

LIBF

LIBF

Introduction to Operational Risk
(OPRI)

Training programme specification



Contents

| | |
|---|----------|
| Purpose of the programme | 3 |
| Introduction | 3 |
| Target audience | 3 |
| Objectives and key content areas..... | 3 |
| Programme delivery | 4 |
| Study hours..... | 4 |
| Assessment..... | 4 |
| Certification grading..... | 4 |
| Re-sit attempts | 4 |
| Additional information | 5 |
| Entry requirements..... | 5 |
| Learning outcomes and indicative content | 6 |

Purpose of the programme

Introduction

All businesses operate in an environment that generates risk. Profits and returns are seen as rewards for risk taking; however, risks should be managed and kept within acceptable limits (determined by the organisation's stakeholders and financial position). A bank has to take risks to grow and generate a profit, so taking risk is a fundamental business activity.

Risk can typically be split into three categories:

- Business risk arises as a result of the strategy adopted by the bank. This could include new product development, expanding into new markets or moving from a typical branch-based approach to online.
- Financial risk – broadly, this includes the financial risks that a bank is exposed to, such as credit, covenant compliance, funding, liquidity, financial market risk (interest rates, foreign exchange, etc) and pensions.
- Operational risk, which centres around people, process, systems, legal and regulatory, external events, and business continuity risks.

The scope of operational risk commonly incorporates systems risk (inadequate or vulnerable systems), people risk (poor management or human error), process risk (ineffective processes) and external risk (external events or forces), but it may include other risks (eg legal risk, cyber risk, strategic risk, etc) depending on the nature of the bank's operations and the local and international regulatory requirements that it must meet.

Target audience

This programme is designed for all those working in the financial services and banking sector with 0-3 years of experience.

Objectives and key content areas

This topic introduces concepts of operational risk in banking and provides an introduction to the nature of operational risk management, including an understanding of appropriate operational risk management frameworks.

Listed below are some of the key content areas that are covered within this programme:

- The risk management framework
- Enterprise-wide risk management

- The importance of managing operational risks
- Operational risk identification and classification
- Contemporary developments in operational risk

Programme delivery

Study hours

This programme has a recommended study time of 5 hours which includes working through all of the content, recommended readings and revision.

Assessment

You will sit a 30 minute online multiple-choice exam which is on-demand.

The assessment consists of 3 sections:

L01 10 multiple-choice questions

L02 5 multiple response questions

L03 5 multiple-choice questions based on a scenario presented via a video

Certification grading

The overall assessment is graded Pass/Fail only. To achieve a pass, you must achieve a minimum of 60%.

| Grade | Pass Mark (%) |
|-------|---------------|
| Pass | 60% |

Re-sit attempts

If you fail your multiple-choice exam, you are able to re-take this on your course site. There are no restrictions on the number of times you can resit a unit in which you were unsuccessful, however, you must resit the unit in accordance with the published policies of LIBF.

Additional information

Entry requirements

There are no specified entry requirements. However, participants need to have a strong understanding of the English language and be able to study in English at an advanced level.

Learning outcomes and indicative content

| Learning outcome | Content |
|---|---|
| Describe the key stages of an operational risk management framework and its application to the current and future operational risk challenges banks face. | <ul style="list-style-type: none"> • The key stages of a risk management framework. • The risk management framework and its application to operational risk management. • Alternative frameworks that can be applied to the management of operational risk. • Enterprise-wide risk management |
| Describe the key types of operational risk that financial institutions face and contemporary developments. | <ul style="list-style-type: none"> • The range of operational risks that banks face • Operational risk classification • Application of the risk management framework in the identification of operational risks • Consequences of lapses in operational risk management to individual banks, the banking sector and wider economy • Contemporary and future operational risks that banks must plan for |