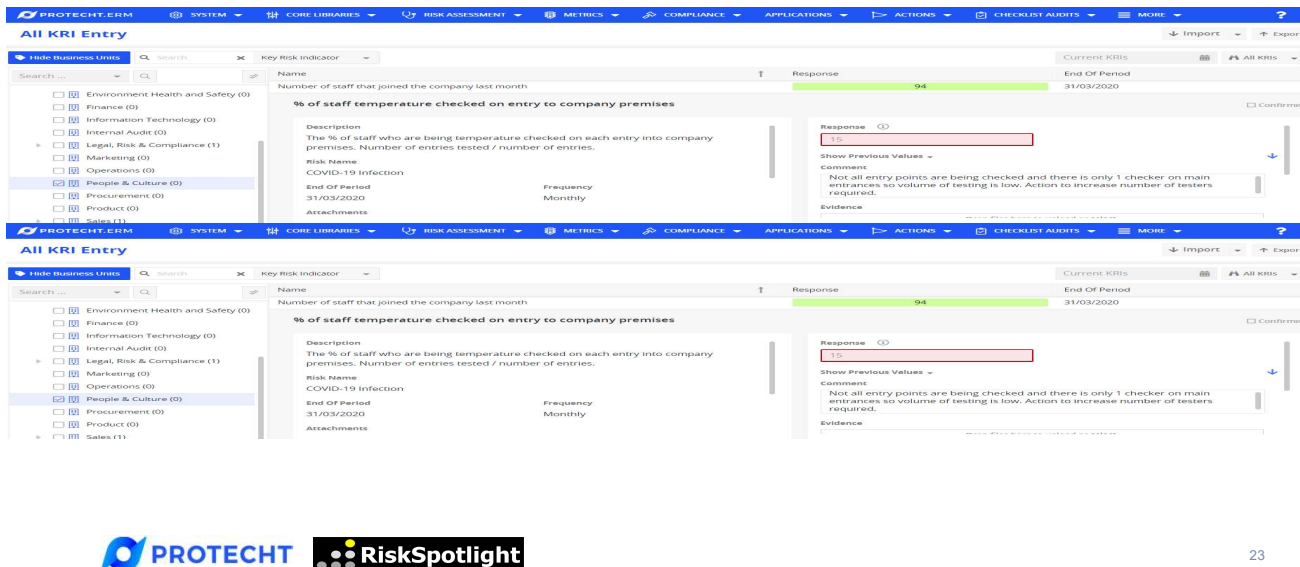
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## Collecting metrics

- Which data source?
- Method: Manual, Automated (APIs), Semi-automated (excel, CSV etc.)

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## Key Risk / Control Indicators



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## Scaling

- Scaling should reflect **risk appetite**
- Determine thresholds between Green / Amber / Red

1. Amber / Red Crossover

2. Green / Amber Crossover



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## KRI Library

- Central Library of Metrics
- Used by multiple business units
- Select from the central library
- Review regularly for relevance and updates
- Review thresholds for ongoing relevance

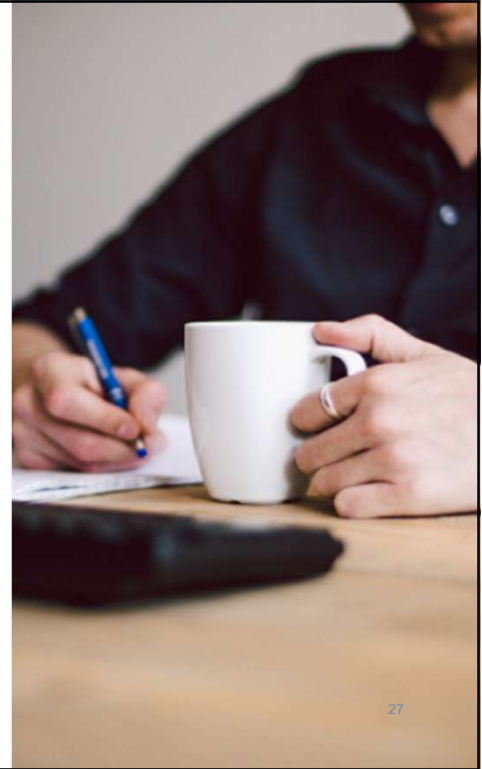




### Polling Question

Do you maintain a central library of KRIs that can be used across the business?

