

IRM's Level 5 International Certificate in Financial Services Risk Management

Qualification Syllabus

September 2023



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1. About the Institute of Risk Management (IRM)

The IRM is the leading professional body for risk management. The IRM is an independent, not-for-profit organisation that champions excellence in managing risk to improve organisational performance. IRM does this by providing internationally recognised qualifications and training, publishing research and guidance and by setting professional standards across the world. IRM's members work in all industries, in all risk disciplines and across the public, private and not-for-profit sectors.

2. IRM Qualification Aims

IRM qualifications are aimed at practising or aspiring managers and leaders who are in decision making roles or working as risk management practitioners. The qualifications provide students with a broad knowledge and practical skills in risk management, which can be immediately applied in the workplace.

IRM qualifications provide a holistic, flexible, and module-based approach which is assessed by using either multiple choice questions in the certificates, and written assignments for the diplomas.

The IRM's Level 5 International Certificate in Financial Services Risk Management is designed to introduce students to the fundamental theory, management, and application of Enterprise Risk Management (ERM) and Financial Services to ensure timely organisational success. This in turn enhances an organisation's ability to achieve its objectives and ensure sustainability based on transparent and ethical behaviours.

2.1 Aims of the IRM's Level 5 International Certificate in Financial Services Risk Management:

- Develop students' knowledge, understanding and skills needed to recognise and manage risks in an organisation,
- Develop enquiring minds, to ensure that students have the ability and confidence to work across different business functions in an organisation to recognise, lead, manage and respond to risks in their departments and across the organisation; and
- Develop transferable skills including communication, problem solving, adaptability, time management, organisational and research skills.

2.2 IRM qualifications address these aims by:

Designing learning to impart knowledge through academic theory and practical application through two modules:

- Module 1 which provides the foundation of risk management through the examination of core principles and concepts.
- Module 2 which builds on the foundations studied in Module 1, examining specific regulatory requirements and risks that the financial services sector may encounter.
- The six units in each module explore various aspects of risk management in detail and meet the aims as follows:
 1. Each unit consists of online lessons which provide knowledge in bite-size pieces.
 2. Each unit is accompanied by relevant references to essential and further reading material in the form of books, articles, case studies, websites, videos, and blogs that support the lessons being taught.
 3. Each unit includes reference to materials that students are expected to access and assimilate (essential) and materials that will widen their knowledge of the subject (further reading).
 4. The Certificate is taken over a 6–9-month period, which requires skill in time management, which is supported by the planning materials in the Student Handbook.
 5. Undertaking the activities and engaging in the discussion forums for both modules support students in challenging academic materials.
 6. Enabling students to be better able to be involved in and implement risk management processes.
 7. Undertaking the activities allows students to use the theory gained to apply it to a practical situation and improve their confidence in their risk management knowledge. It also allows students to align their learning to employers and higher education needs for a skilled workforce.
 8. Each unit has been designed by qualified risk managers, who are expert practitioners in the field of risk management and engaged in academic activities outside of the IRM.
 9. The outline specification for the Certificate has been shared with previous students and external risk management professionals to test the validity and value of the subject matter, in line with students and potential and existing employer expectations

2.3 Providing activities and formative assessments (sometimes called assessment of learning) is a formal method to evaluate learning by comparing learning to a standard or benchmark. This is typically at the end of a unit, module, or period. Formative assessment takes the form of a unit or module test, to permit students to progress to next unit or module:

- Each unit includes several activities that provide students with the opportunity to practically apply what they have been taught through the lessons. Each activity is followed by sample answers from the IRM to ensure the student fully understands what was being asked of them.
- The modules include an introductory and a summary video. Module 1 includes an additional examination guidance video, followed by access to a specimen multiple-choice examination paper, that supports students when sitting the examinations as it provides them with knowledge of the examination format and the expectations of the examiners. Module 1 and 2 includes an additional assignment writing video which provides students with guidance on academic writing.

3. Guided learning hours and total qualification time

3.1 Guided learning hours (GLH) are where the tutor provides guidance towards the learning aim being studied online. It also includes any forms of assessment hours which are supervised by the tutor or other education or training provider.

- The International Certificate in Financial Services Risk Management Level 5 = 60 GLH hours.

3.2 Total Qualification Time (TQT) is a total of independent learning and the GLH as above.

- The International Certificate in Financial Services Risk Management Level 5 = 360 hours which includes 300 hours of independent study by students.

4. IRM Professional Standards

The IRM professional standards are designed to be used by anyone involved in risk management. They are flexible and can be adapted and used in all types of organisations, sectors, and geographical regions.

The IRM Professional Standards has four functional areas broken down into risk functional area components. They are:

- Insights and context:
 - Risk management principles and practice
 - Organisational environment
 - External operating environment.
- Strategy and performance - developing a risk management strategy to meet organisational needs:
 - Risk management strategy and architecture
 - Risk management policy and procedures
 - Risk culture and appetite
 - Risk performance and reporting.
- Risk management process:
 - Risk assessment
 - Risk treatment.
- Organisational capability:
 - Communication and consultation
 - Change management
 - People management.

The standards are written as outcomes of competent performance which is the need for relevant knowledge to achieve the standards. For more in-depth information on the Professional Standards of the IRM, please refer to our website <https://www.theirm.org/what-we-do/about-us/professional-standards/>

5. Time Constraints

Once students register, they will have two years (i.e., three consecutive exam sessions) in which to complete the IRM Level 5 International Certificate in Financial Services Risk Management.

6. Collaboration in the Design of the Qualification

- John Crawley - Expert Partners
- Philip Whittingham - AXA
- Demitri Gittens – Direct Line Group
- Abina Philips - STM Group PLC

7. Key Dates

The assessment dates are May/June and November/December in every year.

8. Language requirements

The qualification is delivered in the English language.

9. Support for Teaching and Learning

This course is self-directed distance learning so that students have the flexibility of studying at their own pace.

9.1 Virtual Learning Environment (VLE)

The IRM provides learning materials for all units on the VLE, (Moodle). Learners also have access to openly available essential and further reference materials. Module coaches also have full access to all learning materials to prepare themselves for teaching. Access to the next unit is provided to students once a unit is completed.

9.2 Webinars/Videos

Students are given free access to a range of webinars and videos. They also have access to discussion forums to interact with fellow students, coaches and the IRM student support team.

9.3 Optional Blended Learning

The IRM offers a blended learning option at an additional cost for students who may prefer a more interactive customised learning experience. These student-centered workshops reinforce students understanding of the topics and help them develop the practical skills needed to put their learning into practice.

9.4 Student Handbook

Students have access to a student handbook which contains a range of background, guidance and key information that prepares them for successful study and attaining the qualification. Some sections of the handbook are advisory, helping students to organise and refine their study and examination skills. Some sections contain essential information that students must be aware of and careful to follow.

The essential information is indicated with an asterisk (*) in the contents list, and on the title page of each relevant section. Students should read the handbook in its entirety before they start studying.

9.5 Student Membership

Students who have enrolled in the Certificate course automatically become student members of the IRM. This membership entitles students to several benefits including:

- Access to news and information on the latest developments in the risk profession, in the form of the Enterprise Risk, IRM's quarterly magazine.
- Thought leadership by participating in IRM consultation exercises to assist in supporting, informing, and influencing the regulatory framework in which risk management operates.
- Events and networking to debate and share experiences with peers in the global risk management community.
- Online discussion forums to enable students to network with other students globally and discuss studies in virtual student groups.
- Participation in community groups for their sector/markets/countries.
- Demonstrating to employers their commitment to knowledge progression and supporting the organisation.

The IRM student support team can be contacted by telephone or email to assist with any administrative issues related to studies.

