

Banking Risk Management Current Practice and the Immediate Term New Implementation



The webinar poster

The Department of Banking and Risk Management under the Faculty of Business and Finance (FBF) organised a webinar titled “Banking Risk Management Current Practice and the Immediate Term New Implementation” on 11 August 2022 via Microsoft Teams. The webinar recorded a total of 86 participants (30 UTAR staff and 56 students).

The invited speaker is the Country Chief Risk Officer OCBC Bank (M) Berhad: Mr. Thor Boon Lee. Mr. Thor is also the Industrial Advisor to UTAR FBF.

Present at the webinar were Department of Banking and Risk Management Head Mr. Chong Tun Pin. The webinar was moderated by FBF En. Muhammad Ashraf Bin Anuar and coordinated by Cik. Zainon Binti Md. Yunus and Cik. Nik Nuraisyah Binti Nik Azmi.

The talk aimed to provide an overview of the banking risk management current practice and the immediate term new implementation.

Mr. Thor started the webinar by highlighting the agenda he will cover by breakdown of components into **THREE (3)** part which 1) What Is Risk Management and What We Do, 2) Organization Chart and 3) Immediate Term New Implementation.

Mr. Thor continued to explain the first component, *“What is Risk Management and What We Do”*. He said the course that have right now is very general generic risk management that he believes is good. However, he also thinks that what he will share today's webinar here is what he does on a day-to-day basis and it is very much on typically relating to banking as banking has so called taken the lead in most in terms of risk management.

Apart from that, he mentioned about iterative process involved in risk management which it started by identify risks, assess and analyse risks, plan action(s), implement and monitor actions and measure and control risks. Furthermore, he added, *“Why Risk Management?”* Generally, risk management is one-way to improve strategic and business planning, to improve reliability – to lead better reputation, to reassure key stakeholders throughout the organization, to promote continuous improvement – to lead higher quality of output and to have fewer breakdowns, fewer shocks and fewer unwelcome surprises.

“For example, a loan being originated by the front office and the risk management team will review and analyse whether the loan is approved or not. This practice has been carried out by risk management on a daily basis,” he said.

He talked about risk management in Malaysia oversees the management by **FOUR (4)** different components: credit, market, operational and digital risks for the bank. The main aim of risk management is to establish a sound risk control framework in the most cost efficient manner in order to protect the bank, as a risk taking institution, against losses that could arise from taking risks beyond its risk appetite whilst enabling the bank to maximize its risk-adjusted return on capital. In addition to this, risk management also aims to minimize acquisition costs, credit loss costs, fraud costs and portfolio capital changes, he said.

Then, he continued with the second component, *“Organization Chart”*. As Country Chief Risk Officer OCBC Bank (M) Berhad, he takes care of **FOUR (4)** different types of risks: credit risk management, market risk management, operational risk management and digital risk management and this is how it is being set-up in Malaysia generally.

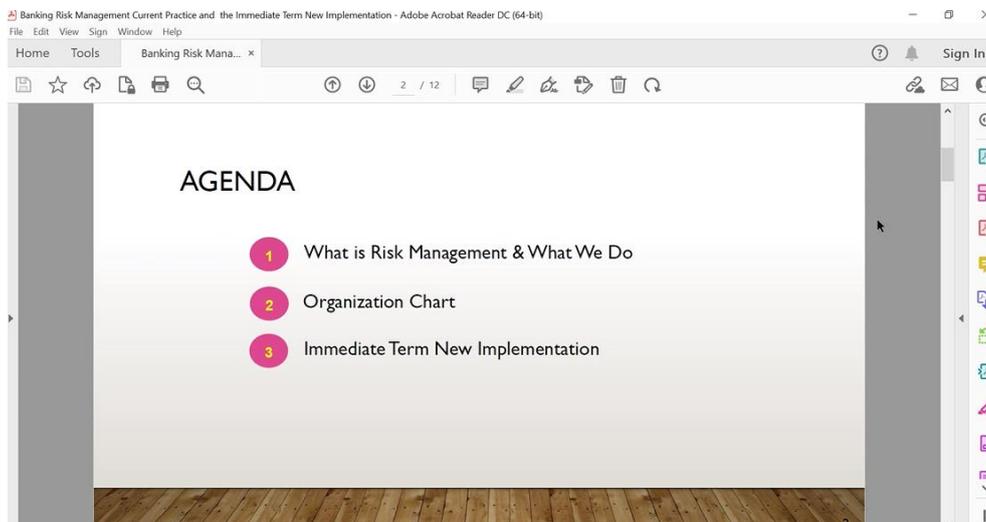
Lastly, the third component was *“Immediate Term New Implementation”*. He said under this component it consists of (a) alternative scoring/transaction score – credit scoring, (b) big data / data scientist, (c) Robotic Process Automatic (RPA) – programming language like Python very useful in gather the data from server system, (d) digital banking/digital data – seamless customer on boarding processes literally known as KYC: Know Your Customer.

