

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, 29 September 2021 (*Agenda times are UK based*)

06:30 **Welcome to Analytics and Scenario Forum**

Welcome address to the Forum and opening remarks.

LBG – Louise Cordwell, Senior Manager Operational Risk

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

06:40 **The evolution of operational risk scenario program**

While the primary use of scenario analysis remains risk measurement, scenario outputs can provide greater value when also used for risk management purposes. To this extent, 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, introduced by ORX, participants share their views on how to leverage scenarios for multiple purposes and how scenarios add value to risk management, with particular focus on how controls.

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

ORX – Giuseppe Aloï, Scenario Senior Manager

07:20 **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 ORX resources on climate risk and climate discussions held with EU and North American forums, with focus on approaches in place to estimate physical and reputational impacts.

ORX – Luke Carrivick, Research and Information Director

07:30 Short break

07:40 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

08:20 What is the future for operational risk 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, briefly introduced by ORX, allows participants to share how they see the future of operational risk modelling.

ORX – Luke Carrivick, Research and Information Director

08:45 Wrap-up and closing remarks

In the final session, ORX staff reflect on the discussions held over the two days.

ORX – Luke Carrivick, Research and Information Director

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

ORX – Giuseppe Aloï, Scenario Senior Manager

08:50 Close of Analytics and Scenario Forum