

# Intelligence Module

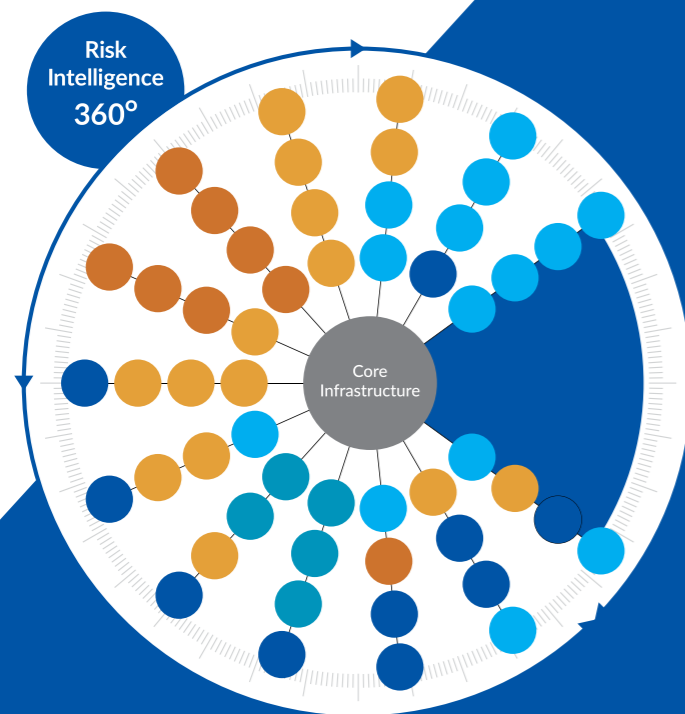


**Graci**  
by RiskBusiness

# Intelligence Module



Most firms engage in governance, risk, audit and compliance practices in a reactive manner, taking action when something happens. But, if we believe that the firm conceptually has a risk appetite, should we not proactively be managing our exposure to remain within this risk appetite, rather than waiting to exceed it? The Graci - Intelligence module is focused on bringing together a diverse set of information from within and outside the firm, then interpreting and aggregating that information into intelligence to facilitate informed business and risk decision making.



Risks manifest themselves on the organisation from every direction and modern, integrated management requires a 360 degree perspective encompassing all second and third line of defence functions for proactive risk and business decision making.

- Governance
- Risk
- Audit
- Compliance
- Intelligence
- Core Infrastructure





## Newsflashes

Firms all over the world suffer various manifestations of risk, some of which become public knowledge. Details of such cases can be an invaluable tool to assist the firm in many different ways – increased risk awareness, the identification of new or emerging risks and issues, increased understanding of regulatory compliance expectations and requirements, illustrations of alternative ways in which risk manifests itself, etc. The Graci – Intelligence Newsflash functionality provides risk content for the firm to use in these and other ways, with new newsflashes added whenever breaking news becomes public knowledge. Newsflashes can be included into scenarios used by the firm, can be viewed from various forms of profile and can form the basis of an emerging risk within the Graci – Risk Emerging Risks functionality.

Individuals can also create various newsflash notification configurations, filtering arriving newsflashes according to defined filters and then generating email alerts at defined intervals. The firm can add its own private newsflashes and they can also be viewed graphically on a timeline.



## Loss Data Consortia

The Graci – Loss Data Consortium functionality is a set of professional management, data collection, data checking, data analysis and data reporting services provided by RiskBusiness to individual loss data consortia and industry associations on a subscription basis. The functionality allows individual participating firms to pool loss event data on an anonymous and confidential basis, then use the resultant industry statistics, derived data and anonymous data points for their own internal purposes.

Where a firm uses Graci for the management of its governance, risk, audit and compliance requirements and is a member of a loss data consortia using the Graci platform, the process to submit data is simplified to selecting relevant loss events from the Graci – Risk Internal Loss Events functionality, then submitting them. Graci automatically converts the loss events from the firm's own taxonomy classifications into the target loss data consortium's taxonomy classification and uploads the data. Similarly, the firm can download the entire loss data consortium data set into its own taxonomy and work directly with the consortium data in Graci, populating scenarios, illustrating risk assessments or creating emerging risks.



## Benchmarking



It's one thing for senior managers to review reports of internal exposures, performance metrics, risk metrics, loss information and a wide range of assessments – it is a very different thing to interpret that data in a meaningful manner which tells management something about what is actually happening. For example, the firm could have an annualised staff turnover for the past five years of around 5% – occasionally higher and occasionally lower. Is this good, bad or indifferent? The only meaningful way of knowing is for the firm to be able to compare its data against its peers in the market – if the peer group has an average annualised staff turnover of 3.5%, then the firm is actually worse off comparatively. And the same applies to all forms of risk-related data – having the possibility to compare oneself to a peer group or even just to the market at large gives management the ability to apply context to the firm's current exposures.

