FOUR KEY PILLARS OF RISK MANAGEMENT

PAIRING PROCESS WITH TECHNOLOGY

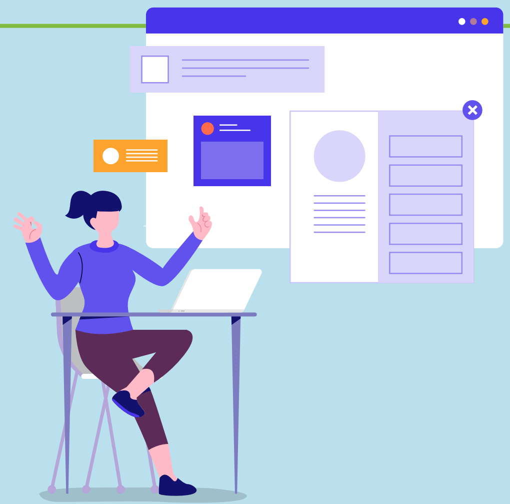
A strong risk management plan must have key elements to meet regulatory requirements and respond to identifiable risks. The four key pillars to risk management that should be taken into consideration are:

1) IDENTIFY RISK

Automation should ensure that all risk factors are identified and evaluated consistently, every time. Imported core system data should run through a rules engine specific to institution policies, identifying risk without fail.

2) ANALYZE, ASESS, AND MEASURE RISK

Robust reporting capabilities provide the opportunity to create custom and ad-hoc reports to analyze potential risk and measure the mitigation response of your risks. Evaluating these reports helps you easily assess the potential risk and determine when action needs to be taken.



3) MONITOR AND CONTROL RISK

You should be able to monitor risk through queries configured with specific parameters. These queries should update in real time based on the data that has been saved, providing an accurate depiction of risk every time. They should also be actionable so that once you see an item that needs to be monitored, you can take action to control the risk.

4) RESPOND TO AND MITIGATE RISK

Use queries to do more than just monitor risk. You should be able to take action by selecting exception items to update with comments and correspondence. Effective risk management software will record the action you’re taking, allowing you to evaluate trends, respond quickly, and mitigate potential risk in the future.

Loan origination and portfolio risk management is a critical function for banks and credit unions. A strong exception tracking and management solution like Baker Hill NextGen® enables sound risk management practices, ensuring that your loan portfolios are healthy, stable, and resilient to potential risks.