



جامعة الجميع الذكية
EVERYONE'S SMART UNIVERSITY

Everyone's Smart University

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Section

**Master of Project
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Project Risk Management

Instructions:

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The National Commercial Bank is a well-positioned bank that was established back in 1953. Being the largest bank in the Saudi market, it surely faces and manages various risks from different categories, and create strategies to ensure proper handling of such risks.

The first risk NCB often undergo to be illustrated in this paper would be Customer Data Protection, considering the sensitivity of financial and non-financial data of the bank's clients. This is considered a Compliance risk because in the event of data leakage, the impact would be enormously negative, and will entail regulatory complications as the Central Bank of Saudi Arabia (SAMA) mandates embedding certain data protection requirements to ensure security of client's data. The Likelihood of such event is usually high in all banking industry as banks are top targets for financially based crime, especially, ones involving data stealth and misuse. To minimize such risk, NCB implements high standard protection systems and uses highly secured financial equipment, for instance, NCB uses a two-way authentication method that requires entering a password shared on registered phone numbers to grant access to users.

The second risk is interest rate risk of the bank's financial instruments (investments). NCB manages a large investment portfolio that can be dramatically affected by changes in interest rate, either positively or negatively, which is why this risk classifies as an opportunity risk, and mostly is associated to high likelihood for financial industry in general. It can significantly impact the return on investment portfolio if not anticipated or projected properly. Knowing the fluctuating nature of the financial instruments used to manage NCB's investment portfolio, certain risk management tools called "options" are used to by NCB to embrace such opportunity risk and maximize their portfolio's income.

Third chosen risk is Default Risk, which means the inability of contracted parties to pay up their accounts. In the financial industry, it is a top priority to closely monitor and manage accounts receivables or payments to be collected. Unfortunately, some cases end up not being able to meet such obligation, and that can have a negative impact on the organization which is why it is considered a control risk in the first place. With that being said, such risk has medium likelihood associated to it, as financial business is being

conducted between the bank and the beneficiary (corporate/individual) on good intention of meeting the obligation, yet, the bank still uses credit insurance to manage such risk and avoid its negative impact.

Last risk chosen is damage to physical assets of the bank, particularly, ATM's. In many bank robberies criminals do major damage to ATM's in attempts to steal cash, and whether the robbery goes through or not, damage is usually devastating to ATM machines, not to mention financial losses if the robbery succeeds. This is the reason why this risk is considered a hazard risk that NCB but its likelihood is less than medium for the high security granted by the government, in addition to high technology security devices installed by the bank on all premises, and these are considered the mitigation strategies adopted by NCB against such risk