Since 1999, Central Banking Publications has organised annual residential training courses/seminars, which have been attended by more than 5,500 central bankers and supervisors from over 150 countries.

Risk Management for Central Banks

6–9 September 2016, Christ’s College, Cambridge

Course Chair
Janet Cosier
former Chief Risk Officer and Adviser on Strategic Planning
Bank of Canada

Series Advisor
Charles Goodhart
Professor Emeritus
London School of Economics
Financial Markets Group

www.centralbanking.com/cambridge
Dear Delegate,

In thinking about areas for future improvement, I ask myself: How can we accelerate organizational learning from our mistakes? Does our analysis of risks and risk events sufficiently reveal organizational and structural issues that contribute to the risk? How can I further create a positive risk culture that encourages reporting and escalating of risk issues?

Joshua Rosenberg, Executive Vice President and Chief Risk Officer, Federal Reserve Bank of New York, March 2016

As recent events show only too well, those that perpetrate cyber-attacks are no respecter of reputation. Nor do they discriminate between developed or developing economies.

Today central banks are the targets of increasingly sophisticated and interconnected threats which can lead to far-reaching and lasting damage.

Central bank risk managers do not need to be reminded of the importance of risk management.

But they do need to understand the new risks they face from new markets, new policies and new threats, notably cyber crime.

This course, ‘Risk Management for Central Banks’ is designed to equip central bankers to meet these challenges and manage new risks effectively.

The four-day programme of interactive roundtable seminars and workshops offers practical examples of the demands facing information specialists within the central bank, as well as questions of organisation and resourcing of the function.

The panel of expert speakers combines practical central banking experience and expertise in the technical aspects as well as views from private sector experts.

All discussions are held in roundtable format to encourage participants to share their experiences and debate the pressing issues in their field.

This format, as more than 5,500 central bankers and regulators can attest, encourages delegates to quiz panellists, raise issues and discuss solutions to the specific challenges they face.

We look forward to welcoming you to Cambridge on September 6.

Yours sincerely,

Martina Horakova, Head of Seminars
Central Banking Publications

Key sessions focus on:
- Enterprise risk management and three lines of defence
- Risk measurement and reporting
- Cyber security
- Risk management and strategic planning
- Risk Culture

Excellent course overall, a range of topics that would be beneficial for our central banks.

Bosede Nelson-Douglas,
Director, Risk and Compliance, Bank of Jamaica

Key speakers include:
- Turalay Kenc, Deputy Governor, Central Bank of the Republic of Turkey
- Roger Uhlmann, Head of the Investment Policy, Risk Management, Swiss National Bank
- Allan Kearns, Deputy Head Risk Division, Central Bank of Ireland
- Hatem Ibrahim, Head of Risk, Central Bank of Egypt
New risks facing central banks
Turalay Kenc, Deputy Governor, Central Bank of the Republic of Turkey
Following the global financial crisis, central banks have come to terms with their role as the risk takers of last resort – their risk profile reshaped almost beyond recognition. The new – and in many ways unprecedented – financial and operational risks they face as a result underlines the need for a robust framework for assessing and managing them. In this session, the speaker, a senior and experienced central banker, will discuss the key emerging risks facing central banks, from the volatility of capital flows resulting from unconventional monetary policies, to cyber risks and terrorist incidents.

The integrated risk division and three lines of defence
Allan Kearns, Deputy Head Risk Division, Central Bank of Ireland
It is increasingly acknowledged that for an overall strategy for risk management to be effective it needs to be integrated. In this case-study presentation, the speaker will show how his small integrated risk division, which employs both financial and operational risk experts, is trying to achieve this task. The division covers credit, market and liquidity risks within asset management and monetary policy operations, as well as “traditional” operational risk. The speaker will share with the group how the division was established and how it applies the three lines of defence risk management model in a central banking context.

Enterprise risk management – system development
Speaker from the Reserve Bank of New Zealand
Central banks are doing more. As they engage in new operations and prepare for new roles, so the risks they are exposed to change. As a result, central banks are looking into more holistic and systematic approaches to risk and systems that can support this, such as enterprise risk managements systems. The Reserve Bank of New Zealand has recently developed and set up such a system, giving the central bank much clearer picture of the risks it faces, how those risks are developing over time and what risks might be on the horizon. In this session, the speaker, who led the four-year process from RFP to go-live, will share with the group the key steps taken, such as the creation of a tailored ‘data model’ to allow risks to be classified and then rated on the basis of likelihood and impact.

