



RISIKO DI SEKTOR BISNIS SEBAGAI BAGIAN DARI RISIKO DI INDONESIA

UNIVERSITAS KATOLIK PARAHYANGAN,
22 OKTOBER 2019



Governance



Risk Management



Compliance



BRIEF PROFILE

- Chairman of Technical Committee 03-10 Governance, Risk Management, and Compliance
- Chairperson of GRC (Governance, Risk Management, Compliance) Association
- Chairperson of Perkumpulan Ahli Governansi Indonesia [PAGI]
- Chairperson of Indonesia Risk Management Professional Association [IRMAPA]
- Chairperson of Institute of Compliance Indonesia [ICoPI]
- Chairperson of Indonesia Professional in Audit and Control Association
- Founder and principal of CRMS Indonesia



Dr. Antonius Alijoyo, MBA

ABOUT CRMS INDONESIA

CRMS Indonesia (Center for Risk Management Studies) is a globally recognized organization that is leading the Risk Management professional capacity building in Indonesia. Established in 2010, CRMS Indonesia has collaborated with countless Indonesian organizations in training more than 5,000 Indonesian Risk professionals, providing them with an opportunity to sharpen their professional capabilities.

CRMS was awarded the best Risk Management Service Provider in 2014 in IRM's Global Risk Award held in London, UK. In Global Risk Awards 2016, CRMS further proved its dedication in Risk Management by winning the same award by IRM once again.



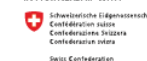
Currently collaborating closely with prominent global organizations to advance the Risk Management world, such as the International Finance Corporation (IFC) of the World Bank Group, ISACA, AON, and Enterprise Risk Management Academy (ERMA), CRMS strives to empower Risk Management professionals everywhere.



IFC and CRMS INDONESIA

PARTNERING FOR IMPACT

IN PARTNERSHIP WITH



Federal Department of Economic Affairs,
Education and Research (SED)
State Secretariat for Economic Affairs (SECO)

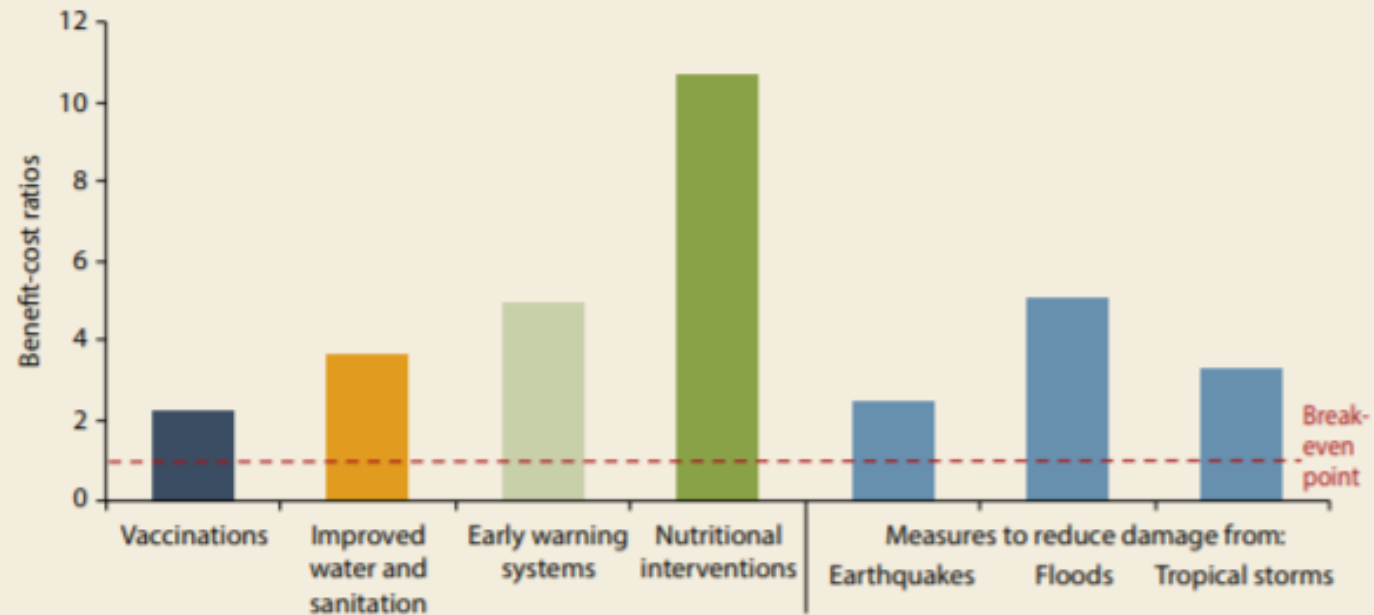




Fundamentals of Risk Management

Why manage risks?

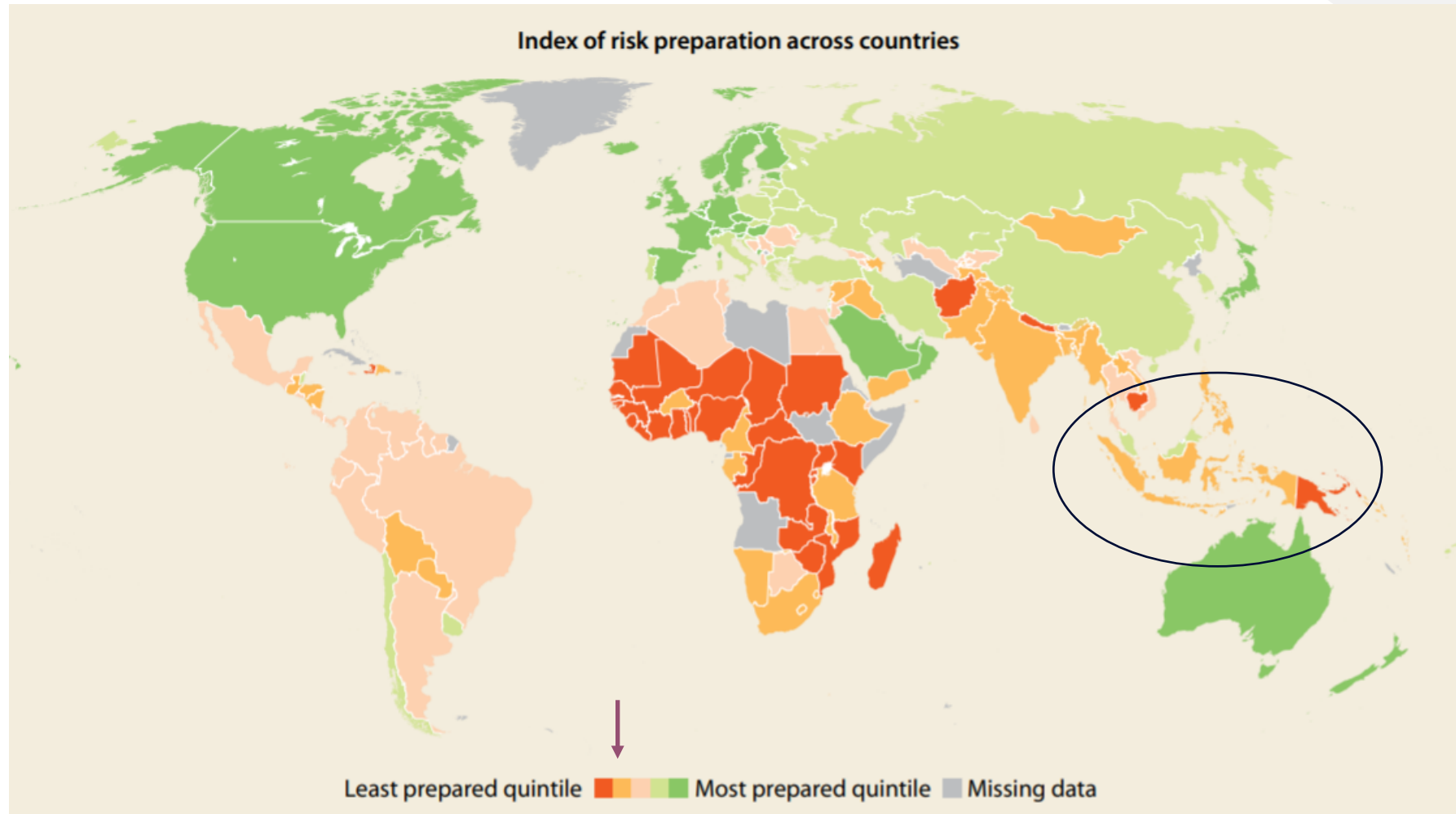
FIGURE 2 *The benefits of risk management often outweigh the costs*



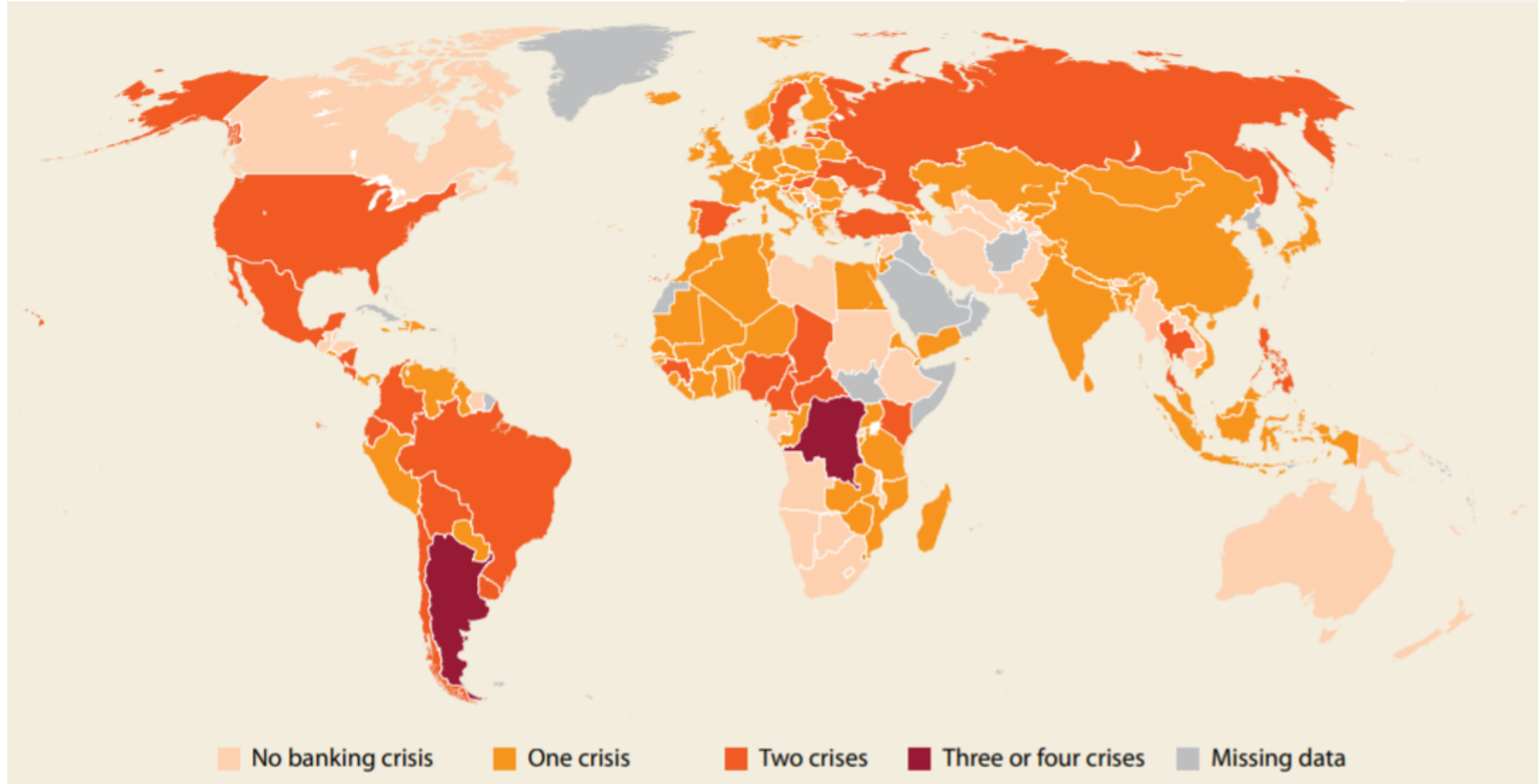
Source: Wethli 2013 for the WDR 2014.

Note: The figure shows the median of benefit-cost ratios across a range of studies in each category (with a minimum of at least four estimates in each category). Above the dotted line, expected benefits exceed expected costs. The range of estimates within each category can be substantial, reflecting a diversity of intervention types and locations, and the sensitivity of estimates to variations in underlying assumptions. However, in almost all cases, even the 25th percentile of the ranges are above the break-even point.

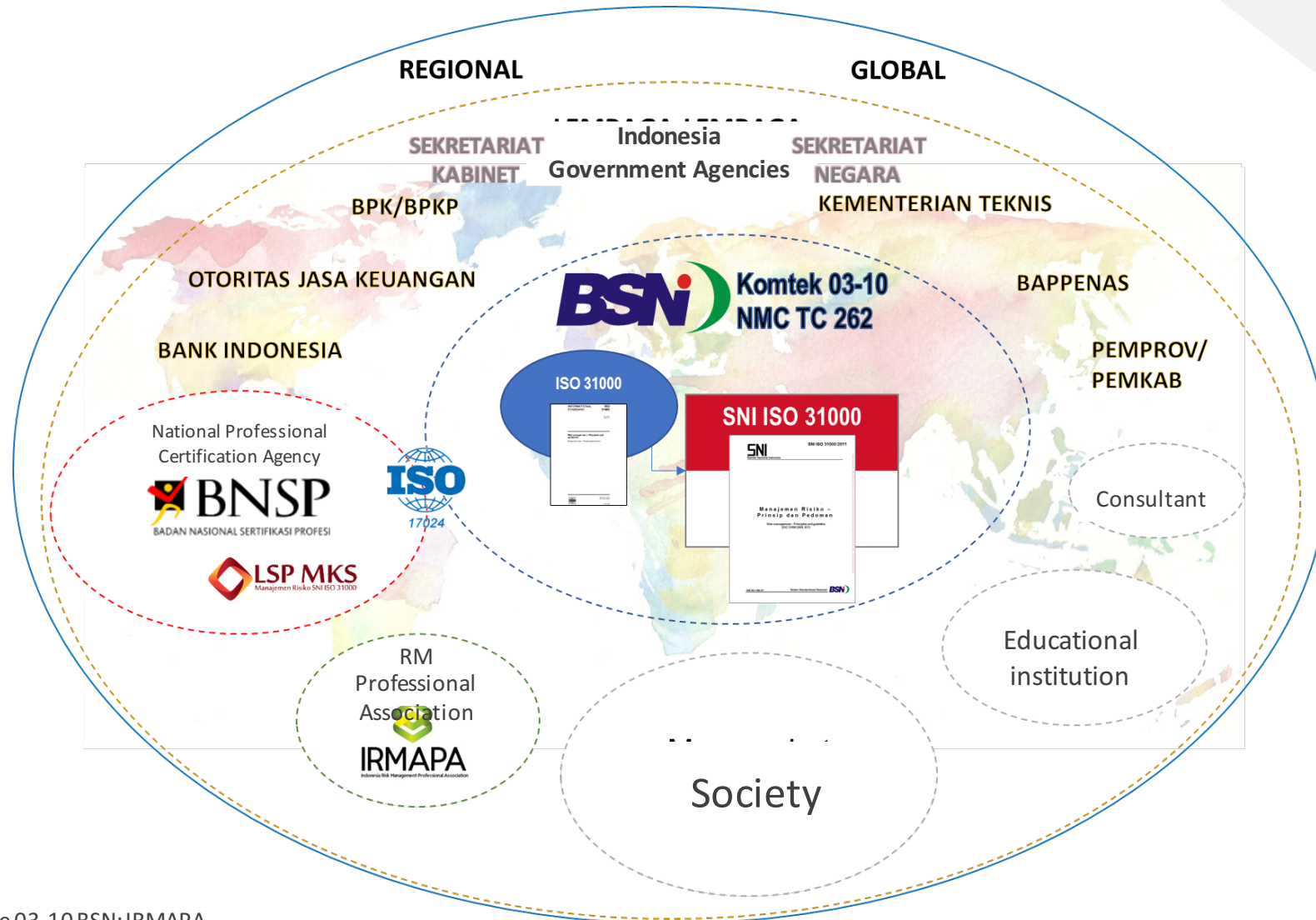
How does preparation for risk vary across countries?



