

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	Construct risk profile for prioritizing different risks
Code	109297L5
Range	Construction of risk profile for enterprise banking business and operations. This applies to different types of risks and business / operational processes of the bank.
Level	5
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 professional knowledge in different concepts and theories related to banking risk management in order to evaluate the risk profile of the bank; • Possess professional knowledge in banking risk management and based on that to evaluate the bank's risk policy and appetite in order to develop an appropriate risk profile for the bank. <p>2. Applications</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Evaluate different techniques, industry best practices and other consideration factors for designing a risk appetite model for the bank which specifies acceptable risk level for different types of risks; • Design the format of risk profile or risk appetite according to the needs of the bank by taking into consideration the nature, scale and complexity level of the activities; • Evaluate the past performance, operating procedures and policies of different work processes in order to identify factors which required close monitoring; • Communicate with different parties involved in risk management and other stakeholders (e.g. frontline, external service vendors) in order to identify their needs when constructing the risk profile; • Evaluate the results of qualitative and quantitative risks assessment when constructing the risk profile; • Determine types of risk information to be recorded in order to facilitate the process of risks assessment and prioritization. <p>3. Professional Behaviour and Attitude</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Develop communication strategies to ensure relevant individuals from different levels are able to understand and employ the information in the risk profile; • Develop the systems and processes to ensure critical risk information, e.g. probability of risk occurrence and impacts, are recorded in the risk profile and control systems are implemented; • Conduct periodic review on the risk profile according to the risk management policies of the bank and make necessary amendment.
Assessment Criteria	<p>The integral outcome requirements of this UoC are:</p> <ul style="list-style-type: none"> • Construction of risk profile to specify the format and operating mechanism. These should be based on the analysis of the bank's business and information requirement of different stakeholders;

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	<ul style="list-style-type: none">• Development and enhancement of system and process to manage the risk profile in order to ensure they are in accordance with the bank's risk appetite.
Remark	