The Graci – Intelligence Benchmarking functionality assists peer groups in benchmarking various forms of governance, risk, audit and compliance related data. Graci – Intelligence Benchmarking allows a facilitator to create and maintain specific peer groups of firms which will undertake data benchmarking in a controlled manner, with a range of tools to support the facilitator, ranging from data submission scheduling to data quality management, issue and exception management and benchmark publication, supported by tools to allow for data submission and maintenance by participants and for comparative reporting on benchmark values. The facilitator acts as the central controlling authority and manages the specification and rules as to what is being compared by the peer group. Once the facilitator deems all submissions to have successfully been received, the benchmarks are automatically calculated and the facilitator provided with an option to review before publishing the benchmarks back to the participants. All benchmarks are available to authorised users within the participating firms online, both in “raw” tabular format, as well as through a variety of analytical reports, including graphical depictions of the results.

## Industry Risk Profiles



Industry risk profiles are aggregations of industry participant perspectives of risk exposures, created using a standard structure to facilitate comparability. The profiles thus depict common areas of concern and can be used by individual firms to compare their own perceptions of risk exposure against those of the industry.

The Graci – Intelligence Industry Risk Profiles are provided at both “organisation” level, which is representative of a firm overall, and at either “business line” or “product type” level, which represents more granular breakdowns of exposure by common business areas (such as retail banking, insurance broking, central banking, etc.) or for specific groups of product or service offerings (such as credit cards, currency trading, life assurance, etc.). Industry Risk Profiles are also available by industry and geographic area.

The initial risk profiles were developed as part of establishing the financial services industry's KRI Library (see [www.KRIeX.org](http://www.KRIeX.org)), where more than 100 banks and over 25 insurers contributed risk profiles for use in identifying where key risk indicators (or KRIs) are needed within the average firm. More recent versions of the industry risk profiles

now include risk profiles provided by Graci clients, by new participants in the KRI Library and from public forum workshops facilitated specifically for this purpose.

The Graci – Intelligence Industry Risk Profiles have many uses, including facilitating the comparison of the firm's own view on exposures to that of the industry, thereby assessing the compatibility of exposure views and allowing the firm to question why it sees exposures in areas where the industry does not or why it does not see exposures where the industry does. This provides a benchmark for new business areas, new product or service types, or new geographic regions, allowing the firm a better understanding of potential changes to its risk profile from entering into new activity. It also provides a training tool for staff, allowing them to explore where and how risk can manifest itself, and a base mechanism from which to explore other Risk Content data sets, such as the Graci – Risk KRI Library and Scenario Library, or the Graci - Intelligence Newsflash functionality, while employing the same standard structure to understand the interaction of risk, process and product or service.

## Cyber Security Ratings



The Graci – Intelligence Cyber Security Ratings are a set of ratings on the cyber security preparations, defences and failures of industry participants, where various parameters are measured and compared to an industry average. The firm's own cyber security rating can be determined and can then be compared to both the industry average rating or to the calculated rating for a selected peer group, both at a point in time and as a trend over time. The option to overlay specific industry cyber events on the trend over time to establish potential impact from such events on the cyber security rating, is also supported.

## Risk Governance Ratings

Risk governance ratings cover areas such as transparency and completeness of public financial and statutory reporting, investment into sustainability and environmental protection, quality of investor relations and communications, adherence to environmental, social and corporate governance (ESG) principles and standards, adequacy of diversity and inclusion across all levels of employee, management and directorships, investment into staff training and development, community outreach programmes and investment into disadvantaged areas, evidence of corporate adherence to environmentally beneficial programmes such as travel, green buildings, reduction of waste, recycling, etc. and evidence of ethical business by avoiding funding industries causing damage to the environment.

The Graci – Intelligence Risk Governance Ratings are a suite of industry ratings derived from public information and can be viewed at industry, peer group and geographical breakdown levels. The firm's own risk governance rating can be determined and can then be compared to both the industry average rating or to the calculated rating for a selected peer group, both at a point in time and as a trend over time.



## Industry Benchmarks



The Graci – Industry Benchmarks functionality provides a suite of industry benchmark data relating to governance, risk, audit, compliance and business practices, such as staff turnover, headcount by control function, average dollar spend on ESG initiatives, etc., by industry segment and geographic region. The benchmarks are updated and republished on a periodic basis, with an option to set notification alerts when specific benchmarks are updated. Facility is then available for the firm to select its own data to compare directly against the industry benchmarks and to establish specific action plans to address adverse areas where the firm can do better.

