



OpRisk and DIPO: the timeless value of data

The historical significance for Operational Risks modeling

ABI

07 June 2023

OpRisk and DIPO: the timeless value of data



Operational Risks modeling and distributions

Focus on Operational Risks



Data value through time

Historical data as an important heritage



Basel contribution

About Operational Risks



Operational Risks and Accounting

Management and Accounting impacts

Operational Risks modeling and distributions

Focus on Operational Risks

Risk physiognomy

- Risk peculiarity
- The type of risk to model: operational risks have non-traditional distributions which require a substantial set of information



Identification process

- More than one model to choose to provide a wider flexibility
- The main aspects to consider: the data collection and identification methods



Risk management company-wide

- Risk management as a requirement in organizations of any dimension
- Risk identification as a multidisciplinary and cross activity in a Company



Constantly evolving

- Complex organizational structures and new business area birth more and more require the management and risk controls



Historical data as an important heritage

Completeness

The loss data collection focuses on the quality and time span of data. The informative heritage must be converted into system heritage



Classification

If properly collected and classified, events and losses (LDC process) allow to analyze and put in place the activities that can improve the business processes



Connected information

Loss data must be collected, but other additional information are beneficial as well: the recoveries, the date of occurrence, and if available, the date of discovery and the first account's date

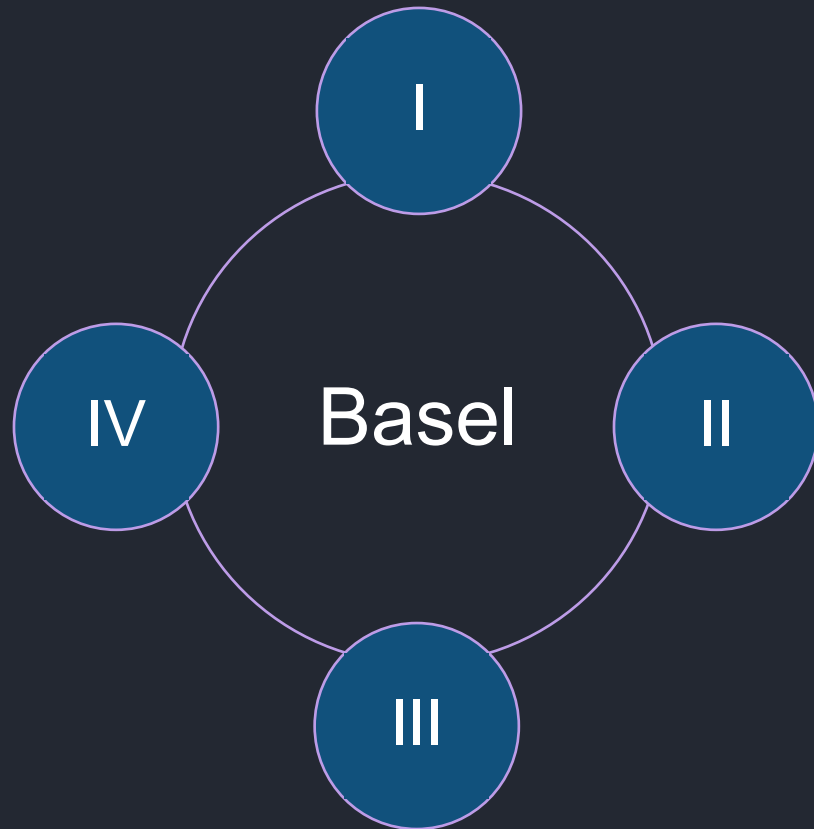


External resources

Each bank can access external database systems to expand its information perimeter



Basel contribution About Operational Risks



Before a clear classification, operational risks already shared common aspects: severity, frequency and impact



Strong push on the importance of Operational Risks. Previously classified in the «other risks» category



Focus on advantages an Operational Risk Management system implementation would bring



Development of consistent operational risk measurement methodologies with a clear and shared definition



The Operational Risk Analysis applies to all industries : the corporate industry is not prepared as the bank industry on this topic and is more exposed to operational risks



The Corporate industry relies on the banking heritage: banks lead the way in this field

Operational Risks and Accounting Management and Accounting impacts

Influence on management and accounting aspects



Tangible impacts



Directly related to the balance sheet and the revenue account



The quality of the balance sheet and the revenue account are a result of quality and time span of collected information



This operational risks affect not only a single area, but the whole organizational structure of a bank



LIST as technological partner through the years

DIPO
Data Base Italiano Perdite Operative



LIST
DIPO's technological partner



LIST and DIPO partnership
started in 2008



LIST and DIPO are currently
cooperating in the renewal
process of the technological
solution provided by LIST

“

“The one advantage of playing with fire, [...], is that one never gets even singed. It is the people who don't know how to play with it who get burned up.”

Oscar Wilde

”

Thank you