Students completing and passing the examination and assignments of the International Certificate in Financial Services Risk Management can use the letters IRMCert after their names and automatically become Certificate Members of the IRM.

10. Qualification Structure

The International Certificate in Financial Services Risk Management at Level 5 is regulated by Ofqual, England's Office of Qualifications. Qualification number: 610/3240/2

10.1 Qualification Requirements and Rules of Combination

The Level 5 International Certificate in Enterprise Risk Management qualification structure has been designed to support students to address their own developmental needs and interests. The Qualification is split into two modules each with attached units.

Students need to complete all the units in this qualification as follows:

| | Module | Unit Number | Unit Title | Approximate Learning Hours |
|---|--|-------------|---|----------------------------|
| 1 | Principles of Risk and Risk Management | Unit 1 | Key concepts in risk management | 30 |
| | | Unit 2 | Strategic planning for Enterprise Risk Management | 30 |
| | | Unit 3 | Risk context, objectives and assessment | 30 |
| | | Unit 4 | Managing, monitoring and reporting risks | 30 |
| | | Unit 5 | Risk culture and appetite | 30 |
| | | Unit 6 | Corporate governance and risk assurance | 30 |
| 2 | Financial Services Risk Management | Unit 7 | Regulation in Financial Services | 30 |
| | | Unit 8 | Financial Risk in the Financial Services Sector | 30 |
| | | Unit 9 | Introducing Operational Risk in Financial Services Sector | 30 |
| | | Unit 10 | Specific Operational Risks in the Financial Services Sector | 30 |
| | | Unit 11 | Resilience | 30 |
| | | Unit 12 | Sustainability | 30 |

11. Entry Requirements

Although the IRM does not have any specific formal entry requirements, it ensures that students have sufficient capability at the right level to undertake the learning and assessment.

The IRM may consider students prior learning when considering acceptance to IRM qualifications. See the IRM Recognition of Prior Learning Policy.

Please note, the qualification is offered in English therefore a reasonable knowledge of the English language is important. It is recommended that students have a level of English equivalent to Entry Level 3.

12. Equality and Diversity

The IRM ensures that students are provided with equal opportunities to access all qualifications and assessments, by considering and providing reasonable measures and special consideration for all.

The IRM endeavours to ensure that all processes, structure, content and arrangements for content, coaching, assessment, and awarding of certificates:

- Ensure access and equality of opportunity without affecting the integrity of the qualification.
- Guarantees fair assessment for all students, including those requiring special considerations.
- Complies with the UK Equality and Diversity legislation by ensuring that there is no discrimination on grounds age, disability, gender identity or gender reassignment, marriage or civil partnership, pregnancy or maternity, race or ethnic origin, religion or belief, sex, or sexual orientation.

For further information, please see the IRM's Equality and Diversity Policy and Reasonable Adjustments Policy.

13. Qualification Delivery

The IRM ensures that students have access to a full range of information, advice, and guidance to support them in completing the qualification.

14. Complaints

Complaints can be emailed to the relevant individual directly to resolve the issue swiftly. Please see our complaints policy in the Student Handbook.

If dissatisfied with the response, an appeal can be sent to the Chief Operating Officer (COO) ensuring that name, address, and telephone number, names, and details of the complaint itself are included. Complaints are acknowledged within five working days of receipt and the matter is investigated and action is decided on and taken. A further appeal can be made which is escalated to the Chief Executive Officer (CEO) who acknowledges within seven days and arranges an Appeal Review Panel within fourteen days.

15. Overview of Module 1: Principles of Risk and Risk Management

Module 1 introduces the principles and concepts of risk and risk management and its development through to Enterprise Risk Management based on international best practices. The principles and framework are explored as the foundations for the effective implementation of risk management. An examination of the risk management process is provided through the lens of four simple steps:

- Defining context and objectives,
- Assessing the risks,
- Managing the risks and
- Monitoring, reviewing, and reporting on them.

Risk appetite and tolerance are then explored as a means of understanding how much risk an organisation is willing to accept or take in pursuit of its objectives, which leads to an assessment of corporate governance and the need to provide assurance to any organisation that, in the face of the risks it faces, can achieve its objectives.

Module 1 Learning Aims

By the end of Module 1 students will be able to meet the learning aims below:

| Units | | Learning Aims |
|--------|---|--|
| Unit 1 | Key Concepts in Risk Management | Appraise the nature and requirements of risk and risk management, and the purpose of managing risk, in-line with recognised international standards. |
| Unit 2 | Strategic Planning for Enterprise Risk Management | Determine the most appropriate risk management principles, framework, and process for an organisation. |
| Unit 3 | Risk Context, Objectives, and Assessment | Determine the most important risks of an organisation given its context and objectives. |
| Unit 4 | Managing, Monitoring and Reporting Risks | Establish an organisational environment where risks are effectively managed, monitored, and reported on. |
| Unit 5 | Risk Culture and Appetite | Determine the appropriate level of risk that an organisation can take in relation to its risk culture. |
| Unit 6 | Corporate Governance and Risk Assurance | Examine the role of risk management within corporate governance and risk assurance. |



Unit 1 - Key Concepts in Risk Management

Learning hours: 30

Assessment Guidance: Multiple choice questions and a written assignment

Unit Learning Aims

After studying this unit, students will be able to:

- Appraise the nature and requirements of risk and risk management, and the purpose of managing risk, in-line with recognised international standards.

Unit in Brief

In this unit students are introduced to risk management concepts. They are also introduced to the importance of risk management across enterprises as well as internationally accepted standards and frameworks that support the effective implementation of risk management.

Introduction to Unit

This unit introduces the concept of Enterprise Risk Management. Once introduced, the terms risk management and ERM will represent the same concept, unless noted otherwise.

There are many terms and definitions regarding risk and risk management, which are often misunderstood and inconsistently used by organisations. It is important to be aware of the appropriate language and methodology to be implemented, the reasons for their use, and understand the value that risk management can and should bring to an organisation.

In this unit you will gain an insight into what risk and risk management are, looking at the positive and negative impacts that risk has on organisations. You will also be introduced to key features of risk and risk management before moving on to explore the history of risk management. You will then further examine the importance of risk management and its value is for different stakeholders and finally distinguish between the different risk management standards.

| Indicative Learning | Unit Learning Outcomes The student can: | Assessment Criteria |
|---|---|--|
| 1.1 Introducing Enterprise Risk Management: <ul style="list-style-type: none"> • Approaches to defining risk. • Approaches to defining Enterprise Risk Management. | 1. Compare the concepts of risk and risk management using a range of different recognised approaches. | <ul style="list-style-type: none"> • Distinguish between risk and risk management using a range of different recognised approaches. • Explain the key developments in the evolution of risk management • Evaluate the importance of Enterprise Risk Management for organisations from different perspectives. • Compare different international risk management standards including ISO 31000; and the Orange Book – Management of Risk: Principles and Concepts. • Compare different international risk management standards including ISO 31000; and the Orange Book – Management of Risk: Principles and Concepts. |
| 1.2 Evolution of Enterprise Risk Management: <ul style="list-style-type: none"> • Key developments in the evolution of risk management. | 2. Examine the key developments in the evolution of risk management. | |
| 1.3 Importance of Enterprise Risk Management for organisations: <ul style="list-style-type: none"> • Organisational strategy. • Governance. • Resilience | 3. Understand the influence of Enterprise Risk Management on organisational strategy, governance and resilience of an organisation. | |
| 1.4 Different approaches to Enterprise Risk Management A. Consistency in approach and integration B. Risk management specialisms, such as: <ul style="list-style-type: none"> • Finance • Health and safety • Project management. • Link to different approaches to risk management in Unit 10 | 4. Review the approaches and integrations of different risk management specialisms of an organisation. | |
| 1.5 Enterprise Risk Management standards and frameworks A. General risk management standards and frameworks including: ISO 31000 COSO (2004 and 2017). B. Alternative risk management approaches, including: The Orange Book. | 5. Examine different international risk management standards and approaches. | |



Unit 2 - Strategic planning for Enterprise Risk Management

Learning hours: 30

Assessment Guidance: Multiple choice questions and a written assignment

Unit Learning Aims

After studying this unit, students will be able to:

- Determine the most appropriate risk management principles, framework, and process for an organisation.