Banking crises around the world, 1970–2011

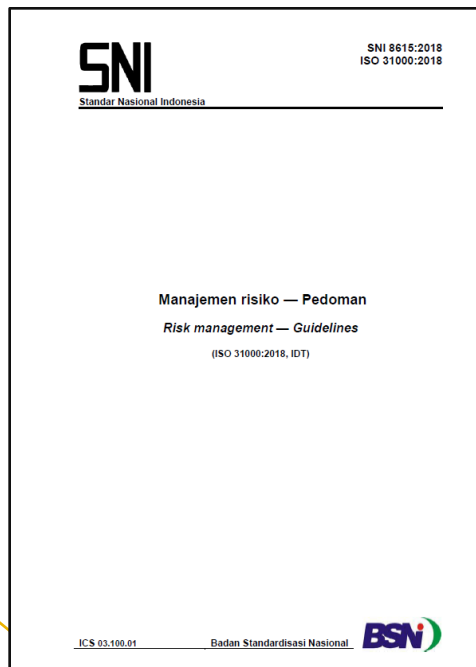


INDONESIA'S RISK MANAGEMENT ECOSYSTEM

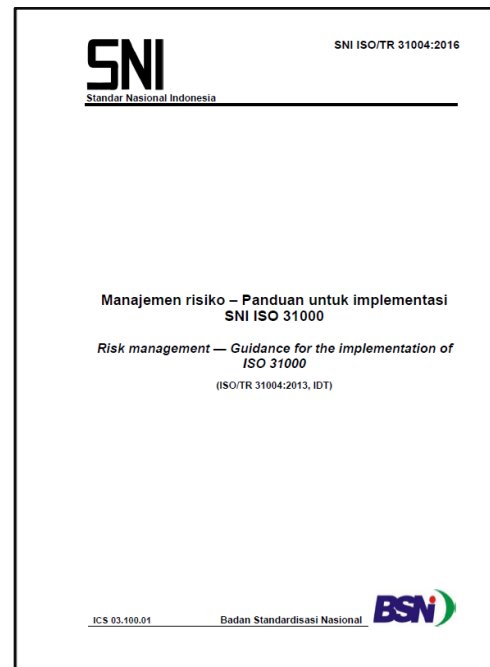


RISK MANAGEMENT STANDARD

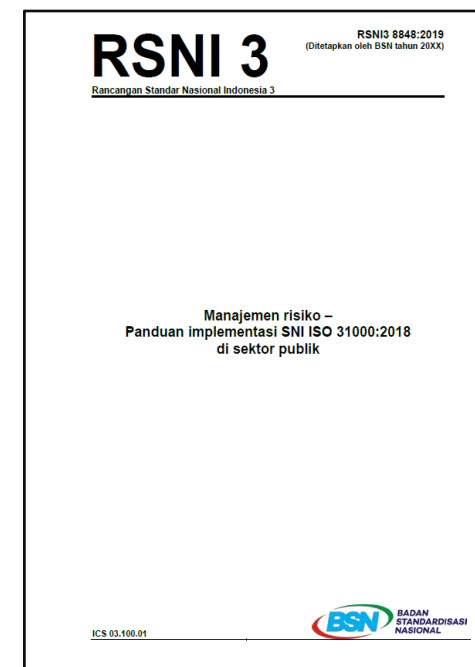
GUIDELINES & GUIDANCE



SNI ISO 31000:2018
Manajemen risiko —
Pedoman

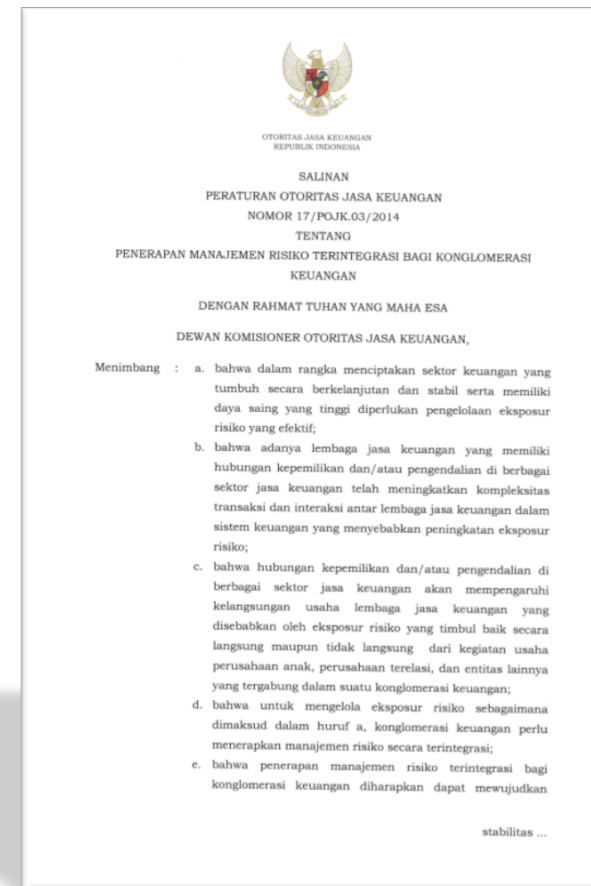
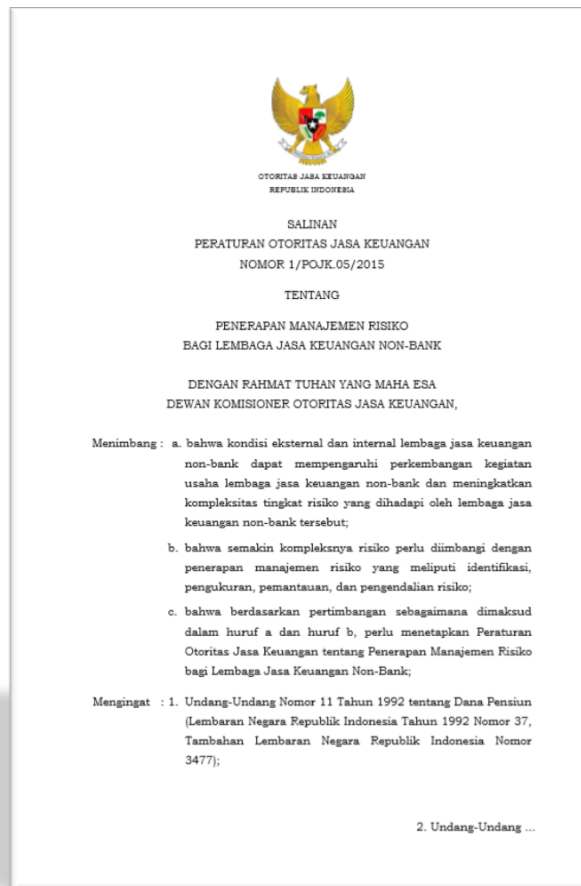


SNI ISO 31004
Panduan untuk implementasi
SNI ISO 31000



Panduan implementasi SNI
ISO 31000:2018
di sektor publik

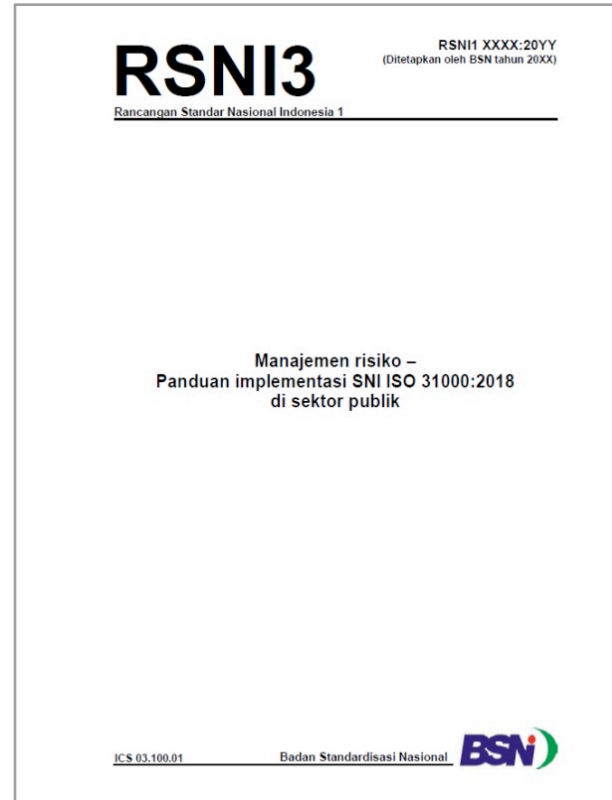
POJK – Risk Management



We need to build people..



GUIDELINE

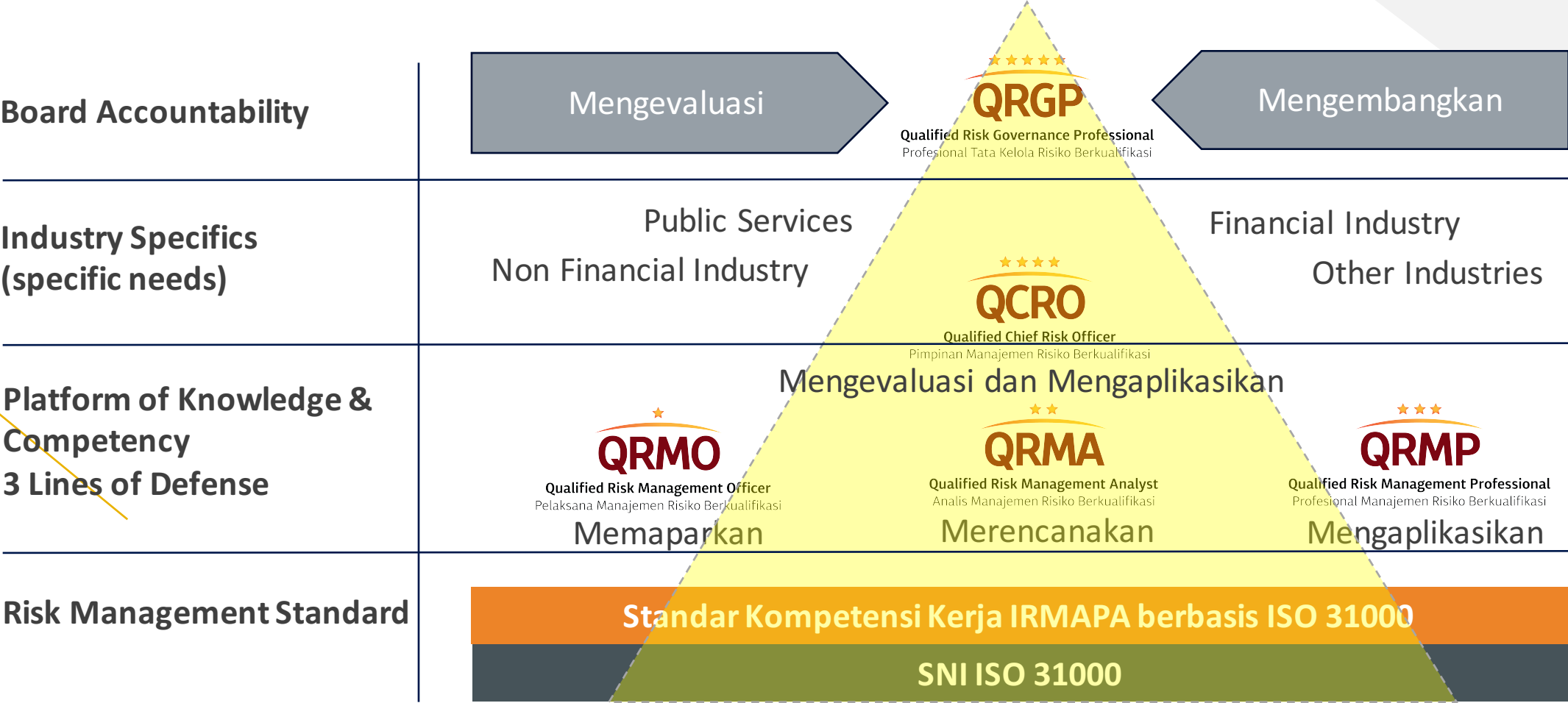


GUIDANCE



GUIDE

MEMBANGUN BUDAYA SADAR RISIKO ORGANISASI MELALUI PEMBANGUNAN KOMPETENSI SDM



STANDAR KOMPETENSI KERJA (SKK) KHUSUS BIDANG GRC

GRC



Governance



Risk Management



Compliance



DIGUNAKAN SEBAGAI ACUAN DALAM

PELATIHAN

IZIN



SERTIFIKASI

LISENSI



AKREDITASI ISO 17024



KERJASAMA

KERJASAMA UNIVERSITAS




KERJASAMA INTERNASIONAL



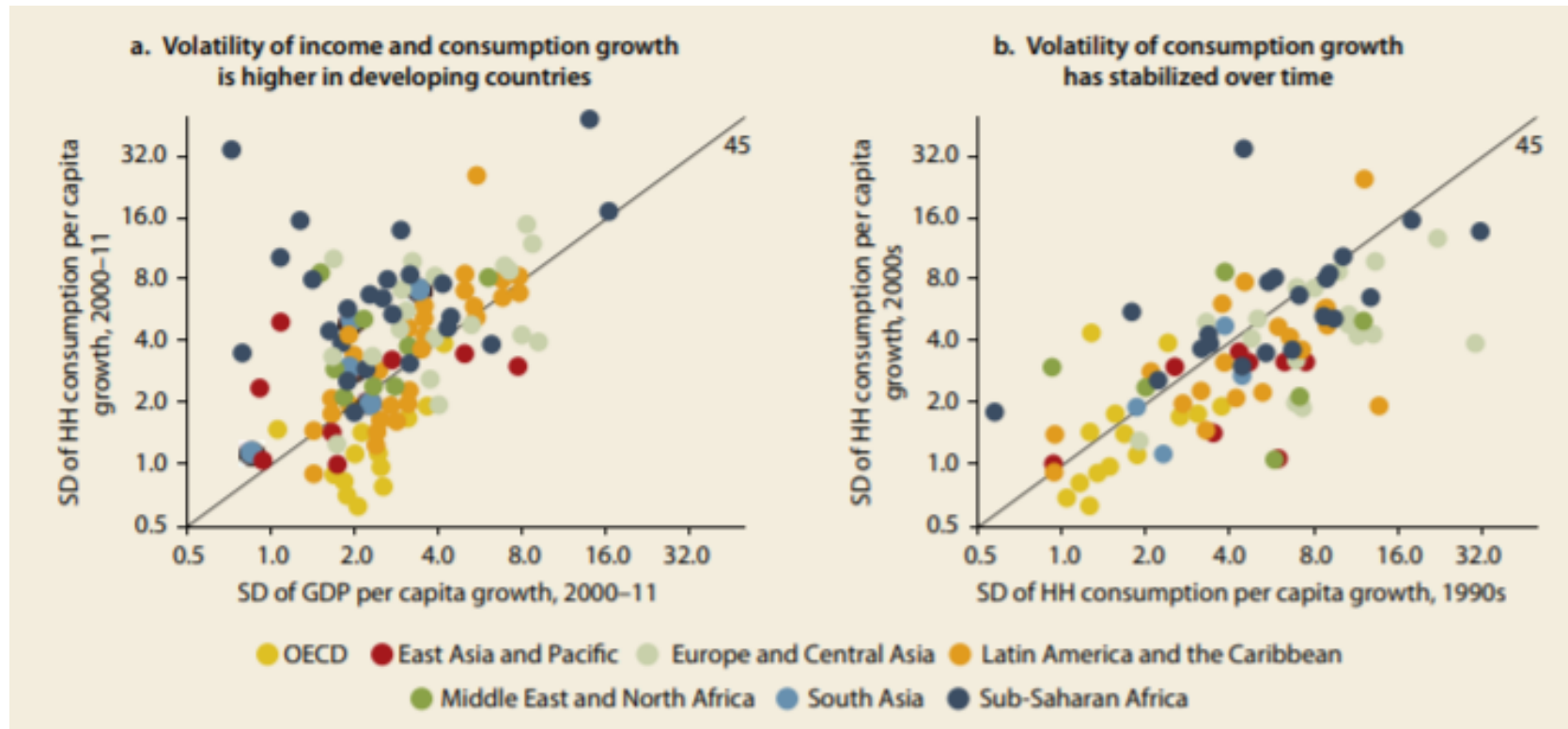
PROGRAM SERTIFIKASI BIDANG GRC

LINGKUP SERTIFIKASI DAN ORGANISASI PENDUKUNG	STANDAR ACUAN	AKREDITASI/LISENSI
<p><i>Governance</i></p>   <p>Komite Nasional Kebijakan Governance</p>	<p>OECD, Pedoman Umum GCG KNKG, Pedoman Umum GPG KNKG</p>	  <p>BADAN NASIONAL SERTIFIKASI PROFESI Komite Akreditasi Nasional Lembaga Sertifikasi Person LSP-015-IDN</p>
<p><i>Risk Management</i></p>  <p>IRMAPA</p>	<p>ISO 31000</p>	  <p>BADAN NASIONAL SERTIFIKASI PROFESI Komite Akreditasi Nasional Lembaga Sertifikasi Person LSP-015-IDN</p>
<p><i>Compliance</i></p>  <p>ICoPI Institute of Compliance Professional Indonesia</p>	<p>ISO 19600</p>	<p>Dalam Proses BNSP (Juli 2019)</p>

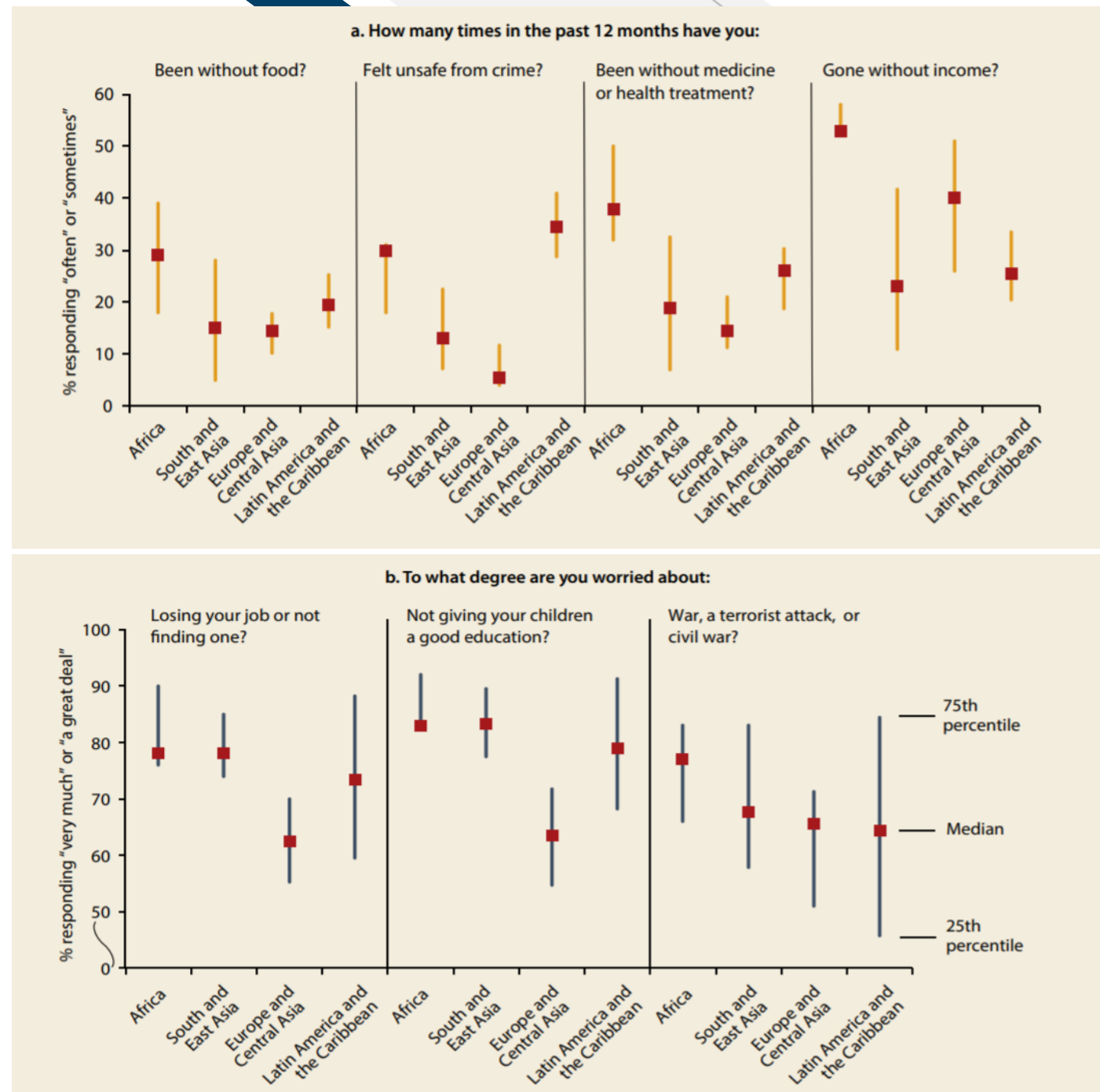


Risk management can both increase economic returns and reduce the propensity for crises: there need not be a trade-off between resilience and growth.

