

CASE STUDY

Global Operational Risk Management framework implementation

Our approach and involvement

As is often the case with Berkeley engagements, our involvement with the client is based on a long-standing relationship with a member of the executive team. The bank is delivering the one of largest implementations of a risk framework strategy in the industry and it did not have sufficient resources with the experiences necessary to shape and drive the transformation. Berkeley's track record of successfully delivering large scale programmes in complex, high stakes situations was a key factor in our client's decision to engage Berkeley to manage this 3-year programme of work.

Need for change

Our client is one of the world's largest banking and financial services organisations. It serves over 50 million customers through four Global Businesses (Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets, and Global Private Banking) and operates in over 70 countries and across a broad span of regulatory regimes.

Since the financial crisis, regulatory bodies have tightened regulatory requirements increasing the burden on firms. Many firms are finding themselves exposed to:

- Increasing risk of financial losses, regulatory fines, and reputational impacts
- Increasing executive and regulatory expectations / imperatives
- An increasingly complex landscape within which to deliver improvements.

Like many other banks our client had been increasing headcount and associated spend on operational risk compliance, but was not seeing the expected and necessary improvements in the control environment. There was also a risk that additional capital loading could be imposed by the regulator. This regulatory 'stick and carrot' was being used to drive material improvements within the bank, the most significant of which was the global transformation of its Operational Risk capabilities.

Programme Management Backbone

Berkeley is providing the Programme Management "backbone" for the transformation. We are responsible for setting and managing scope, ensuring that business design and system components fit together coherently, and that the delivery plan is robust and well bought into. We are providing the overall Programme Manager role and five key roles across Implementation leadership.

With responsibility across the breadth of the management team, Berkeley is working with a mixed team of client, contractors and third party consultancies, drawing together the capabilities required to deliver the Operational Risk vision and its associated organisational and regulatory benefits.

Managing Global Change

One of the most significant delivery challenges is consistency and quality of delivery across the bank's global footprint to successfully land new roles and processes. Ensuring that every person in the organisation understands the role they play and

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activities they execute in the management of operational risk is crucial.

Berkeley's experience in multi-geography change implementation has helped to guide the bank through its own complex environment. The delivery model is predicated on partnership between the centrally led programme team working in collaboration with key accountable senior business leaders representing each of the bank's global businesses and functions. This 'handshake' model is new for the bank, but has already enabled the achievement of some significant high profile commitments.

The Berkeley perspective

Building on a long-standing client relationship, the programme has demonstrated how a relatively small Berkeley team in key roles can make a huge difference in delivering a complex, global strategy.

In implementing a risk management framework we have learnt that the key to success has been to strive for consistency across regions, countries and lines of business to achieve a truly global view of the risk profile and enable management to respond to the most material issues.

