

Business Risk Measurement and Management

ASPECT ADVISORY ACADEMY
TECHNICAL SEMINAR



10th April, 2024



09:00 – 17:00 CET



Virtual | On-site



Refer pricing structure

Have a question? Send us a mail to:
aaa.aspectadvisory.eu

OVERVIEW:

This seminar deep-dives into a risk that every bank is exposed to, but which often receives (too) little attention: business risk defined as an unexpected drop in business volumes, margins and fees. It is an important risk for fee-driven business models like wealth manager, and custodians. The seminar starts out with a definition (and demarcation) of business risk against other risk types like credit-, market, and interest rate risk in the banking book. Subsequently, we discuss the most popular approaches of business risk modelling (both top-down and bottom-up). Finally, we look at the model life cycle starting on early warning indicators, data collection and calculation of business risk.

AGENDA OUTLINE:

1 Day Seminar – please refer following slides

WHO SHOULD ATTEND:

We believe that this seminar is most useful for participants from:

- Supervisors
- Risk management
- Risk controlling
- Internal audit
- Model Validation

SEMINAR FORMAT:

- This seminar will be conducted in English
- This session will be conducted via Microsoft Teams. On completion of your registration you will receive a link to the meeting

COURSE MATERIAL:

- Sessions are recorded and could be obtained on request at the end of the seminar
- Trainers presentation slide decks could be obtained on request at the end of the seminar
- Certificates will be awarded at the completion of the seminar

CERTIFICATE:

- Certificates will be emailed to the participants on completion of the seminar

1 DAY

Business risk measurement and management

09:00

1 Identification:

Definition and demarcation against other risk types (strategic risk, reputational risk, financial risks) Data demarcation

10:30

Morning coffee break

10:45

2. Measurement:

- Top-down:
 - breaking down headline earnings
 - analysing their fluctuations: business risk or non-business risks
- Bottom-up:
 - Understanding the firm's business model/ value chain
 - structured interviews with business units: what can go wrong?
 - Scenario risk drivers
 - Combining historical headline earning fluctuations with scenario losses (a la AMA in OpRisk)
 - Data challenges: what data is required to model business risk?
 - Model estimation, validation and maintenance
 - Data availability

12:15

1 DAY

Lunch Break

3. Risk appetite for business risk and limit allocation

4. Does all business risk needs to be backed by internal capital?

13:30

15:00

Afternoon Coffee Break

5. Business risk management framework

- early warning indicators
- data collection
- calculation of business risk

15:15

17:00

6. Summary

Close of Session