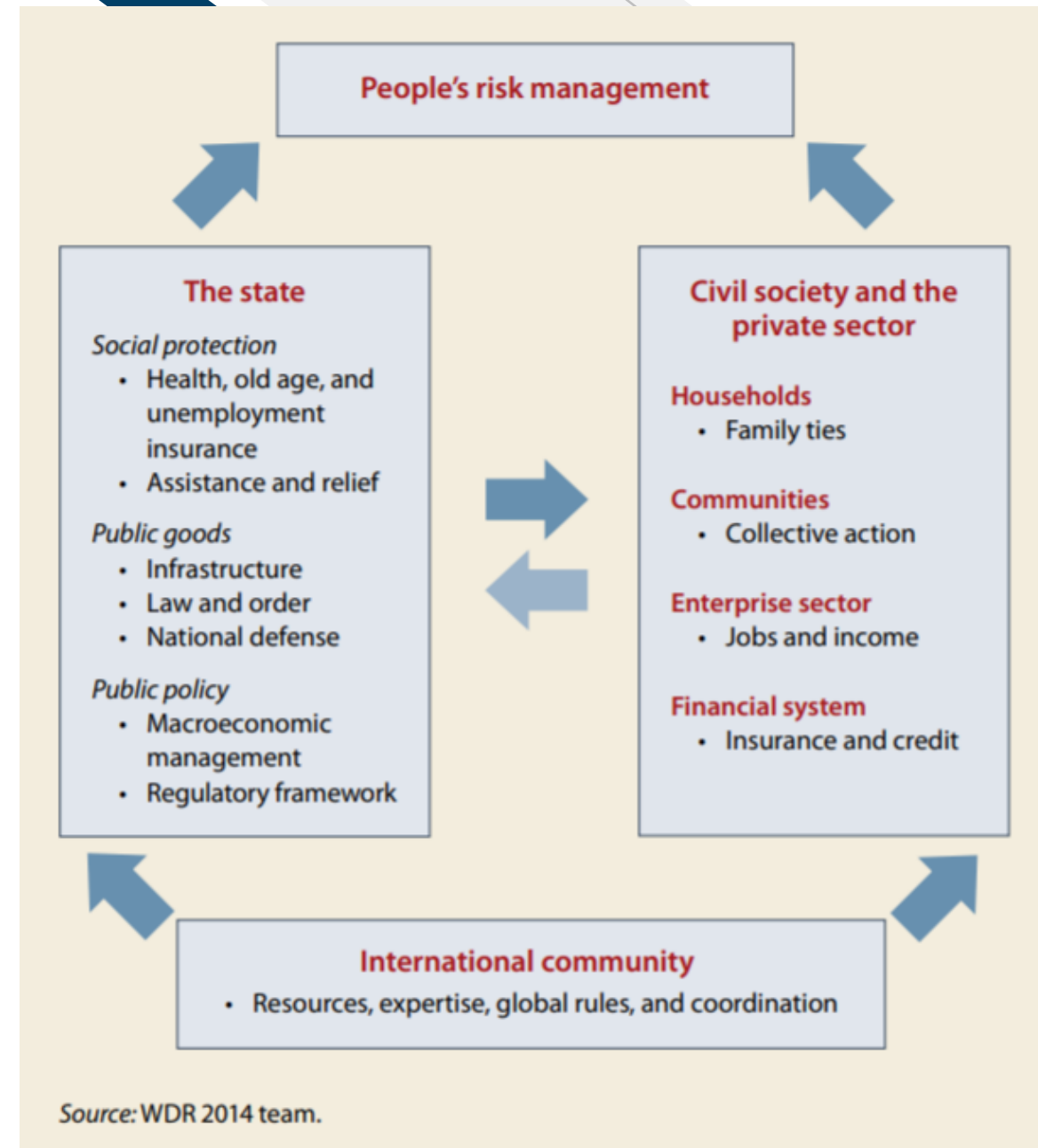
Developing countries have increased their resilience over time




Households in developing countries feel susceptible to risk and are concerned by it



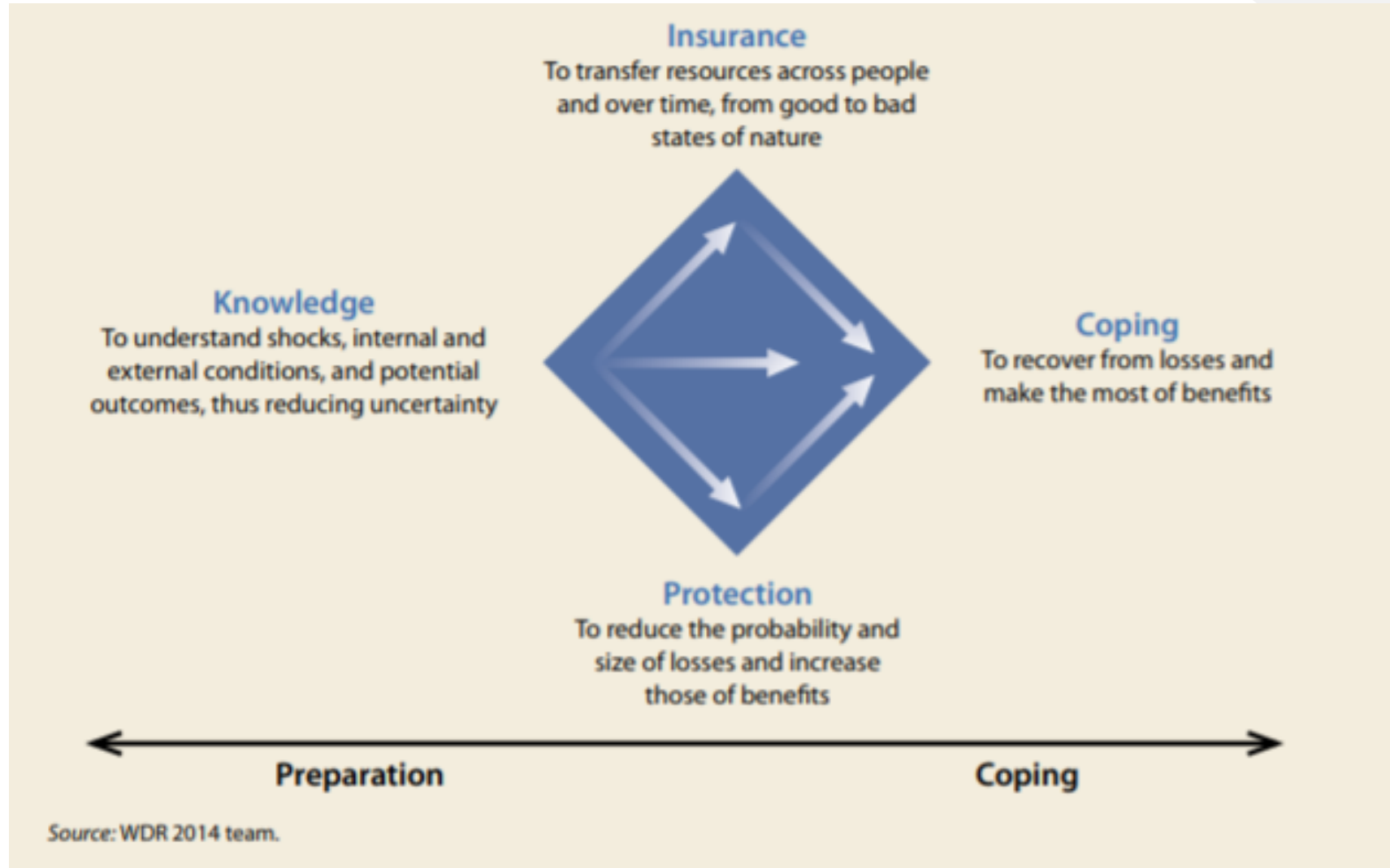
Key social and economic systems can contribute to risk management in complementary ways



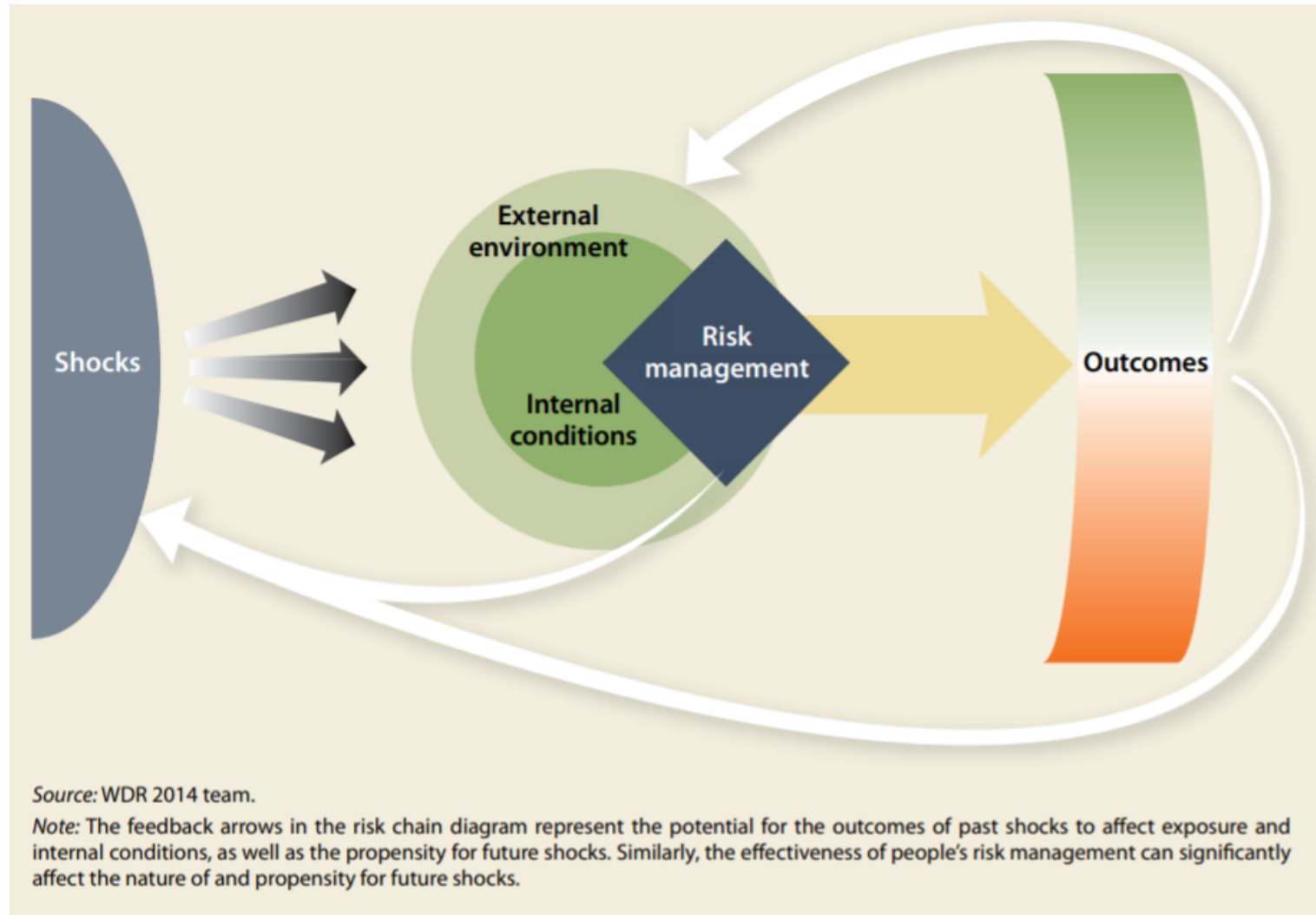


**With good preparation,
only minimal coping
may be needed to
recover quickly—
leaving more resources
available for investment
in risk management and
reducing vulnerability to
future shocks.**

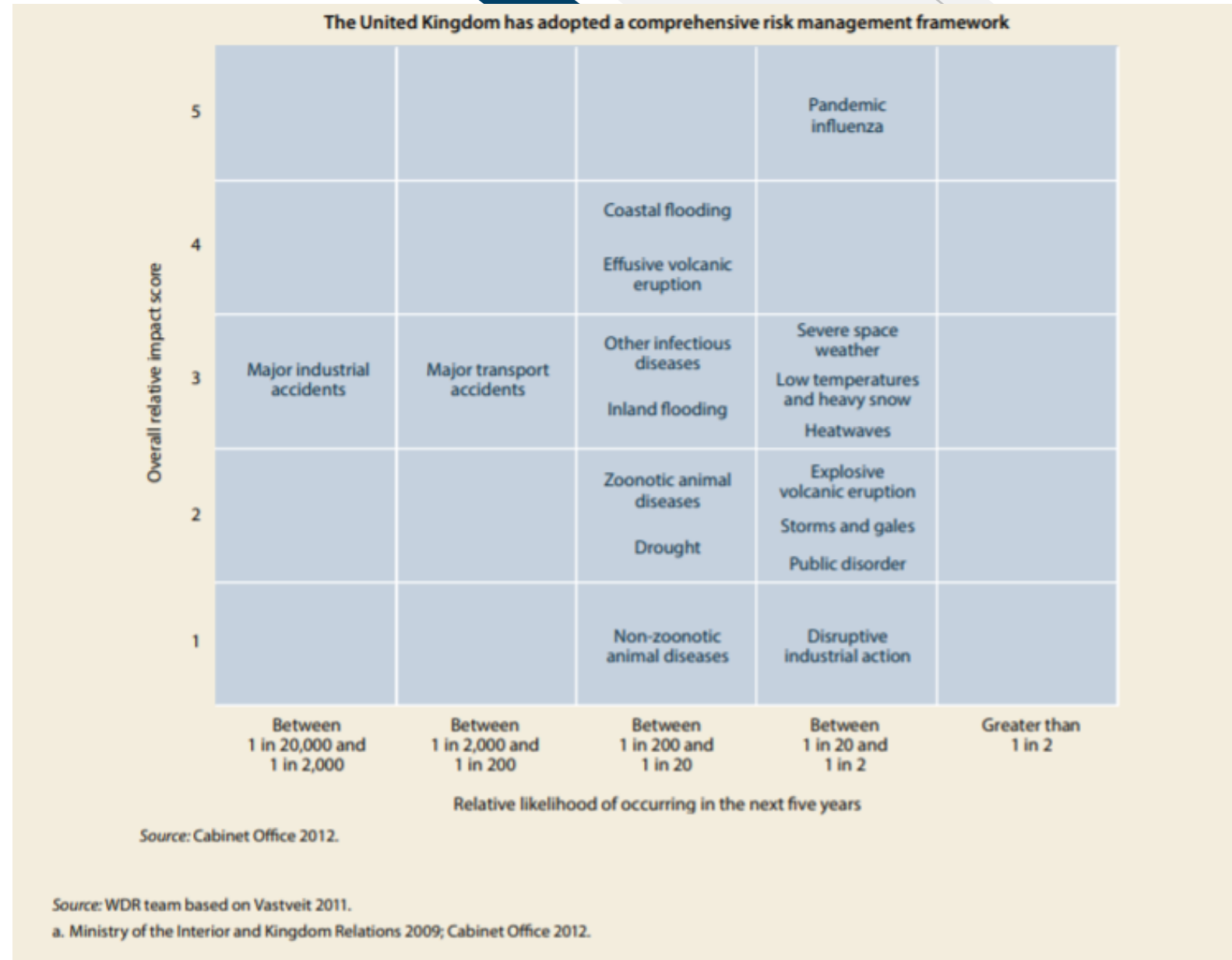
The interlinked components of risk management



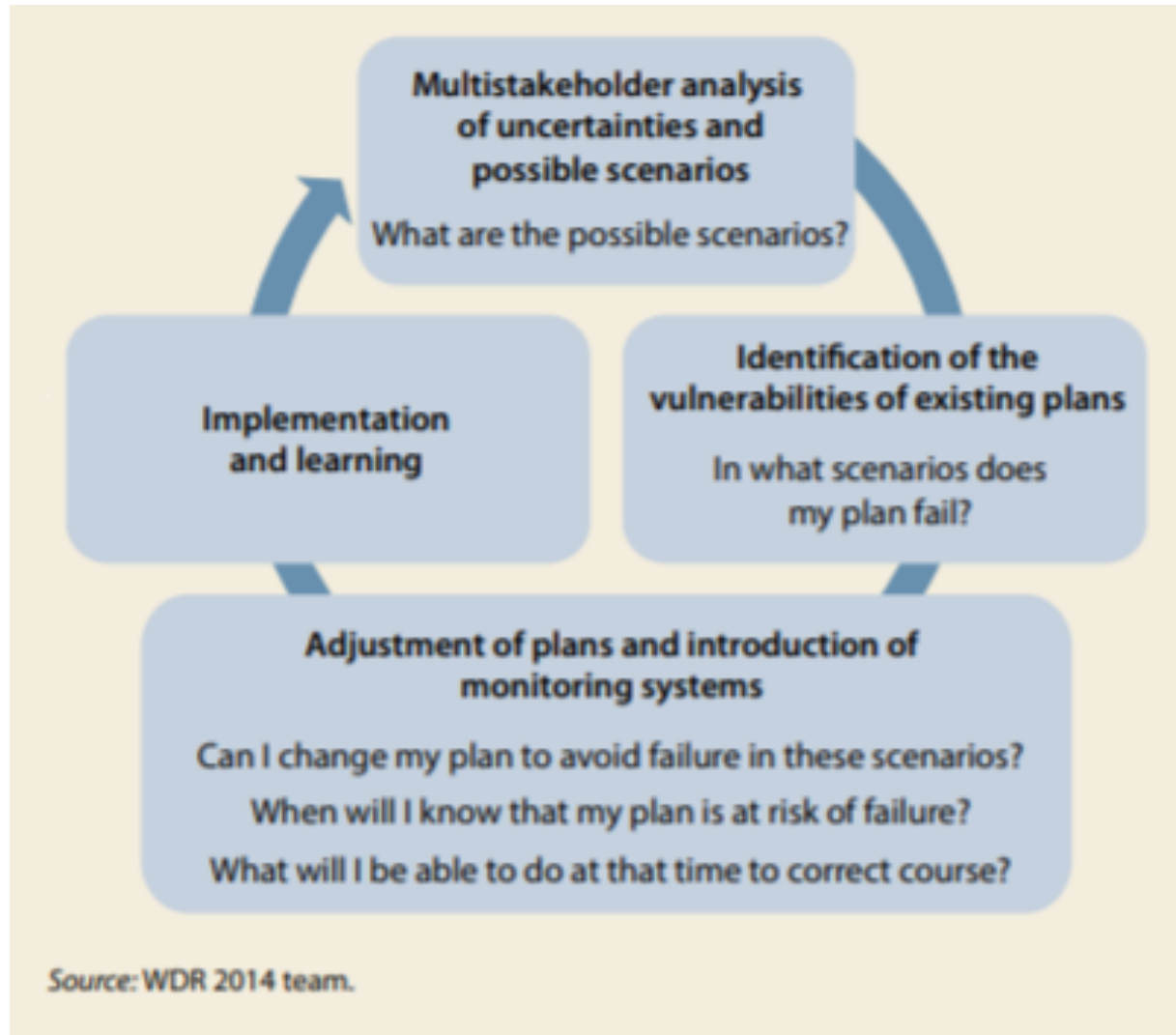
The risk chain: The nature and extent of outcomes depend on shocks, exposure, internal conditions, and risk management



