

Define, analyze, monitor, mitigate and report Operational risk for Capital Computation and BASEL II compliance



Client

- One of the largest banks in the UAE providing a wide range of financial services including retail, corporate, wealth, investment, treasury and international banking
- The bank made a net profit of USD 1 Billion and has more than 40 branches and 20 departments with thousands of operational processes

Need

- Achieve BASEL II compliance for defining, measuring and monitoring Operational risk across the enterprise
- Deploy systems and processes to proactively identify, assess, mitigate, monitor and report significant risks in various business lines
- Implement a solution to record mitigating action plans for identified risks, assign the task to an owner, set resolution dates and highlight overdue tasks
- Create automated reporting schedules for incidents leading to operational loss
- Identify, define and allocate various roles and responsibilities to manage Operational risk

Approach

- Enable BASEL II compliance by implementing D&B Operational Risk Analyzer module and capital computation of Operational risk

Results

- Centralized monitoring, control and reporting of Operational risk across various business units and branches
- BASEL II compliance for capital computation of Operational risk
- Quick implementation of mitigation plans owing to standard library of KRIs
- Pre-configured and readily available regulatory and compliance reporting

Operational risk analysis and capital computation to ensure systematic regulatory compliance

D&B ORA, the BASEL II compliant Operational Risk Analyzer solution, offers an exhaustive list of modules covering all aspects of Operational Risk management. The client's system was configured to manage information on Operational risk for more than 20 business units and nearly 40 branches. Computation of capital charge under Basic Indicator and Standardized approach was also part of the deliverables.

D&B's ORA: BASEL II compliant solution to monitor and mitigate Operational risk

The different modules deployed as part of the solution included:

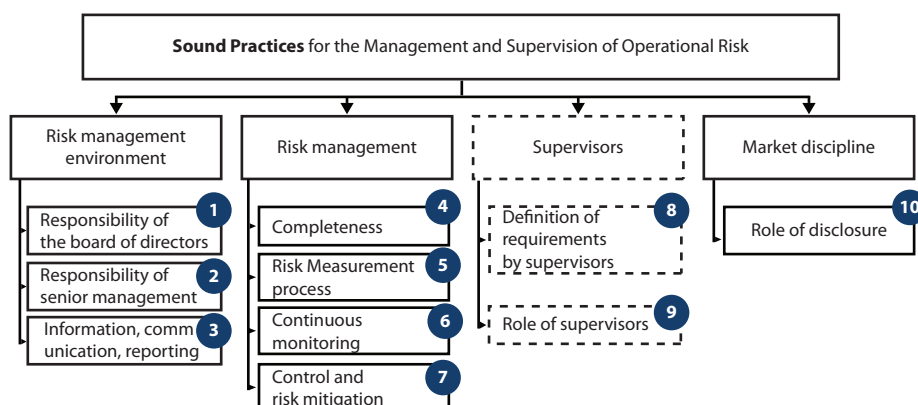
Risk framework mapping: This module helped define and maintain a BASEL recommended process hierarchy for business lines and segments and create activities and processes for various business groups and map these activities to organizational hierarchy.

RCSA: The Risk and Control Self-Assessment (RCSA) module enabled the client to identify risk, assess the frequency, perform control testing, profile the risk, create mitigation plans and monitor the same for closure.

KRI library: D&B provided key risk indicators to jump-track and mitigate various risks associated with operations of various business units and branches. This allowed the client to map these pre-defined KRIs to their various business units and create corresponding mitigation plans.

Risk mitigation: This module allowed creation of mitigation activities, identify individuals responsible for the task, set resolution dates and monitor the resolution status for each defined KRI.

Loss event capture: The loss event capture module helped define and allocate costs to various loss events, quantitative or qualitative and allow reporting of incidents to various governing authorities.



Automated Operational risk monitoring for efficient capital computation and regulatory compliance

The D&B solution facilitated centralized monitoring of Operational risk across the organization and enabled speedy implementation of mitigation plans through a standard KRI library. Pre configured reporting and capital computation of Operational risk helped the client move towards BASEL II compliance.