In addition to this, he talked (e) cyber risk, (f) US interest rate rise and inflation – affected not only banks but also companies and individuals, (g) collection and (h) Basel Reform 3 – strengthen the bank capital. Before ending the webinar, Mr. Thor also added that this reform would be implemented over the next few years guided by Bank Negara Malaysia (BNM).

The interactive webinar ended with a Q&A session and a group photograph session.



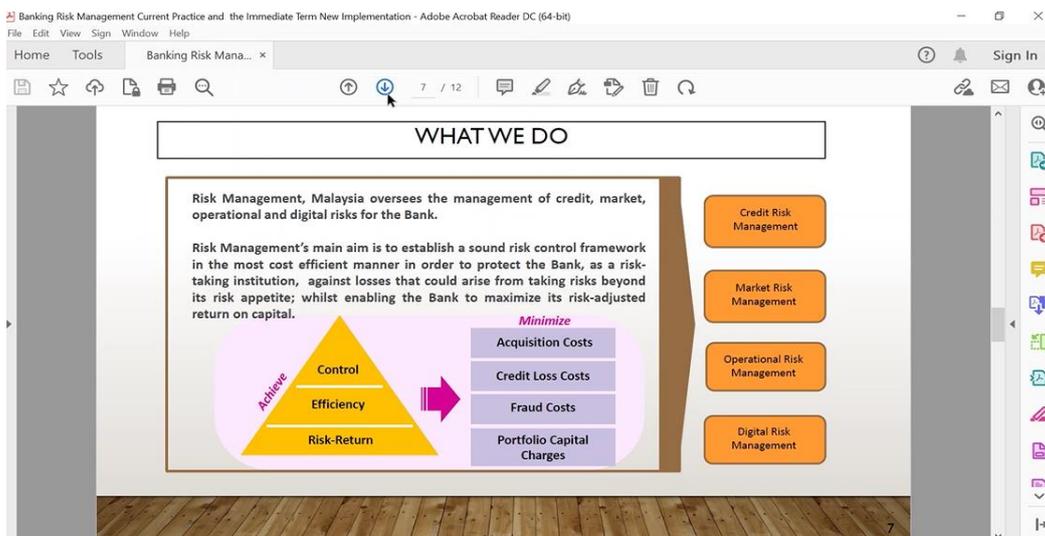
Group photograph session



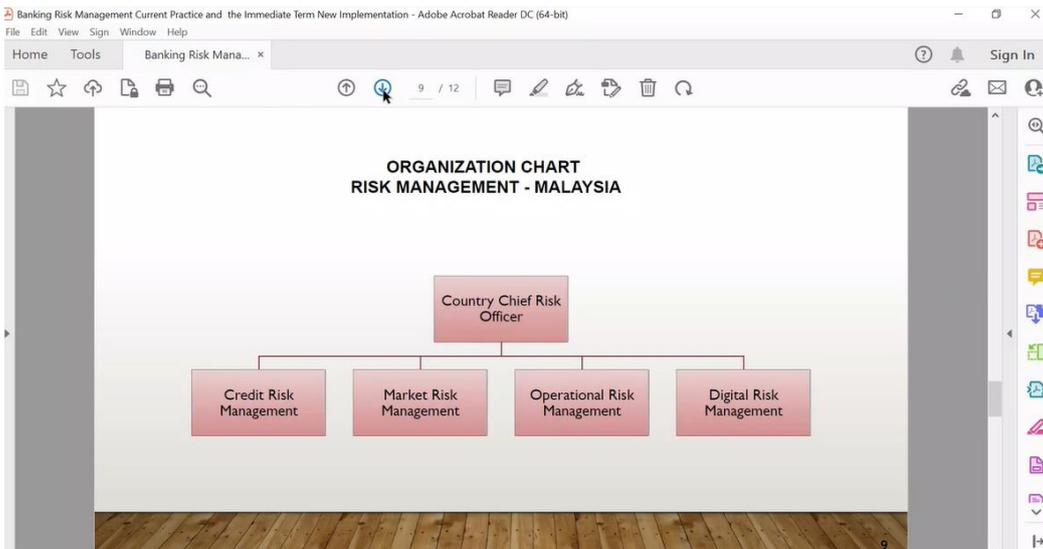
Mr. Thor briefly highlighted the agendas that he will cover during the webinar