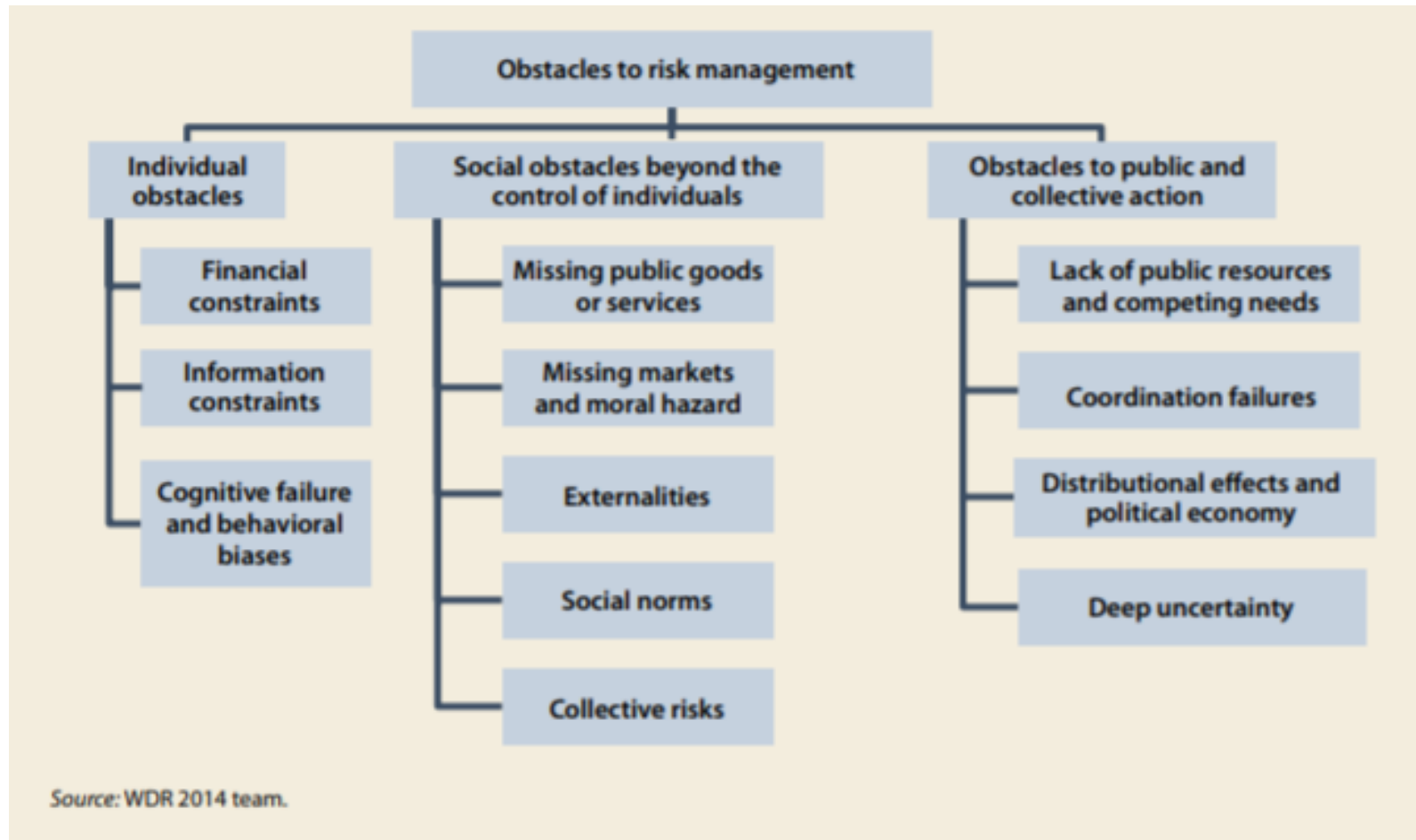
Example of risk matrix in public sector



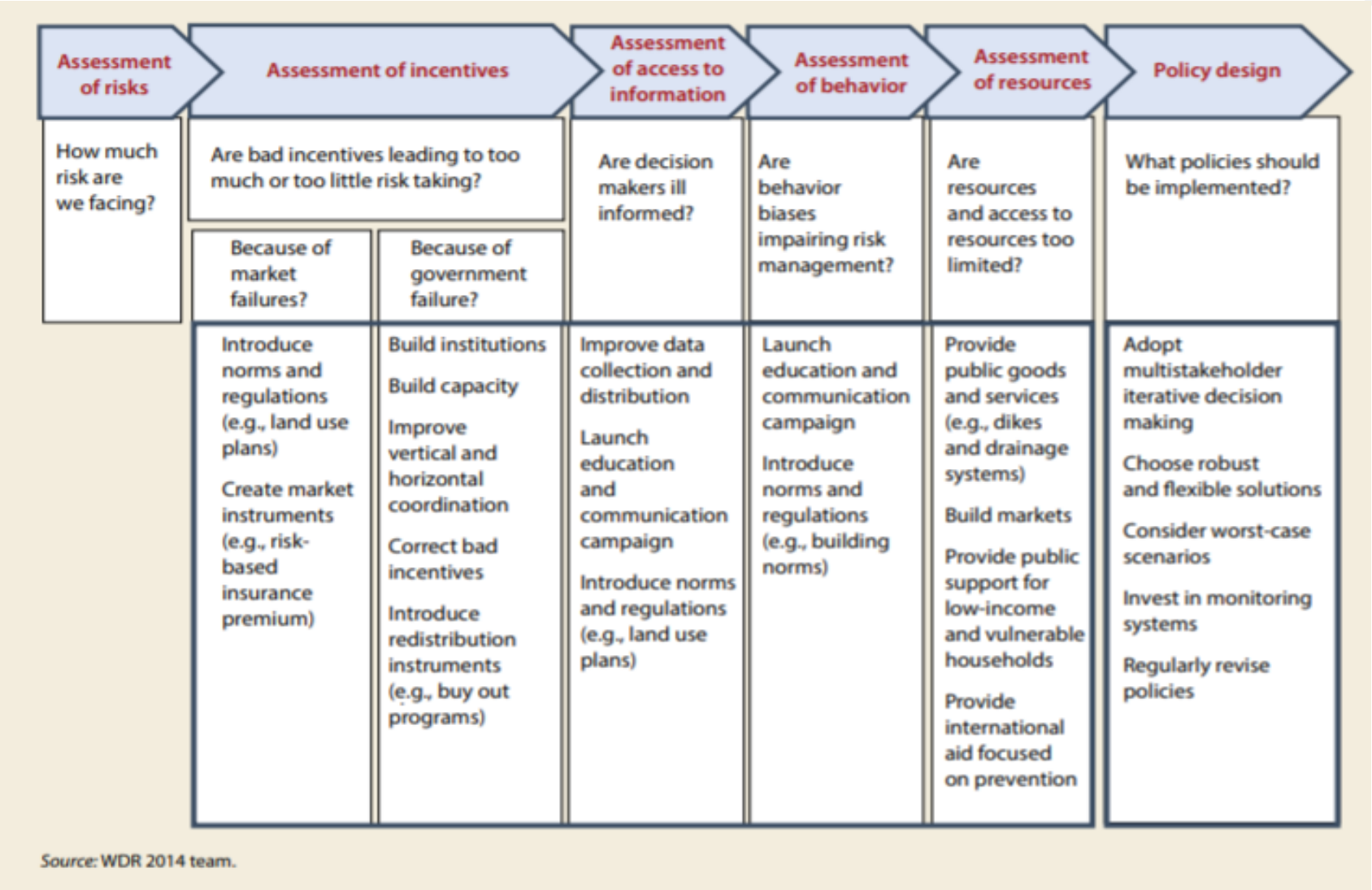
An iterative process of decision making to prompt robust action in the face of uncertainty



Individuals, firms, and countries face many obstacles in managing risks



A set of screens for assessing obstacles to risk management, and formulating policy responses

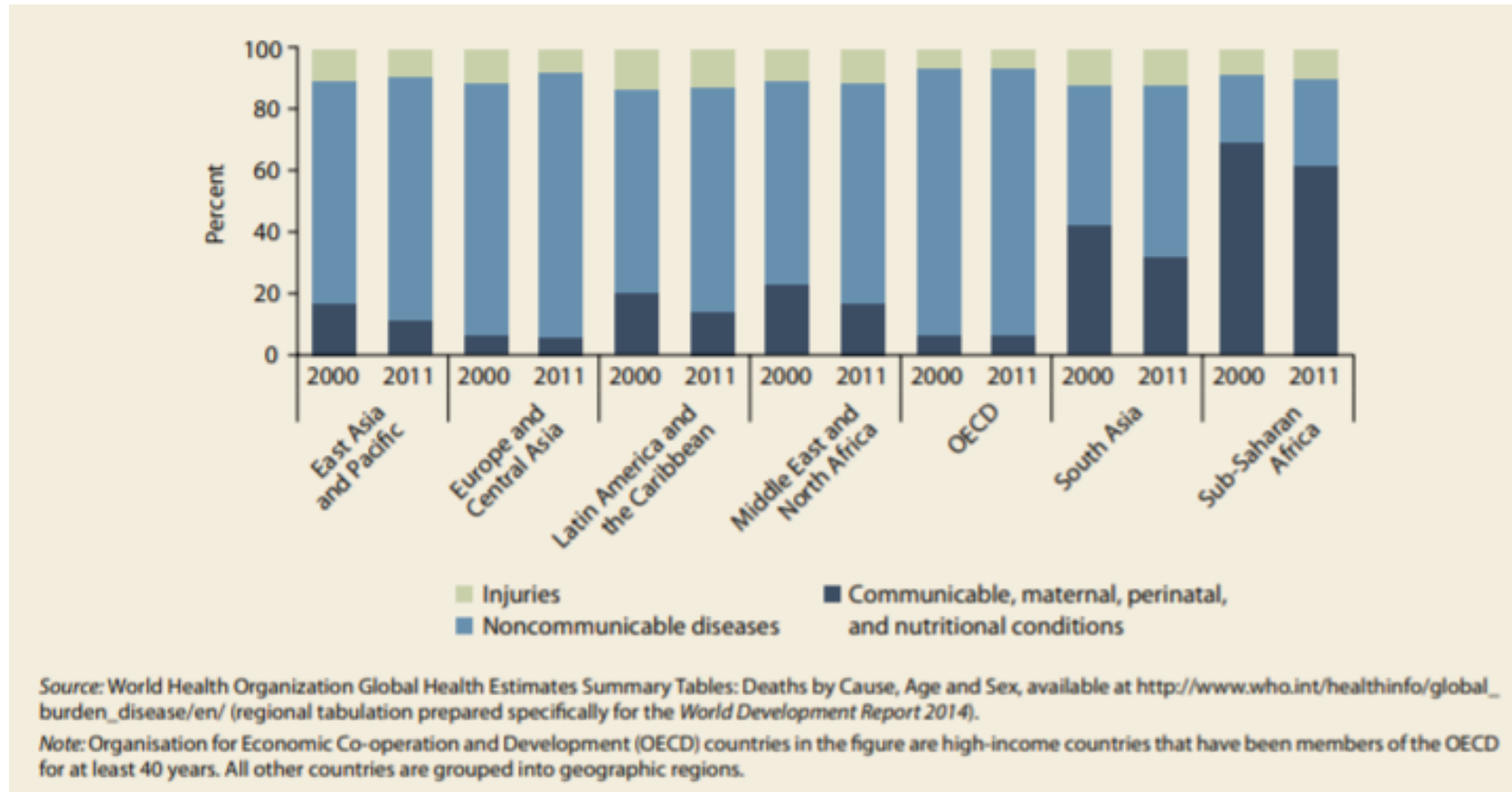




The role of key social systems

Households are the first line of support to confront risk and pursue opportunity

The risk of death from noncommunicable disease is growing in all developing regions



A systemic approach for policies to address multiple risks using multiple instruments

Goal	Types of policy instruments						
	Facilitate savings	Social insurance	Cash transfers	Information/ training	Wage subsidies	Access to services	Access to credit/ grants
Preparing and coping with:							
Illness	X	X	X	X		X	
Disability	X	X	X	X	X	X	X
Old age	X	X	X	X		X	X
Death	X	X	X				
Unemployment	X		X	X	X	X	X
Weather shocks/ disasters	X	X	X	X		X	X
Investment in human capital			X	X		X	
Poverty reduction			X	X	X	X	X

Source: WDR 2014 team based on Robalino, Rawlings, and Walker 2012.

Policy priorities to improve risk management at the household level

	POLICIES TO SUPPORT RISK MANAGEMENT		
	FOUNDATIONAL	→	ADVANCED
Knowledge	Basic literacy and training	Secondary education and training	Higher education and training
	Media and community campaigns		Teaching preventive health in schools
	Facilitating informed fertility decisions		Access to mobile technology
Protection	Sanitation infrastructure and preventive health care (including women's health)		
	Migration assistance/access to labor and other markets (especially for women)		
	Regulation to guarantee equal property rights for women		Policies to promote gender parity in leadership positions
	Promulgation and enforcement of domestic violence and abuse laws		
Insurance	Index insurance	Financial inclusion of the poor	
	Lower remittance costs		
	Health insurance	Pensions (old age, disability, death)	Unemployment insurance
Coping	Self- and community-targeted income support	Means-tested income support	
	Transfers targeted to women		

Source: WDR 2014 team.

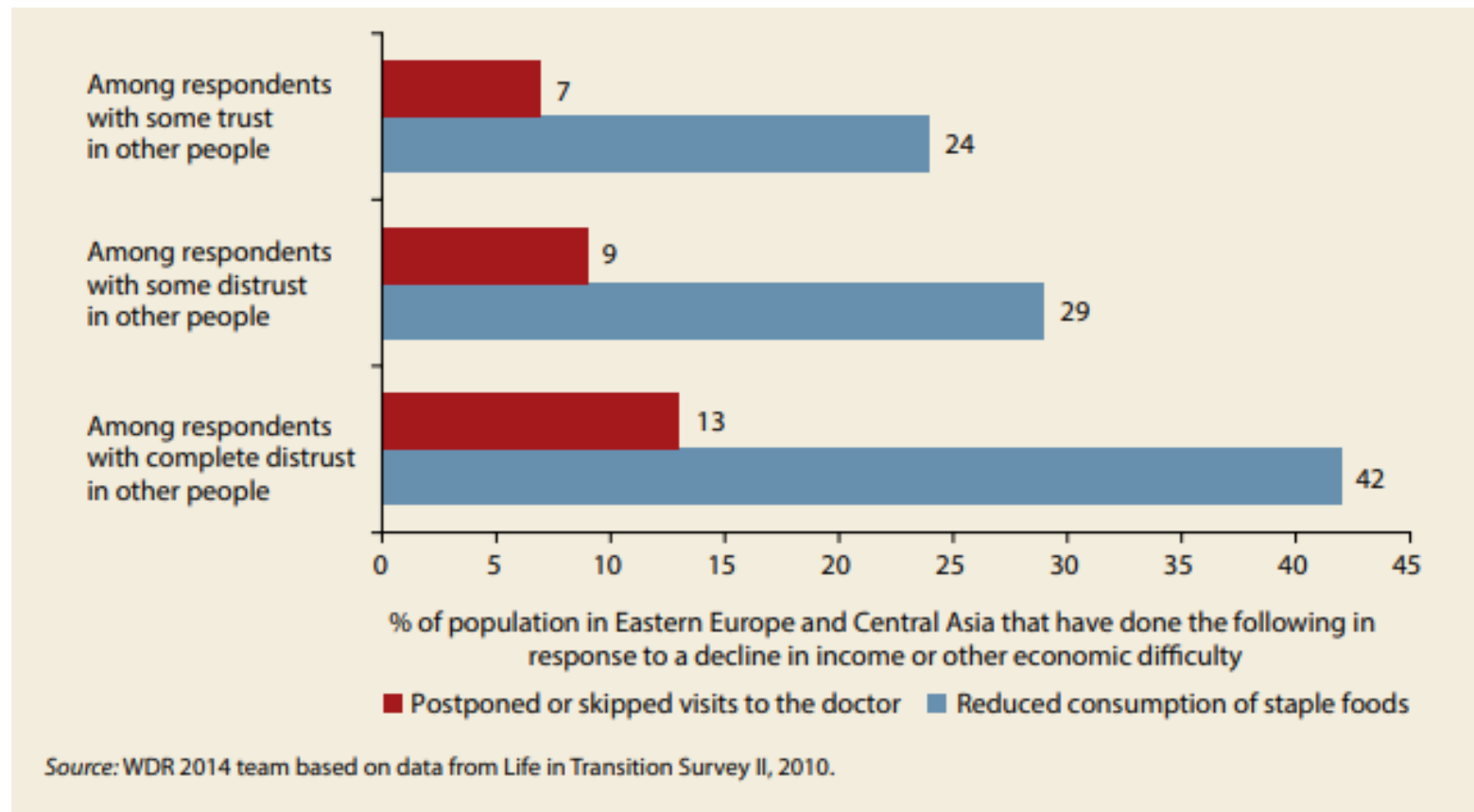
Note: The table presents a sequencing of policies based on the guidance of chapter 2 for establishing policy priorities: *be realistic* in designing policies tailored to the institutional capacity of the country, and *build a strong foundation* that addresses the most critical obstacles sustainably and that can be improved over time.



The role of key social systems

**Cohesive and connected communities
create resilience**

Social capital helps reduce costly coping in Eastern Europe and Central Asia





Understanding the strengths and limitations of communities' risk management can help governments design complementary policy actions.

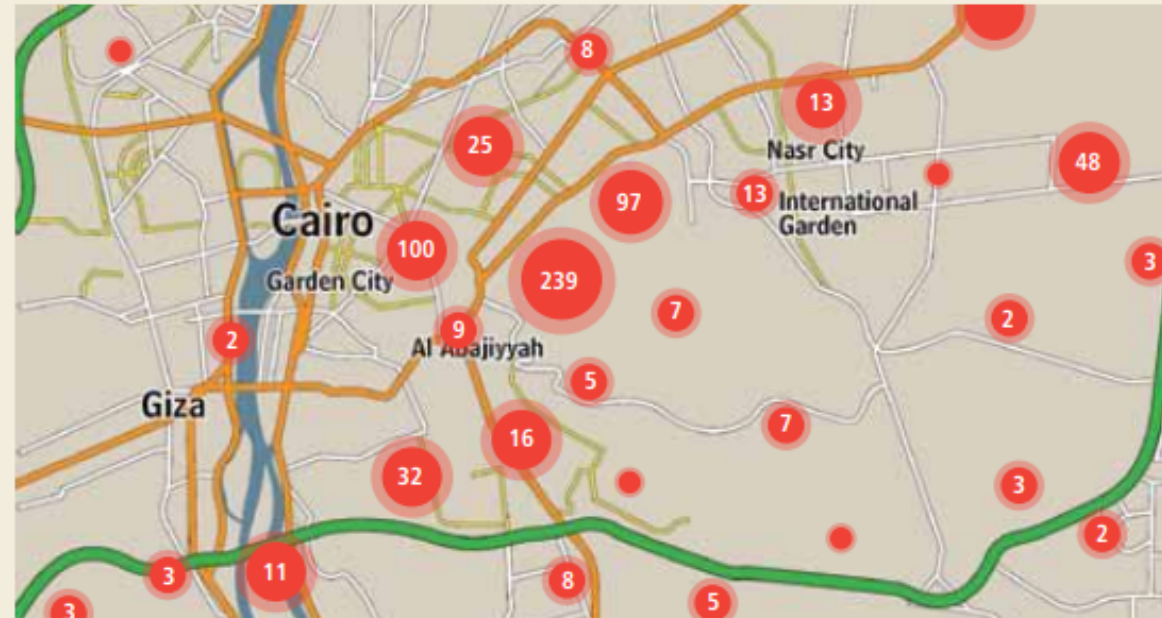
New communication technologies help communities manage violence and local conflict

On the ground, patterns of violence are always varied and dynamic. Confusion, uncertainty, and misinformation can make it hard for people to know what is going on and how to stay out of trouble. To track, report, and warn of violence, people around the world are developing a host of information and communication technologies and platforms. Many of these information systems rely on a mix of “crowdsourcing” and maps to report the different forms of violence and crime and locate emerging hotspots, in real time and in ways that are both authoritative and widely accessible. The spread of cell phones helps community members both to report incidences of crime and violence and to access aggregated results.

