



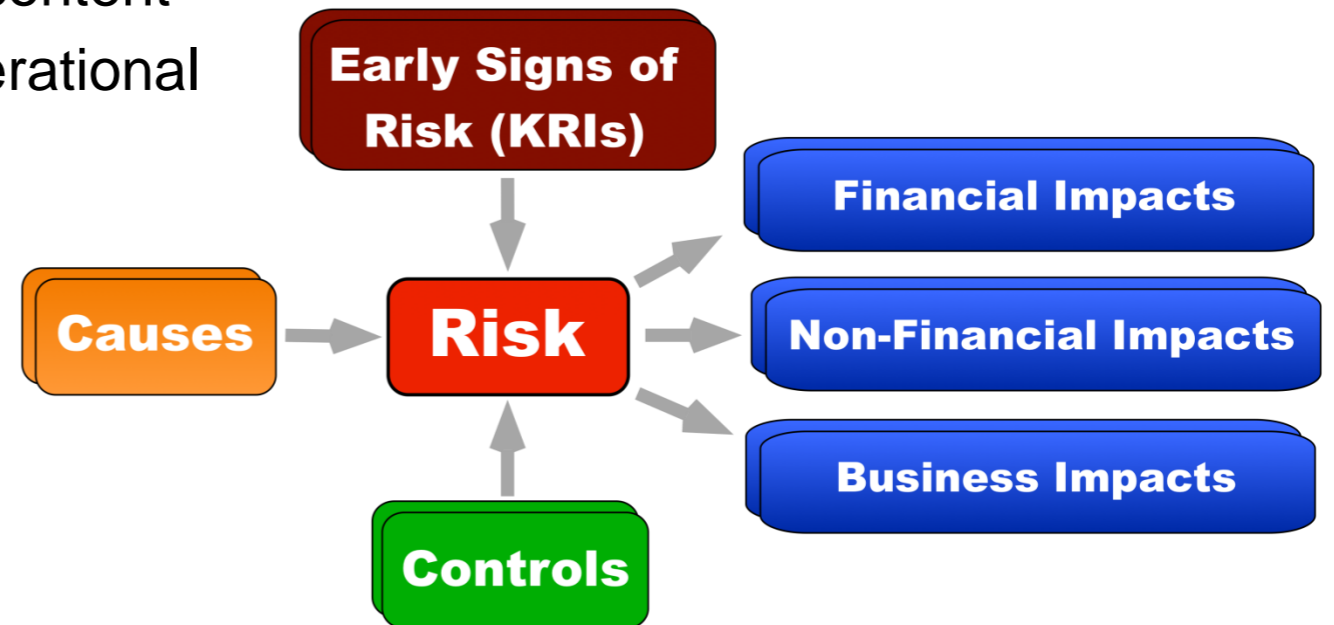
RiskSpotlight Library

Sample Content

About this library

- This library covers common operational related risks.
- For each risk, the library covers the following content required for effectively managing common operational risks: -

- Causes
- Financial Impacts
- Non-Financial Impacts
- Business Impacts
- Early Signs of Risk (including Key Risk Indicators)
- Controls



RiskSpotlight - Operational Risk Examples

Risk Category	Risk Title
Business Process Execution Failures	Incorrect processing of customer business transactions, due to business process flaws
Business Process Execution Failures	Mis-selling products or services to customers, due to business process flaws
Technology Failures & Damages	Malicious damage to software or information within key IT Systems by external parties
Technology Failures & Damages	IT projects fail to deliver business requirements within planned timelines
Improper Business Practices	Intentionally mis-selling products or services to customers
Improper Business Practices	Changes to structure of products or services, where such changes may be considered unfair by customers or regulators
Damage to Tangible & Intangible Assets	Damage to tangible assets from natural disaster events (e.g. flooding)
Damage to Tangible & Intangible Assets	Damage to tangible assets from man-made disaster events (e.g. terrorism)
External Theft & Fraud	External parties exploiting weaknesses in business processes or IT Systems to extract fraudulent payments
External Theft & Fraud	Firm's products/services are utilised for money laundering

