

Specification of Competency Standards
for the Banking Industry
Unit of Competency

Functional Area - 4. Risk Management
(Key Function – 4.2 Risk Monitoring and Reporting)

Title	Develop risk monitoring and reporting strategies and policies for the bank
Code	109299L6
Range	Development of different strategies and approaches (e.g. avoidance, acceptance, transfer, risk mitigation) to deal with the risks identified and quantified. This applies to the formulation of strategies and policies to manage different types of risks faced by the bank.
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 across different areas of banking risk management in order to evaluate the situation and construct suitable responsive risk monitoring and reporting strategies and policies; • Comprehend different methods or models of risk measurement and monitoring (e.g. value-at-risk approaches, risk mapping process, etc.) and evaluate their effectiveness for the purpose of developing a suitable approach for the bank; • Understand the nature, scale, complexity of the bank's business activities and operational processes and apply the knowledge to develop an effective reporting and management information system. <p>2. Applications</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Conduct research on high risk areas to estimate the nature, impacts, dependences, severity, probability and timing of risk occurrence, etc. in order to develop suitable response strategies and policies; • Aggregate the possible impacts of risk occurrence in different business activities and calculate the costs to the bank by translating the impacts into monetary value; • Develop key risk indicators for different risks (including setting trigger level) and specify the monitoring frequency and methodologies; • Conduct research to investigate the causes of or factors related to the risk breakout for selecting the most suitable monitoring and reporting strategies and policies; • Specify clearly the accountabilities of individuals involved in the risk monitoring and reporting processes to ensure relevant risks are properly managed and controlled; • Develop reporting policies, procedures and template for timely escalation and management of potential risk breakout or unanticipated risks. <p>3. Professional Behaviour and Attitude</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Develop alternative plan and contingency plan to deal with risks occurrence in order to minimize the adverse impacts on the bank; • Conduct thorough investigation on potential responses on each risk, to evaluate their constraints, pros and cons, costs, etc. in order to prioritize the different options; • Monitor regularly and review the effectiveness / prioritization of the revised risk response strategies and policies against the changing environment.

Specification of Competency Standards
for the Banking Industry
Unit of Competency

Functional Area - 4. Risk Management
(Key Function – 4.2 Risk Monitoring and Reporting)

Assessment Criteria	The integral outcome requirements of this UoC are: <ul style="list-style-type: none">• Development and implementation of appropriate risk mitigation, monitoring and reporting strategies to minimize unfavourable impacts on the bank;• Risk monitoring and reporting strategies and policies are developed based on the consolidated findings across diverse research on different market, common risk areas of the industry, potential consequences and the bank's business strategy.
Remark	