

GenAI and Operational Risk: Use Cases

Latest Industry Benchmark



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Latest Industry Benchmark, July 2024

In July 2024, Best Practice Operational Risk Forum members conducted a round table discussion to review the progress in adoption of GenAI in Operational risk management and examine relevant use cases.

As reflected in Fig 1, the majority of organizations (50%) were at the evaluation stage, considering the application of GenAI to Operational risk management as part of the broader corporate GenAI programs and initiatives. Many have not commenced the assessment (28%). There were a few early adopters benefiting from, for example, secure use of various versions of Microsoft Copilot; while others permitted utilization of public apps (such as ChatGPT), with clear policies on what information could and could not be shared.

As it relates to use cases, these were still under development, as risk managers were exploring the areas where benefits could be derived. Most common examples included

Generic use cases

- **Summarise:** new regulatory directive, long e-mail from a colleague, lengthy text or presentation;
- **Record:** meeting minutes or actions;
- **Check / Compare:** draft risk policy with other corporate policies, for consistency; draft risk report with other board/committee reports;
- **Translate:** Operational risk event form from one language to another;
- **Write code:** create a required code.

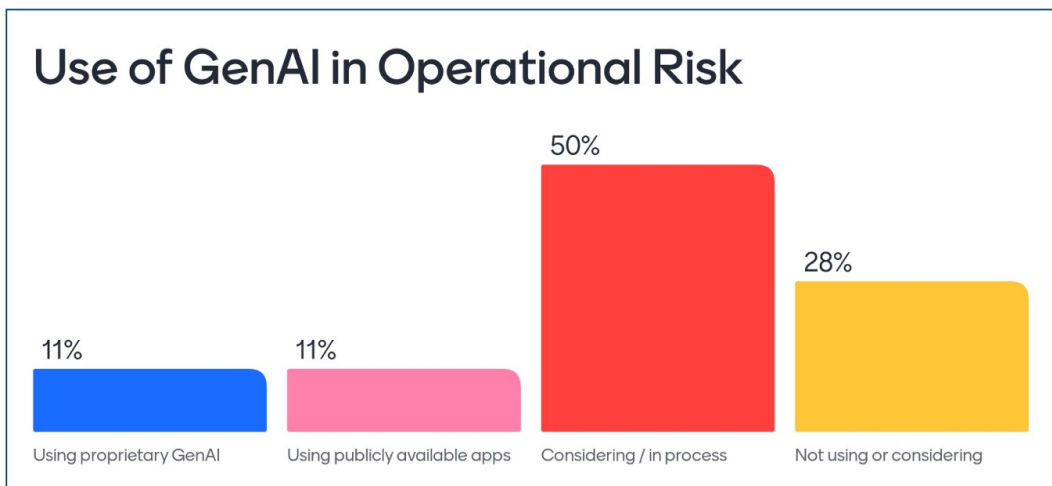


Fig 1, Results of Live Poll, Best Practice Operational Risk Forum

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Operational risk specific use cases:

- **Identify risks:** outline product / process risks; request ideas for scenario story lines;
- **Cleanse data:** review control library to highlight same controls worded differently, to standardize / streamline RCSAs;
- **Analyse data:** conduct ORE analysis to identify similar root causes;
- **Create content:** educational slides, images / videos for training purposes, a new risk policy.

As highlighted in Fig 2, the majority of respondents gravitated towards content creation with GenAI and reduction in manual or administrative tasks, such as cross-checking of documents or minute taking.

Risk practitioners outlined challenges experienced with GenAI, such as variability of responses to the same prompts, as the continuous learning coupled with inherent biases influenced the outputs. Sub-optimal response quality was also mentioned.

In conclusion, the application of GenAI in Operational risk management – which tends to be more qualitative and text based compared to other quantitative risk disciplines – can be extensive, and has the potential to save a great deal of time for Operational risk practitioners. It is also clear that GenAI inputs must be used as ideas, considered and checked thoroughly – to the extent that any other sources or inputs are normally subject to review and consideration.

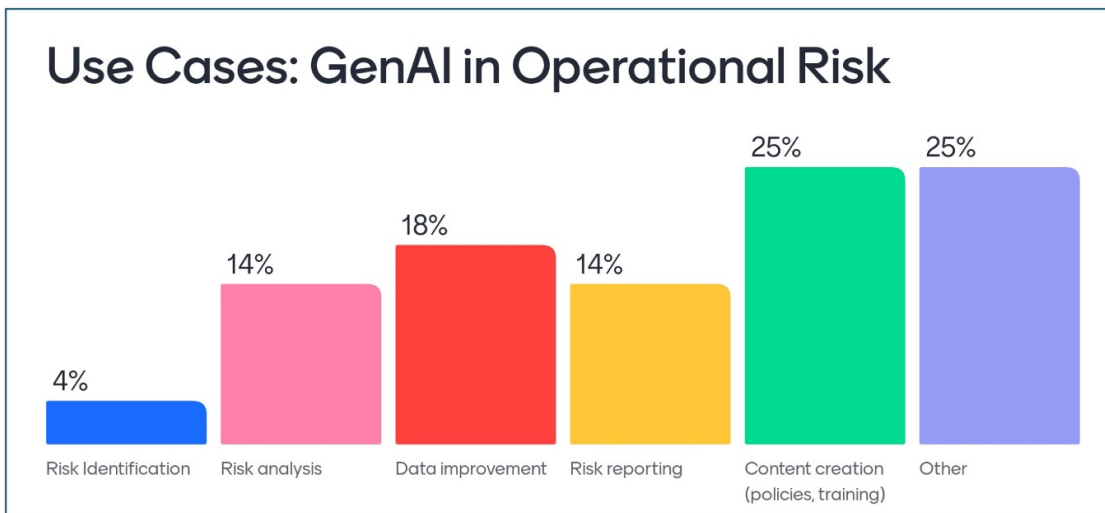





Fig 2, Results of Live Poll, Best Practice Operational Risk Forum

How We Can Help

Contact elena@theopriskcompany.com to discuss:

-  Assessment of current Operational risk framework
-  Enhancements and Optimisation
-  Practical Workshops: GenAI Case studies
-  Elevating Brand and Engagement
-  Impactful Risk Training for Teams



Elena Pykhova, Director and Founder,
The Op Risk Company



elena@theopriskcompany.com



www.theopriskcompany.com

