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September 4-6, 2006 • Grace Hotel • Sydney

# OPERATIONAL RISK 2006

Robust Strategies to Draw Value from Op Risk

Don't miss this unparalleled opportunity to resolve the paramount concern of the op risk professional; *using op risk to maximise value!*

Including compelling Case Studies and Experiences of:

- **Ali Samad-Khan**, *President, OpRisk Advisory*
- **Rupert Armistead**, *Director - Investment Bank Operational Risk, Credit Suisse*
- **Dr Paul Kennedy**, *Head of Group Quantitative Analysis and Strategic Risk Group Operational Risk, Compliance & Security, National Australia Bank*
- **Margaret Blunden**, *GM, Financial Markets Operations, Commonwealth Bank*
- **Victoria Weekes**, *Chief Operational Risk & Compliance Officer, Westpac*
- **Nicky Burns**, *Senior Risk Manager, Westpac*
- **Mark Mullington**, *Executive Director, Risk Management, ING Direct*
- **Sandra May**, *Head of Operational Risk and Compliance, BT Financial Group*
- **Mike Griffiths**, *Senior Manager Fraud Prevention & Investigations, National Australia Bank*
- **Stephen Sharpe**, *Senior Manager Anti-Money Laundering, Security and Investigations Department, St George Bank*
- **Guy Underwood**, *CEO, Risq Group*
- **John Tomac**, *Director, PricewaterhouseCoopers*
- **Mike Ritchie**, *Partner, KPMG*

## INCLUDING TWO EXPERT MASTERCLASSES

**Making ORM Happen:  
From Fundamentals to Robust  
Frameworks**

*Led by Ali Samad-Khan, President,  
OpRisk Advisory*

**Leveraging Value with Op Risk**

*Led by Mike Ritchie, Partner, KPMG*

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# OPERATIONAL RISK 2006

## Robust Strategies to Draw Value from Op Risk

Dear Executive,

Operational risk management frameworks abound, and their adoption and implementation is a key concern facing the industry in 2006 and beyond. These frameworks are crucial in *maintaining an effective compliance regime*, yet many organisations still feel these measures could be advanced still to *further leverage value* and *ensure risk dividends are harvested*.

In order for you to benefit from developments in op risk, Operational Risk 2006 comprises *industry analyses on the key issues from the key players*.

For example, *instilling a culture of compliance*, where all levels of the organisation effectively coordinate responses to risk at the most appropriate level, is one theme that determines the *success of regulatory frameworks*.

Operational Risk 2006 will offer *practical case studies* of how a compliance culture has been embedded in some of the largest firms active in Australasia and how they have achieved successful outcomes.

Through Operational Risk 2006 you will also be informed of the latest regulatory developments, what's over the horizon, and how these developments can best be met.

### Other crucial areas of focus include:

- Learning *best practice techniques* to determine operational risk appetite
- Optimising risk management so it becomes *management of value and not just managing red tape*
- Successfully driving risk ownership by *embedding risk management* throughout the organisation
- Staying on top of *APRA regulations*
- Encouraging risk incidence reporting through a *transparent culture*
- Analysing the *costs and benefits of focusing on operational risk*: Does it take money, time and attention from other crucial issues?
- Embedding *fraud risk management* and *AML mechanisms* to ensure the integrity of the firm

Following on the heels of the successful Operational Risk series, IIR has further refined the topic matter and format to provide you with an *unparalleled op risk learning experience*. Don't miss this valuable opportunity to participate in the forefront of Australian Operational Risk.

The Chair, presenters and I look forward to seeing you in September.

Yours sincerely,



Ben Hurdis  
Conference Manager

Supporting Companies



# OPERATIONAL RISK

DAY ONE - MONDAY SEPTEMBER 4, 2006

8.30 Registration and Coffee

9.00 Welcome Address from the Chair

9.10 **At the Forefront of Op Risk: Adding Value through Effective Compliance**

- Demonstrating the profit incentives of implementing op risk strategies
- Developing an op risk framework for your organisation
- Identifying and assessing key risks in order of relevance
- Moving beyond benchmarking to best-practice
- Overcoming challenges to implementation

**Mark Mullington**, Executive Director, Risk Management, ING Direct

9.55 **Evolving from Traditional to Modern OpRisk Management**

- What are the fundamental issues in operational risk management
- What is traditional operational risk management
- What's wrong with the traditional approach
- Modern operational risk management - the new paradigm
- The path from the traditional to the modern approach

**Ali Samad-Khan**, President, OpRisk Advisory

10.40 Morning Tea

11.00 **CASE STUDY: The Role of Anti-Money Laundering in Op Risk**

- What does the Bill require?
- What is a risk based approach?
- What are your AML risks?
- Is a transaction suspicious, fraud, money laundering or financing of terrorism ?
- Utilising existing frameworks and processes
- Where to from here