Unit in Brief

In this unit students will formulate an appropriate risk management approach for an organisation by considering risk principles, frameworks, and processes.

Introduction to Unit

The principles of risk management focus on the premise that it delivers value to organisations by applying practices designed to achieve the best possible outcome thereby reducing volatility or uncertainty.

In this unit you will learn about strategic planning for the implementation of effective risk management, including the framework that provides a structure for organisations to work within. You will investigate and formulate a risk management framework for an organisation of your choice.

The Risk Architecture, Strategy and Protocols framework (RASP). comprises of Risk Architecture, including roles and responsibilities, Risk Strategy, including the risk management policy, and Risk Protocols, including the risk management information system (RMIS).

You will assess the principles of risk management, from a variety of perspectives, and finally you will learn about different risk management processes and their similarities.

| Indicative Learning | Unit Learning Outcomes The student can: | Assessment Criteria |
|--|--|--|
| <p>2.1 Principles and attributes of risk management</p> <p>A. Principles from international standards, including ISO, COSO and the Orange Book.</p> <p>B. Attributes of risk management including:</p> <ul style="list-style-type: none">• Proportionate, Aligned, Comprehensive, Embedded, Dynamic (PACED). | <p>1. Examine the principles and attributes of risk management.</p> | <ul style="list-style-type: none">• Evaluate the effectiveness of risk management based on the established principles as defined by international standards.• Establish an appropriate risk management architecture for an organisation’s operational model and governance structure.• Establish an appropriate risk management strategy for an organisation.• Recommend appropriate protocols for a successful organisational risk management, clearly justifying how each contributes to its success.• Establish an appropriate risk management process for an organisation. |
| <p>2.2 Strategic Planning for Enterprise Risk</p> <p>Risk Architecture</p> <p>A. Organisational/governance structure.</p> <p>B. Roles and responsibilities including risk and risk control and ownership.</p> <p>C. Planning for risk management.</p> | <p>2. Develop an effective risk management strategy for an organisation.</p> | |
| <p>2.3 Strategic Planning for Enterprise Risk</p> <p>RASP – Strategy</p> <p>A. Tone from the top.</p> <p>B. Risk Management Policy.</p> <ul style="list-style-type: none">• Introduction to risk appetite. | <p>3. Understand risk management processes.</p> | |
| <p>2.4 Strategic Planning for Enterprise Risk</p> <p>RASP – Protocols</p> <p>A. Procedures.</p> <p>B. Tools and techniques.</p> <p>C. Risk Management Information Systems (RMIS).</p> | | |
| <p>2.5 Risk management processes</p> <p>A. Processes for ISO, COSO, and the Orange Book.</p> <p>B. Comparison using the four simple steps of risk management.</p> | | |



Unit 3 - Risk context, objectives and assessment

Learning hours: 30

Assessment Guidance: Multiple choice questions and a written assignment

Unit Learning Aims

After studying this unit, students will be able to:

- Determine the significant risks of an organisation given its context and objectives.

Unit in Brief

In this unit students will appraise the context and objectives for the organisation or activities they are undertaking. This will enable the identification and analysis of real risks related to the context and objectives and support the decision-making process regarding which risks require further management.

Introduction to Unit

Understanding the context in which you are working and the objectives that you are trying to achieve will allow you to identify and analyse uncertainties that matter (risks). This will provide you with the information needed to decide whether any further action is needed, or whether risks are within the organisation's risk appetite and tolerance.

You will be using the current ISO 31000 standard as the basis of your work and will do this for the remainder of the module. You will be referring to other standards too, especially the COSO ERM framework and The Orange Book, published by the UK HM Treasury.

In this unit you will learn about the first step in the risk management process, regarding establishing the internal and external context, the objectives at risk, and the purpose of risk management relevant to your situation. You will also look at the second step in the process, risk assessment, which comprises risk identification, risk analysis and risk evaluation.

| Indicative Learning | Unit Learning Outcomes The student can: | Assessment Criteria |
|---|--|---|
| <p>3.1 Establishing the internal and external context</p> <p>A. Internal context</p> <ul style="list-style-type: none"> • Business processes and strategy. <p>B. External context - trends and drivers.</p> <p>C. Tools and techniques for understanding the internal and external context, including:</p> <ul style="list-style-type: none"> • The Extended Enterprise • Political, Economic, Social, Technical, Legal, Environment (PESTLE) • Stakeholder mapping • Horizon scanning. | <p>1. Examine an organisation's internal and external contexts.</p> | <ul style="list-style-type: none"> • Critique the framing of objectives and their relevance to an organisation's purpose and strategy. • Establish an appropriate risk management architecture for an organisation's operational model and governance structure. • Determine relevant risks against objectives, in a particular context, using appropriate risk identification techniques. • Establish the significance of the identified risks, linked to risk appetite and tolerance using a variety of techniques. |
| <p>3.2 Objectives and purpose</p> <p>A. Values, mission, objectives, strategy, and tactics.</p> <p>B. Specific, measurable, achievable, realistic and timebound (SMART) objectives.</p> <p>C. Risk criteria and Key Performance Indicators (KPI's).</p> <p>D. Attachment of risk.</p> | <p>2. Understand the importance of framing objectives and key performance indicators.</p> | |
| <p>3.3 Identification of risks</p> <p>A. Risk articulation.</p> <p>B. Known unknowns.</p> <p>C. Risk identification techniques.</p> <p>D. Emerging risks.</p> <p>E. Risk classification.</p> <p>F. Risk networks.</p> | <p>3. Examine the risks of an organisation using risk articulation and risk identification techniques.</p> | |
| <p>3.4 Analyse and evaluate risks</p> <p>A. Prioritisation techniques, including:</p> <ul style="list-style-type: none"> • Impact and likelihood • Impact and action • Proximity • Clock speed. <p>B. Levels of risk rating, including:</p> <ul style="list-style-type: none"> • Inherent • Current and target. <p>C. Risk matrices and heat maps.</p> <p>D. Risk evaluation.</p> | <p>4. Establish the significance of the identified risks, linked to risk appetite and tolerance using a variety of techniques.</p> | |



Unit 4 - Managing, monitoring and reporting risks

Learning hours: 30

Assessment Guidance: Multiple choice questions and a written assignment

Unit Learning Aims

After studying this unit, students will be able to:

- Establish an organisational environment where risks are effectively managed, monitored and reported on.

Unit in Brief

In this unit students will evaluate the appropriate controls to take charge of and manage the risks to an acceptable level. The monitoring and reviewing processes validate that the controls are operating effectively and that any changes in the context, risks and risk management process are recognised and actioned accordingly. This facilitates the risk reporting process, enabling relevant information to be communicated effectively, and supporting risk-based decision making.

Introduction to Unit

Ensuring real controls are designed and implemented to manage risk in an organisation's risk appetite and tolerance is one of the most important stages in the risk management process. Monitoring, reviewing, and reporting on those risks and real controls provides assurance that, considering the context the organisation is operating in and the risks that it is facing, it can achieve its objectives.

