



جامعة الجميع الذكية
EVERYONE'S SMART UNIVERSITY

Everyone's Smart University

Assignment 1 (Spring 2021)

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Section

**Master of Project
Management**

Date

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Course Code

(PMG510)

Project Risk Management

Instructions:

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حتى الآن من المفترض أن تكون أصبحت قادراً على التعرف والتمييز بين أنواع المخاطر المختلفة وكيفية التعامل معها. كما يمكنك الآن رؤية كيف يتم هذا الأمر في الشركات الكبيرة والمرموقة.

في هذا الواجب: قم باختيار واحدة من الشركات التالية:

أرامكو السعودية

البنك الأهلي التجاري

شركة الاتصالات السعودية

قم باختيار واحدة من الشركات الثلاث المذكورة أعلاه ثم ابحث عن أي 4 مخاطر تواجهها هذه الشركة .

لكل خطر من هذه المخاطر قم بالاجابة عن الأسئلة التالية:

1. لماذا اعتبرته خطراً؟
2. ماهو نوع هذا الخطر؟
3. ماهي احتمالية هذا الخطر؟ وفي حالة وقوعه مامدى قوة وتأثير هذا الخطر؟
4. ماهي السياسة أو الاستراتيجية التي تتبعها هذه الشركة للتعامل مع هذا الخطر وإدارته؟

** يمكنك الاجابة باللغة العربية أو الانجليزية على ألا تتجاوز اجابتك صفحتين من النوع A4

** يتم تسليم جميع الاجابات في ملف بصيغة pdf.

** حجم الخط 12.

** نوع الخط Arial.

** المسافة بين الأسطر (line spacing) 1.5

أمنياتي بالتوفيق.

Throughout this course you have learned about the different types of risk and how businesses manage them. Now you will be able to see how it is done in a well-known company.

Your assignment is to choose one of the following companies:

Saudi Aramco

The National Commercial Bank

Saudi Telecom Company

Do some research on any of the aforementioned companies and identify four risks they are facing.

For each risk please answer the following:

1. Why is this a risk?
2. What type of risk is it?
3. What is the likelihood of the risk? How great is the impact?
4. What strategy or policy does the company use to manage the risk?

** Your answers could either be in Arabic or English.

** You should submit your assignment in a pdf formatted file.

** Font size should be 12.

** Font type is Arial.

** Line spacing is 1.5.

All the best.

Introduction

with the increase in growth of the banks, banking operations have become much more complicated. The risks involved with the adoption of disruptive technologies called for the change in regulatory environments and business procedures. Even if we talk about history, banks have suffered significant losses due to the shift in customer behavior patterns, the introduction of new technologies, changes in international policies, and so on. Hence, it's vital to discuss the significant risks involved in the finance industry that are majorly faced by all the banks.

Risks Involved in NCB

1. Credit Risk High Risk. Control risk

One of the most significant threats faced by banks is credit risk. In simpler words, credit risk is defined as the inability of a borrower or a counterparty to meet the contractual obligations. In other words, when a borrower fails to pay the appropriate amount to the lender due to any financial crisis. The banks have suffered huge losses in the past from credit risks, and are still prone to such losses.

Although credit losses are primarily defined by the inability of the borrower to repay loans to the lenders, it also includes the delay in payments of the borrower. That means if any borrower does not make timely payments, then such types of cases also come under credit risks.

What Can Be Done?

Such types of losses commonly occur due to borrower insolvency. Hence, banks should conduct proper research before granting the loans and should only sanction loans to individuals and businesses that are not likely to run out of their income during the payment period.

2. Market Risk medium Risk. Hazard risk

Market risks are defined as the risks involved in the fall of a company's share or decrease in the value of the stock of third-party companies where the bank has invested. We all know that apart from sanctioning loans, the banks also hold a certain amount of shares in the market. In that case, if by any means, the share price of the banks decreases, then they will suffer huge losses, and these types of losses generally come under market risk.

The market risks can vary depending upon the type of commodity a bank holds. For instance, if a bank holds foreign exchange then they're exposed to a Forex risk, in the case of gold, silver, or real estate, they are exposed to commodity risks, etc. similar is the case with equity risk.

What Can Be Done?

To mitigate market risks, banks usually leverage hedging contracts. They use contracts like forwards, options and swaps, and many more, to completely eliminate the various market risks.

3. Moral Hazard Low Risk. Opportunity risk

Moral hazard is an entirely new type of risk when compared to the other mentioned risks. It came to light recently in the global market. The moral hazard occurs when a bank takes some risk, even when they know that someone else has to bear the losses. In other words, when a bank invests in a risky business, and it backfires, then it is the taxpayers who have to bear all the losses.

Although the central bank has been tracking the banks and their operations very carefully, some of them still take dreadful risks when not under the regulatory oversight. They get to indulge in the illegal practices and create an imbalance on the taxpayers when their planning fails.

What Can Be Done?

The central bank should pay more attention to the activities of the banks to eliminate the losses caused by moral hazards. The banks should also not indulge in risky businesses and should follow the proper path

5.Compliance Risk Low Risk. Compliance risk

When a bank does not follow proper regulatory standards put down by the financial institutions, then such type of risk is known as Compliance risk. These are usually a not much greater risk but surely have some significant outcomes. When a bank does not comply with proper regulation formed by the banking institutions in their certain branch, then they face financial and legal losses.

The banks get severely affected by these losses and suffer loss in their daily banking targets. They had to bear legal penalties and might face significant challenges by the regulatory committee.

What Can Be Done?

To mitigate such types of risks, the banks should formulate, regulate, and manage all the regulations and compliance policies across all their branches.

References:

1. <https://www.matellio.com/blog/10-major-risks-faced-banks-2020/>