**Stephen Sharpe**, Senior Manager Anti-Money Laundering, Security and Investigations Department, St George Bank

11.45 **CASE STUDY: Instilling an Op Risk and Compliance Culture**

- Ensuring your op risk department works effectively with other risk oversight departments
- Embedding ORM best practice throughout the organisation
- Coordinating responses across the firm to different risk classes
- Segmenting op risk: Dividing the management task and reporting to management
- Driving risk ownership

**Victoria Weekes**, Chief Operational Risk & Compliance Officer, Westpac

12.30 Lunch

1.30 **CASE STUDY: Not shooting the messenger: Encouraging risk incident reporting**

- Why do we raise incidents?
- A definition of what a Control Incident and a Control Issue are
- Regulatory requirements around Operational Risk Loss Collation
- The incident reporting process and tools
- Introduce the "Swiss Cheese Theory"
- Generic lessons learned from incidents raised

**Rupert Armistead**, Director - Investment Bank Operational Risk, Credit Suisse

2.15 **PANEL DISCUSSION: Is a Focus on Op Risk Warranted or Does it Take Attention, Time and Money from other Crucial Issues?**



Making this panel as interactive as possible, the first 15 minutes of the session will involve breaking into groups to determine from the outset the key op risk concerns that you, the industry, would like to see resolved. By directly confronting the difficulties you face in leveraging value from op risk strategies, this devil's advocate discussion will help demonstrate the optimal way forward.

- What are pitfalls of a catch-all risk management approach and how are they surmountable?
- How can the differing risk appetites across business units be aggregated and managed through op risk
- What are the benefits of the current system and where does it come into difficulties?
- What are the relative merits and limitations of Basel 2, COSO and AS/NZS 4360 approaches to operational risk?

**Panellists:**

**Victoria Weekes**, Chief Operational Risk & Compliance Officer, Westpac

**Rupert Armistead**, Director - Investment Bank Operational Risk, Credit Suisse

**Ali Samad-Khan**, President, OpRisk Advisory

3.15 Afternoon Tea

3.30 **Leverage your Company's Risk Position**

- Integrating op risk into a broad based risk management framework
- Encompassing both insurable and non-insurable assets
- Negotiating competitive premiums with Insurers and Reinsurers

4.15 Close of Day One

# 2006

## Robust Strategies to Draw Value from Op Risk

DAY TWO - TUESDAY SEPTEMBER 5, 2006

**9.00 Welcome Address from the Chair**

**9.10 CASE STUDY: Implementing AMAs: Concerns within the Industry and a View over the Horizon: An NAB Perspective**

- Setting up an AMA program that effectively supports the modelling and quantification requirements of your firm
- Latest Developments in Basel II and where they point
- Ensuring that Basel 2/AMA implementation represents a valuable input to strategic planning processes
- NAB's experience in managing quantitative operational risk information
- Sharing information within a developing field of risk, highlighting some of the ways that NAB is using, or is planning to use, this risk information

**Dr Paul Kennedy**, Head of Group Quantitative Analysis and Strategic Risk Group Operational Risk, Compliance & Security, **National Australia Bank**

**9.55 CASE STUDY: Building a Robust Business-Continuity Framework within Australia**

- Business Continuity Imperative for CBA
  1. Learnings from Historical Incidents
  2. CBA Case Study - Dual Site Processing
- Implementation
  1. What went well
  2. What could have been done better
- Future Challenges for CBA and the Banking Community

**Margaret Blunden**, GM, Financial Markets Operations, **Commonwealth Bank**

**10.40 Morning Tea**

**11.00 EXPERT ANALYSIS: Aligning Fraud Risk Management and Corporate Objectives**

- Fraud risk management as a process enabler
- Identifying an organisation's fraud risk appetite
- Embedding fraud risk management in new product development
- The importance of capturing and understanding fraud loss
- Changing a company's fraud culture

**Guy Underwood**, CEO, **Risq Group**

**11.45 CASE STUDY: Combating Fraud in your Organisation - Prevention and Investigation**

*"Fraud Education is when you read the fine print - Fraud Case Studies are what you get if you don't"*  
**Including.....**

- Increasing the understanding of the risks of fraud in the control environment and business
- Designing and implementing effective response plans to incidents of fraud

- Enhancing the controls to mitigate risks of reoccurrence
- Developing Coordinated fraud risk management capabilities
- Tackling emerging risks of fraud