A software platform called Ushahidi (Swahili for *testimonial*) was initially developed to map violence during Kenya's 2008 postelec-

tion riots. It aggregates reports sent by citizens using mobile phones or the web and, according to Ushahidi, had 45,000 users in Kenya at the time. It has since been expanded and adapted to various other uses in crisis situations, including in Haiti after the 2010 earthquake. An initiative based in Cairo, called Harassmap, is a mobile phone-based reporting system used by women who encounter harassment as they move about city streets. It is raising awareness of the problem and warning women of trouble spots. Across Latin America, people are setting up blogs, websites, and Internet applications, and using Twitter to report and share information on all forms of crime, violence, and police abuse. Helpful as these are, there are also downsides, such as deliberate misinformation.


View of Cairo showing incidents of sexual harassment reported by the public^a



Source: Petesch 2013 for the WDR 2014.

a. WDR 2014 team based on data from Harassmap at <http://harassmap.org>. The red circles in the figure depict the number of reported incidents in that locality.

Policy priorities to improve risk management at the community level

	POLICIES TO SUPPORT RISK MANAGEMENT	
	FOUNDATIONAL	ADVANCED
Knowledge	Transparency and freedom of the press	
	Simpler conflict filters for fragile settings	Violence and disaster hotspot maps
Protection	Law and order for all; anti-discrimination measures	
	Local institutions that bridge divided groups (particularly for fragile settings)	Community-based crime prevention
	Community infrastructure and capacity for disaster management	
Insurance	Credit and savings (group-based or microfinance)	Credit, savings, and insurance (bank-based)
Coping	Workfare for employment and basic infrastructure	Workfare for skill building
	Making humanitarian relief accountable for long-term results	Support delivered via permanent government systems
	Community-targeted income support	Means-tested income support

Source: WDR 2014 team.

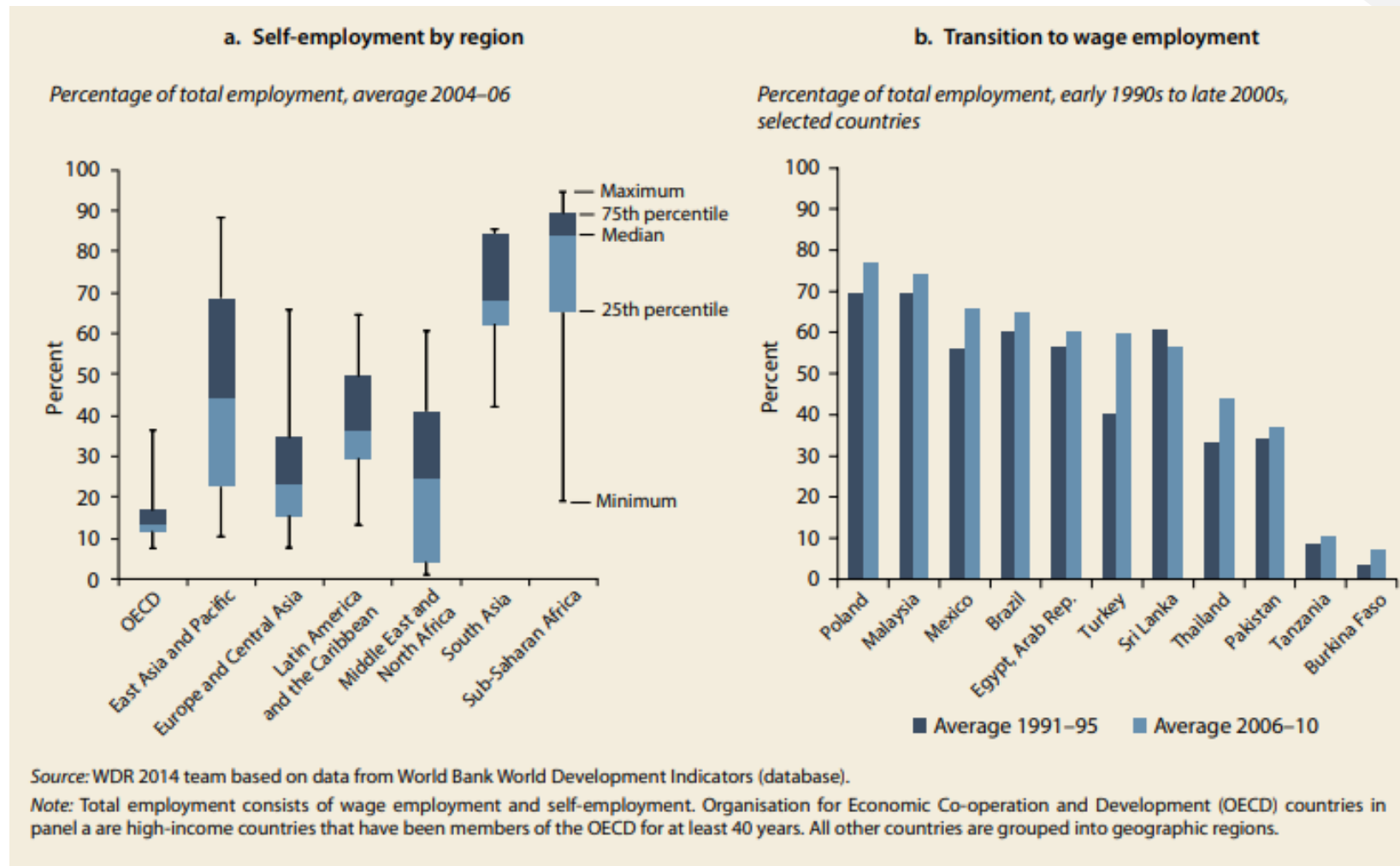
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The role of key social systems

**Fostering resilience and prosperity
through a vibrant enterprise sector**

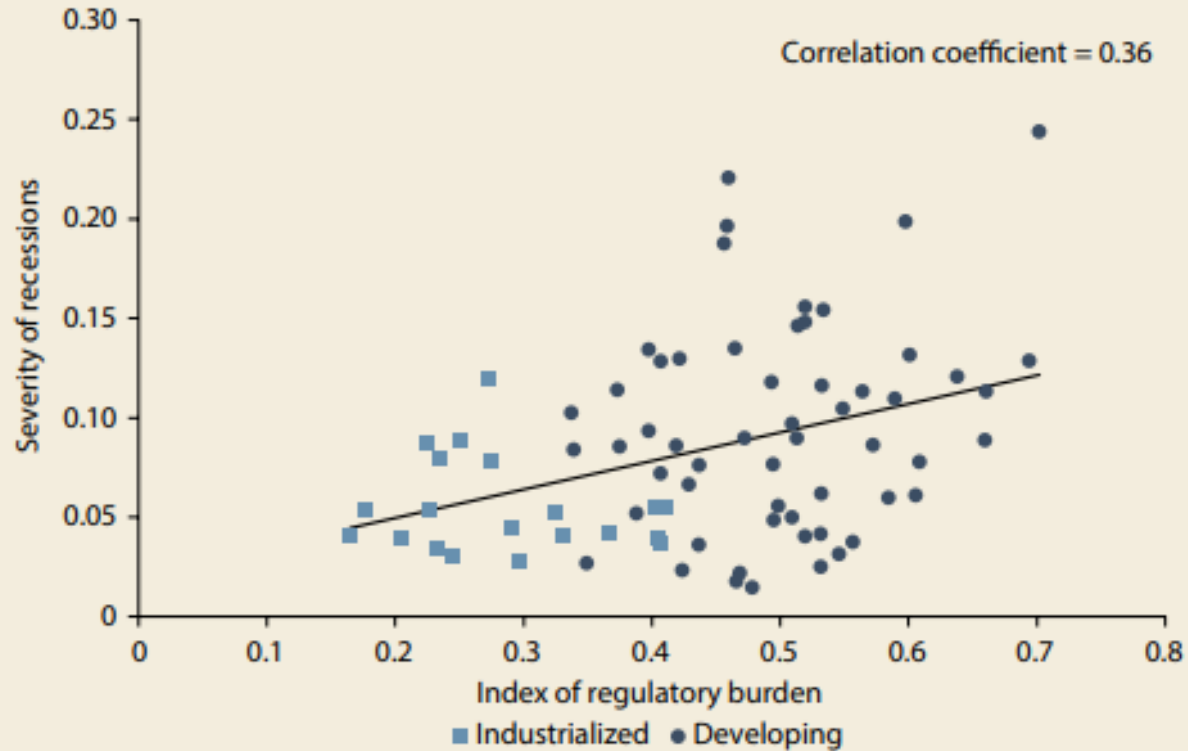
Wage employment rises with the level of economic development





**A better business
environment is
good not only for
productivity growth
but also for resilience
in the face of
adverse shocks.**

Countries with a higher regulatory burden experience more severe recessions



Source: WDR 2014 team based on data from Bergoeing, Loayza, and Repetto 2004.


Note: Index of regulatory burden varies from 0 to 1, where 1 indicates the heaviest burden. Data on regulatory burden cover financial restrictions, trade barriers, firm entry costs, inefficient bankruptcy procedures, bureaucratic red tape, tax burden, and labor regulations for the 1990s. The severity of recessions is measured by the sum of downward output deviations from trend for each country during 1990–2000. The solid (regression) line in the figure depicts the fitted linear relationship between the y- and x-axis variables, allowing for an intercept.

Typology of countries by the flexibility and formality of their product and labour markets




Source: WDR 2014 team based on data from World Bank Pensions (database); World Bank World Development Indicators (database); World Economic Forum 2012; and Schneider, Buehn, and Montenegro 2010.

Note: Economies in the top row are high (above the median value) in both product market flexibility and labor market flexibility (figure 5.2); in the middle row they are high in one or the other of the two; and in the bottom row they are low (below the median value) in both flexibility indicators. Similarly, economies in the first column on the left are low in both formal production and formal labor (figure 5.4); in the middle column they are high in one of the two formality indicators; and in the last column on the right they are high in both formality indicators. Only economies with data for all four indicators are considered, and median values are calculated within this sample.



In an ever-changing world, a vibrant enterprise sector that allocates resources efficiently, promotes innovation, and protects workers and consumers is crucial to resilience and prosperity.

Policy priorities to improve the enterprise sector's role in risk management

	POLICIES TO SUPPORT RISK MANAGEMENT	
	FOUNDATIONAL	ADVANCED
Knowledge	Provide education and job-matching information	
	Basic skills and vocational training	Innovative skills training
Protection	Improve policy certainty and secure property rights	
	Streamline basic regulations, such as those on entry/exit	Spur innovation, including technology adoption/adaptation and innovation at the frontier
Insurance	Extend social insurance coverage, possibly delinking it from work status	
	Facilitate access to credit	Facilitate access to capital markets, for both debt and equity
Coping	Facilitate adaptability of wages and work hours	
	Develop insolvency mechanisms	Facilitate appropriate reorganization and avoid bailouts

Source: WDR 2014 team.

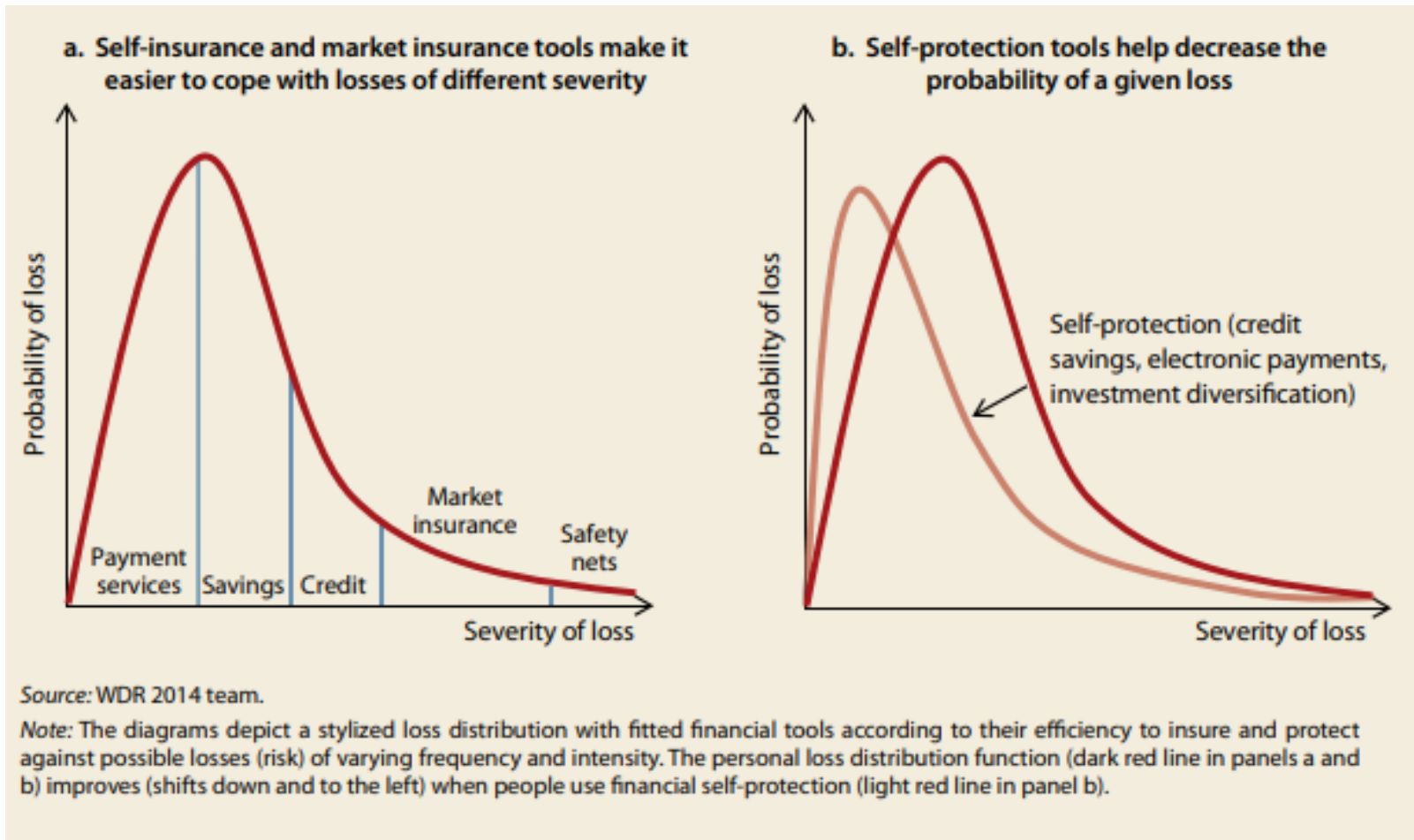
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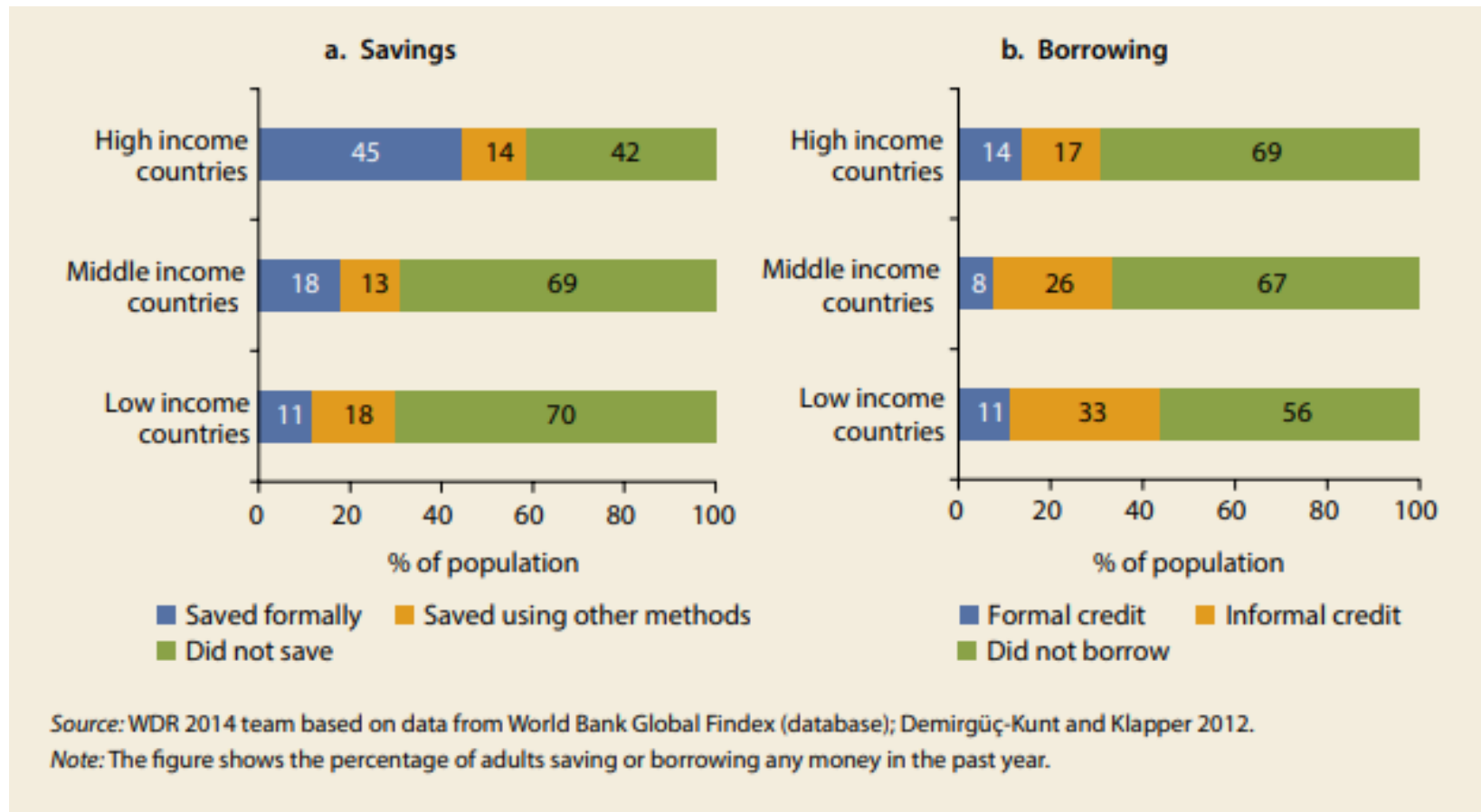
The role of key social systems

The role of the financial system in managing risk
More financial tools, fewer financial crises