RiskSpotlight - Operational Risk Examples

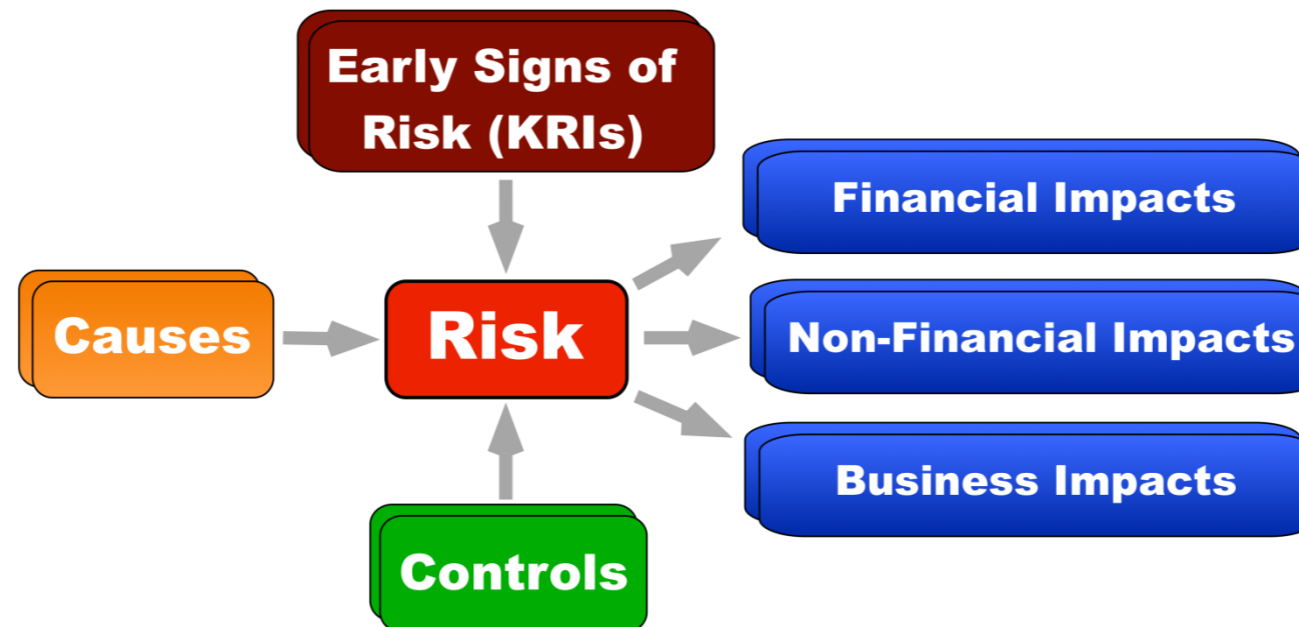
Risk Category	Risk Title
Vendor Failures & Damages	Damaging or unfair actions taken by vendors against the firm
Vendor Failures & Damages	Unexpected bankruptcy or shutdown of a key vendor
Internal Theft & Fraud	Offering a bribe in return for overlooking illegal activity or receive preferential treatment
Internal Theft & Fraud	Misuse of authority to embezzle firm's assets for personal gains
Employment Practices & Workplace Safety	Harassment of employees by their managers or colleagues
Employment Practices & Workplace Safety	Wrongful termination of employment
Regulatory & Compliance	Delay in submitting mandatory reports to law enforcement agencies or regulators
Regulatory & Compliance	Submitting inconsistent or conflicting data to multiple law enforcement agencies or regulators

For complete list of operational risks covered in this library, please send an email to customerservice@riskspotlight.com