If this is not the case, decisions can be made whether to put more effort into managing the risks, or where that is not appropriate or possible, to change the objectives. This unit completes the risk management process, started in Unit 2, using the current ISO 31000 standard by evaluating the stages of managing (treating) the risks, and monitoring, reviewing, and reporting on them.

The formal ISO 31000 step of communication and consultation is embedded in all stages of the risk management process. These stages close the risk management loop and support risk-based decision making to ensure that objectives can be met.

| Indicative Learning | Unit Learning Outcomes The student can: | Assessment Criteria |
|--|---|---|
| 4.1 Management of risks using real controls A. Real controls. B. Management strategies for both threats and opportunities. <ul style="list-style-type: none"> • Role of insurance and business continuity. | 1. Establish what constitutes a real control in managing of risks. | <ul style="list-style-type: none"> • Assess how real controls are used to manage risks • Assess the effectiveness of controls to determine if a risk is managed. • Monitor the risk status of an organisation using different datasets and indicators. • Conduct a review of risks and the risk management process of an organisation, linking them to organisational assurance and the control environment. • Establish the audience, style and content for internal and external risk reporting. • Establish where a decision needs to be made to ensure action is taken. |
| 4.2 Control effectiveness A. Control effectiveness techniques, including the Swiss Cheese Model and the Hierarchy of controls. B. Verification of real controls. | 2. Understand the effectiveness of controls to determine how risks are managed. | |
| 4.3 Monitoring risks A. Monitoring the risks, including: <ul style="list-style-type: none"> • Key risk indicators (KRIs) • Key control indicators (KCIs) • Leading and lagging indicators • Different datasets • Risk status. | 3. Understand how risks are monitored. | |
| 4.4 Reviewing risks and risk management A. Reviewing risks. B. Reviewing the risk management process. <ul style="list-style-type: none"> • Link to assurance • Link to the control environment. | 4. Distinguish between the risks, controls and processes in need of review in an organisation. | |
| 4.5 Reporting on risks and risk management A. Communication versus consultation. B. Communication plans <ul style="list-style-type: none"> • Link to stakeholder mapping. C. Reporting feedback loops. D. Internal and external reporting. | 5. Examine the reporting of risks to both internal and external stakeholders. | |
| 4.6 Risk based decision making and action A. Decision making styles. <ul style="list-style-type: none"> • Link to risk appetite and tolerance • Link to risk culture. | 6. Understand how risk decision making styles link to risk appetite, risk tolerance and risk culture. | |



Unit 5 - Risk culture and appetite

Learning hours: 30

Assessment Guidance: Multiple choice questions and a written assignment

Unit Learning Aims

After studying this unit, students will be able to:

- Determine the appropriate level of risk that an organisation can take in relation to its risk culture.

Unit in Brief

In this unit students evaluate risk culture to assess people's influence on the risk management process and to determine a successful risk culture for an organisation. They also examine risk appetite and tolerance and their relevance to the achievement of objectives, including the requirement for and design of risk appetite statements.

Introduction to Unit

Establishing the appropriate risk culture, as part of the organisational culture, can often mean the success or failure of the risk management process, and from the many worldwide examples, can also mean the success or failure of the organisation itself.

Determining risk appetite, tolerance and capacity enable organisations to understand the amount of risk they can and are willing to take to achieve their objectives. This in turn contributes to the practical understanding of which risks are relevant and the amount of effort that is required and should be undertaken to manage those risks. Ensuring risks are managed to an acceptable level often requires a change in attitude, behaviour, and risk culture within an organisation.

This unit evaluates both risk culture and risk appetite to ensure the right risks are being assessed and managed appropriately, to create and protect value for an organisation and to support it in achieving its objectives.

| Indicative Learning | Unit Learning Outcomes The student can: | Assessment Criteria |
|---|---|---|
| 5.1 Risk Culture A. Risk culture and its importance. B. Different risk culture perspectives, such as banking and construction. C. Control of risk cultures, such as ERM vs compliance. | 1. Understand the value of risk culture for organisations. | <ul style="list-style-type: none"> Evaluate risk culture and its value for organisations. Assess the influence of people in the risk management process. Assess the appropriate risk culture for an organisation using different risk culture models. Evaluate the success of the risk culture of an organisation. Distinguish between risk appetite, tolerance and capacity. Recommend the most appropriate form of risk appetite statement for an organisation including qualitative and quantitative formats. Establish risk appetite criteria and trigger points of an organisation. |
| 5.2 People and risk culture A. Risk predisposition. B. Risk perceptions. C. Risk biases. | 2. Examine the influence of people on the risk culture of an organisation. | |
| 5.3 Models of risk culture A. Risk culture models - leadership, involvement, communication, accountability, learning (LILAC). B. Risk culture models: <ul style="list-style-type: none"> ABC Model Double S Model. | 3. Examine the risk culture model of an organisation. | |
| 5.4 Successful risk culture A. Successful risk culture. B. Measuring risk culture, including: <ul style="list-style-type: none"> Culture Aspects model Changing risk culture. | 4. Understand the measurement of a successful risk culture of an organisation. | |
| 5.5 Risk appetite and tolerance A. Risk Universe B. Risk Capacity C. Risk Tolerance D. Risk Appetite | 5. Examine risk appetite statements of organisations. | |
| 5.6 Risk appetite statements A. Designing risk appetite statements. B. Narrative risk appetite statements. C. Tangible risk appetite statements. | 6. Examine risk appetite statements of organisations. | |
| 5.7 Risk appetite criteria A. Using risk appetite to support action, including: <ul style="list-style-type: none"> High Impact – Low Probability (HILP) Triggered Action Response Plan (TARP). B. Monitoring risk appetite and tolerance. | 7. Examine the risk appetite criteria and trigger points of an organisation and how these are monitored | |



Unit 6 - Corporate governance and risk assurance

Learning hours: 30

Assessment Guidance: Multiple choice questions and a written assignment

Unit Learning Aims

After studying this unit, students will be able to:

- Examine the role of risk management in relation to corporate governance and risk assurance.

Unit in Brief

In this unit students will analyse corporate governance, regulatory requirements and the relevant risk management roles and responsibilities for boards and executive management. Information that management receives regarding risks and controls being managed and implemented effectively supports decision making, providing assurance to the organisation and external stakeholders that an organisation is a going concern and has a long-term viability.

Introduction to Unit

The requirements of corporate governance, in the UK and worldwide, are to provide assurance that organisations are directed and controlled in a way that ensures success and sustainability, not just to protect shareholder interests, but also the interests of the other internal and external stakeholders.

The board structure and the roles and responsibilities of members also provide guidance on a relevant risk management framework for an organisation. This in turn provides structure for assurance on the successful implementation of risk management and internal control.

This unit examines the role of risk management in corporate governance and risk assurance in relation to internal controls and the control environment.

| Indicative Learning | Unit Learning Outcomes The student can: | Assessment Criteria |
|---|---|---|
| 6.1 Corporate governance A. Corporate Governance. B. Principle based governance. C. Prescriptive based governance. D. International perspectives. | 1. Examine different corporate governance models of organisations. | <ul style="list-style-type: none"> • Explain different corporate governance models. • Assess the impact of different board structures on risk management of organisations. • Determine the influence of regulatory bodies on risk management of organisations. • Determine the roles and responsibilities of the Board for risk management in organisations. • Evaluate the role and purpose of internal control and internal and external assurance for risk management in organisations. |
| 6.2 Board structures A. Board structures and approaches to risk management, including: <ul style="list-style-type: none"> • Unitary • Two-tier • Board committees | 2. Understand the impact that board structures have on organisations' approaches to risk management. | |
| 6.3 Regulatory influences A. Influence of regulatory bodies the risk management in organisations, including: <ul style="list-style-type: none"> • Financial Reporting Council (FRC) • Sarbanes-Oxley Act 2002 (SOX) • OECD. | 3. Examine the regulatory influences on risk management of organisations. | |
| 6.4 Board roles and responsibilities A. Roles and responsibilities of the board, including: <ul style="list-style-type: none"> • Board members • Board as a group • Chief Risk Officer (CRO). | 4. Examine the roles and responsibilities of the board for risk management. | |
| 6.5 Assurance A. Role of internal audit. B. Assurance models, such as the IIA Three Lines of Defence model. C. External assurance, including external audit. D. Internal assurance, including the audit committee. E. Internal control and the control environment. F. Criteria of Control (CoCo). | 5. Understand the role and purpose of internal and external assurance on the control of risks in organisations. | |

16. Overview of Module 2 – Practice of Risk Management

This module examines the financial services risks and risk management particular to the banking and insurance sectors. It examines international regulatory standards that governs this sector. The module moves on to exploring financial and operational risks as well as resilience to ensure banks and insurance business viability and continuity. Finally the module explores how banks and insurance businesses achieve the desired aspects of sustainability.