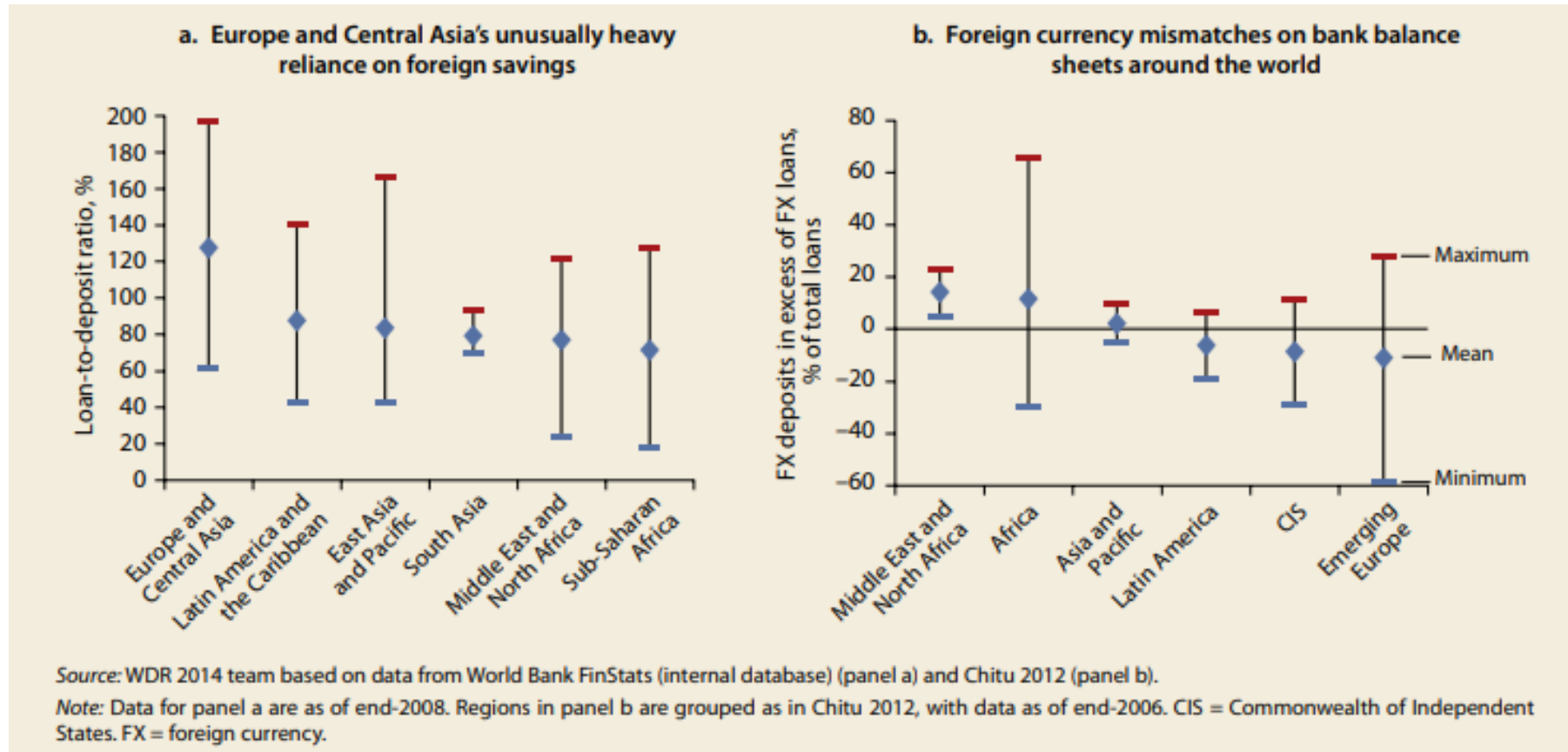
Combining financial tools improves preparation for losses of different probability and severity

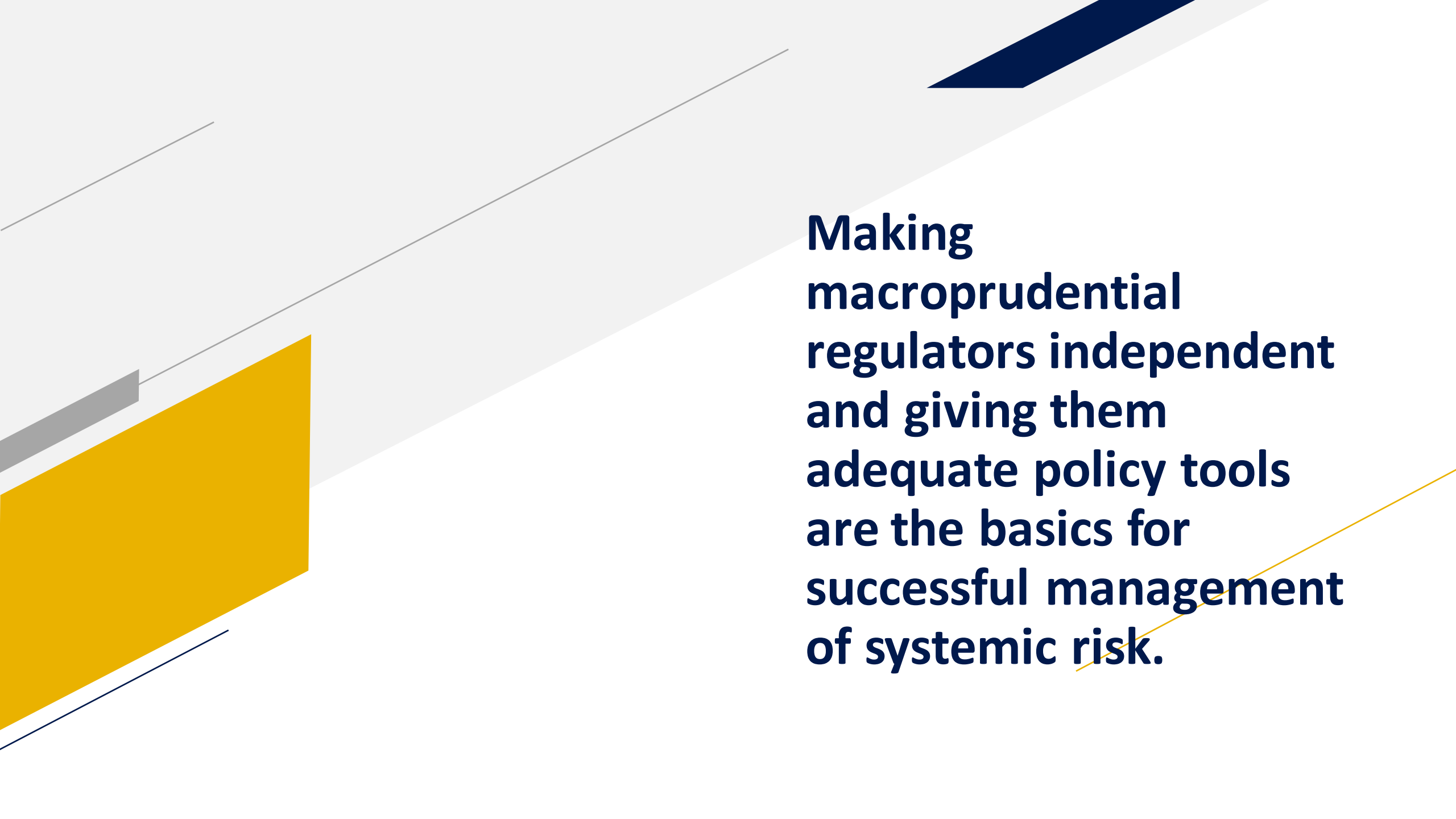


The shares of formal and informal saving and borrowing change as countries develop



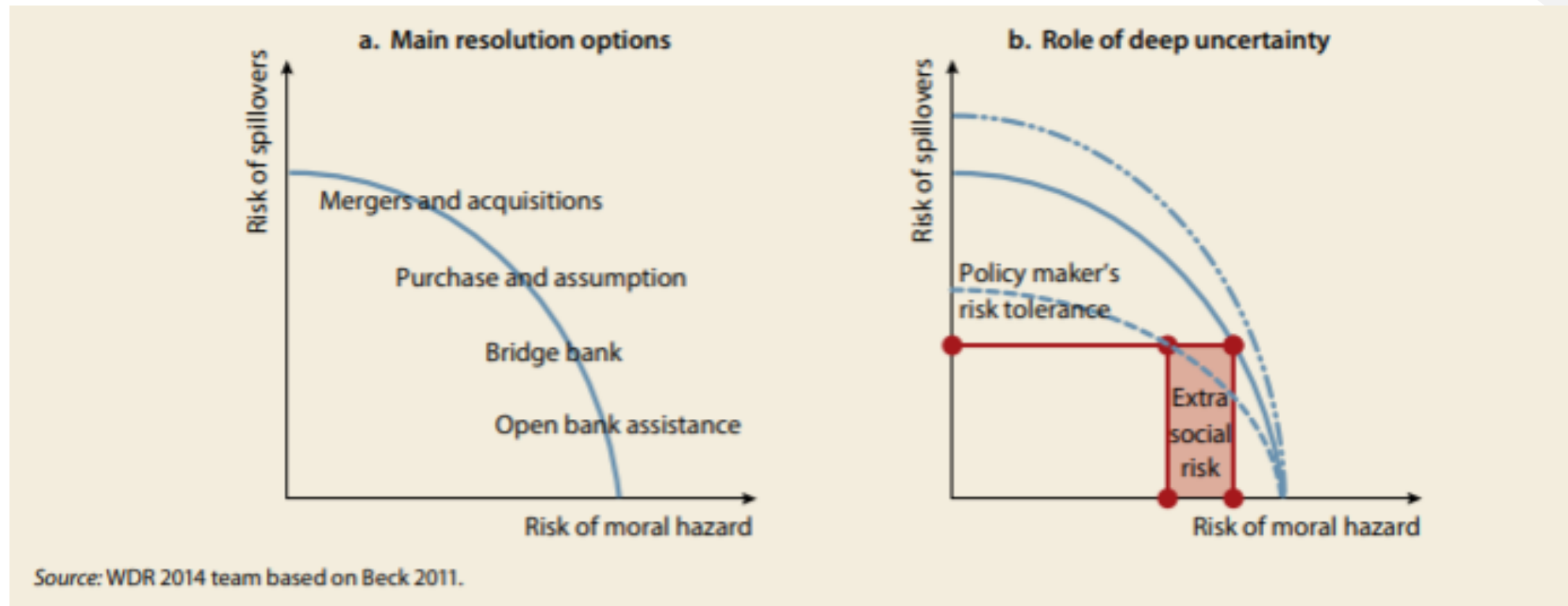
Banks' aggregate refinancing risk and foreign currency mismatches can increase systemic risk in developing countries



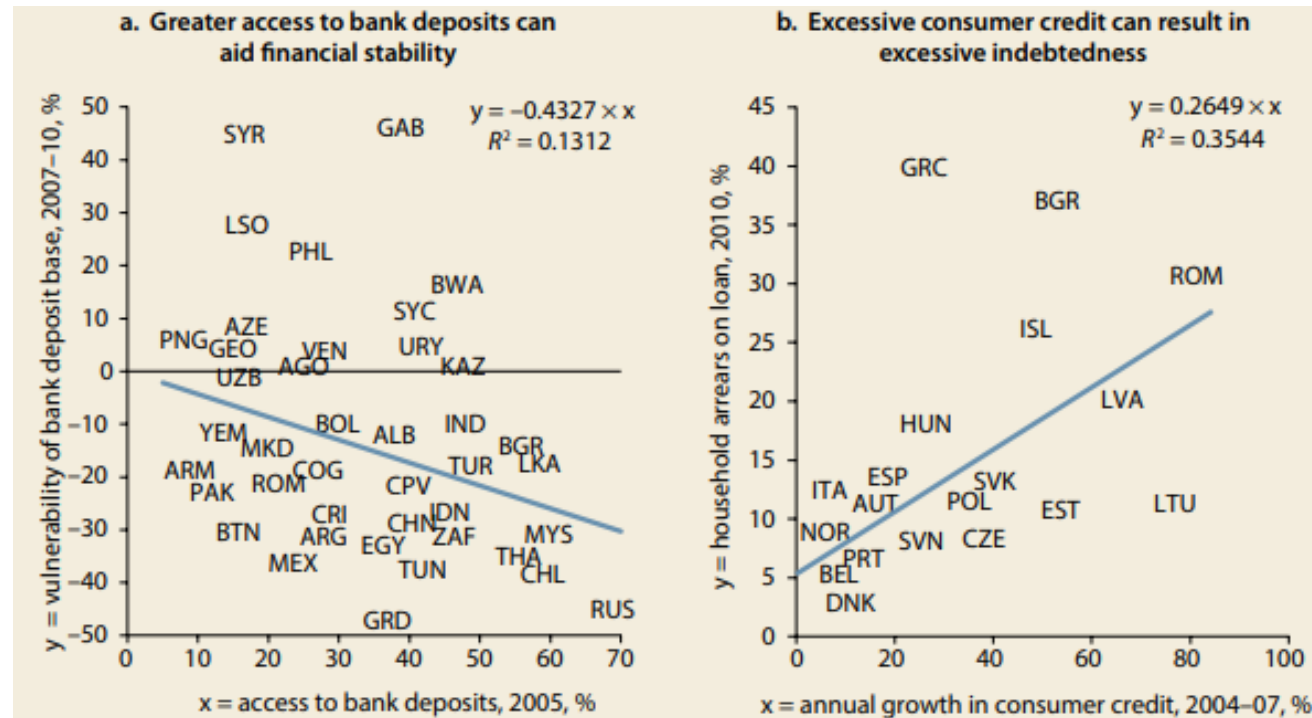


**Making
macroprudential
regulators independent
and giving them
adequate policy tools
are the basics for
successful management
of systemic risk.**

The possibility frontier of systemic bank resolution




Prudent financial inclusion can enhance financial stability but, if excessive, can weaken it



Source: WDR 2014 team based on data from Han and Melecky 2013 for the WDR 2014 (panel a); European Credit Research Institute Lending to Households in Europe (database), and European Union Statistics on Income and Living Conditions (EU-SILC) Survey (panel b).

Note: The solid (regression) lines in the figures depict the fitted linear relationships between the y- and x-axis variables. For panel a, the vulnerability of the bank deposit base is conditional on per capita income, bank z-score, occurrence of a banking crisis, and implemented explicit deposit insurance. For measurement of access to bank deposits, the composite index of access to financial services by Honohan 2008 was used. Regression results are available upon request. All middle-income countries for which data are available are included. For panel b, the countries are the EU-27 (excluding Ireland and Cyprus) plus Norway and Iceland. The arrears are on consumer loan repayments. The results hold if arrears are replaced by self-reported financial burden, or if the annual growth in consumer credit in 2004-07 is controlled for the size of subsequent bust in consumer credit in 2008-10.

Policy priorities to improve the financial system's role in risk management

	POLICIES TO SUPPORT RISK MANAGEMENT			
	FOUNDATIONAL	→ ADVANCED		
Knowledge	Collection and analysis of data on gaps in financial inclusion	Targeted financial education	IT solutions for better access to financial prices	
	System-wide collection of macroprudential data	Financial stability reports	Early warning models	
	Public communication of concerns about systemic risk and steps to resolve the crisis			
Protection	Legal frameworks and financial infrastructure	Consumer protection	G2P payments	Access to capital market instruments
	Independent financial regulators	Macroprudential regulation	Crisis preparedness frameworks	Crisis simulation exercises
	Corporate governance standards (for example, disclosure of ultimate controllers, risk management and internal controls, compensation policies)			
Insurance	Legal frameworks and financial infrastructure	Consumer protection	Compulsory insurance (for example, car, mortgage)	Fiscal insurance including PPPs
	Macroprudential capital buffers	Systemic risk surcharges	Foreign exchange reserves	Fiscal contingent liabilities
Coping	Contract enforcement	Efficient insolvency regimes and bad debt workouts	Preserved access to credit	Consumer protection
	Failing bank resolution	Emergency liquidity assistance	Blanket deposit guarantees	Lending guarantees

Source: WDR 2014 team.

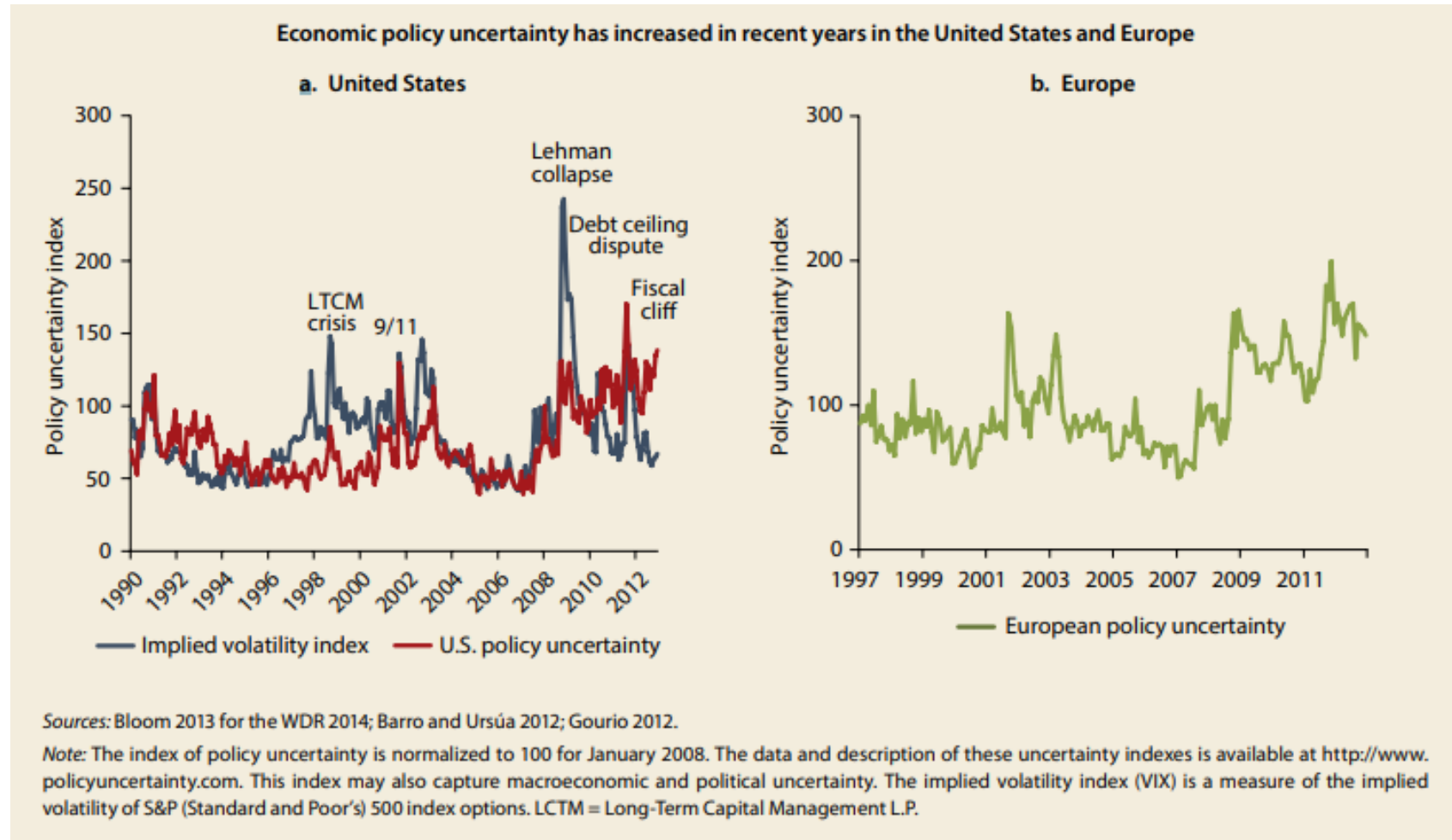
Note: The table presents a sequencing of policies based on the guidance of chapter 2 for establishing policy priorities: be realistic in designing policies tailored to the institutional capacity of the country, and build a strong foundation that addresses the most critical obstacles sustainably, and that can be improved over time. G2P = government to person. IT = information technology. PPPs = public-private partnerships.