Sample Content

Risk = Insider trading on firm's accounts

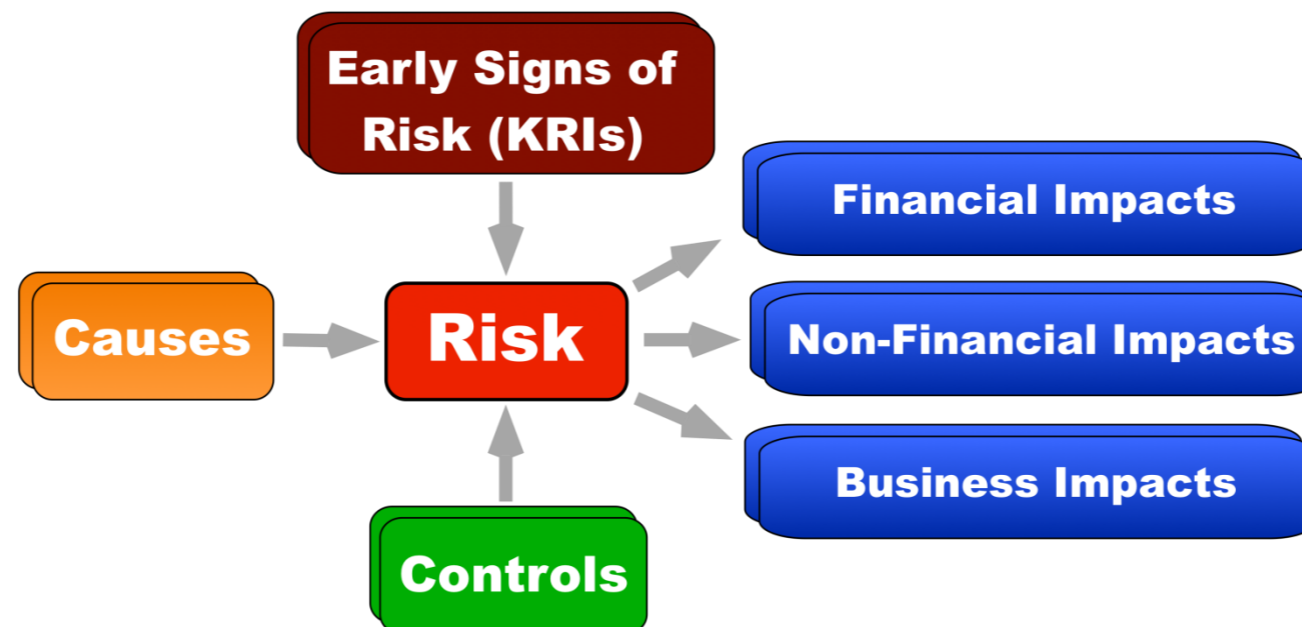
Causes	Impacts	Early Signs of Risk	Controls
<ul style="list-style-type: none"> - Pressure from investors - Lack of adequate training for employees on their compliance obligations 	<ul style="list-style-type: none"> - Fines imposed by regulators - Partial or full ban from operating in one or more markets 	<ul style="list-style-type: none"> - Increase in issues related to insider trading - Regulatory warning to firms regarding insider trading 	<ul style="list-style-type: none"> - Whistleblowing hotline channels for internal (e.g. employees) and external (e.g. customers) to report inappropriate or illegal practices - Process to identify and investigate unusual transactions



Sample Content

Risk = Damage to tangible assets from natural disaster events (e.g. flooding)

Causes	Impacts	Early Signs of Risk	Controls
<ul style="list-style-type: none"> - Changes in weather conditions which increase likelihood of natural disasters - Presence of business operations in geographic locations prone with natural disasters 	<ul style="list-style-type: none"> - Loss of tangible assets - Loss of revenue and market share due to business disruption 	<ul style="list-style-type: none"> - Adverse weather warning issued by government - Weather experts publishing report highlighting significant weather related trends 	<ul style="list-style-type: none"> - Processes to conduct weather related due diligence before selecting new physical locations for business operations - Processes to periodically review business continuity plans by board



Sample Content

Risk = Offering a bribe in return for overlooking illegal activity or receiving preferential treatment

