

# Why Being an Operational Risk Manager?

## The Trend of Risk Management

- ◆ **2001** – The Basel Committee on Banking Supervision (BCBS) of the Bank of International Settlements (BIS) published the Basel II. The “Operational Risk” had been one of the essential requirements in addition to measuring “Credit Risk” and “Market Risk” to calculate the capital adequacy ratio. All members of BIS worldwide are committed to implement Basel Framework that comprises all standards of BCBS.
- ◆ **2004** – The Committee of Sponsoring Organizations of the Treadway Commission (COSO) is dedicated to “helping organizations improve performance by developing thought leadership that enhances internal control, risk management, governance and fraud deterrence”. The objectives of risk management is to help understand corporate risk, improve strategic performance, and continue monitoring potential risk.
- ◆ **2006** – ICAO published the first edition of Doc. 9859 Safety Management Manual (SMM), followed by three revisions, the 4<sup>th</sup> edition was published in 2018 after the adoption of Agreement 1 to ICAO Annex 19, Safety Management. The four pillars of SMS include: safety policy, safety risk management, safety assurance, and safety promotion are guidelines to prevent accidents, injuries and other adverse consequences due to uncontrolled operational hazards.
- ◆ **2009** – International Standard Organization (ISO) published ISO 31000 Risk Management. “Using ISO 31000 can help organizations increase the likelihood of achieving objectives, improve the identification of opportunities and threats and effectively allocate and use resources for risk treatment.”
- ◆ **2015** – All candidates seeking ISO certifications must comply with specific guidelines or standards including risk-based assessment, audit, leadership commitment.
- ◆ **2021** – A new career opportunity, Chief Risk Officer (CRO) started to be in demand including industries in Insurance (43%), Energy (50%), Health and Mining (20%~25%) fields. Risk Management is now valued at the strategic level showing the emerging need and importance of a certified Operational Risk Manager.