The role of key social systems


**Managing macroeconomic risk
Building stronger institutions for better policy
outcomes**

The new normal in the world economy: Heightened macroeconomic policy uncertainty in developed countries





To manage risk properly, policy makers must graduate from being crisis fighters to being cycle managers.



**The increasing
complexity of
macroeconomic
management
necessitates continuous
strengthening of
institutional capacity.**

Policy priorities to improve risk management at the macroeconomic level

	POLICIES TO SUPPORT RISK MANAGEMENT	
	FOUNDATIONAL	ADVANCED
Knowledge	Data collection and dissemination	
	Improve quality of data	Monetary policy transparency Disclosure of fiscal risks
Protection	Central bank independence	Inflation targeting Flexible exchange rate regime
	Build stronger fiscal frameworks/institutions	Debt/deficit reduction
Insurance	Countercyclical monetary policy; reserve accumulation	Hedging mechanisms; contingent bonds
	Design better automatic stabilizers	Strengthen automatic stabilizers and discretionary social spending
	Countercyclical social spending	
Coping	Support from international financial institutions	Contingent credit lines

Source: WDR 2014 team.

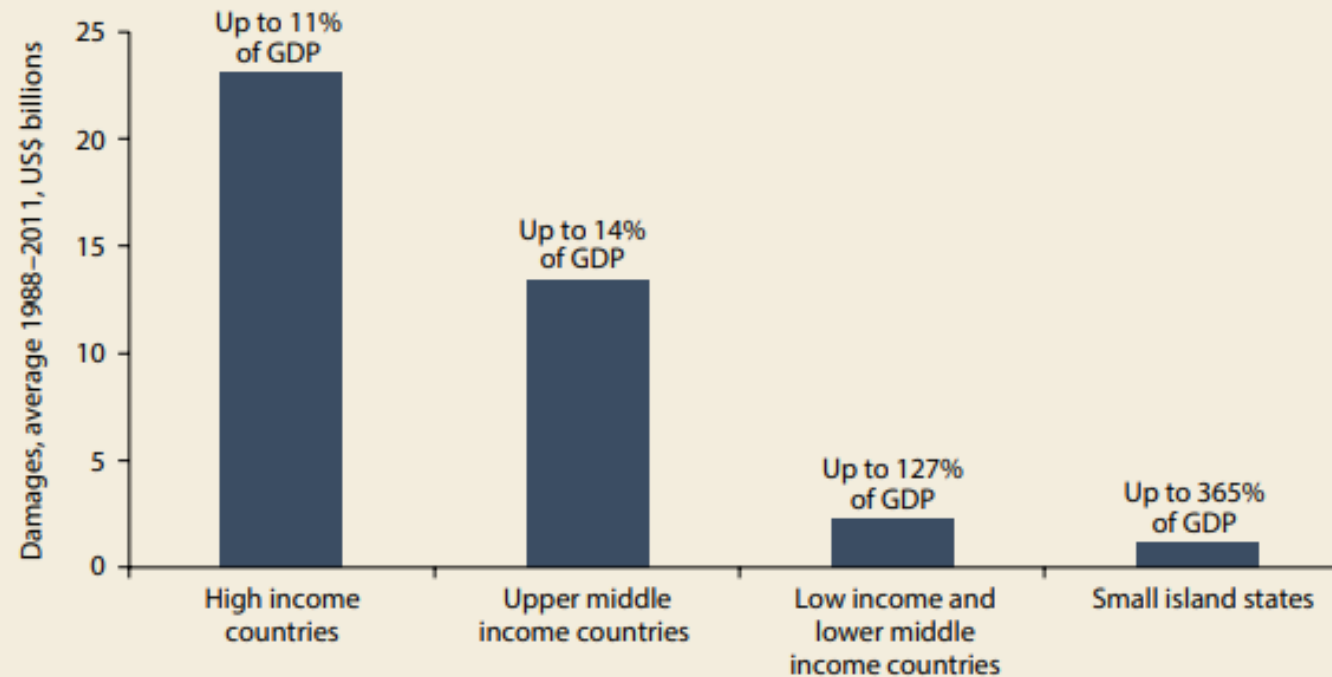
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The role of key social systems

The role of the international community
When risks exceed national capacity

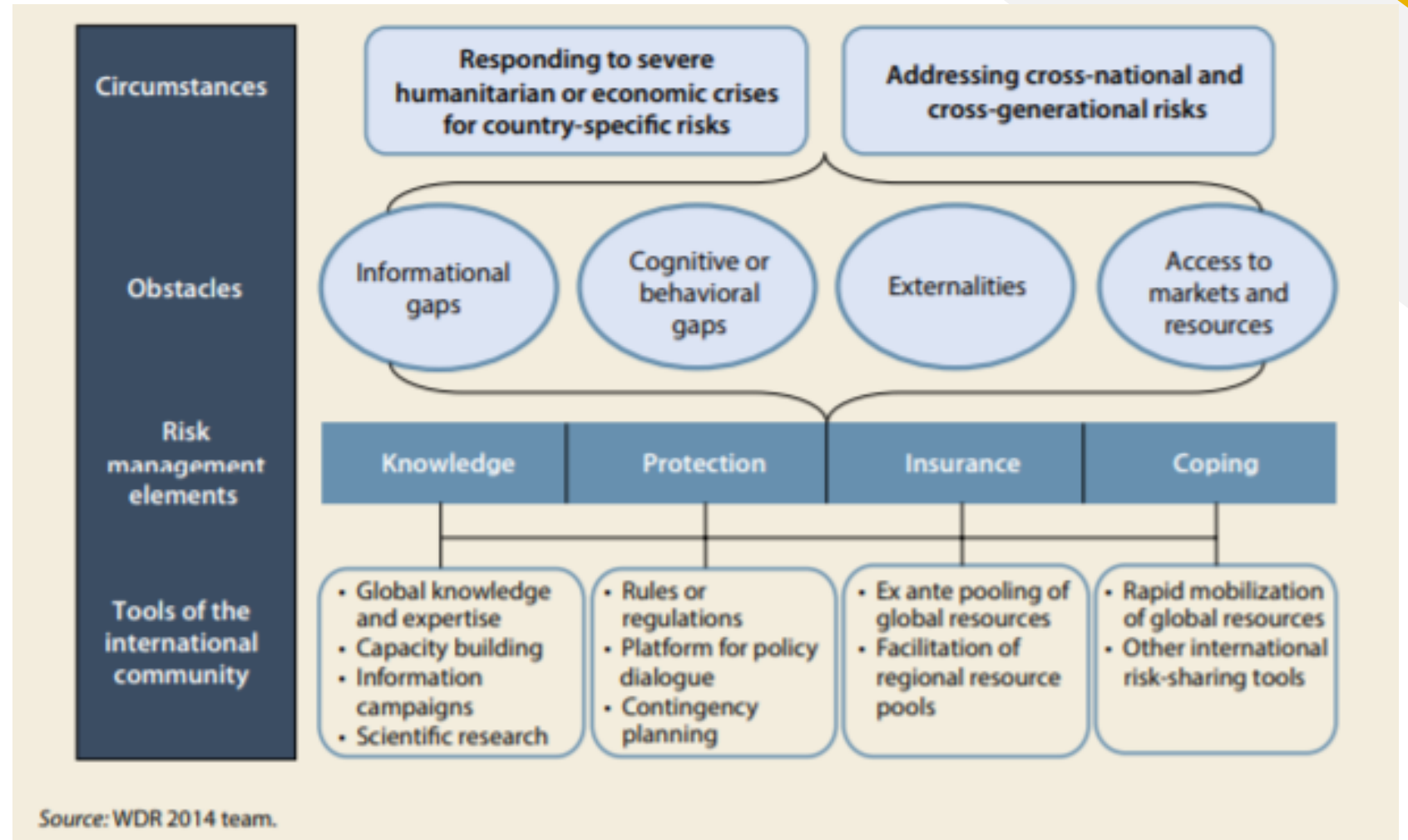
Damages from a disaster can exceed a country's annual GDP in developing countries



Source: WDR 2014 team based on data from EM-DAT OFDA/CRED International Disaster Database and World Bank World Development Indicators (database).

Note: GDP = gross domestic product.

International Community and its role





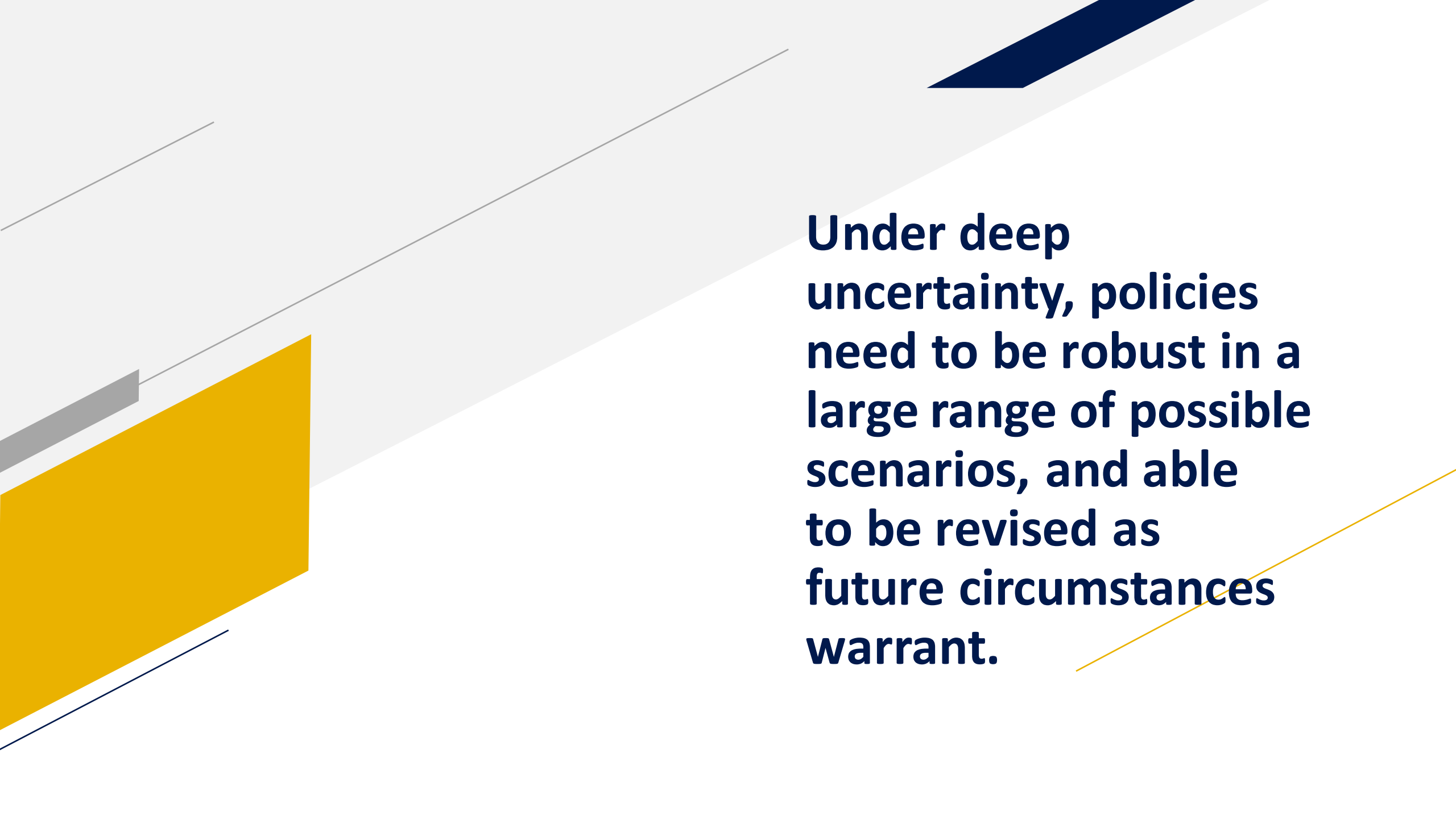
**International
cooperation works
best when national
interests are well
aligned or when
domestic policy
imperatives are not
overriding.**

Policy priorities to improve risk management at the international community level

	POLICIES TO SUPPORT RISK MANAGEMENT	
	FOUNDATIONAL	ADVANCED
Knowledge	Improve data quality and availability	Eliminate information gaps on financial institutions and exposures
	Intensify scientific research, improve knowledge on global risks, and step up information/education campaigns to raise risk awareness on importance of preparation	
	Provide TA on basic RM tools, EWSs, contingency planning, market/institutional development, communication, governance	Advisory on EWSs, contingency planning, debt/reserve management, hedging instruments
Protection	Design targeted global rules, regulations, standards, and ensure collaboration through platforms for policy dialogue	
	Financing for disaster prevention and preparedness; mitigation and adaptation; contingency planning mechanisms/EWSs	Facilitate implementation of mitigation/adaptation, contingency planning mechanisms, EWSs
	Vaccination, basic nutrition, education programs, technology transfer, peacekeeping effort	Subsidies/financing of R&D
Insurance	Contingent credit lines with grant elements	Contingent credit lines including Global Safety Net
	Facilitate regional reserve pool and catastrophe insurance mechanisms	
Coping	Humanitarian, emergency response, and reconstruction relief (e.g., food, shelter, health)	Technical support for emergency response and reconstruction
	Stabilization and targeted development financing	Emergency liquidity/swap lines

Source: WDR 2014 team.

Note: The table presents a sequencing of policies based on the guidance of chapter 2 for establishing policy priorities: *be realistic* in designing policies tailored to the institutional capacity of the country, and *build a strong foundation* that addresses the most critical obstacles sustainably and that can be improved over time. EWSs = early warning systems. R&D = research and development. RM = risk management. TA = technical assistance.



Under deep uncertainty, policies need to be robust in a large range of possible scenarios, and able to be revised as future circumstances warrant.

Appendix

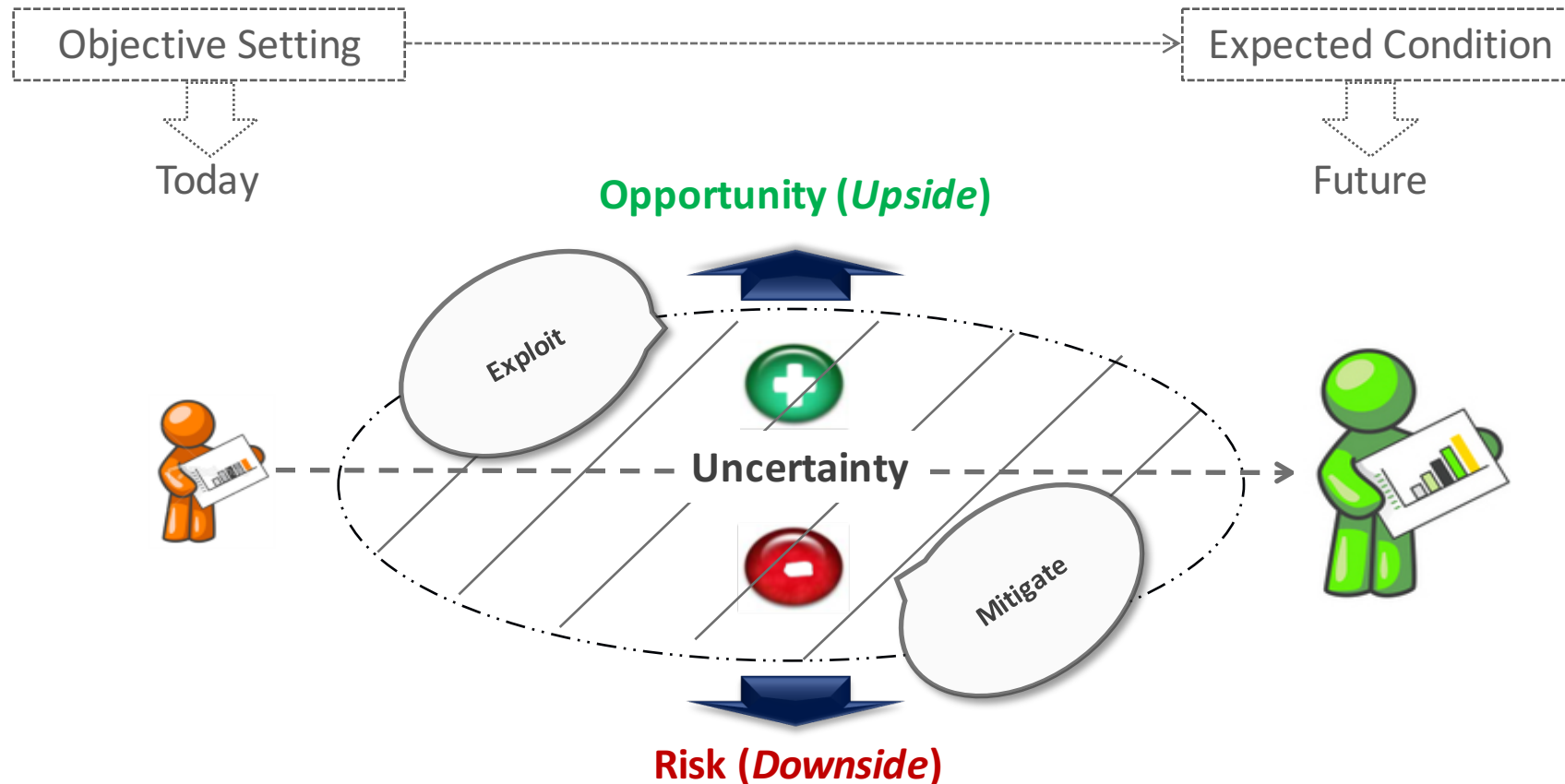
Who's at Risk?



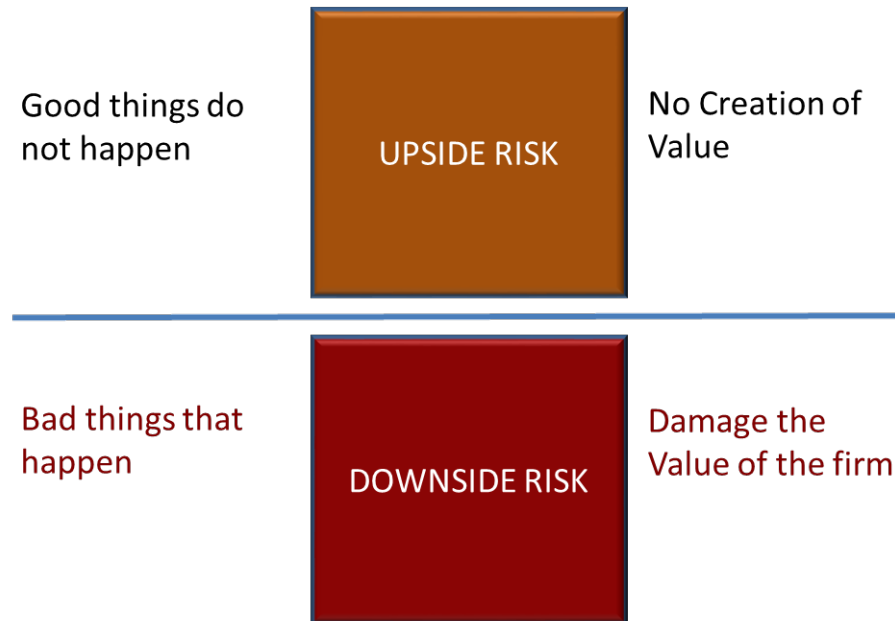
Risk – Problem – Crisis – Disaster



Risk & Risk Management



Downside vs. Upside Risk



Enterprise Risk Management Fundamentals

Are we taking the right risks?