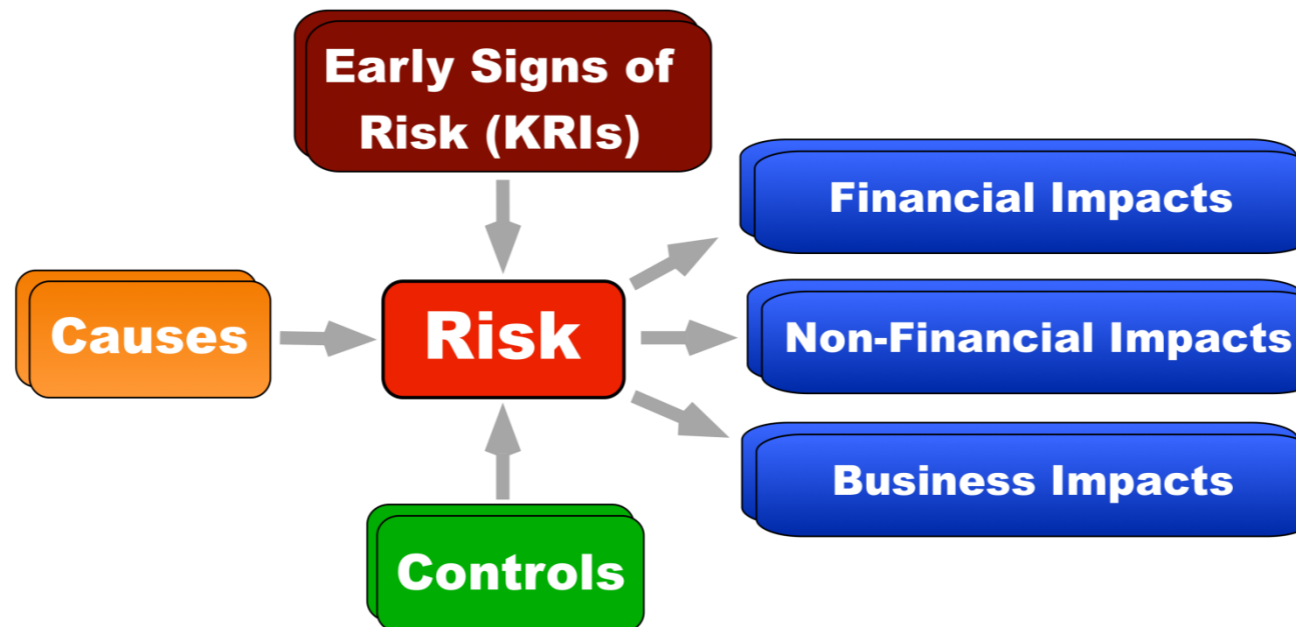
Causes	Impacts	Early Signs of Risk	Controls
<ul style="list-style-type: none"> - Management pressure to meet business objectives at any cost - Adopting corrupt practices considered as normal within the business area of employees 	<ul style="list-style-type: none"> - Fines imposed by regulators - Legal fees resulting from risk event 	<ul style="list-style-type: none"> - Increase in number of cash payments to external parties - Overreliance on a third-party or intermediary to win business from customers, especially in countries with high-level of corruption 	<ul style="list-style-type: none"> - Whistleblowing hotline channels for internal and external stakeholders to report inappropriate or illegal practices - Segregation of duties



