

THE IMPACT OF A PERSONALISED RISK CULTURE

The courage to succeed

RISK MANAGEMENT INTELLIGENCE INVESTIGATIONS



OUR SPEAKERS



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RISK MANAGEMENT

‘The Courage to Succeed’

What is the definition of success for a risk management implementation.....?

- Strong engagement with business users – ‘those who create the risk, manage the risk’
- Risk is embedded in the culture of the organisation
- Risk Managers work on items of higher value to the organisation rather than chasing and collating spreadsheets
- Risk reporting is visible at all levels in the organisation
- Technology is helping and not hindering the risk process.



RISK MANAGEMENT

‘The Courage to Succeed’

But does this really take courage?

- Sticking your head above the parapet
- Asking people to do new tasks that they may not perceive as core to their business
- Changing the mindset / goals of staff
- Navigating political challenges
- Spending money on the risk program
 - External advice, software etc
 - Sound investments but showing returns can be a challenge



RISK MANAGEMENT

‘The Courage to Succeed’

Courage versus foolhardiness?

- ‘Tone from the Top’
- Executive support
- Risk Management software???

As you build the risk culture, software will
underpin or **undermine**
your chances of success !



RISK MANAGEMENT

‘The Courage to Succeed’

The software battle is not about functions, features, bells and whistles

Its about easy of use and user acceptance ...

But all users are different, so the software must allow you to ‘personalise’ the risk experience for users...



WHAT IS PERSONALISED RISK CULTURE?



- One that allows everyone to engage with the risk process regardless of;
 - Job function
 - Level of risk knowledge
 - Frequency of use
- Intuitive, flexible
- Users only see information that is relevant to them, in a meaning format
- Provides a context for what is important for individuals – from strategic objectives to business unit/project goals

Benefits of a PERSONALISED RISK CULTURE



- Engaged staff
- Training requirements reduce through intuitive, relevant workflows
- Better quality risk data
- Better strategic decisions making
- Risk staff can concentrate on high value activities rather than chasing and collating risk assessments

= SUCCESS

A long-exposure photograph of the SBS Bank building at night. The building is a multi-story structure with a prominent cylindrical tower in the center. The tower is illuminated, and the SBS logo is visible on top. The building's windows are lit up, and the street in front is blurred with light trails from passing vehicles. The sky is dark blue.

SBS

- History
- New Zealand Ownership
- Branches / Services

Banking

- Confidence
- To Big to Fail
- Regulation



RISK ENHANCEMENT PROGRAMME

This initiative was a suite of interlinked and co-ordinated change projects which delivered the following during 2011/12.

- Embedding of a risk awareness culture across the organisation
- Simplified and clear operational risk governance
- Enhancement of policies and standards to reflect evolving best practice
- Introduction of a state of the art platform which facilitates proactive risk management, compliance and governance



RISK ENHANCEMENT PHILOSOPHY

Centre's around the following 5 areas

- Personalise Risk Culture
- Defined Risk Appetite
- Risk / Reward Alignment
- Clarity and Transparency
- Compliance

IMPLEMENTING A PERSONALISED RISK CULTURE

- Culture – setting the tone at the top
- Developing and marketing the value proposition
- Earning a seat at the table
- Empowerment of business units while maintaining central guidance and control
- Business drivers – linking operational risk activities to the Performance Management cycle



SIMPLIFIED AND CLEAR OPERATIONAL RISK GOVERNANCE

- Managing operational risk is the responsibility of all employees in the Bank
- In respect to managing operational risk, three levels of control have been organised
- Operational risk is managed in the business where it occurs, supported by the Risk and Support function
- Lean knowledge-focused Risk and Support function driving policies, minimum process standards, risk appetite, portfolio management and ensuring oversight of the BU's
- Executive level Operational Risk Management Committee with clear mandate / authorities from the Board level Audit and Risk Committee

ENHANCEMENT OF POLICIES AND STANDARDS

TO REFLECT EVOLVING BEST PRACTICE

PAST RISK EVENT MANAGEMENT

- Operational losses, gains and near misses
- Insurance claims
- Compliance events

PRESENT RISK ASSESSMENT

- Operational Risk Assessment Process (e.g. change assessments)
- Key Risk Indicators

FUTURE EMERGING RISKS

- Risk Outlook
- Scenario Analysis

All complemented by analysis, mitigation planning and action tracking

INTRODUCTION OF A STATE OF THE ART TECHNOLOGY

FACILITATES PROACTIVE RISK MANAGEMENT, COMPLIANCE AND GOVERNANCE

- Minimises manual and ad hoc processes
- Integrated system which impacted our business in three ways

RISK

Organisation-wide visibility
into the Bank's risk and
compliance profile

COMPLIANCE

Ability to document and
correlate relevant legislation
and internal policies, controls
and processes

GOVERNANCE

With increased
management of risk comes
expanded corporate
governance obligations

WHICH BRINGS US A FULL CIRCLE TO THE IMPORTANCE OF PERSONALISED RISK CULTURE

In order to successfully enhance and promote a personalised risk aware culture and philosophy...

- Clear risk philosophy
- Simplified operational risk governance
- Enhancement of policies and standards to reflect evolving best practice
- Technology which facilitates proactive risk management, compliance and governance

...and Risk Managers with courage



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