This module will be assessed by two assignments that will cover content from Units 7 to 12.

Module 2 Learning Aims

By the end of the Module 2 students will be able to:

| Units | | Learning Aims |
|---------|---|--|
| Unit 7 | Regulation in Financial Services | Understand the nature and purpose of financial services regulation for the banking and insurance sectors. |
| Unit 8 | Financial Risk in the Financial Services Sector | Understand financial risks in the banking and insurance sectors. |
| Unit 9 | Introducing Operational Risk in the Financial Services Sector | Analyse operational risk and its management in the banking and insurance sectors. |
| Unit 10 | Specific Operational Risks in the Financial Services Sector | Analyse operational risks in the financial sector using various approaches. |
| Unit 11 | Resilience | Explain how risk management is a vital tool in ensuring organisational resilience. |
| Unit 12 | Sustainability | Evaluate the role of risk management in achieving the desired aspects of sustainability most relevant to their organisation. |



Unit 7 - Regulation in Financial Services

Learning hours: 30

Assessment Guidance: Essay assignments

Unit Learning Aims

After studying this unit, students will be able to:

- Understand the nature and purpose of financial services regulation for the banking and insurance sectors.

Unit in Brief

In this unit, students are introduced to banking and insurance key regulation and regulators.

Introduction to Unit

Financial regulation is paramount to the banking and insurance sectors as it serves an important purpose. It ensures that the financial markets are efficient and transparent in protecting their customers by preventing fraud and ensuring the stability of the financial system.

This unit introduces the regulatory environment for the banking and insurance sectors. Financial services are heavily regulated, and the regulation sets out detailed risk management requirements that drive the sectors in their response to the different risks which are covered in units 8, 9 and 10.

Students are introduced to the “Three Pillars” structure which is used by the majority of financial sector. It then explains the application of these regulations in both the banking and insurance sectors as and introduces the main global regulators.

In this unit you will gain knowledge of the British and global regulatory environment for the banking and insurance sectors. You will also gain an understanding of the regulatory environment applicable to your own organisation through the learning activities which you may apply in your assignment assessments.

| Indicative Learning | Unit Learning Outcomes The student can: | Assessment Criteria |
|--|---|--|
| 7.1 Financial Services Regulation: <ul style="list-style-type: none"> • Mature financial services regulation • The purpose of financial services regulation • General structure of financial services regulation | 1. Investigate the nature, purpose, and general structure of financial services regulation. | <ul style="list-style-type: none"> • Examine the role of financial services regulation in the banking and insurance sectors • Analyse the design and general structure of financial services regulation. • Critically analyse the financial services regulatory framework applicable to your organisation. • Critically assess the regulators and regulations applicable to your organisation. • Critically evaluate the application of the three pillars of banking regulation or insurance regulations in your organisation • Analyse the development of global regulatory practice, including the concept of equivalence. |
| 7.2 General structure of financial services regulations: <ul style="list-style-type: none"> • Pillar one: Minimum Capital Requirements & Quantitative Requirements • Pillar two: Supervisory Review Process • Governance and Risk Management • Pillar three: Market Discipline, Disclosures and Transparency | | |
| 7.3 The Financial Services Regulatory Framework: <ul style="list-style-type: none"> • Global Standard-Setting Organisations • Basel Committee on Banking Supervision (BCBS) • Financial Stability Board (FSB) • International Association of Insurance Supervisors (IAIS) • Regulatory authorities at the local/regional level. | 2. Examine the Financial services regulatory framework and regulators responsibilities. | |
| 7.4 Key regulations and regulators in select banking markets: <ul style="list-style-type: none"> • Basel Framework • Dodd-Frank Wall Street Reform and Consumer Protection Act • Markets in Financial Instruments Directive II (MiFID) • International Banking regulations and authorities • Australian Prudential Regulation Authority (APRA) • Bank of England & Prudential Regulation Authority (PRA) • China Banking and Insurance Regulatory Commission (CBIRC) • European Banking Authority (EBA) • US Federal Reserve (US FED). | 3. Examine the key regulations and regulators in the financial services sector. | |

| Indicative Learning | Unit Learning Outcomes The student can: | Assessment Criteria |
|--|--|---------------------|
| <p>7.5 Key regulations and regulators in select insurance markets:</p> <ul style="list-style-type: none"> • Insurance Core Principles • Solvency II | | |
| <p>7.6 The application of the three pillars in Banking regulation</p> <p>A. Application of the three pillars in banking regulation</p> <ul style="list-style-type: none"> • Pillar one requirements for banks • Pillar two requirements for banks • Pillar three requirements for banks | <p>4. Investigate the application of the three pillars to the financial services sector.</p> | |
| <p>7.7 The Application of the three pillars in Insurance Regulation</p> <ul style="list-style-type: none"> • Pillar one requirements for insurance companies • Pillar two requirements for insurance companies • Pillar three requirements for insurance companies | | |
| <p>7.8 Global regulation and concept of equivalence.</p> | <p>5. Examine the application of global regulation to the financial services sector,</p> | |



Unit 8 - Financial Risk

Learning hours: 30

Assessment Guidance: Essay assignments

Unit Learning Aims

After studying this unit students will be able to:

- Understand primary financial risks in the banking and insurance sectors

Unit in Brief

In this unit, the students are introduced to four types of primary financial risks.

Introduction to Unit

In this unit, students will be introduced to the primary financial risks and the management of these risks. They will be able to explain and assess the approaches used to quantify the risks including understanding Value at Risk and internal models.

These risks include liquidity risk, credit risk, market risk which covers value at risk as well as insurance risk. Operational risk and other types of risk (such as strategic risk) are considered in units 9 and 10 of this module. Discussion on the quantification approaches used to manage the risk in the banking and insurance sectors is also dealt with. This links to Pillar 1 of the regulations set out in Unit 7 and includes a discussion on Value at Risk, internal models, and internal model standards.