Risk culture and awareness – the key to success
Janet Cosier, Former Adviser on Strategic Planning and Risk Management, Bank of Canada
Detailed plans and systems design for risk management are ineffective without a risk culture running throughout the institution. In addition, central banks and regulators oversee risk culture in the private sector and are therefore expected to lead by example. Yet, different elements of a central bank perform different tasks, face different risks and have different cultures themselves. In this session, the speaker will show how her institution squared this circle to effectively, and lastingly, spread risk culture through every part of the central bank.

About the course chair:
Janet Cosier is the former Chief Risk Officer and Adviser on Strategic Planning at the Bank of Canada. She continues in her capacity as the Chair of the Board of Directors of the Canadian Payments Association. She has served in a variety of functions including comptroller and chief accountant, as well as chief internal auditor, before being appointed adviser to the governor. She has provided technical assistance to various central banks in the areas of strategic planning, risk management, governance and financial reporting. Before joining the Bank of Canada, she worked with the Office of the Auditor General of Canada and with the Department of Industry, Trade and Commerce.
The New Risk Landscape

Cyber risk – new generation operational risk

Kenneth Montgomery, First Vice President and Chief Operating Officer, Federal Reserve Bank of Boston (invited)

The past few years have seen cyber-crime grow in concern for central banks, though typically in the context of the banks or financial infrastructure that they oversee. No longer. Recent high-profile and high intensity cyber-attacks on central bank systems have highlighted the need to look at their own defences. The speaker, an experienced security risk manager, will share with the group how his central bank, which experiences on average around eight incidents a week, has put together and maintains protective measures.

Risks to central bank balance sheets, capital and financial independence

Robin Darbyshire, former Financial Accountant, Bank of England

Post crisis many central banks’ balance sheets make for unpleasant viewing. More broadly, a combination of reduced earnings from low-yielding foreign exchange reserves, rising sterilisation costs and capital losses as interest rates rise mean they may face structural imbalances for years to come. Does this mean that central banks risk losing their financial credibility? Is financial strength crucial for maintaining policy independence? Do arrangements for profit and loss sharing with government, and the definition of central bank profit and recapitalisation need to be reconsidered? What is the suitable level of capital? This session examines changes in balance-sheet risks and strategies to manage those.

The changing environment facing reserves managers

Jennifer Johnson-Calari, Advisor and former Director, Sovereign Investment Partnerships, The World Bank (invited)

In 2016, the traditional and long-cherished strategy for reserve management generates neither return nor preserves capital. The low-yield environment is forcing a fundamental reassessment of the assets used in reserve management. Further, the crisis has highlighted how central banks can face calls on their reserves for multiple reasons. As a result, globally, reserve managers are questioning long-held views on currency, asset classes and investment horizon. This session will consider whether the current features of the typical reserve management framework, such as the most commonly used investment horizons and risk metrics, are fit for purpose.

Liquidity, market and equity investment risk management

Roger Uhlmann, Head of the Investment Policy, Risk Management, Swiss National Bank

The increased role of instruments such as quantitative easing, sovereign bond purchases, and retail lending schemes has made financial risks even larger – and more volatile – for central banks. In this session, the speaker will discuss liquidity and market risks the central bank has faced, is facing and how it has responded across a range of asset markets. He will also share with the group experience of monitoring equity portfolios both in terms of financial as well as non-financial risks such as regulations in different jurisdictions.

Managing reputation risk: the key to central bank risk management

Ludek Niedermayer, Member of European Parliament and former Vice Governor, Czech National Bank

Reputation risk is not ‘new’, on the contrary, reputation is central to success in achieving policy objectives and preserving independence. However, reputational risk has gained more prominence in recent years, as central banks took on new unconventional roles and found themselves thrust further into the public spotlight. Every risk is potentially a reputational risk, but a central bank cannot avoid all risk and indeed may be required to take on risks in the interests of the public good. It is the understanding of this tension, the speaker will argue, that lies at the heart of central bank risk management.

