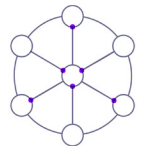
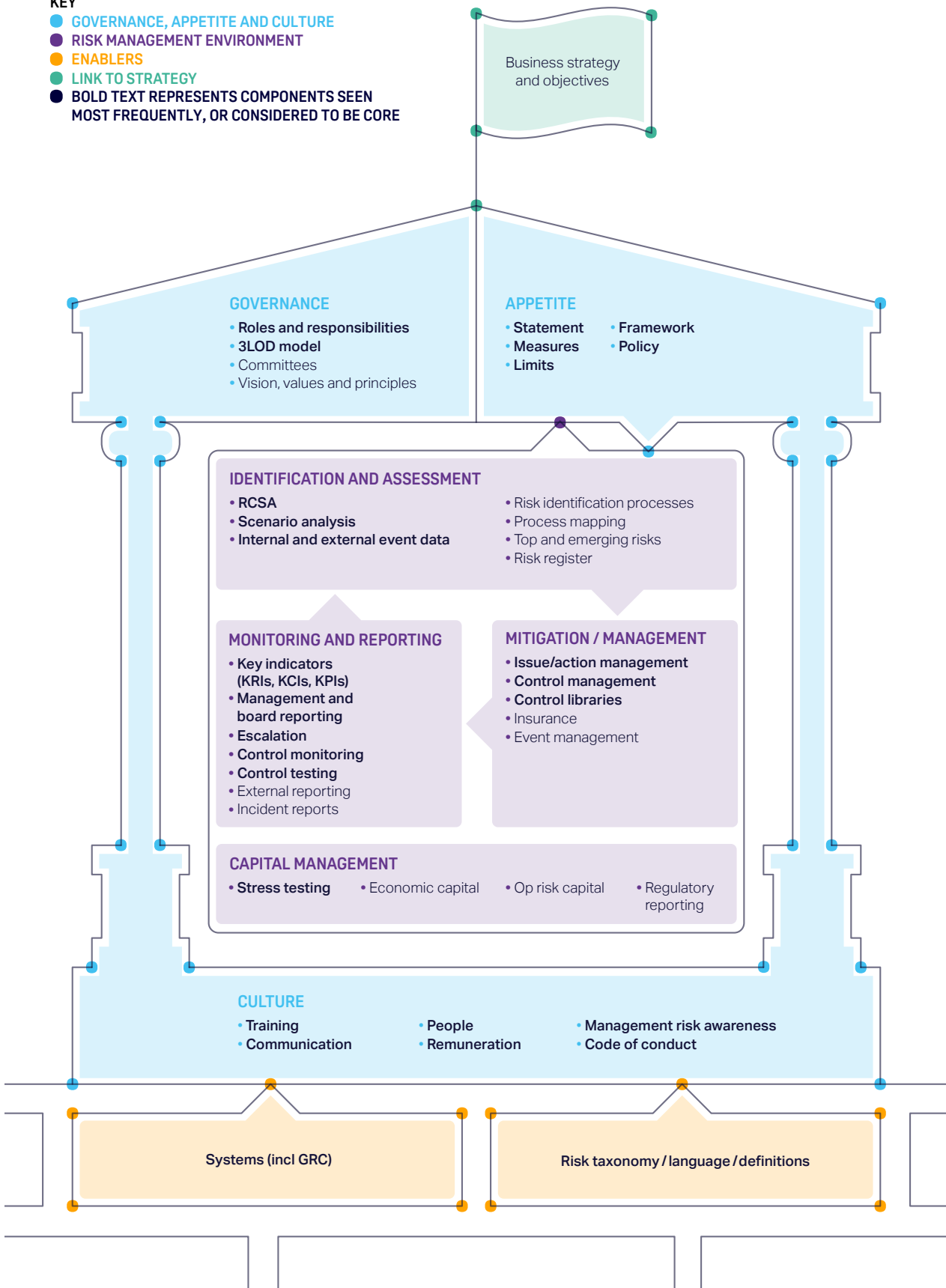


ORX reference framework



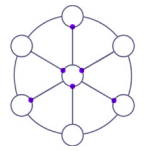
KEY

- GOVERNANCE, APPETITE AND CULTURE
- RISK MANAGEMENT ENVIRONMENT
- ENABLERS
- LINK TO STRATEGY
- BOLD TEXT REPRESENTS COMPONENTS SEEN MOST FREQUENTLY, OR CONSIDERED TO BE CORE



This reference framework allows you to compare your financial institution and the way you manage risk to your peers in the industry.

ORX reference framework



ORX has worked with 43 financial institutions to see how they manage their operational risk frameworks, which GRC tools they use to manage them, and what changes they are making to their frameworks.

From this study, we have created the ORX operational risk reference framework.

This reference framework allows you to compare your financial institution and the way you manage risk to your peers in the industry.

Our ORX operational risk framework will also inform our future **practice benchmark programme**.

We're running a short survey to find out which area of practice we should benchmark next. Have your say by **voting**.

We created the reference framework using input from our 43 participants and the Basel Committee's Principles for the Sound Management of Operational Risk (PSMOR).

Three main areas of a typical framework:

1. **Governance, appetite and culture**
2. **Risk management environment**
3. **Enablers**

A further look at the three main areas of our reference framework

Governance, appetite and culture

Governance, appetite and culture form the structure surrounding and supporting the risk management environment. In many submitted frameworks, we saw governance and appetite sitting above the risk management environment, setting overarching expectations, accountabilities and strategic decisions for the entire risk management process.

Roles and responsibilities and the three lines of defence model are the most frequently represented elements in participants' frameworks.

Risk management environment

The risk management environment is where many of the risk management activities are represented (identification, assessment, mitigation/management, monitoring, and reporting).

RCSAs, loss data and issue and action management are the most frequently represented elements.

Enablers

In the reference framework, enablers sit as key inputs into the risk management 'building', which reflects the position of these components in many of the submitted frameworks.



About ORX practice benchmarks

At ORX, we are developing practice benchmarks that help assess the maturity of the industry and of an institution's operational risk management practices. We're developing this into a holistic set of benchmarks covering all practice areas.

For each benchmark, we provide:

- A maturity matrix
- An industry practice report
- Individual benchmarks for participants
- Webinars and/or roundtables (or opportunity to discuss through webinars and roundtables)

Individual benchmark reports can be requested at any time.

Read more about practice benchmarks on our website. You can visit www.orx.org and search for our practice benchmarks page.

For more information or to receive your individual benchmark report on any of these areas, please contact Esther Renfrew, Senior Research Manager, via esther.renfrew@orx.org

Upcoming practice benchmark

Risk and Control Self-Assessment (RCSA)



This study will articulate maturity levels of RCSAs.

[Find out more](#)

Recent ORX practice benchmarks

Control management



This study identified strengths in control management practices, as well as areas for improvement.

[Find out more](#)

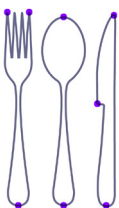
Outsourcing risk



This study helped firms understand new risks and operational impacts that have emerged from outsourcing, in addition to enabling a benchmark of practice.

[Find out more](#)

Operational risk appetite (ORA)



This study identified the current state of the industry with regard to practice, maturity, and the lessons learnt from embedding ORA.

[Find out more](#)

Risk identification for scenario selection (ORX Scenario subscribers only)



This study identified how firms decide which scenarios to run and why, and areas of improvement.

[Request more information](#)