The unit uses examples drawn from several different regulators. As you will have learnt in Unit 7, at a high level there is much commonality between the approaches used by different regulators. This unit uses examples to help you understand the approaches being used. It is essential for you to research and understand your country's regulatory environment and its requirements.

| Indicative Learning | Unit Learning Outcomes The student can: | Assessment Criteria |
|--|--|--|
| 8.1 Liquidity Risk <ul style="list-style-type: none"> • Definition of liquidity risk. • Sources of liquidity risk in the banking and insurance sectors. • Liquidity risk management approaches. • Quantification of liquidity risk. | 1. Examine the approaches used to manage and quantify liquidity risk in the financial services sector. | <ul style="list-style-type: none"> • Assess the sources of liquidity risk in the banking and insurance sectors. • Analyse the approaches used in managing liquidity risk in the banking and insurance sectors. • Assess the approaches used in quantifying liquidity risk in the banking and insurance sectors. • Assess the sources of credit risk in the banking and insurance sectors. • Analyse the approaches used in managing credit risk in the banking and insurance sectors. • Assess the approaches used in quantifying credit risk in the banking and insurance sectors. • Assess the sources of market risk in the banking and insurance sectors. • Analyse the approaches used in managing market risk in the banking and insurance sectors. • Assess the approaches used in quantifying market risk in the banking and insurance sectors. • Assess the approaches used to calculate Value at Risk and the pros and cons of the different approaches. |
| 8.2 Credit Risk <p>A. Definition of credit risk.</p> <p>B. Sources of credit risk</p> <ul style="list-style-type: none"> • Banking sector • Insurance sector. <p>C. Credit risk management approaches</p> <ul style="list-style-type: none"> • Banking sector • Insurance sector. <p>D. Standardised approaches for quantifying credit risk</p> <ul style="list-style-type: none"> • Banking sector • Insurance sector. <p>E. Internal model approaches for quantification of credit risk</p> <ul style="list-style-type: none"> • Banking sector • Insurance sector. | 2. Examine the approaches used to manage and quantify credit risk in the financial services sector. | |
| 8.3 Market Risk <p>A. Definition of market risk.</p> <p>B. Sources of market risk</p> <ul style="list-style-type: none"> • Banking sector • Insurance sector. <p>C. Market risks management approaches</p> <ul style="list-style-type: none"> • Banking sector • Insurance sector. <p>D. Quantification of market risk</p> <ul style="list-style-type: none"> • Banking sector • Insurance sector. | 3. Examine the approaches used to manage and quantify market risk in the financial services sector. | |
| 8.4 Value at Risk and Internal Models <ul style="list-style-type: none"> • Definition of Value at Risk. • Approaches to the Calculation of Value at Risk. • Internal Model Standards. | 4. Examine the approaches used in Value at Risk calculations, the limitations, and regulatory requirements around internal models. | |

| Indicative Learning | Unit Learning Outcomes The student can: | Assessment Criteria |
|---|--|---|
| <p>8.5 Insurance Risk</p> <ul style="list-style-type: none"> • Definition of insurance risk. • Sources of insurance risk in non-life, life, and health insurers. • Insurance risk management approaches. • Insurance risk mitigation. • Approaches to quantifying insurance risk. | <p>5. Examine the approaches used to manage and quantify insurance risk.</p> | <ul style="list-style-type: none"> • Assess the use of internal models and analyse the regulatory requirements for approval • Assess the sources of insurance risk in the insurance sector • Analyse the approaches used in managing insurance risk in the insurance sector • Assess the approaches used in quantifying insurance risk in the insurance sector. |



Unit 9 - Introducing Operational Risk in the Financial Services Sector

Learning hours: 30

Assessment Guidance: Essay assignments

Unit Learning Aims

After studying this unit, students will be able to:

- Analyse operational risk and its management in the banking and insurance sectors

Unit in Brief

In this unit, students are introduced to Operational risk in the banking and insurance sectors.

Introduction to Unit

Operational risk management is key to all industries and particularly essential in the risk management of the banking and insurance sectors. Operational risk management is a process that assists organisations in identifying, assessing, and controlling risks of internal processes, people, systems, and external events.

This unit introduces operational risks in the banking and insurance sectors and explains the key regulatory requirements for managing them. It addresses the approaches used to quantify operational risks in the banking and insurance sectors, moving on to covering the use of loss data.

In this unit you will gain knowledge and understanding of operational risk and operational risk management and skills to quantify these risks for the financial services sector particular to either banking or insurance.

| Indicative Learning | Unit Learning Outcomes The student can: | Assessment Criteria |
|---|--|---|
| 9.1 Operational risk overview <ul style="list-style-type: none"> • Definition of operational risk. • Sources of operational risk. • Importance of operational risk management in financial services. | 1. Understand the influence of operational risk on the financial services sector. | <ul style="list-style-type: none"> • Evaluate the impact of operational risk on the regulatory response for risk management practices in the financial services sector. |
| 9.2 General Regulatory requirements A. Operational Risk Management in the Banking Sector <ul style="list-style-type: none"> • Basel III Framework • Principles of Sound Management Operational risk • Principles of Operational resilience. B. Operational Risk Management in the Insurance Sector <ul style="list-style-type: none"> • Solvency II | 2. Understand the regulatory requirements for the management of operational risk in the financial services sector. | <ul style="list-style-type: none"> • Assess the general regulatory requirements for managing operational risk in the banking sector. • Assess the general regulatory requirements for managing operational risk in the insurance sector. • Explain the key steps in risk control and self-assessment in managing operational risks in the financial services sector. |
| 9.3 Operational Risk Measurement and Assessment Methods <ul style="list-style-type: none"> • Risk and control self-assessments (RCSA). • Key Risk Indicators (KRIs). • Loss data collection and analysis. • Scenario analysis and stress testing. | 3. Understand the assessment methods in managing Operational Risk in the financial services sector. | <ul style="list-style-type: none"> • Assess the significance of Key risk indicators in managing operational risk in the financial services sector. • Assess the importance of using loss data collection and analysis for managing operational risks in the financial services sector. |
| 9.4 Quantification of Operational Risk <ul style="list-style-type: none"> • Banking sector quantification of operational risk. • Insurance sector quantification of operational risk. | 4. Understand the quantification of operational risk in the financial services sector. | <ul style="list-style-type: none"> • Assess the importance of using scenario analysis and stress testing for managing operational risks in the financial services sector. |
| 9.5 Operational Risk Data Consortia (ORX and ORIC) | 5. Understand the role of loss data consortia in the management of operational risk. | <ul style="list-style-type: none"> • Analyse the approaches to quantifying operational risk in the financial services sector • Understand the role of loss data consortia in the operational risk management process. • Assess the significance of relying on consortia for the management of operational risk. |



Unit 10 - Specific Operational Risk in the Financial Services Sector

Learning hours: 30

Assessment Guidance: Essay assignments

Unit Learning Aims

After studying this unit students will be able to:

- Analyse operational risks in the financial sector using various approaches.

Unit in Brief

In this unit, the students are introduced to several key operational risks in the banking and insurance sector.

Introduction to Unit

An organisation uses operational risk management to mitigate potential business breakdown or disruption in everyday operations. Operational risk affects all levels of financial risk in an organisation. Operational risks are usually caused by people, processes, systems, or external events.

In this unit, two sets of risks are considered. In the first part, you will take a deep dive into several specific operational risks that are significant to both the banking and insurance sectors. In the second part of the unit you will learn about various key risks that organisations are expected to consider as part of their Pillar 2 assessment of risks such as ICAAP (Internal Capital Adequacy Assessment Process) or ORSA (Own Risk and Solvency Assessment).

