

Specification of Competency Standards
for the Banking Industry
Unit of Competency

Functional Area - 4. Risk Management
(Key Function – 4.1 Risk Identification and Assessment)

Title	Identify and quantify potential risks
Code	109295L6
Range	Identifying and quantifying risks for different business and operational areas. This applies to all types of risks facing by the bank including credit risk, operational risk, market risk, political risk, country risk, default risk, interest rate risk, liquidity risk, etc.
Level	6
Credit	4 (For Reference Only)
Competency	<p>Performance Requirements</p> <p>1. Knowledge in the Subject Area</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Demonstrate specialized knowledge in different kinds of business and risk analysis (e.g. SWOT gap analysis) in order to conduct thorough analysis in the business processes of the bank; • Understand different theories and concepts related to risk management in order to identify high risk areas for each banking process; • Demonstrate specialized knowledge in interpreting different information gathered from various sources including macroeconomic environment and other business intelligence in order to identify high risk areas in the business and operations processes of the bank. <p>2. Applications</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Conduct research on the development trends of macroeconomic environment and identify factors that may impose impacts on business activities; • Conduct literature review, consultation and research for identifying potential risks in an individual business area; • Analyse research results and identify events or changes that can impose adverse effects on the bank's financial positions; • Establish and maintain uniform understanding and application of Business Continuity Plans, processes and solutions before the drilling test; • Monitor implementation and integration recovery process for affected business and operations areas • Develop the list of potential risks and determine the approaches (e.g. quantitative vs. qualitative) in assessing their impacts on the bank. <p>3. Professional Behaviour and Attitude</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Estimate the probability of occurrence for each high-risk areas under different scenarios for the formulation of a comprehensive and well prepared risk management strategy; • Prioritize and rank different risks by evaluating its impact and probability for the purpose of developing preventive measures proactively.
Assessment Criteria	<p>The integral outcome requirements of this UoC are:</p> <ul style="list-style-type: none"> • Identification and quantification of potential risks for providing direction for risk analysis. These should be based on consolidated findings of different research on macroeconomic development, business performance and operation of the bank, etc.

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