Oracle Financial Services Operational Risk

Operational risk management is an integral function of any financial service organization. It is aimed at fostering a risk aware culture into people, processes and systems in the organization. As an essential ally and aide to the senior management, operational risk management creates a balance between risk and rewards in the organization therefore delivering maximum value for stakeholders. Oracle Financial Services Operational Risk helps enable senior management promotes this new culture while complying with strict regulatory requirements.

Oracle Financial Services Operational Risk provides banks and other financial institutions with a comprehensive tool to meet all operational risk needs of identifying and reducing unnecessary losses across multiple lines of business.

Key Features
- Central libraries for risks, controls, key indicators and compliance for data integrity and consistency
- Single data repository for risks, controls, compliance obligations and events across multiple jurisdictions and lines of business
- Comprehensive linkage capability between all the various entities offering a 360-degree view
- Risk events and loss collection tracking
- Linkage of insurance policies to risks, controls, and claims against losses
- Powerful workflow engine to keep users informed
- Wide spread set of dashboards and reports

Provide Insight across the Enterprise

Oracle Financial Services Operational Risk provides an in-depth level of insight across the enterprise to effectively identify, monitor, and manage risks and controls across lines of business and across processes within a comprehensive governance, risk, and compliance (GRC) framework. This level of insight gives senior management and additional stakeholders the confidence that the business is performing in line with stated business objectives—concerning not only profitability but also reputation.

Oracle Financial Services Operational Risk lets an organization verify
- Corporate governance and local regulatory rules are followed
- Employees understand corporate objectives
- Potential organizational noncompliance and underperformance issues are identified and rectified
- Risks and controls are identified, regularly tested and then assessed
- Operational risk exposures are in step with corporate risk appetite

Institutions are forever changing – their people, processes, systems and the way they are organized. Oracle Financial Services Operation Risk provides a comprehensive repository of knowledge as a basis for confirming good governance, strong risk mitigation and effective control.

Promote a Risk Aware Culture throughout the Organization

Gone are the days where only a small risk management team was responsible for the risk culture and balance between risk and reward. The entire organization now needs to plays a role in this new culture of risk awareness and it is up to the senior management to set that tone. With Oracle Financial Services Operational Risk Management, the teams can proactively embed a balance between risk and reward in all activities, from the most granular (such as a simple teller transaction) to ones that are strategic and transformational in nature.
Establish a Centralized View to Improve Efficiency

The organization’s senior management team requires the ability to evaluate risks, controls, and processes together; when these are evaluated in silos it lowers the ability for management to make sound decisions for the organization. Oracle Financial Services Operational Risk provides a centralized view to improve management decision making and the efficiency of the organization. The following sections outline how this is accomplished:

Assess Risks and Controls

- Oracle Financial Services Operational Risk is designed to assess every type of risk qualitatively and quantitatively across the entire organization.
- Use causal analysis to understand why loss events have occurred and through this knowledge, take action accordingly.
- Make use of central libraries for standard risks and controls, and for holding other risk details about products and IT systems for use in the RCSA methodology.
- Use a controls-based approach in which controls can mitigate more than one risk.
- Assess the design and effectiveness of controls independently of risks. Automatically pick up latest control scores when assessing risks.
- Risk and control re-assessments should happen whenever any event occurs. Any loss, near miss, compliance breach, customer complaint, or overstepping of a KRI threshold should trigger a check that the risk has been identified, its extent has been accurately assessed, and any failed controls have been identified and an action plan initiated to improve the control; this can all be accomplished using integrated workflows.

All the components of a Risk and Control Self-Assessment (RCSA), together with loss and compliance events, KRIs, and action plans are linked in one tightly integrated application, giving users a holistic view for checking that risk assessments do not exceed the risk appetite of the firm.

Scenario Analysis

The provision for scenario analysis of top risks with links to individual risks and assessments helps the institution consider potential outlier risks, perhaps using a workshop analysis approach, and is a key input to capital modeling. Scenario analysis is a forward-looking methodology and, as such, is used to evaluate the impact and likelihood of extreme but plausible risk events across the whole firm.

Assessment Planning and Scoping

Oracle Financial Services Operational Risk gives institutions the ability to drive assessments of risks and controls on a quarterly or half-yearly basis through auto-generated workflow requests to assessors. These can be based on preset dates eliminating human interventions for all planned assessment cycles. Using a custom frequency also allows choice to consider testing controls more often than the scoring of risks and whether low risks should be excluded from the next round of assessments to avoid ‘assessment fatigue’.
Attestation and Certification

To comply with and meet the regulatory requirements of a particular country or region (such as SOX in the U.S.), Oracle Financial Services Operational Risk helps institutions capture all the elements required for attestation and certification. The application establishes the need for accountability of officers—particularly the chief financial officer—who must attest to and certify the efficacy of their risk management.

Realize Your GRC and Business Objectives

Oracle Financial Services Operational Risk enables organizations to effectively realize their overall GRC and business objectives in a cost-effective manner through:

- **Configurability:** Customize the solution to meet your requirements. Discover tools that will help this process.

- **Workflow:** A powerful workflow methodology is integrated with the solution. Workflows determine who should be notified of what, and when, and by what means. Many such basic and advanced threshold and action based workflows come pre-packaged. The solution provides you with the ability to modify them for your own organization and tailor workflows for each line of business as required.

- **Reporting:** Oracle Financial Services Operational Risk comes with an extensive library of pre-defined dashboards and reports as well as the necessary tools for creating custom reports. Reports can be saved in and exported from formats such as Microsoft Excel and PDF.

- **Advanced Analytics:** Oracle Financial Services Operational Risk operates within a framework that provides access to advanced analytics and Monte Carlo simulations and the ability to export data into your own models. This framework provides for capital calculations, whether the enterprise is operating under the advanced measurement approach (AMA) or determining capital by an internal risk-adjusted return on capital (RAROC) performance measurement.

Oracle Financial Services Operational Risk Helps Enterprises to:

- Promote a strong culture of risks and controls for every type of risk
- Examine processes for points of weakness
- Create detailed issues and corrective action plans and monitor their implementation
- Create alerts that effectively indicate potential threats (and execute any preemptive actions)
- Improve systems and processes to improve efficiencies across the organization
- Reduce instances of potential fraud (both internal and external)

About Oracle Financial Services Analytical Applications

Oracle Financial Services Analytical Applications bring financial institutions best-of-breed capabilities to proactively manage Financial Crime, Compliance, Risk, Treasury, Finance and the Front Office. The applications are built upon a commonly available analytical infrastructure consisting of a unified financial services data foundation, analytical computations, , and the industry-leading Oracle Business Intelligence platform.
A single, unified data model and integrated metadata framework provides one version of the analytical "truth" to business users throughout the entire enterprise. This enables financial services institutions to confidently manage performance, governance, risk and compliance. Shared data, metadata, computations and business rules enable institutions to meet emerging business and regulatory requirements with reduced expenses and the unified platform helps financial institutions to leverage existing investments.