

RANGE OF PRODUCTS





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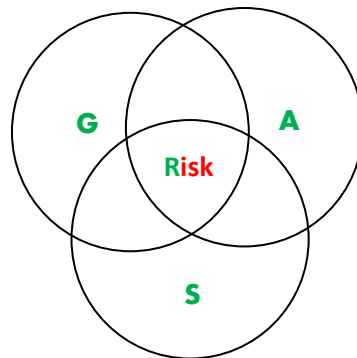
Introduction

Global Risk Advisory Services (GRAS) has developed a unique approach for banks who aspire to be the best in Operational Risk Management (ORM). We have implemented this concept in over 15 banks globally, covering Europe, Asia, the Middle East and South America.

In our experience, the theoretical knowledge about ORM is now widespread. However, the actual implementation of ORM is fraught with many practical complexities. These practicalities can cause the ORM initiative to fail, leading to an increased level of risk. GRAS focuses exclusively on practical matters, covering the full range from governance and policy setting to implementation and bank wide awareness programmes.

Our Method

The GRAS method allows banks to upgrade their ORM practice in the shortest possible time to highest possible level. The concept is based on three components: Governance, Analysis and Solutions. These three components overlap, and are best depicted by a Venn diagram:



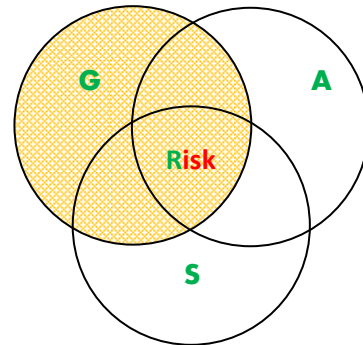
Each component comprises of several modules that each contribute to a specific requirement for ORM. Depending on the bank's direct needs, one or more modules can be selected. The combination of Governance, Analysis and Solutions ensures that Risk is managed in a professional way, according to international best practice.

Part of our ORM philosophy is that all banks are already engaged in ORM. No bank can survive without insight into its risks. Therefore, we always take into account the existing ORM programmes, even if they are not officially called ORM.

In the remainder of this overview, each component and every module will briefly be described. If you are interested to hear more from us, please contact GRAS_BV@Yahoo.com.

Governance Component

The Governance component is meant to ensure that the Board and the Senior Management, as well as the central Risk function have a clear picture of the practical implications of establishing a professional ORM standard. The strategic choices with respect to ORM have many implications for the level of control banks can exercise over their operational risks. As an example, the decision to adopt the Basic Indicator Approach (BIA), the Standardised Approach (TSA), or the Advanced Measurement Approach (AMA) in the future has many consequences for the set up of the ORM programme.



At the tactical level, once the strategic decisions for ORM have been made, there are many choices to be made:

- ✓ Which Assessment techniques should be adopted ?
- ✓ How should the internal Loss Data be gathered ?
- ✓ What is the place of KRIs ?
- ✓ What are the concrete roles of the ORM department, the Business departments and the Audit department ?

The modules are aimed at transferring practical experiences of implementing an ORM structure. We have successfully implemented this in many institutions ranging from national banks with 200 employees and a limited product range, to multi national banks with over 100.000 employees and a wide range of products and services. Using these modules, you will avoid unnecessary investments and implementation disappointments.

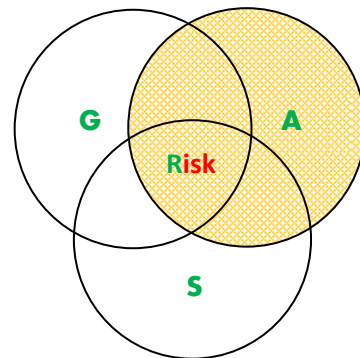
The two modules below focus on Strategy and Tactics:

Name	Audience	Purpose
STRATEGY	Board members and Senior Management	To help set out an ORM strategy, enabling the participants to make clear strategic choices for the introduction of ORM.
TACTICS	ORM Departments	To provide an overview of the practicalities of introducing an ORM programme. We expect the ORM department to be well versed in the theoretical concepts. Therefore, we focus on the pitfalls of introducing ORM and we share our practical experience so that the ORM department can step up the implementation and avoid unnecessary and costly experiments.