1. Yes
2. No



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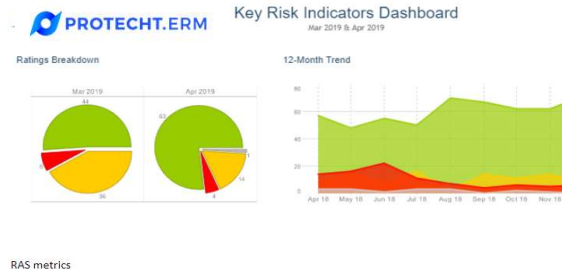
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### Using Metrics

- Escalation process
- Reporting
- Provide Assurance / Early warning signals
- Watch the trend – explanation of why?
- Focus on “Red”, Trend and colour / zone change, too much green etc.
- Link to performance measurement
- Use as a basis for data analytics

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## Reporting Metrics



Market and Investment Risk					
Interest rate risk - PVBP	Treasury	<50000	50000 - 75000	>75000	22,000 12,000
<b>Operational Risk</b>					
% completion rates of mandatory training programs of Contact Center staff	People & Culture	>0.95	0.95 - 0.95	<0.95	0.91 0.95
% completion rates of mandatory training programs on Media Policy awareness	Marketing	>0.95	0.95 - 0.95	<0.95	0.99 0.95
% of all models and spreadsheets (as per Model Policy) independently reviewed in the last 12 months	Operations	>0.95	0.95 - 0.9	<0.9	0.78 0.9

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## Dynamic Reporting

**RISK IN MOTION**

Grouping: ☒ Business Unit ☐ Risk Appetite Category

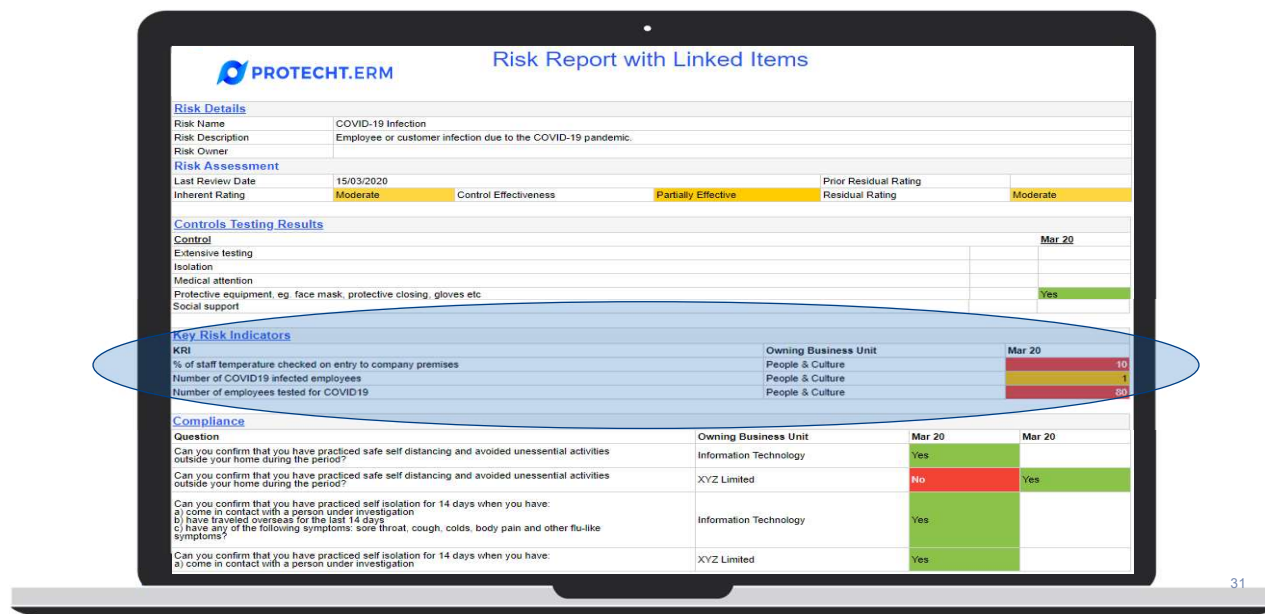
Date Range: Oct 2019 - Apr 2020

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
Harassment, staff morale and behaviours	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						
Unauthorised disclosure to media	High	Low					6	1						

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## Drilldown



**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 Owner			

**Risk Assessment**

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

**Controls Testing Results**

Control	Mar 20
Extensive testing	
Isolation	
Medical attention	
Protective equipment, eg. face mask, protective clothing, gloves etc	Yes
Social support	

**Key Risk Indicators**

KRI	Owning Business Unit	Mar 20
% of staff temperature checked on entry to company premises	People & Culture	10
Number of COVID19 infected employees	People & Culture	1
Number of employees tested for COVID19	People & Culture	50

**Compliance**

Question	Owning Business Unit	Mar 20	Mar 20
Can you confirm that you have practiced safe self distancing and avoided unessential activities outside your home during the period?	Information Technology	Yes	
Can you confirm that you have practiced safe self distancing and avoided unessential activities outside your home during the period?	XVZ Limited	No	Yes
Can you confirm that you have practiced self isolation for 14 days when you have: a) come in contact with a person under investigation b) have traveled overseas for the last 14 days c) have any of the following symptoms: sore throat, cough, colds, body pain and other flu-like symptoms?	Information Technology	Yes	
Can you confirm that you have practiced self isolation for 14 days when you have: a) come in contact with a person under investigation	XVZ Limited	Yes	

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## Polling Question

Approximately how many key risk indicators are used in your organisation?

