



6.0 RISK MANAGEMENT

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In the year under review, the Bank continued to implement the Bank-wide Risk Management Framework, focusing primarily on financial risk management, operational risk management and business continuity management activities.

Financial Risk Management Project

The Bank engaged a consultant to review existing processes and identify gaps in its operations that had a bearing on financial risk. The consultant submitted a diagnostic report that laid the foundation for the design phase, that would give a more detailed and focused analysis of operations and recommend possible solutions for dealing with the identified gaps in the management of financial risks.

Operational Risk Management Framework

The Bank commenced the context establishment, risk identification and risk assessment in the quest to implement an operational risk management framework. In this regard, a series of training workshops for risk liaison officers and alternates were conducted. Among the workshops conducted was the 'Risk Assessment' workshop which aimed at enhancing appreciation and understanding of risk analysis, and risk evaluation processes. This in turn was expected to facilitate the completion of the risk assessment stage. To augment these processes, management approved the draft Operational Risk Management Procedures Manual. In addition, the Board approved the 'Risk Assessment Framework', which is a part of the Procedures Manual for Operational Risk Management.

Business Continuity Management Activities

During the reviewed year, the Board approved the Business Continuity Management Policy to guide the Bank of Zambia in its efforts to ensure that critical processes and resources were available at all times in order to facilitate the achievement of strategic objectives. Specifically, the policy outlined the main objectives as:

- (i) To ensure the uninterrupted availability of all key business resources required to support essential (or critical) business activities at the Bank;
- (ii) To enable the Bank to continuously deliver its mission critical services, whilst responding to an emergency; and
- (iii) To provide the Bank flexibility to address a broad range of disruptions including improving the Zambian financial system's resilience to operational disruption.

Further, the Bank successfully undertook partial testing of its Disaster Recovery (DR) capability on 23 October 2008.