- ❖ How are the risks we take related to our strategies and objectives?
- ❖ Do we know the significant risks we are taking?
- ❖ Do the risks we take give us a competitive advantage?
- ❖ How are the risks we take related to activities that create value?
- ❖ Do we recognize that business is about taking risks and do we make conscious choices concerning these risks?

Are we taking the right amount of risk?

- ❖ Are we getting a return that is consistent with our overall level of risk?
- ❖ Does our organizational culture promote or discourage the right level of risk taking activities?
- ❖ Do we have a well defined organizational risk appetite?
- ❖ Has our risk appetite been quantified in aggregate and per occurrence?
- ❖ Is our actual risk level consistent with our risk appetite?

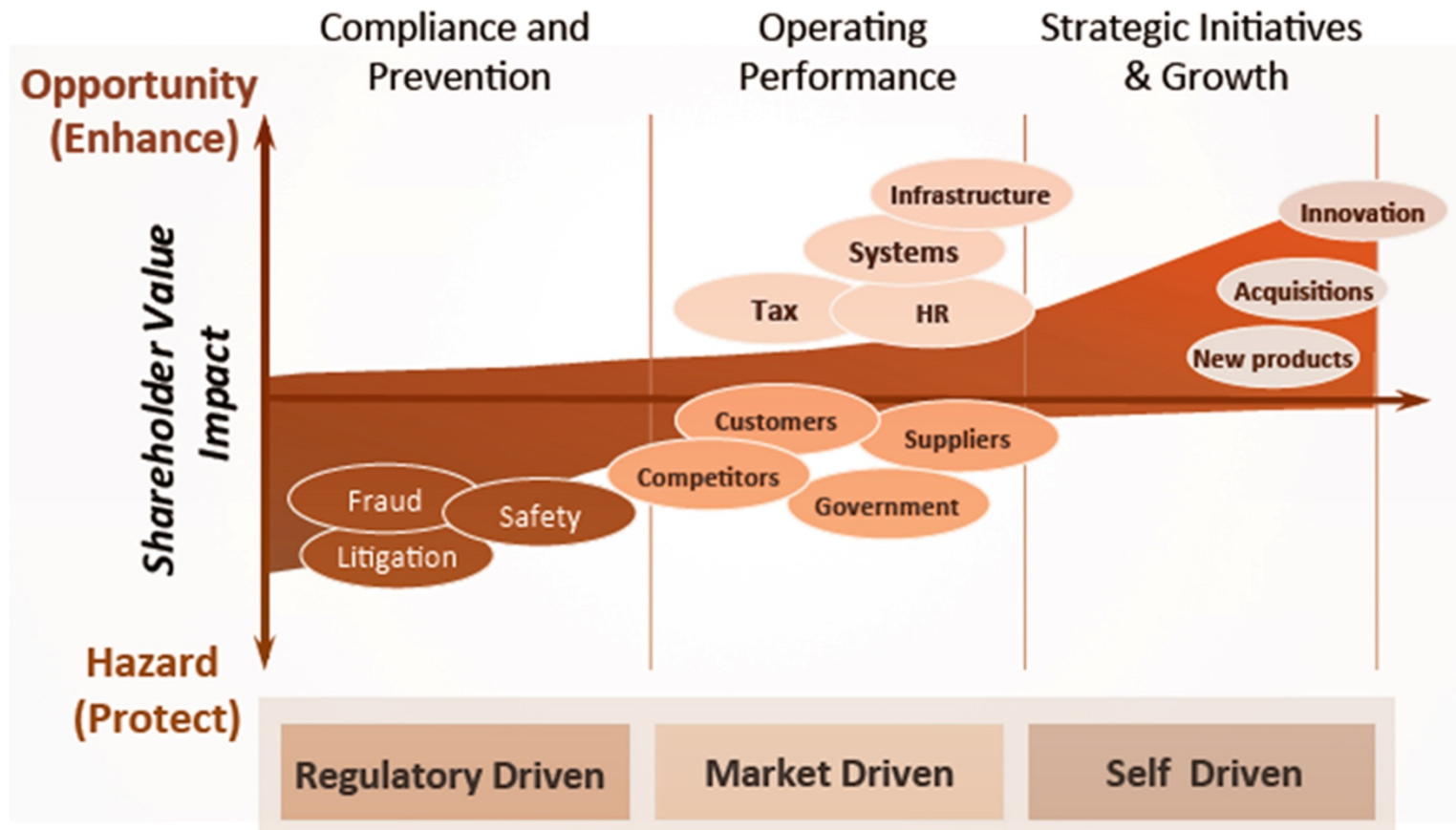
Do we have the right infrastructure and processes to manage risk?

- ❖ Is our risk management process aligned with our strategic decision-making process and existing performance measures?
- ❖ Is our risk management process coordinated and consistent across the entire enterprise? Does everyone use the same definition of risk?
- ❖ Do we have gaps and/or overlaps in our risk coverage?
- ❖ Is our risk management process cost effective?

Source: Various (PwC, KPMG, ERM Academy)

Enterprise Risk Management Fundamentals

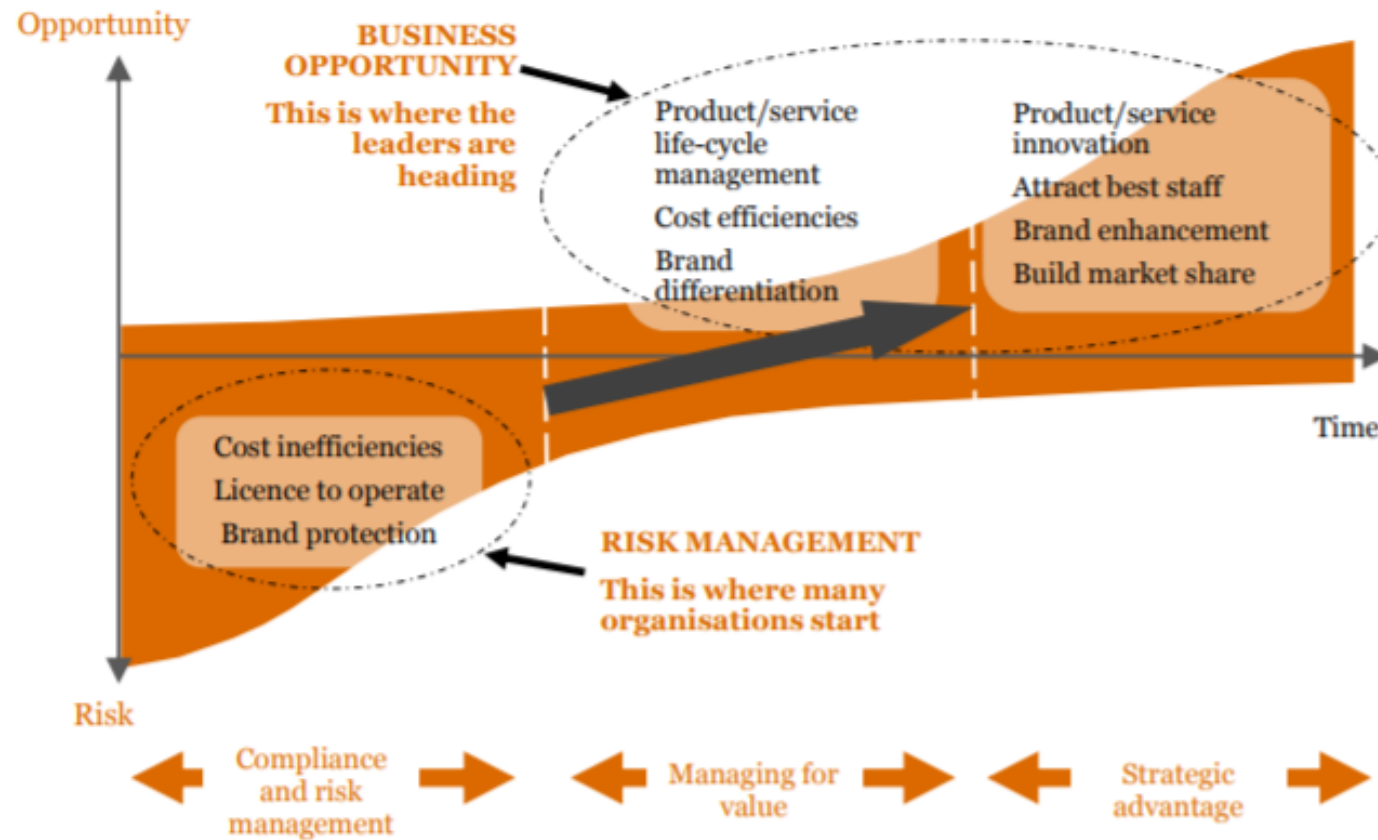
-Are we taking the right risk?-



Source: Various (PwC, KPMG, ERM Academy). Illustration – are we taking the right risks?

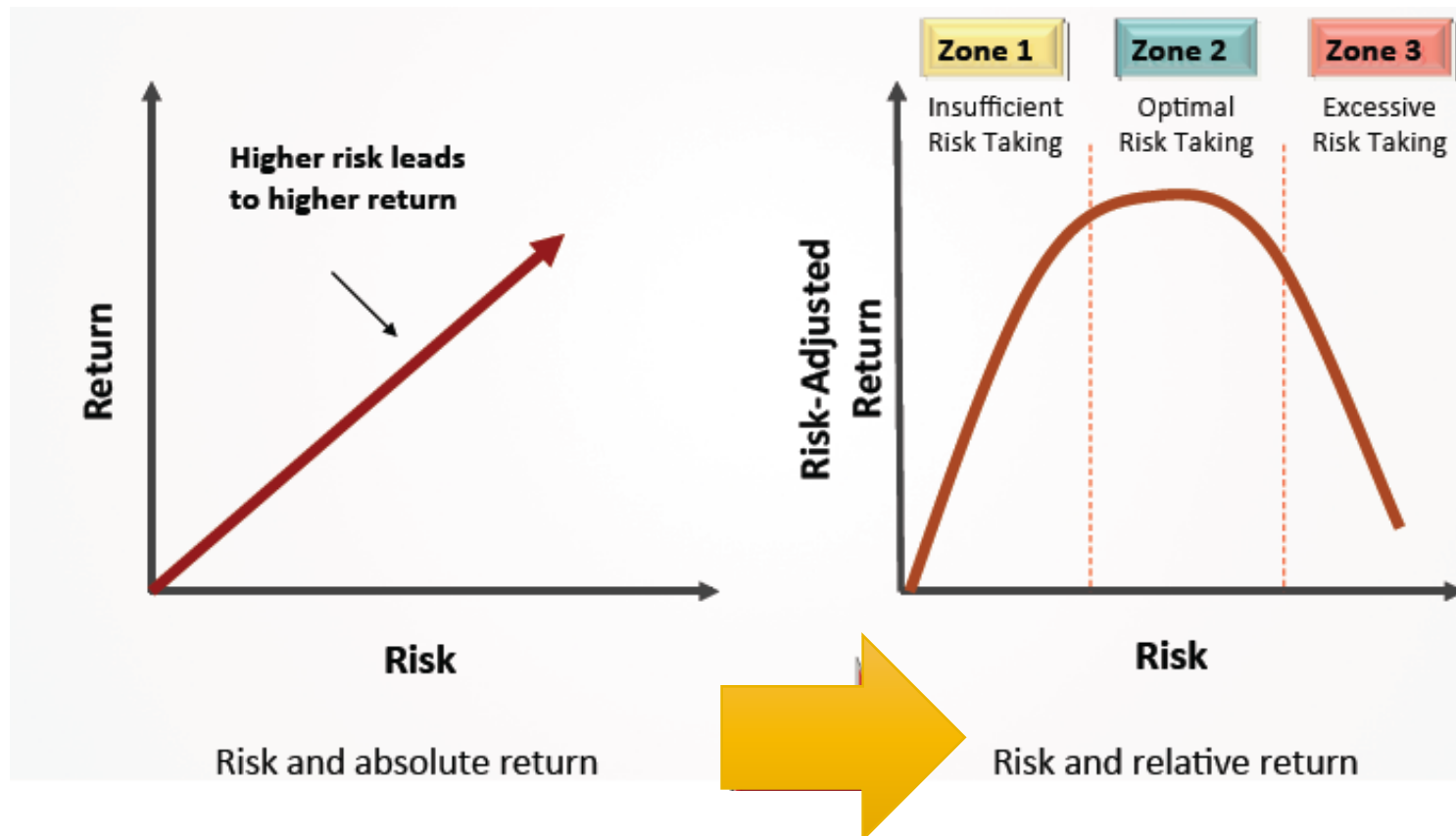
Enterprise Risk Management Fundamentals

-Are we taking the right risk?-



Enterprise Risk Management Fundamentals

-Are we taking the right amount of risk?-



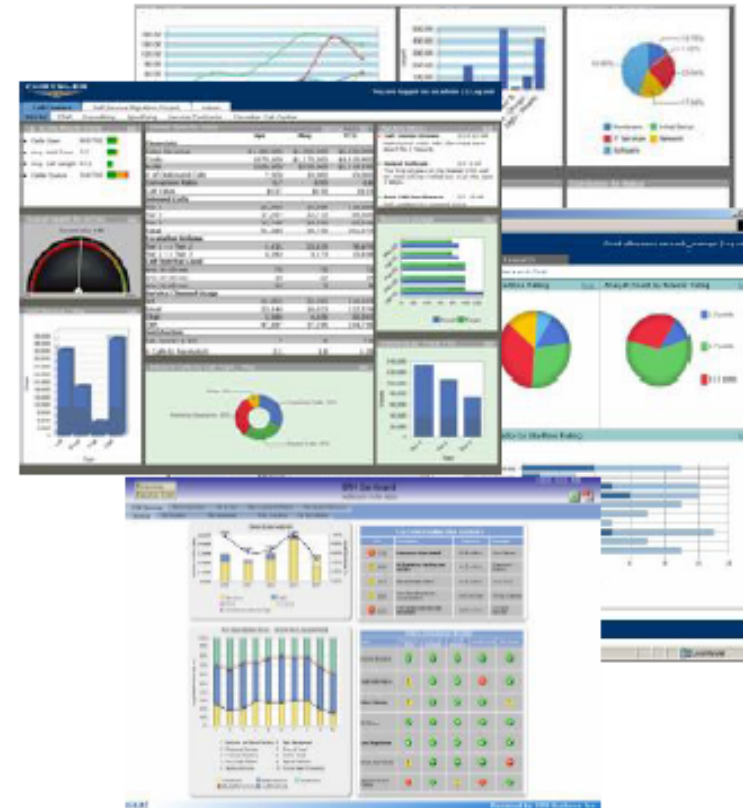
Source: ERM & Control – James Lam. Illustration – are we taking the right amount of risk?

Enterprise Risk Management Fundamentals

-Do we have right infrastructure & process to manage risk?-

Example of ERM dashboard:

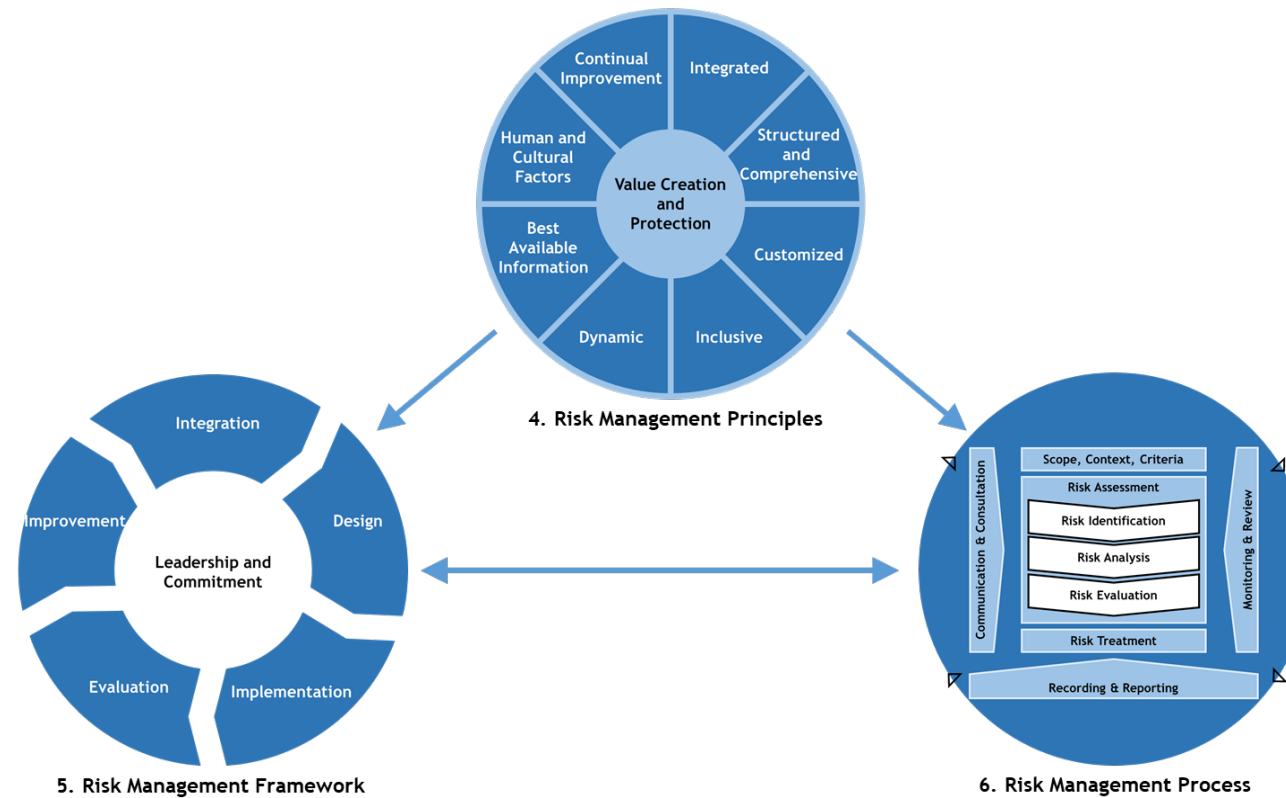
1. Are our objectives and targets in the risks?
2. Have we followed the rules and regulations?
3. Have risky incidents been escalated?
4. Do we have KRI and trend that need immediate response?
5. Which risk assessment should be reviewed?



How far/high you want to go?



ISO 31000:2018 Risk Management Guidelines



THANK YOU



Governance



Risk Management



Compliance

