



6.0 RISK MANAGEMENT



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During the year under review, the Bank continued implementing the Bank-wide risk management framework, which comprised three components, namely, operational risk management, business continuity management and the financial risk management.

Risk Management Sensitisation Workshops

The Bank-wide risk management sensitization workshops, which commenced in October 2006, continued during the reviewed period. The workshops, whose primary objective was to create awareness among all BoZ internal stakeholders and explain their envisioned roles and responsibilities in the risk management process, involved all members of staff as well as the Board of Directors. The workshops were completed in April 2007 and marked the end of Phase I of the implementation schedule.

Establishment of Middle Office Function at the Bank

The Middle Office Project Team, which was appointed in September 2006 to initiate the establishment of a formal Middle Office function at the Bank of Zambia, continued with its mandate in 2007. Pursuant to its mandate, the Project Team undertook tours of selected local commercial banks and other central banks in the SADC region and beyond to study the operations of the middle office. The Middle Office Project Team submitted its final report in December 2007.

Implementation of the Operational Risk Management Framework

The Bank continued its efforts to have the Operational Risk Management Framework, embraced by departments albeit with some difficulties. The critical phase of "Context Establishment" encountered some problems. To address this problem, the department embarked on redesigning and simplifying the Context Establishment Information Submission Templates.

Business Continuity Management Activities Disaster Recovery Test

During the year under review, the Bank undertook the partial testing of the Disaster Recovery (DR) site. The testing involved seven user departments, and was aimed at ensuring that the resumption of business operations at the DR site conformed to the recovery time and recovery point objectives as outlined in the ICT Disaster Recovery Plan. Despite a few problems encountered during the testing of the Real Time Gross Settlement (RTGS) system, the rest of the tests, involving other business processes, were satisfactory.