Sample Content

Risk = Wrongful termination of employment

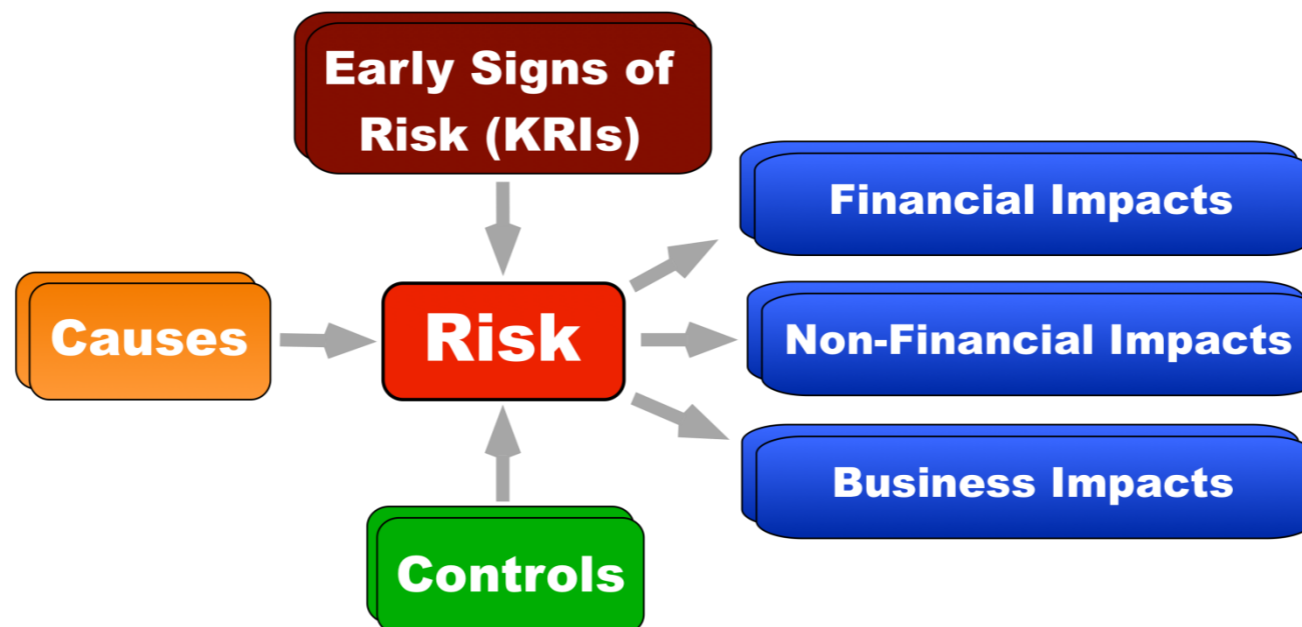
Causes	Impacts	Early Signs of Risk	Controls
<ul style="list-style-type: none"> - Inaccurate or incomplete performance evaluation of employees - Personal conflicts impacting employment related decisions 	<ul style="list-style-type: none"> - Fines imposed by regulators - Compensate employees or their families impacted by risk event 	<ul style="list-style-type: none"> - Increase in number of employment terminations which do not comply with firm's HR policies - Increase in lawsuits against the firm filed by ex-employees regarding wrongful termination of their employment 	<ul style="list-style-type: none"> - Processes to approve employment termination decisions - Processes to review employment practices and workplace safety related incidents and share lessons learnt across the firm



Sample Content

Risk = Unplanned outage of key IT Systems

Causes	Impacts	Early Signs of Risk	Controls
<ul style="list-style-type: none"> - Disruption to supply of external utilities - IT Systems infected by virus or malware 	<ul style="list-style-type: none"> - Compensate clients impacted by risk event - Unexpected increase in customer churn 	<ul style="list-style-type: none"> - Increase in issues related to IT System disruptions - Deterioration of control environment related to IT System disruptions 	<ul style="list-style-type: none"> - Implement separation between IT Systems accessible by external parties and other IT Systems - Processes to identify and monitor usage of shadow IT Systems across the firm



Sample Content

Risk = Misuse of firm's assets by vendors

Causes	Impacts	Early Signs of Risk	Controls
<ul style="list-style-type: none"> - Inadequate risk management practices on vendor side - Inadequate vendor selection process 	<ul style="list-style-type: none"> - Fines imposed by regulators - Cost of switching vendors 	<ul style="list-style-type: none"> - Increase in number of complaints related to vendors - Unexpected change in level of usage of asset 	<ul style="list-style-type: none"> - Structured vendor selection processes - Processes to conduct periodic vendor related surveys

