Enterprise risk management
Case studies
For a large public sector bank

*Enterprise Risk Management & Group Risk Management*

<table>
<thead>
<tr>
<th>Context</th>
<th>Need for assistance in developing its Enterprise RM framework, which includes alignment of Risk with Strategy at the whole Bank level; definition of the Bank’s risk appetite and risk limits, governance structures, policies and procedures; and integrated stress testing and capital management. This also included assisting the Group with Group RM framework and transforming the role of Risk Management as a Strategic function within the Group</th>
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</table>
| EY Role | ► Enterprise RM  
  ► Definition of the Bank’s risk appetite and risk limits, governance structures, policies and procedures.  
  ► Creation of comprehensive library of events & framework for Bank-wide stress testing & scenario analysis.  
  ► Mechanism of identifying, measuring & managing all material risks faced by the Bank and risk aggregation.  
  ► Framework for Capital Planning, Economic Capital and RAROC.  
  ► Integrated IT and Data Infrastructure to support ERM framework.  
  ► Training and transfer of knowledge through development of comprehensive modules.  
  ► Group RM  
  ► Development, suitability assessment and adoption of leading international risk management practices across governance, methodologies, processes.  
  ► Assessment of the current structures, systems, practices and procedures in place for risk governance and management across the Group and suggest suitable modifications and enhancements;  
  ► Improved understanding of interactions and interrelations between risks, and between Group Entities and facilitate improved Group Risk Management.  
  ► Development of stress testing and forecasting techniques to allow pro-active risk management measures and systems to be incorporated across the Group.  
  ► Aggregation of risk management requirements at Group level in view of migration to Advanced Approaches under Basel II by Group entities. |
| Value Delivered | ► Leveraging the investment in ERM and GRM as a key competitive differentiator in domestic and international markets |
For a large private sector bank  
*Integrated Risk and Control framework*

<table>
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<tr>
<th><strong>Context</strong></th>
<th>EY was appointed to strengthen the Bank wide Integrated Risk and Control Framework which included Compliance Risk, Financial reporting Risk, Operational Risk, Fraud Risk and Business Continuity Management.</th>
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| **EY Role** | - Embarked on controls convergence project in Aug 2010, which involved Bank-wide process documentation  
- Developed a common Risk & Control repository for Operational Risks, Internal Controls over Financial Reporting and Compliance  
- Provided risk assessment framework, as well as monitoring and testing framework  
- Performed risk assessments  
- System implementation and controls testing  
- Performed diagnostic review of the Internal Audit function  
- Various components on IA transformation, viz Management Audit and bank-wide training on IA were conducted  
- Business Continuity Planning  
  - Conduct Business Impact Analysis (‘BIA’) for the in-scope departments  
  - Formulate Business Continuity Plan (‘BCP’) Strategy  
  - Develop and roll-out BCP  
- Fraud Risk  
  - Policies & procedures for Financial Crime risk management with advanced analytics model for early detection  
  - Implementation of transaction monitoring system  
  - Conducting data analytics to identify high risk customers & fraud trends / scenarios across banking channels. |
| **Value Delivered** | - EY has implemented RCSA for around 5000 processes and covered more than 7000 Operational Risks  
- KRIs for all Risks That Matter and Bank wide scenarios through Senior Management workshops  
- Risk dashboards for CEO, CFO, CRO, BU heads, ORMC and RMCB  
- Comprehensive BCP integrated with the IT Disaster Recovery Plan  
- Assurance on effectiveness of existing fraud prevention/ detection mechanisms.  
- Increased efficiency in addressing fraud alerts by identifying the right solution for transaction monitoring |
For a large public sector bank

**Strengthening the compliance function**

| Context | ► Reengineer the Group Compliance framework  
► Develop Compliance Risk Assessment and Monitoring framework  
► Develop Function wise, Compliance Risk Registers and Compliance Checklists  
► Strengthen regulatory reporting and compliance management |
| --- | --- |
| EY Role | ► Performed current state compliance assessment  
► Developed Group compliance policy and compliance function design  
► Developing a Compliance Risk Assessment Framework having definition of assessment units, identification of regulatory clusters, compliance risk and control evaluation parameters, measuring compliance risk (Compliance Index)  
► Developing a Compliance Risk Monitoring Framework having monitoring and testing techniques, compliance program framework, Integration of Compliance Risk framework with other Risk Management frameworks (i.e. Internal audit (‘IA’), Operational risk management (‘ORM’)  
► Performed compliance review of the bank’s businesses by selecting pilot branches for each business group  
► Developing compliance checklists for key compliance control owners in the bank  
► Reviewing regulatory reporting by the bank  
► Conducting training/awareness workshops  
► Assistance in automation of controls and maintenance support |
| Value Delivered | ► Transformation of the Compliance function by equipping it with appropriate frameworks, tools, checklists etc  
► Providing an understanding and assessment of the existing state of compliance with regulations in the Bank  
► Integration of compliance risk framework with other risk frameworks |
## For a large private sector bank

**Compliance Management Framework**

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<tr>
<th>Context</th>
<th>Assisting in Benchmarking the Compliance Function to Leading Practices and Development of Compliance Risk Management Monitoring Framework</th>
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| EY Role | ▶ Compliance Review and preparation of function wise compliance checklist/policy manual  
▶ Development of Methodology and Tools for measuring, monitoring and mitigating the Compliance Risk  
▶ Identifying and mapping operational risks for integration of the Compliance Risk Management framework with the ORM framework  
▶ Countries covered: India, UK, Canada, Singapore, Bahrain, Hong Kong, Russia, Sri Lanka, Offshore Banking  
▶ Segments/services covered: Global Trade Finance Services, Security Markets Services, Capital Markets Services, Treasury, Retail assets, Credit cards, Retail liabilities, Corporate lending & International banking (NRI, Remittances, overseas operations) |
| Value Delivered | ▶ End to end solution across phases – from diagnosis, design, implementation and audit support  
▶ Customized solution to meet client’s expectation  
▶ Ability to efficiently handle complex and large engagements and deliver quality work products |