

# Operational Risk

## MASTER IN FINANCE, INSURANCE AND RISK MANAGEMENT

### Instructor Information

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### General Information

#### Objectives

The lectures aim to introduce to students the essential concepts in the measurement and management of operational risk in the financial services. It will highlight the current issues and challenges faced by the sector, from a methodological and regulatory standpoint.

#### Content

Introduction to the discipline of Operational Risk management. Definitions and case studies. Current status of the banking prudential regulation (Basel II) and ongoing developments (toward Basel IV). Short reference to the Insurance

Main elements of an Operational Management framework.

- Organizational architecture
- Loss data collection
- Scenario analysis

Fundamentals of Operational Risk modeling techniques:

- actuarial models applied to loss data (LDA)
- scenario analysis models
- risk aggregation and diversification

#### Expectations and Goals

Students will be able to select and apply the relevant methods to tackle issues in risk assessment, measurement and aggregation. They will have understanding of:

- the applications of fundamentals of data analysis and statistical techniques to operational risk measurement;
- the basic elements of scenario analysis and how to apply them, and regulatory capital assessment;
- the limitations of operational risk modelling;