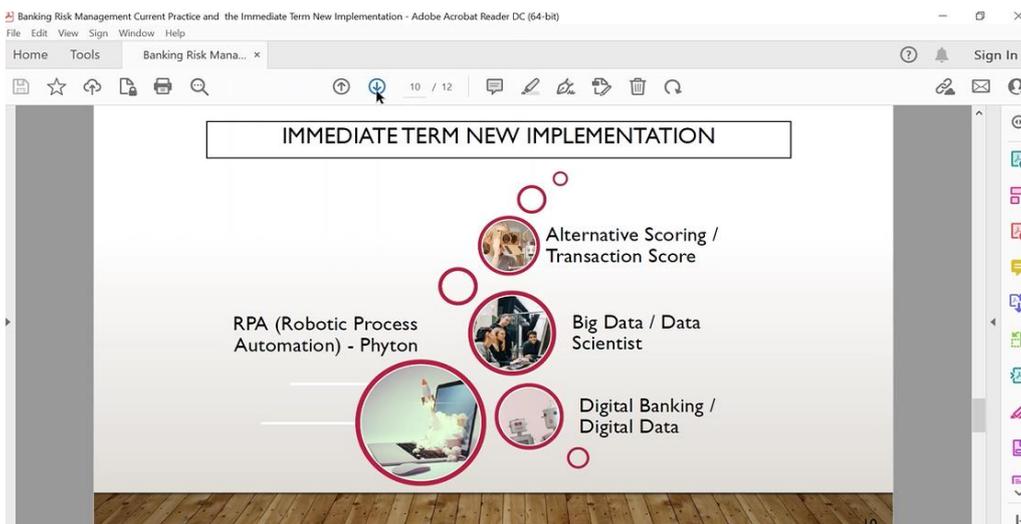
Mr. Thor explaining, "what is risk management"



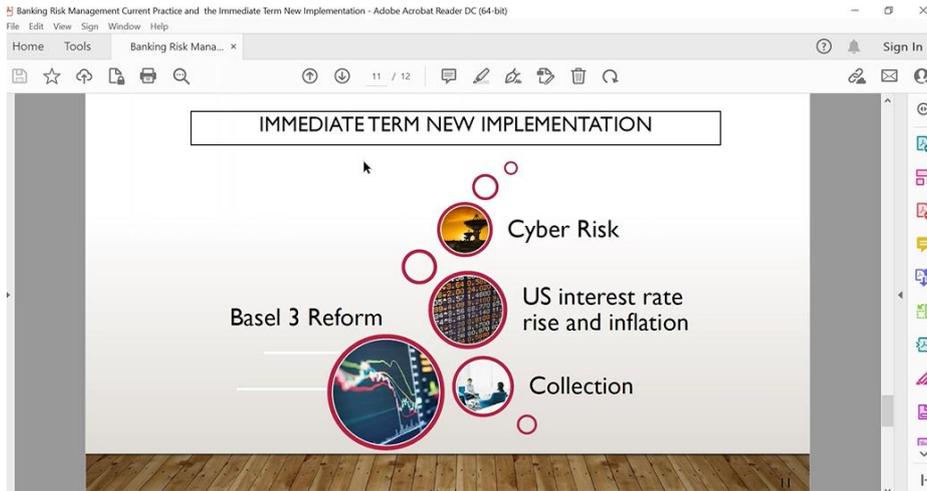
Mr. Thor explaining, "what we do"



Mr. Thor explaining "organization chart"



Mr. Thor explaining "immediate term new implementation"



Mr. Thor explaining "immediate term new implementation" (cont.)