

Analytics and Scenario Forum

Leading practices in operational risk scenario analysis and analytics

Virtual meeting

Operational and Non-Financial Risk (ONFR) functions in financial institutions are working to optimise their performance and manage risk in a far more active way. This forum will bring together more than 90 scenario specialists and modellers for two days of discussion on how scenario analysis and analytics techniques can be more efficient and effective and better support active risk management.

Wednesday 22 September 2021 – Day one (*Agenda times are UK based*)

14:00

Welcome to Analytics and Scenario Forum Day-1

Welcome address to the Forum and opening remarks.

LBG – Louise Cordwell, Senior Manager Operational Risk

ORX – Luke Carrivick, Research and Information Director

ORX – Steve Bishop, Head of Risk Management Programme and Insurance

14:10

Synergies in operational risk scenario analysis and wider risk programmes

Integrating scenario analysis with other operational risk framework components is key to (a) avoiding duplication of effort and (b) ensuring consistency in the risk assessment process across the firm. In this session, panellists share how they have integrated risk programmes in their firms, with the focus on the key benefits and challenges.

Bank of America – Ian Philpot, Risk Manager

Credit Suisse – Susan Adibi, Head of Scenario Analysis

Deutsche Bank – George Gibbs, Execution Manager

Morgan Stanley – Paul Doran, Head of Scenario Analysis

Northern Trust – David Hefti, VP Operational Risk

15:00

Incorporating controls into scenarios for risk management benefits

The increased focus on the risk management benefits of scenarios requires the scope of scenario discussions and outputs to be expanded to include control information. This session will begin with a brief introduction from several perspectives before breaking out to provide an opportunity for participants to share how they cover, or plan to cover, controls in their scenario assessment process.

CIBC – Ayala Feldman, Senior Manager - Risk Insights

Natwest – Anna Bridget Littler, Senior Risk Manager

UBS – Anaïs Dangel-Jacquot, Scenario program manager

Virgin Money – Allan McMillan, Risk Manager

15:40

Wellness session

15:50

Coffee Break

16:00

Validating scenario portfolio coverage using the ORX Scenario Library

The ORX Scenario Library collects operational risk scenarios from over 50 institutions. ORX is prototyping new reports to enable firms to compare their scenarios against peers to consider completeness of coverage and the relative scope and size of scenarios.

ORX – Giuseppe Aloj, Scenario Senior Manager

16:10

Using triggers to streamline the scenario review process

Financial firms report that they prioritise scenario reviews when a trigger identifies a change in the risk and control environment. Triggers allow firms to reduce the burden of the scenario review process and identify where remedial action is needed when breaches occur. This panel discussion focuses on how firms define triggers, the main benefits of using them, and the main challenges faced in taking this approach.

First Rand – Amanda Du Rand, Operational Risk Manager and Scenarios Analysis

LBG – Louise Cordwell, Senior Manager Operational Risk

HSBC – Sunil Shah, Global Lead of Operational Risk Scenarios

Nordea – Marie Malmberg, Senior Business Risk and Control Specialist

16:50

Day-1 final remarks

ORX – Luke Carrivick, Research and Information Director

ORX – Steve Bishop, Head of Risk Management Programme and Insurance

ORX – Giuseppe Aloj, Scenarios Senior Manager

17:00

End of day-1

Thursday 23 September 2021 – day two

- 14:00** **Welcome to Analytics and Scenario Forum Day-2**
- Welcome address to Forum Day-2 and recap from Day-1*
- ORX – Steve Bishop, Head of Risk Management Programme and Insurance*
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- 14:05** **ORX information and activities on climate risk**
- Climate stress is expected to increase institutions' exposure to a range of operational risks – usually grouped as physical (e.g., damaged assets), transitional / conduct-related (legal claims) and reputational (e.g., loss of customers due to environmental impacts). This session summarises previous climate discussions and ORX resources on climate risk.*
- ORX – Luke Carrivick, Research and Information Director*
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- 14:10** **Climate stress of operational risk scenarios**
- As the [Basel Committee pointed out in April 2021](#), most efforts to translate climate stress into financial risk have focused on credit risk, while very little attention has been given to operational risk.*
- In this session, we will specifically address this point and show how the use of Structured Scenarios can help measure the impact of climate stress on operational risk.*
- Elseware – Patrick Naim, Risk modelling and quantification expert*
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- 14:40** **Climate Change: How behavioural change and economic consequences may impact operational risk**
- Climate Change is likely to change the behaviours of a firm and its stakeholders. Looking at past crises and events may provide a guide to understand how such changes, and related consequences, look like.*
- ICBC Standard – Michael Grimwade, Head of Operational Risk*
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- 15:00** **Climate change: How to approach transition and reputational risk in stress testing**
- Climate is likely to form a significant part of the 2022 ECB stress test, in which the identification of historical climate losses (physical, conduct and reputational) and the projection of future events are expected to be a key focus. This problem presents a variety of new challenges for operational risk, including data scarcity and the time frame over which climate change occurs.*
- In this session, the discussion will focus on how institutions are responding to the challenge of understanding the relationship between climate and operational risk.*
- Elseware – Patrick Naim, Risk modelling and quantification expert*
- Erste Group – Verena Stefan, Head of Group Operational Risk*
- ICBC Standard – Michael Grimwade, Head of Operational Risk*

15:40 **Wellness session**

15:50 **Coffee Break**

16:00 **What is the future of operational risk capital modelling?**

The simplification of Pillar I capital through the introduction of the SMA – the removal of a model and replacement by a formula – is likely to impact approaches to Pillar II and economic capital modelling. At the other end of the scale (as we saw above), some are taking steps to push the boundaries of operational risk measurement.

This session will begin with a brief introduction from several perspectives before breaking out to provide an opportunity for participants to share how they see the future of operational risk modelling.

ORX – Luke Carrivick, Research and Information Director

Bank of Ireland – Colm Comeford, Head of Operational Risk Measurement

Credit Suisse – Eric Cope, Operational Risk, Capital & Modelling Director

HSBC – Brian Jaggard, Group Head of Operational Risk Capital & Scenarios

Santander – Enrique Muñoz Garcia, Non-Financial Risk VP

16:50 **Priorities for the year ahead**

In the final session, ORX staff reflect on the discussions held over the two days and set priorities for the year ahead.

ORX – Luke Carrivick, Research and Information Director

ORX – Steve Bishop, Head of Risk Management Programme and Insurance

ORX – Giuseppe Aloï, Scenario Senior Manager

17:00 **Close of Analytics and Scenario Forum**

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