A holistic view of operational and financial risk in central bank was provided in the seminar.
Defining operational risk for central banks
Janet Cosier, former Adviser on Strategic Planning and Risk Management, Bank of Canada
The growing complexity of central bank mandates and the world they operate in bring not only strain on already busy departments but also expose central banks to a wide array of financial and non-financial risks. In this session, the speaker will focus on the key operational risks facing central banks, including recruiting and retaining high-quality staff. This session will then look at how one central bank has constructed a framework for identifying, managing and mitigating operational risks, and the lessons that can be drawn from this experience.

Risk management and strategic planning – enabling the risk function
Allan Kearns, Deputy Head Risk Division, Central Bank of Ireland
The strategic planning function with its forward looking nature is ideally placed to identify potential future risk areas. By the same token, the risk management function which sits close to the day-to-day business can provide valuable insights for those in charge of strategic planning process on where risk sits. In this session, the speaker will explain how to best integrate risk management with strategic planning and performance management in order to better manage a central bank’s business and reputation risks.

Effective measuring and reporting
Luis Fernández de Heredia, Head of Operational Risk, Bank of Spain (invited)
A critical aspect for any operational risk manager is measuring, quantifying and reporting to senior management. This is a delicate task for three reasons. First, as it bridges the gap between quantitative analysis and business strategy it is vital that risk managers make superiors aware of assumptions behind the reports. Second, they must find exactly what management knows about operational risk, where their risk tolerance lies and make sure their reports are intelligible to non-risk managers. Third, they must be wary of over-reporting or being seen to “cry wolf”. This session will focus on the key elements of an operational risk report, on how reports can be best presented and what can be done to follow up the reporting process.

Developing business continuity plans (BCP)
Hatem Ibrahim, Head of Risk, Central Bank of Egypt
A business continuity plan should provide a formal declaration of the preparedness of the central bank to ensure continuity, resumption and recovery of critical business processes to limit the impact of a disaster. Yet the resulting handbook, or series of handbooks, may prove less than effective as a tool to use in a crisis if over-prescribed and over-specified. In this session the speaker will outline the themes needed to design an effective BCP plan taking into account the fact that operational risk differs somewhat from other risks, in that it tends to cut across organisational units, operational accountabilities and policy mandates.
Friday 9 September
Risk Governance: Delivering Effective Accountability

Internal audit and compliance
Mads Kristensen, Assistant Director, Internal Audit, Norges Bank
Risk and audit offer synergistic opportunities. Both functions can, potentially, benefit from shared resources and skillsets. For example, operational risk assessments of business processes are a valuable input into auditor’s prioritisation of audits and which relevant controls should be tested. Auditor’s feedback helps operational risk managers validate their information. However, by the same measure, it is important to identify what roles internal auditors should not take on, such as setting the risk appetite of the institution and imposing risk management processes. In this session, the speaker will outline how internal auditors and risk managers can work together. He will also discuss the balance between internal audit and compliance cooperative interface and the appropriate level of independence of these functions.

Board and risk committee: setting risk appetite
Janet Cosier, Former Adviser on Strategic Planning and Risk Management, Bank of Canada
What is the role of the board and risk committee in risk management? What is the job of a risk committee and how should it be formed, especially in central banks that do not have an established risk department or division? What, how often and who should report to the board and to the risk committee on risk management, breaches in risk management guidelines and limits? The central bank board is crucial in setting the limits on financial risk and sets the tone from the top in operational risk. In this session, the speaker will look at how board needs to be informed to foster proactive attitudes of risk recognition, detection, prevention and mitigation. He will then look at the ideal setup of risk management committee that ensures that all risks are encompassed.

Lessons learned and key action points
Led by the chair
In this closing session, the chairman will review the key lessons learned from the presentations and discussions throughout the program. Delegates will be asked to reflect on how the lessons learnt over the four days can be applied at their home institutions.

