



A Chase Cooper is a global GRC management solutions provider and leading accredited provider of bespoke and public risk and compliance workshops and courses. All its courses are delivered by its senior consultants.

Chase Cooper has trained over 300 financial institutions in London and overseas.

Contact us:

► **Information Hotline:**

+44 (0) 20 7377 2250

► **email:**

training@chasecooper.com

► **web:**

www.chasecooper.com/training

Operational Risk Modelling for ICAAP: The right questions to ask (7 hour course)

Location: City of London **Date:** 5 February 2020

Time: 09:00 – 17:00

Course detail

A course for NEDs, senior management, financial management staff and risk management staff. This course will enable Directors and staff to evaluate operational risk modelling for ICAAP and to challenge the methodologies and data used for it. When dealing with modelling any risk, Directors and staff will be able to propose alternative approaches from a position of knowledge and understanding.

The presenter guarantees that there will be no differential equations used in the course. Only English will be used (rather than mathematics) to explain the concepts.

Proposed Agenda and Indicative Timing for each day

09:00 - 09:30 What you should demand from the models: (30 mins)

- Business useful data
- Input and output that can be challenged
- Obvious parameters that affect capital sensitivity

09:30 - 10:00 Modelling in financial services: (30 mins)

- Market risk and credit risk advantages and concerns
- Operational risk modelling benefits, problems and limitations

10:00 - 10:30 The four elements of operational risk modelling: their advantages and problems: (30 mins)

- ILD (Internal Loss Data)
- ELD (External Loss Data)
- BEICFs (Business Environment and Internal Control Factors)
- Scenarios and stress testing (multifactor and single factor events)

10:30 - 10:45 Coffee

10:45 - 12:15 Operational risk modelling parameters: (90mins)

- Looking at the (many) parameters that can affect your capital
- Pre-modelling parameters
- Parameters reacting to scenarios, risks and controls
- Capital modelling parameters

12:15 - 12:45 Basic elements of risk modelling: (30 mins)

- Data requirements
- Monte Carlo simulations
- Random number generators



13:45 - 14:15 Distributions and other modelling jargon: (30 mins)

- Distributions, knowing and explaining the differences
- Calibration
- Correlation and Causation
- Diversification
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14:15 - 15:00 Data and Model validation: (45 mins)

- What is model validation?
- When?, Who? and How?
- Different validation techniques, including scenarios

15:00 - 15:15 Coffee

15:15 - 16:00 What does the PRA say? (45 mins)

- How the PRA models operational risk
- Reconciling with your ICAAP approach
- Don't forget model governance

16:00 - 17:30 Getting your hands dirty (a chance to use operational risk capital models): (90 mins)

- Using operational risk capital models yourself
- Challenging the model output and varying the risk profile

The course totals 7 Hours