The unit uses examples drawn from several different regulators. As you will have learnt in Unit 7, at a high level there is much commonality between the approaches used by different regulators. It is essential for you to research and understand your own regulatory environment and its requirements.

| Indicative Learning | Unit Learning Outcomes The student can: | Assessment Criteria |
|---|---|---|
| 10.1 Cyber and data security <ul style="list-style-type: none"> • Definition. • Sources of cyber and data security risks. • Cyber and security risks management approaches. • Cyber and data security risks. • quantification approaches. | 1. Investigate cyber and data security risk in the financial services sector. | <ul style="list-style-type: none"> • Explain what cyber and data security risk is and how it arises in the financial services sector. • Analyse the approaches used for the management of cyber and data security risk in the financial services sector. |
| 10.2 Outsourcing and Third-Party Risk <ul style="list-style-type: none"> • Definition. • Sources of outsourcing and third-party risks. • Outsourcing and third-party risk management approaches. • Outsourcing and third-party risk quantification approaches. | 2. Examine outsourcing and third-party risk in the financial services sector. | <ul style="list-style-type: none"> • Assess the approaches used in the quantification of cyber and data security risk in the financial services sector. • Explain what outsourcing and third-party risk is and how it arises in the financial services sector. • Analyse the approaches used for the management of outsourcing and third-party risk in the banking or the financial services sector. |
| 10.3 Operational Resilience Risk <ul style="list-style-type: none"> • Definition. • Sources of operational resilience. • Operational resilience risk management approaches. • Operational resilience risk quantification approaches. | 3. Investigate operational resilience risk in the financial services sector. | <ul style="list-style-type: none"> • Explain the approaches used in the quantification of outsourcing and third-party risk in the financial services sector. • Explain what operational resilience risk is and how it arises in the financial services sector. |
| 10.4 Customer / Consumer Risk <ul style="list-style-type: none"> • Definition. • Sources of customer/ consumer risk. • Customer/consumer risk management approaches. | 4. Investigate customer/consumer risk in the financial services sector. | <ul style="list-style-type: none"> • Analyse the approaches used for the management of operational resilience risk in the financial services sector. • Explain the approaches used in the quantification of operational resilience risk in the financial services sector. |

| Indicative Learning | Unit Learning Outcomes The student can: | Assessment Criteria |
|--|---|--|
| <p>10.5 Other Material Operational Risks</p> <p>A. Group Risk</p> <ul style="list-style-type: none"> • Definition. • Group risk management approaches. • Group risk quantification approaches. <p>B. Strategic Risk</p> <ul style="list-style-type: none"> • Definition • Strategic risk management approaches • Strategic risk quantification approaches. <p>C. Reputational Risk</p> <ul style="list-style-type: none"> • Definition. • Reputational risk management approaches. • Reputational risk quantification approaches. <p>D. Climate Risk</p> <ul style="list-style-type: none"> • Definition. • Climate risk management approaches. • Climate risk quantification approaches. <p>E. Environmental Social Governance Risk (ESG)</p> <ul style="list-style-type: none"> • Definition. • ESG risk management approaches. • ESG risk quantification approaches. | <p>5. Understand other material risks in the financial services sector.</p> | <ul style="list-style-type: none"> • Explain what customer and consumer risk is and how it arises in the financial services sector. • Analyse the approaches used for the management of consumer and customer risk in the financial services sector. • Explain the approaches used in the quantification of consumer and customer risk in the financial services sector. • Explain what group risk, strategic risk, reputational risk, climate risk and ESG risks are and how they arise and are managed in the financial services sector. • Analyse the approaches used for the management of strategic risk, reputational risk, climate risk and ESG risk in the financial services sector. • Explain and assess the approaches used in the quantification of strategic risk, reputational risk, climate risk and ESG risk in the financial services sector. |



Unit 11 - Resilience

Learning hours: 30

Assessment Guidance: Essay assignments

Unit Learning Aims

After studying this unit, students will be able to:

- Examine how risk management is vital to ensuring organisational resilience.

Unit in Brief

In this unit students examine organisational resilience in the financial services sector and how it can help financial service organisations manage future shocks, disruptive events, and major incidents. This unit assesses the importance of organisational agility and how resilience can be tested to give some assurance to financial services stakeholders.

Introduction to Unit

As financial service organisations emerge from the COVID-19 pandemic, in common with those that survived after the financial crisis of 2008/9, the topic of resilience comes centre stage.

This unit begins with evaluating the concept of resilience and builds on it to examine past and potential future disruptors. Organisational agility is appraised and how risk management can support both agility and innovation in a dynamic world.

Risk management tools for testing for resilience are examined, and the concept of 'Long Term Viability,' introduced in the UK following the financial crisis of 2008/9, as a reporting requirement on companies to justify their resilience taking account of their principal risks.

| Indicative Learning | Unit Learning Outcomes The student can: | Assessment Criteria |
|--|--|--|
| 11.1 Organisational Resilience A. Definition of resilience. B. Evolution of organisational resilience. C. Role of risk management in organisational resilience. | 1. Examine the role of risk management in organisational resilience. | <ul style="list-style-type: none"> Assess the role of risk management in organisational resilience in financial services organisations. Assess past and potential disruptors of a financial services organisation. Explain how risk management supports agility and innovation in financial services organisations. Analyse the measurement of resilience of a financial services organisation, using appropriate resilience testing tools. Appraise a financial services organisation's longer term viability statement. |
| 11.2 Organisation disruptors A. Past disruptors, including case studies. B. Potential disruptors. | 2. Examine an organisation's disruptors. | |
| 11.3 Agility, risk management and strategy A. Agility and risk management. B. Business Continuity Management (BCM). C. Risk management and innovation. | 3. Understand the role of risk management in supporting agility and innovation in organisations. | |
| 11.4 Tests for resilience A. Resilience testing tools, including: <ul style="list-style-type: none"> Scenario analysis Horizon scanning Stress testing. | 4. Determine the most appropriate risk management tools to test the resilience of an organisation. | |
| 11.5 Viability statements A. Viability and going concern. Components of longer-term viability, including integrated / combined reporting. | 5. Understand organisations' viability statements. | |



Unit 12 - Sustainability

Learning hours: 30

Assessment Guidance: Essay assignments

Unit Learning Aims

After studying this unit, students will be able to:

- Evaluate how risk management is a vital to establishing organisational sustainability.

Unit in Brief

In this unit, students will evaluate the role of risk management in achieving the desired aspects of sustainability most relevant to their organisation.

Introduction to Unit

Sustainability, also recognised as being referred to as (ESG), Corporate Social Responsibility (CSR), or licence to operate, is a rapidly evolving area of focus. Including climate change and the requirements to value not just profit but also people and our planet is core to many people's values.

Complex and full of uncertainty, sustainability not only needs to be integrated fully into each organisation but requires a tool that is designed to help navigate these sorts of conditions. That tool is risk management.

Risk management is cited by an increasing number of the regulations and guidelines in place to help organisations shape and achieve sustainability targets. The use of techniques such as materiality assessments and scenario analysis are commonplace within risk management, however some specifics are introduced in this unit.

All risk managers require a good grasp of the opportunities and threats encapsulated by sustainability and ESG as it will only increase in importance with time.

| Indicative Learning | Unit Learning Outcomes The student can: | Assessment Criteria |
|--|--|--|
| 12.1 Sustainability and risk management A. What is sustainability. B. The role of risk management in sustainability. C. Maturity of ESG. | 1. Understand the role of risk management in organisational sustainability. | <ul style="list-style-type: none"> • Explain what sustainability risk is. • Explain what is meant by Maturity of ESG. • Explain the history and evolution of sustainability and ESG. • Evaluate the status of climate change risk management on a financial services organisation. |
| 12.2 The evolution of sustainability A. Evolution of sustainability. B. Sustainability Development Goals. C. People, planet, profit (3Ps). D. Corporate Social Responsibility. E. Environment, Social, Governance. | 2. Examine the evolution of sustainability. | |
| 12.3 Risk management enabling sustainability A. The role of risk management. B. Positives and negatives. C. Materiality. D. Emerging risks and sustainability. E. Tensions and 'just' transition. F. 'Greenwashing,' ESG ratings and accountability. G. Sustainability and resilience. | 3. Understand the role of risk management in enabling the sustainability of an organisation. | |
| 12.4 Climate change risk management A. Task Force on Climate-related Financial Disclosures (TCFD). B. Strategy and risk management, including scenario analysis. C. Metrics and targets. | 4. Understand the impact of climate change risk management on an organisation. | |

17. Assessment

Formative assessments are available to students at the end of each unit to encourage learning. It provides generic feedback to students on their level of attainment. Students are encouraged to engage with the formative self-assessments in the Moodle lessons and use these tools to determine their level of attainment to move on to the next unit.

