

bbaGOLD is the operational risk event data consortium managed by the British Bankers' Association (BBA) using on-line internet services provided by RiskBusiness International Ltd. It provides participating institutions with external information to inform their risk management practice.

Regulators expect financial institutions to take account of external event data for internal risk controls assessment, scenario analysis and capital measurement. Based on the Basel Accord principles, **bbaGOLD** has taken the basic Basel categorisation of loss event types and business lines and significantly expanded the range of information available about events. For each event, it is possible to assess its life cycle, from when it occurred, which business line, product or function was involved, what causal factors contributed to it, which controls failed, what type of event occurred, what was the consequent impact and how much was the associated loss.

bbaGOLD is directed by participating institutions and the BBA executive to consider all areas of operational risk management.

Enquiries or applications to join **bbaGOLD** are welcome from any financial institution, irrespective of its global location. Membership of the BBA or being located in the UK is not a required condition.

Using standardised data classifications based on granular taxonomy structures, participating institutions can:

- Submit, update and manage your own events on-line
- Use encyclopaedia of guidance for data classification structures
- Locate events in the database and filter according to a range of selection criteria
- Produce summary or detailed analyses of selected datasets
- Create loss profiles based on data in **bbaGOLD** to compare against industry profiles
- Relate **bbaGOLD** events to a library of key risk indicators
- Export data to spreadsheet or pdf for internal management information

Participation costs comprise a joining fee of GBP 2,500 and an annual subscription charge of GBP 3,500 (*costs subject to VAT depending on location*).

Database content

Event reference	Internal institution identification
Recognition date	When event was identified to your central operational risk function
Occurrence date	When the event occurred
Loss event type	4 granular levels, with levels 1 and 2 aligned to Basel
Loss description	A short text description of the event circumstances
Causal factors	Causes giving rise to the event
Failed controls	Controls failing to prevent the event
Primary loss	Initial loss estimate, before insurance, mitigation or recoveries
Additional direct loss	Subsequent increase or revised estimate of direct loss
Recoveries	Recoveries or reduced direct loss
Impact	Event consequences
Soft loss	Subjective measure of reputational damage arising from the event
Business lines	The business area within your institution which experienced the event
Business function	The business process involved in the event
Product or service	The business product or service involved in the event
Location	Geographical location of where the event occurred

Reporting thresholds

The reporting threshold for an event resulting from an operational risk failure is a direct loss **exceeding EUR 5,000** or, irrespective of loss, where the circumstances are significant.

Database taxonomies

Full taxonomy details and guidance are available on-line with automatic classification prompts to help promote consistency standards.

Peer groups

Participating institutions with similar characteristics (eg by geography, size, nature or main function) may agree to establish a peer group, allowing analytics to be compiled to compare your own institution to your peer group and the wider database.

Internal event information management

On-line services allow for multiple user or location input and workflow management within your organisation, together with facilities to store associated event information confidentially.

Dedicated website

Further public information about **bbaGOLD** is available from www.bbaGOLD.org

Participation Summary

- As a participating Institution, you commit to provide loss event data to the best of your internal collection capabilities and aspire to worldwide group reporting.
- BBA & RiskBusiness services commit to preserve the anonymity of individual institutions' data through recognised IT security measures and take all reasonable care and endeavours in managing data entries.
- BBA validates submitted information, but is not legally liable for the quality of the consolidated database.
- Consolidated information in the database is confidential and may be used only for a participating institution's own internal operational risk management purposes.
- BBA has the right to retain an institution's data should participation cease for whatever reason.

What bbaGOLD looks like on the inside – sample screenshots

Summary | Details | Dates | Risk Classification | Failed Controls | Business Activity | Location | Amounts | Notes | Actions

Risk category:

Execution, Delivery and Process Management

Human Error

Transaction Administration and Management Failures

Post Capture Transaction Processing Errors

Primary causal type:

People

Summary | Details | Dates | Risk Classification | Failed Controls | Business Activity | Location | Amounts | Notes | Actions

Business line:

Asset Management

Product or service group:

Asset Management

Managed Funds and Portfolios

Originating business function:

Corporate Services

Property and Facilities Management

Detecting business function:

Summary | Details | Dates | Risk Classification | Failed Controls | Business Activity | Location | Amounts | Notes | Actions

Primary loss amount:

646,000 EUR

Primary impact type:

Restitution

Additional direct impact amount:

0 EUR

Soft loss rating:

No external effect

Recovery amount:

0 EUR

Direct loss amount:

646,000 EUR

Final loss amount:

646,000 EUR

Number of contributing events:

1

Does your institution collect this type of event information? If not, **bbaGOLD** could help you to establish a cost-effective internal reporting solution. If so, **bbaGOLD** could help you to benchmark your event experiences against the industry, raise your awareness and understanding of operational risk and improve your internal risk management practices.