

CSD

New approaches to operational risk management



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Non-Financial Risks and
Business Continuity



New Challenges. New Solutions



SPEED OF INNOVATION



RISE OF DIGITALIZATION



INCREASING THIRD PARTY DEPENDENCIES

OUTSOURCING

The key focus is not the SLA, but resilience and the ability to adapt quickly

MODELS

"Implement and forget" no longer works. It's not just about validating mathematical formulas, but also about decision-making logic

ARTIFICIAL INTELLIGENCE (AI)

Are we using AI as a tool, or are we allowing AI to manage us?

OUTSOURCING CRITERIA

- 1 NSD can perform the function independently
- 2 Service provision is long-term or systematic (1 year or more)
- 3 The service provided by a third party (outsourcing) is a critical process or part of it

APPROACHES AND TOOLS

-  Risk statement prior to contract conclusion
-  Certain functions are prohibited from outsourcing
-  Registry of critical suppliers
-  Key Risk Indicators (KRIs)
-  Supplier monitoring including concentration risk

DEFINITION

Risk of losses resulting from the use of models that contain errors or are applied in unsuitable conditions

MODEL RISK FACTORS



Incorrect model design (including data quality and sources)



Incorrect application of the model (mismatch between model and business purpose, misinterpretation of results, etc.)



Violations in the functioning of systems and equipment

MODEL RISK MANAGEMENT STAGES

1 Model registration, assessment and validation

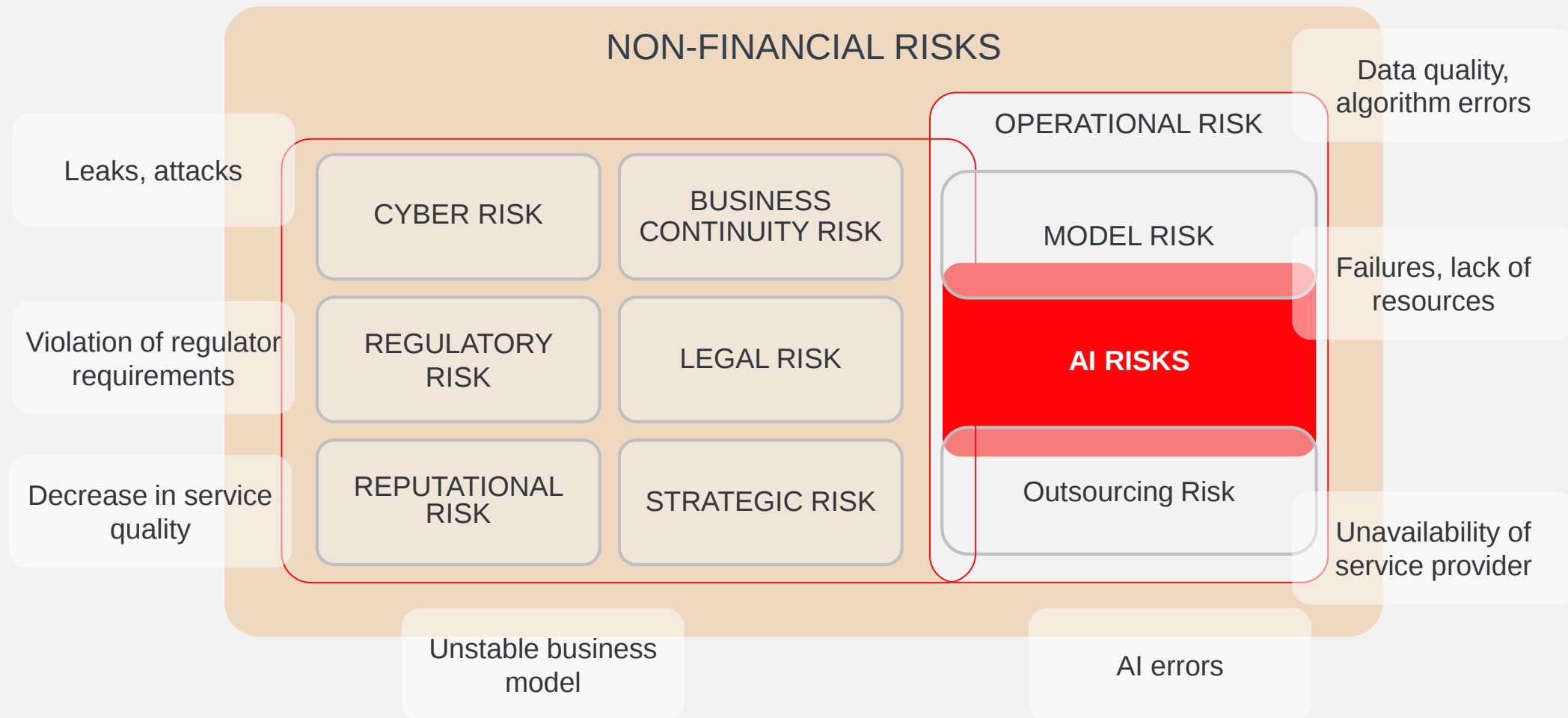


2 Identification, registration and description of model risk and response measures



3 Monitoring and review

AI Risk as Part of Operational Risk



AI Management Levels

CONTROL LEVEL

Governance-loop

Sets rules

Human-on-the-Loop (HOTL)

Model makes the decision, human observes

Human-in-the-Loop (HITL)

Human makes the decision based on model recommendation

CONTROL TYPE

Formation and approval of metrics, policies, risk appetite

Monitoring of model actions and control of deviations

Manual validation and approval of model decision

APPLICATION AREA

Dashboards, risk metrics, KRIs, etc.

Non-critical processes requiring high execution speed. Systems with medium and low AI risk levels

Critical processes, systems with high AI risk levels

AI Risk Management Process



THANK YOU!

Non-Financial Risks and Business Continuity,
NSD