Formative assessments are where students can engage in self-assessment and feedback to assess the progression of learning and understanding.

Part of the IRM's Level 5 Financial Services Risk Management International Certificate Module 1 summative assessment or assessment of learning is conducted through an online third party's software using multiple choice questions (MCQs) which are selected from a bank of questions at various degrees of difficulty. Questions may be standalone or used in conjunction with case study scenarios. The other part of Module 1 as well as Module 2 are assessed by assignment-based questions.

IRM assessments are designed to ensure that learning outcomes of modules/qualifications are achieved. As such, learning outcomes are embedded in the marking criteria against which judgements are made about a student's performance. Students and examiners/assessors have a clear understanding of these criteria, which are published in the lessons on the VLE/Moodle and the Examiners Handbook.

Assessments are designed to promote effective learning. They provide opportunities for all intended learning outcomes that have been defined for the module and syllabus, to be assessed. The range and types of assessment measure students' achievement of module learning outcomes. Tasks are designed to assess one or more learning outcomes of modules. There is a clear development of, and information about, progression through the modules, in terms of both attainment and demonstration of skills and attributes.

17.1 Principles of External Summative Assessments

17.1.1 Validity of IRM summative assessments is assured by ensuring that the content, skills, applications, and qualities which are defined throughout the qualification, are evident in the assessment using appropriate assessment methodologies.

17.1.2 Reliability of IRM assessments is achieved by ensuring that assessments can be used with the same results over a specified period for all students in different geographies. Comparability of IRM assessments is understood by users in terms of benchmarks and historic standards as applied to the assessment, with assessment outcomes that are comparable to the standards of the qualification and the assessment itself and between similar qualifications and assessments of other awarding bodies every two years. The IRM also amends qualifications when new knowledge in the risk management field is necessitated, for the qualifications to stay current and fit for purpose.

17.1.3 Relevance of IRM assessments is achieved by evaluating both knowledge and skills of students/candidates in the field of risk management. The design of assessments reflects the skills that students are required to develop, as well as measuring the students' understanding of the learning aims and outcomes.

17.1.4 The IRM endeavours to provide sufficient balance between learning and assessment. Minimising bias of IRM assessments which is achieved by:

- Ensuring that all students have access to assessments which are highlighted in, The IRM Equality and Diversity Policy, which is considered when designing the assessment.
- Ensuring that the design of assessments reflects the needs of a wide range of students, recognising and respecting equality and diversity so that individuals or groups are not disadvantaged.

17.2 Security of summative assessments

The summative MCQ assessments for part of Module 1 are conducted on-line either at the third parties' examinations centres (currently Pearson VUE test centres) or on-line, using Pearson VUE's remote proctoring services in both cases, security is in place to prevent malpractice including Pearson VUE Candidate Rules Agreement, Securing Exams against Test Fraud and Pearson Professional Examination Rules, to prevent:

- Impersonation of students – ID and passwords are required.
- Use of mobile phones.
- Use of notes (in any format).
- Use of the internet (especially with remote proctoring).
- Use of visual aids or multiple screens in the case of remote proctoring.

During the assessment students cannot print screen or take photographs. This is to prevent 'sharing' of assessments and maintain the integrity of the assessments.

The assignment essay type assessments for part of Module 1 and all of Module 2 are secured by being released only during the period allocated for the assignment until submission.

17.3 Structure of summative assessments

MCQ summative assessments for Module 1 are constructed from questions in a question bank. The question bank includes questions on all areas of Module 1 syllabus hence ensuring that the learning outcomes can be assessed.

The IRM uses several question types, in designing the MCQ questions, from simple MCQs to reasoning and assertion style questions. Questions may be standalone or used in conjunction with case studies scenarios. The assignment-based essay type questions for part of Module 1 and all of Module 2 are give students the opportunity to show their knowledge and understanding of the several topics and be able to apply this to organisations of their choice.

17.4 Valid assessment decisions

MCQ assessments are marked on-line by the third-party's software. A meeting is held where a statistician from the third-party provider as well as the Principal and Chief examiners and members of the examination and qualification development staff review each item performance and set the pass marks for the assessment.

Assignment based essay questions for part of Module 1 and all of Module 2 are marked by assessors through the Moodle portal.

17.5 Issuing Results and Certificates

The IRM aims to issue results within twelve weeks after the last examination sitting. The results are issued via email to students. All certificates are sent by post to students within three weeks of the notification of results.

17.6 Withholding results or certificates

Results or certificates may be withheld due to allegations of malpractice either by a student or a centre until a resolution is found but will not withhold results of certificates because of student financial difficulties.

17.7 Resits and resubmissions

If a student fails the MCQ examination, they can re-sit at the next available session. Students are permitted a maximum of three attempts.

Re-sit application forms must be submitted with the appropriate fees no later than two months before the examination.

If a student fails the essay-type assignment, they can re-submit it at the next available submission window. Students are permitted a maximum of three submissions.

Re-submission forms must be submitted with the appropriate fees no later than two months before the submission deadline.

Appendix 1 Verbs used in aims and learning outcomes

| Term | Definition |
|--------------------|--|
| Analyse | Critically examine methodically breaking it down, to explain and interpret it. |
| Appraise | Assess the value or quality of something. |
| Assess | Make an informed judgement about the value, strengths, or weaknesses of an argument, claim or topic by weighing all the views on it. |
| Critically analyse | Breaking down an idea or statement and subjecting it to critical thinking in order to test its validity. |
| Critically assess | Emphasize judgements made about arguments by others and about what is being assessed from different perspectives. |
| Critique | Provide an opinion or verdict on whether an argument or set of research findings is accurate. |
| Compare | Identify similarities between two or more subjects of discussion. |
| Determine | Ascertain or establish the facts. |
| Examine | Establish the key facts and important issues of a topic or argument by looking at them in close detail to analyse them. |
| Explain | Clarify a topic by providing as much detail as possible and giving definitions of any key term used, showing clear understanding in a logical coherent response. |
| Investigate | Carry out a systematic or formal inquiry to discover and examine facts |
| Justify | Explain the basis of an argument by presenting evidence that informed the view explaining why other arguments are unsatisfactory. |

Appendix 2 List of Abbreviations used

| Abbreviation | Meaning |
|--------------|---|
| APRA | Australian Prudential Regulation Authority |
| BCBS | Basel Committee on Banking Supervision |
| Cert | Certificate |
| CBIRC | China Banking and Insurance Regulatory Commission |
| COBIT | Control Objectives for Information Technology |
| CoCo | Criteria of Control |
| COO | Chief Operation Officer |
| CRO | Chief Risk Officer |
| CSR | Corporate Social Responsibility |
| EBA | European Banking Authority |
| ERM | Enterprise Risk Management |
| ESG | Environmental, Social and Governance |
| FRC | Financial Reporting Council |
| FSB | Financial Stability Board |
| HILP | High Impact – Low Probability |
| HM | His Majesty's |
| IAIS | International Association of Insurance Supervisors |
| ICAAP | Internal Capital Adequacy Assessment Process |
| IOSH | Institute of Occupational Safety and Health |
| IRM | Institute of Risk Management |
| IRMCert | Institute of Risk Management Certificate |
| KRI | Key risk indicators |
| MiFID | Markets in Financial Instruments Directive II |
| PRA | Bank of England and Prudential Regulation Authority |
| RCSA | Risk and control self-assessments |
| USFED | US Federal Reserve |