**Mike Griffiths**, Senior Manager Fraud Prevention & Investigations, **National Australia Bank**

**12.30 Lunch**

**1.45 PANEL DISCUSSION: More than Compliance; Adding Value with Op Risk**

*To ensure that op risk is not just managing red tape, but focuses on managing resultant profits for your organisation, you have your say in the issues you face in adding value through op risk. Through dividing into groups the key issues the Australian finance industry faces will be exposed and explored. Your panellists will then explore through interaction with you, the audience, how your concerns can be best addressed moving forward. Don't miss this unparalleled opportunity to resolve the paramount concern of the op risk professional; using op risk to maximise value.*



- With frameworks implemented and more compliance requirements forthcoming, how can companies move beyond compliance and gain value from the new (and expensive) processes?
- Integrating risk management cost effectively
- Ensuring the process stays robust through thick or thin

**Panellists:**

**Dr Paul Kennedy**, Head of Group Quantitative Analysis and Strategic Risk Group Operational Risk, Compliance & Security, **National Australia Bank**

**Sandra May**, Head of Operational Risk and Compliance, **BT Financial Group**

**Margaret Blunden**, GM, Financial Markets Operations, **Commonwealth Bank**

**Nicky Burns**, Senior Risk Manager, **Westpac**

**3.00 Afternoon Tea**

**3.15 SOX and Op Risk: The Successes, Difficulties, and Critiques**

- European reluctance over SOX: What does this suggest for the future of SOX?
- Latest Developments in SOX implementation
- Beyond SOX: Is there a more cost effective way of ensuring appropriate corporate governance?
- Integrating SOX requirements into Op Risk strategies

**John Tomac**, Director, **PricewaterhouseCoopers**

**4.00 Close of Day Two**

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## DAY THREE - WEDNESDAY SEPTEMBER 6, 2006

### **Masterclass A: 9.00am - 12.30pm** **Making ORM Happen: From Fundamentals to Robust Frameworks**

#### **8.30am Registration**

Implementing an operational risk strategy that truly adds value relies on appropriate fundamentals. If these fundamentals are incorrectly applied difficulties inevitably arise causing significant repercussions throughout the whole system. Particularly with regulatory deadlines on the horizon, there is no better time to ensure your oprisk systems are robust at all levels.

With considerable experience advising leading banks and central banks around the world on the fundamentals of operational risk, Ali Samad-Khan offers in this masterclass a pragmatic, insightful and interactive opportunity to consolidate your oprisk frameworks. Crucial issues to be considered include:

- Getting the fundamentals right
- Measuring and Assessing Operational Risk. How Fundamental Conceptual Misunderstandings are Yielding Misleading Results
- Unlocking the Door to Organizational Growth through Managing and Measuring Your Operational Risk
- Developing a Truly Integrated Operational Risk Measurement and Management Framework
- Testing and modelling Operational Risk
- Are AS/NZS 4360:1999 and COSO Appropriate for Operational Risk Management?
- International benchmarking: Case studies

#### **Ali Samad-Khan, President, OpRisk Advisory**

*Ali Samad-Khan is president of OpRisk Advisory LLC. He has extensive experience in operational risk management and is widely regarded as an industry thought-leader. He has previously worked at the World Bank, the Federal Reserve Bank of New York, the Operational Risk Management department at Bankers Trust, PriceWaterhouseCoopers, where for over three years he headed the operational risk group within the New York FRM practice and as CEO of OpRisk Analytics (which was acquired by SAS in 2003).*

*Mr. Samad-Khan has assisted more than a dozen of the world's leading banks establish their operational risk management programs. He is frequently invited to advise and train the major bank regulatory authorities, including the BIS, the CEBS, the US Federal Reserve and the Deutsche Bundesbank, on operational risk issues. Key elements of his methodological approach have been incorporated into the BIS compliance standards.*

*He holds a B.A. in Quantitative Economics from Stanford University and an M.B.A. in Finance from Yale University.*

### **Masterclass B: 1.30pm - 5.00pm** **Leveraging Value with Op Risk**

#### **1.00pm Registration**

Implementing operational risk frameworks is a costly and intensive process. While regulatory oversight is crucial for the financial system, many are concerned that the balance between implementation costs and returns derived from this process are realised. Topics to be addressed include:

- Synergising Basel II, SOX and other corporate government functions for cost effective compliance and value maximisation
- Quantifying the costs and expected benefits of completely implementing Basel 2
- Complying with Anti-Money Laundering legislation
- Assessing and assuring the fit of regulatory frameworks to your firm

#### **Mike Ritchie, Partner, KPMG**

*Mike Ritchie is a partner in KPMG's financial risk management group. He currently leads the Australasian operational risk management practice and is a member of KPMG's global Operational Risk steering group.*

*Mike rejoined KPMG in 1999 after acquiring three years in industry managing enterprise risk. He has led risk methodology development and implementation, Board and executive workshop and interview facilitation, framework and regulatory reviews, and risk reporting.*

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## WHEN & WHERE

4 - 6 September 2006  
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