1. Zero
2. 1 - 20
3. 21 – 50
4. More than 50



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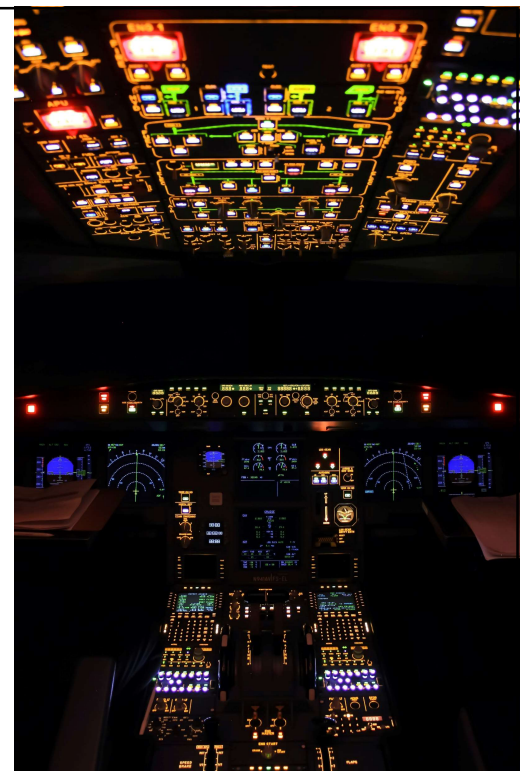
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## Output of KRIs

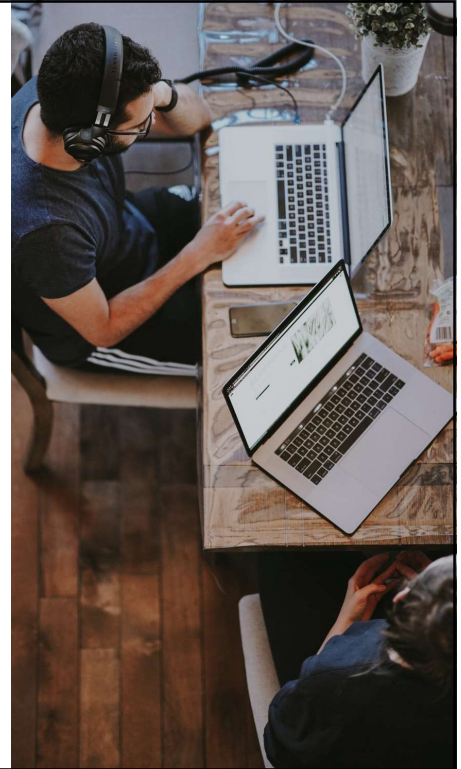
1. Escalation based on level
2. Explanation added if outside of appetite, trending upwards etc
3. Add action to manage back to acceptable level
4. Used in dashboard reporting – particularly Risk / Reward reporting
5. Used as a contribution to dynamic risk reporting
6. Used for performance assessment and incentive schemes
7. Used to communicate and monitor risk appetite.
8. Used to provide assurance / lack of assurance “Early Warning Indicators”
9. Forecast KRIs used in decision making as proxy for risk level
10. Used as a data pool for AI, Risk Analytics and Risk modelling



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## Management Responsibilities and Action

1. Ensure KRI data is input by month end cut-off
2. Ensure KRI data is accurate and complete
3. Ensure scales are relevant and reviewed if necessary
4. Follow up KRIs in Red and Amber
5. Provide positive feedback for KRIs in Green
6. Follow the trend – where is it going?
7. Take pre-emptive action before a problem arises



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## Questions and Answers

Enter your question in the question section on the GOTO control panel.

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## Final Comments



**Manoj Kulwal**

Co-Founder & CRO at RiskSpotlight



**David Tattam**

Director, Research and Training  
The Protecht Group



**Jason Smith**

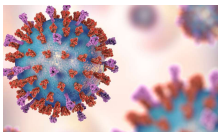
CEO and Executive Director at Risk Management Institute of Australasia



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## Coming up: Protecht webinars



### Next Week's Topic

**Building scenarios to assess COVID-19 risk exposures**

Thur 7 May: 10.00-11.00am BST / 8.00-9.00pm AEST



### Topic: Redefining How You Do Compliance Management

**LexisNexis content in Protecht.ERM**

Tuesday May 12th. 12:00-12.45pm AEST (Syd)

**Regulatory Obligations in Protecht.ERM**

Tuesday May 12th. 10:00-10:45 am BST (London)



### Topic: The "New Normal" of Risk Management. What we will learn from COVID-19

**With Michael Rasmussen and David Tattam**

Thursday, June 18th. 11:00 a.m. BST (London) and 8:00 p.m. AEST, (Syd)



### Webinar Series: WHS – EHS

**Some of the topics will cover:** Risk Metrics, Controls Assurance, Reporting and Response, and others.

From June. Dates TBA.

[protechtgroup.com/webinars](https://protechtgroup.com/webinars)

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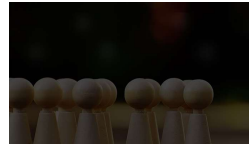
## Further Resources



### Risk in a Covid-19 World

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

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



### Managing COVID-19 OpRisks

COVID-19 Resources from RiskSpotlight

[riskspotlight.com/covid19](https://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:

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