Autum Series 2016 features the following seminars:

6–9 September
- Legal Risks and Good Governance for Central Banks
- Risk Management for Central Banks
- The Changing Framework of Monetary Operations and Collateral Management
- IT Governance and Strategy for Central Banks
- Efficient Corporate Services: Supporting Policy Functions
- Human Resources: Facilitating Change and Performance

13–16 September
- Financial Regulation and Supervision: Design and Implementation
- Library and Knowledge Management: Supporting Innovation and Mission
- Effective Oversight of Financial Market Infrastructures
- Financial Independence, Reporting and Accountability for Central Banks
- Government Debt Management: New Trends and Challenges
- Economic Analysis for Macropuondential and Monetary Policymaking
Booking details

Course fee: £3,000

4-day (3 nights) residential course
Course fee includes: en-suite accommodation, meals, refreshments, course documentation and a complimentary copy of the most recent issue of the Central Banking journal. Substitute delegates can be accepted should the registered delegate be unable to attend; please let us know prior to the event.

How to book

There is a booking form overleaf. Please use one of the following methods to book your place:

Online:  www.centralbanking.com/cambridge
Call:  Steve Hands on +44 (0)20 7316 9040
Email:  conference@centralbanking.com
Fax:  Attention of Central Banking Events to +44 (0)20 7504 3730
Post:  Central Banking Publications
       Incisive Media
       28–29 Haymarket
       London
       SW1Y 4RX, UK

About Central Banking Publications

About Central Banking Publications Central Banking Publications’ events division is the leading independent organiser of public policy seminars/training courses for the official sector. Since 1999, CBP has hosted roundtable seminars and training courses for over 5,500 senior policymakers from central banks, ministries of finance and financial regulatory agencies around the world. Senior officials from more than 150 countries have attended these meetings over the past decade and a half.

The Venue

Christ’s College, St Andrew’s Street,
Cambridge, CB2 3BU, UK

Christ’s College is one of England’s oldest university colleges and traces its origins back to 1439 when it was founded by William Byngham as “God’s house” and adopted by King Henry VI. The college is conveniently situated in the heart of Cambridge surrounded by all the historical sites, and is one hour by train from London.
Risk Management for Central Banks

1. Delegate details: PLEASE WRITE IN CAPITALS

Mr/Mrs/Ms: Surname/Family name:
First name:
Job title: Department:
Organisation:
Address:
Postcode:
Telephone:
Facsimile:
Email 1:
Email 2:

2. Payment details:

☐ Invoice: If you select this option an invoice will be sent to you by email and by post. If you would like to provide different details to the above for the invoice please notify us when sending back the booking form.

☐ Credit card: please charge £3,000 to my □ Visa □ Mastercard □ American Express
Card No: □□□□□□□□□□□□□□ Security Code: □□□□
Cardholder name: Expiry date:
Cardholder address (if different from above):

Accommodation: The course fee includes 3 nights accommodation at Christ’s College. Please indicate if you think you may need extra night(s) accommodation at the venue (Yes/No)
Do you have any dietary requirements? (Yes/No)
If yes, please specify

Course fee: £3,000

I have read and agree to the terms and conditions below.

Signature: Date:

Terms & Conditions: A refund (less 10% administration fee) will be made if notice of cancellation is received in writing three weeks before the event. We regret that no refunds can be given after this period. In addition delegates are wholly responsible for obtaining any necessary entry visas and refunds cannot be given as a result of non-attendance arising from a failure to secure such visa. A substitute delegate is always welcome at no extra charge. The programme may change due to unforeseen circumstances, and Incisive Media reserves the right to alter the venue and/or speakers. Incisive Media accepts no responsibility for any loss or damage to property belonging to, nor for any personal injury incurred by, attendees at our conferences, whether within the conference venue or otherwise. Data protection: by registering for a Central Banking training course you will receive further information relating to this event. In addition we will send you information about our other relevant products and services which we believe will be of interest to you. If you do not wish to receive other relevant information from Incisive Media via a particular medium please click the following relevant boxes: mail □ phone □ fax □ email □. Incisive Media will also allow carefully selected third parties to contact you about their products and services. If you do not wish to receive information from third parties via any of the following media please tick the relevant boxes: mail □ phone □. Please tick if you are happy to receive relevant information from carefully selected third parties by email □ and fax □.

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