



Key risk indicators (KRIs) have one very specific quality which no other operational risk programme offers – ‘real-time’ exposure information.

SIMILAR TO THE WAY IN WHICH THE FUEL, oil pressure, engine temperature gauges and speedometer in a car all provide you with vital information about your safety on a road trip, KRIs are the only mechanism for management to get real-time targeted feedback needed to make mid-course adjustments as required. Similarly, key control (effectiveness) indicators (KCIs) provide insight on the appropriateness and effectiveness of controls implemented to prevent, detect and correct risk, or to provide guidance to the business and facilitate oversight on business activity. Key performance indicators (KPIs) provide insight into the achievement of goals and objectives. KRIs, KCIs and KPIs are therefore essential to the achievement of business goals and the safety of the organisation.

While most financial institutions recognise the potential value of an indicator programme, many struggle to get one started, or to get more out of efforts currently underway. Even with strong sponsorship and organisational support, a lack of focus, consistency, transparency or completeness can all torpedo nascent indicator programmes – you can collect the data, but what is it telling you, and what are you going to do about it?

The KRI Library is a component of Risk Content by RiskBusiness and can help you to get your indicator programme underway, with a Library of KRIs, KCIs and KPIs, a data collection, monitoring and tracking facility and industry benchmarking capability.

The KRI Library consists of over 2,500 fully specified indicators focussed on banking and asset management, as well as over 1,500 fully specified indicators focussed on (re)insurance, with many of the 4,000-odd indicators equally relevant to non-financial services firms. Each indicator was generated by industry practitioners, linked to specific business lines, product types risk categories and process types where they may be applied. Each indicator in the KRI Library is fully specified in order to ensure complete clarity regarding the nature of the data to be collected – important when you want to ensure ‘apples-to-apples’ comparisons between businesses and critical where you intend to aggregate individual indicator data across your organisation. You have the option to use indicators as specified, to amend indicators to meet your own specific requirements or to document your own private indicators in the KRI Library.

As a subscriber to the KRI Library, you will also have access to a set of representative consolidated industry risk profiles assessed by your peer institutions and organised by business type, product and region, which allows you to see where the industry has collectively identified its highest risks. You can then compare these industry assessments with your own institution's risk profile to identify differences for further investigation. The identification of your key risks will allow you to target the immediate selection of appropriate indicators for measurement and monitoring purposes which directly map to this risk and the controls implemented to prevent, detect or mitigate it. As such, this “rifle” approach, as opposed to a generalised “shotgun” approach, will enable you to better focus your limited resources on the selection and collection of indicators that will provide you with immediate value and advance your risk-management programme.





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When implementing an indicator programme, any organisation needs to address a number of issues, including:

- Which indicators do we monitor?
- How often do we collect the information?
- Who provides the information?
- How do we monitor the information?

Basically, it is imperative to differentiate between who will use or need the information a given indicator provides from who has the data which is used to populate the indicator itself. Once the source and use have been identified, the next step is to establish conditions which, once the indicator value has moved outside of such conditions, other individuals or functions need to be advised about.

In many cases, the information used for a given indicator is already available in one or more core system. The organisation now has a choice – does it build bespoke interfaces from such systems to a centralised indicator monitoring tool, or does it rely on manual capture of the value directly into the indicator monitoring tool? Building a multitude of interfaces may be an extremely expensive and complex process, hence a firm may choose to simply recapture data.

The KRI Library's KRI Monitoring Service allows the subscriber to identify its indicators business unit by business unit, then identify relevant data providers and metric consumers, set individual thresholds and associated triggers, then either capture indicator values directly, or import values from core systems, assess the values against the thresholds and triggers and, where necessary, automatically initiate escalation reporting to nominated higher levels of authority.



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For more information on the KRI Library, please contact RiskBusiness by visiting

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