

Operational Risk Management is defined under the Basel Banking Accord as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events.

Whatever your business and even before you have sold a product, operational risk threats are prevalent. The ability to understand such exposures, both in likelihood of occurrence and impact ensures that you can prioritize effective control for the most serious of risks. Understanding causality of faults will also assist staff improve their business practices, reduce costly errors and maintain a high level of delivery to your customers.

Azilon Risk Manager solution automates the entire process of operational risk, including loss data collection, control self-assessment, risk self-assessment, key risk indicator in one single product. It provides a transparent environment that enables organization to manage the entire process - from identifying risk, to measuring, mitigating and monitoring it on an ongoing basis.

The screenshot displays the Azilon Risk Manager software interface, which is divided into several functional areas:

- Entity Risk Assessment > Risk Survey:** This section includes a 'Risk Profile Template' tree on the left, listing categories like 'beta control', 'Reserve & Surplus', 'Savings Account', and 'Subordinated Loans'. It also features an 'Add Qualitative Options' table with columns for 'Option Name' and 'Option Marks'.
- Event Details:** A form on the right provides details for an event, including:
 - Event Name: Transaction type unauthorised (w/monetary loss)
 - Actual Event Date: 09/04/2006
 - Event Detection Date: 09/04/2006
 - Loss Class: Potential Loss
 - Risk Type: Operational
 - Status: Open
 - Operational Risk Type: Policy
- User Defined Fields:** A section for customizing data fields, showing fields like Udf2 (radio buttons), Udf3 (dropdown), Udf4 (checkbox), and Udf5 (text input).
- Loss Classification Table:** A table summarizing loss data:

Loss Classification	Expected Loss	Actual Loss	Gain	Recovery
Transaction type unauthorised (w/monetary loss)	15000	20000	25000	30000
- View CSA:** A table listing Control Self-Assessments:

Planned Date	Unit Name	Template
7/23/2006	State Street BANGALORE EC	Control
7/23/2006	Significance Test1	Control
7/23/2006	ASW	Control
7/24/2006	State Street BANGALORE EC	Control
7/31/2006	State Street BANGALORE EC	Control
8/2/2006	1	Control
- Update CSA:** A form for updating CSA details, showing 'Organizational Unit Details' as 'State Street BANGALORE EC' and 'Status' as 'Completed'.
- KRI Checklist:** A list of Key Risk Indicators with checkboxes, such as 'SALVAGEABLE CONTROL', 'LITIGATION AND COMPLAINT', 'CUSTOMER COMPLAINT', 'INTERNAL LOSS', 'SYSTEMIC FAILURE', 'REPUTATIONAL LOSS', 'CUSTOMER COMPLAINT', 'Number of disputes with Regulator', 'Number of disputes with Regulator with Monetary Penalties', 'Number of disputes of Penalties', 'Number of disputes where process', 'REPUTATION OF BANK', 'Number of unauthorised and po', 'CREDIT RISK', and 'CREDIT RISK COMPLAINT'.
- KRI Response:** A form for responding to KRI, showing 'KRI Value' as 5 and 'Trend' as N/A.

The Core Modules of Azilon Risk Manager include:

Mapping

All modules (loss event calculation, control self-assessment, risk self-assessment, key risk indicator) furnish specific pieces of information that have to be combined to show a risk profile of the organization. Azilon Risk Managers ability to to map business units both by function and geographical location and to tie each data feed to a line of business, business function, product and risk category is an inaugural contextual step that enforces transparency, policy and assists in bank wide management of data collection and exposure.

Loss Data Collection

Loss Data often referred to as internal data and is the process of accurately tracking loss event information and assigning such data points to business units, processes and control failures that caused or contributed to a fault. Azilon Risk Manager has a feature rich & easy to use loss data system designed specifically to support Basel II.

Key Risk Indicator

To base capital on internal and external loss data alone is backward looking. Key Risk Indicators are a forward looking metrics for managing events before they occur. They are also used to support specific data sets in the model such as scenario analysis. Key Risk Indicators are linked to controls, risks and other variables of the system and is assigned to a specific business unit, product and location for reporting and management purposes. Ability to highlight which Key Risk Indicators are performing poorly and the associated underlying risks is an automatic process for the KRI.

Risk Self-Assessment

Risk Self-Assessment allows business unit management to flag both existing threats that are causing losses and potential issues that interfere with the banks delivery of products and services. Azilon Risk Manager supports Qualitative and Quantitative assessments, and tracks the entire risk assessment process from start to finish to ensure timeliness and accuracy of assessment, survey and response.

Control Self-Assessment

Control Self-Assessment (CSA) is a powerful and increasingly popular governance tool that can help auditors and managers examine and assess business processes and control organizational effectiveness. Core features include tracking of business unit control questions and their respective scores, version control of questions, qualitative and quantitative assessments, listing overdue control assessments, show residual exposure post control assessment and inserting additional contextual information against a questionnaire.

Reports & Dashboards

The solution includes various business unit reports, risk assessment reports, heat maps and dashboards to monitor exposure as it happens to show the underlying risks and functions that are contributing to the risk performance.