Analysis Component

Here GRAS takes a close look at the bank’s current situation. Sometimes, ORM is actually more advanced in the bank than is acknowledged, because the initiatives are scattered through various departments. Also, the business (or indeed even the ORM department itself) is often sitting on much more ORM related data than is realised. By examining this existing information, much progress can be made in upgrading ORM without the intrusion of new ORM tools or techniques. Additional reports based on existing information can rejuvenate the ORM initiative.



Prior to embarking on an upgrade of ORM initiatives, it is worthwhile to benchmark the current status against the desired state. For ORM, this is often the Basel II standard. Both the Standardised Approach (TSA) and the Advanced Measurement Approach (AMA) have now been implemented by us in many banks. GRAS uses its international experience of the past few years to gauge the status quo in your bank and to outline the next steps to be taken. This gap analysis can be executed in relatively short time and may be used to re-align the chosen approach with the reality of the actual implementation efforts.

A separate analysis may be needed to establish whether the current activities will, in due course, lead to sufficient AMA capabilities. Reaching the AMA standard is a long term goal, which requires specialised analysis of ORM data. Lack of ORM data makes it difficult to establish whether the bank is still on course for AMA qualification. Using our experience in AMA banks, we can point out any gaps in the current approach that should be repaired at short notice in order not to jeopardise a future AMA application.

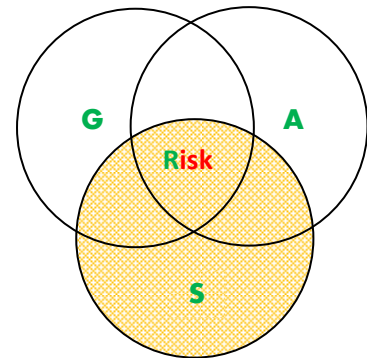
The three modules below focus on Gaps, Data usage and AMA preparedness

Name	Audience	Purpose
GAP ANALYSIS	Senior Management	Provide an overview of the next steps to be taken in the ORM initiative. This analysis can be the start of an ORM programme. Since the introduction of ORM is a multi year activity, it makes sense to conduct a new gap analysis periodically to ensure the project is still delivering results.
ORM DATA	ORM Department, Senior Management	Analyse the available ORM data (losses, assessment data, KRIs) and associated data (like KPIs or other business data), so that the ORM department and the Senior Management can better judge the risks in the bank.
AMA PREPARATION	ORM Dept , Senior Management	Ensure that the current ORM initiatives are in line with the future AMA requirements.



Solutions Component

GRAS provides practical assistance in the development and implementation of ORM tools. We have implemented in more than 15 banks, and have an extensive experience in introducing RSAs, RCSAs, KRIs, CLDs, KRIs and other ORM related programmes. Both the individual ORM tools as well as the interdependencies between these tools must be in line with the bank’s ORM goals. The assistance can thus also be aimed at integrating the bank’s existing ORM tools to ensure an optimal effect of each tool.



In many advanced banks, the ORM programme is supported by an IT System. This is one of the key success factors for a cost efficient ORM roll out. It is also an absolute must for AMA qualification. We have a separate module to assist in the process of selecting an appropriate IT system. GRAS is independent from the software companies and therefore can provide the bank with unbiased advice.

Crucially, we have found that, even if the tools have been introduced and a good system is in place, there is often a reluctance to start using the tools and to provide good information to the system. This often leads to underperforming ORM initiatives. We believe that, next to an appropriate incentive scheme, a formal awareness programme is indispensable. One of our modules is to set up such an awareness programme.

The three modules focus on the ORM toolset, the IT System selection and Bank Wide Awareness

Name	Audience	Purpose
TOOLS	ORM Department	Assist and train the ORM department and the ORM staff in the bank in the use and deployment of the bank’s ORM tools.
SYSTEMS	Senior Management ORM Department	Help in the selection process of an appropriate IT system to accommodate the ORM initiatives.
AWARENESS	Bank Wide	Increase the ORM awareness throughout the bank. This must be achieved through a joint effort of risk and business. It can be realised using a combination of communication materials, specific instructions, road shows, workshops etc.

*For more information, please contact GRAS at Info@GlobalRAS.com
 Marc Leipoldt, Managing Director of GRAS at Marc.Leipoldt@GlobalRAS.com*