## Reputational Barometer

With the dramatic growth in social media, the ongoing digitalisation of business and the virtually instantaneous availability of information, the challenge of finding, gathering and assimilating the wide spectrum of data available is daunting. Furthermore, reputational issues in your supply chain can adversely affect your own reputation, often with a significant multiplier effect. With the potential implications for adverse reputational consequences if these diverse and typically unmonitored data pools are left unchecked, unmonitored or ignored, firms are increasingly looking to implement a real-time proactive mechanism to monitor changes in their reputational status.

The Graci – Intelligence Reputational Barometer systematically gathers data from thousands of web pages, news sites and social media sources, both external and from within the firm itself. This content is filtered and analysed, identifying sentiment and classifying into meaningful categories and revealing how this is changing over time, while filtering out false-positives and irrelevant stories.

Within the organisation, data often resides in many different formats, structures and locations, or is often maintained in multiple places, occasionally in non-logged internal data sources. When combined with voice recordings, email, instant messages and different types of physical and electronic documents, the challenge becomes one of consistent cataloguing and classification, so that when such data sources change, the implications can be determined as quickly as possible.

Outside of the organisation, the issue is just as complicated, given that much of the web is not indexed, there is comparatively little access to global, national, regional and local news sites, there are various technical challenges with the web, blogs and forums, Facebook, Twitter, etc., multiple Social Media formats, known shortcomings of the common search engines and often unknown commercial influences on search results.

Having gathered an initial data set and using expert opinion to establish a base point, the Reputational Barometer then constantly monitors both external and internal data sources, applying user-defined rules and conditions, instantaneously reflecting any change in the firm's reputation and generating alerts when pre-defined trigger points are reached. The Reputational Barometer also allows you to identify and monitor trends over time, becoming perhaps the most informative sensitivity measure available to management today. The Reputational Barometer can also be applied to the firm's supply chain, giving you a measure of the implications for the firm as the reputation of components of the supply chain changes, or can be used to compare reputational change over time against that of the firm's competitors, clients or business partners.

The Reputational Barometer also "learns" as it monitors different data sources, looking for previously undetected relationships between data sets and applying contextual rules to both new and existing data. In this manner, the organisation's reputational exposure is constantly monitored.





## ADVANCED WARNING

The challenge is how do we collect, analyse, establish relationships and connections (join the dots) across the vast volume of structured and unstructured data internal to our firm? How do we then access, harvest, analyse and then co-mingle structured and unstructured data from outside the firm, avoiding false positives and false negatives, so as to facilitate timely informed risk decision making? Having a broad and comprehensive data classification taxonomy is a good starting point; having one which has embedded qualification rules and which can inform a contextual language model is even better. But, to use such a taxonomy, one needs data to apply it against – and it is exactly here that the Graci – Intelligence Advanced Warning functionality comes into play.

Using an army of configurable Crawlies (data collection apps), some of which target specific internal sources of data within your firm, others which harvest generic industry data and a third set which you can focus on specific external targets of interest – your supply chain, your key business partners or clients, your competitors, regulators, etc., Graci’s Advanced Warning continuously gathers data in real-time, then applies both supervised and unsupervised machine learning or “artificial intelligence” techniques to that data to identify items of interest and to notify relevant threat managers. Based on feedback from the recipients, Advanced Warning learns from its mistakes, continuously improving both the precision and the recall of future notifications. An authorised user can define specific monitors which they need within Advanced Warning, which will then start collecting internal and/or external data and analysing it, seeking relationships within relevant context and measuring results against the defined requirements model. Then, when appropriate, it will send notifications to the relevant threat manager(s) via a variety of communication mediums, thereby facilitating informed and timely risk-based decision making – often before the threat manager was even aware that the threat was emerging.



Crawlies are data collection applications used by Graci to find and retrieve specific data sets, primarily from sources external to the firm but also from internal sources, if necessary. The Crawlies also monitor the sources for changes, additions and the evolution of the retrieved data, so as to harvest additional data for inclusion into informed decision making. Examples of how Crawlies can be used are in Newsflash identification by Graci – Intelligence Newsflashes, regulation monitoring within Graci – Compliance Regulations Library and vendor/supplier/service provider and third/fourth/fifth party monitoring in Graci – Risk Supply Chain Management.

Crawlies can also be deployed specifically for the firm to monitor data sets it has an interest in, for example, in monitoring clients and customers business relationships and news, or monitoring a specific peer or competitor which the firm needs to understand in greater detail.



Gracie is Graci’s intelligent digital assistant, helping users to navigate Graci, answer questions about Graci, remind users about activities and items they need to respond to or work on and to retrieve data from, or add data into Graci. For example, Gracie can tell the user what remedial actions are assigned to them and due for completion, what KRI data submissions need to be made and what regulatory reporting obligations need to be fulfilled. Alternatively, the user may ask Gracie how a risk might be classified, what a specific rating on an audit finding means, or to submit a KRI value for the current month.

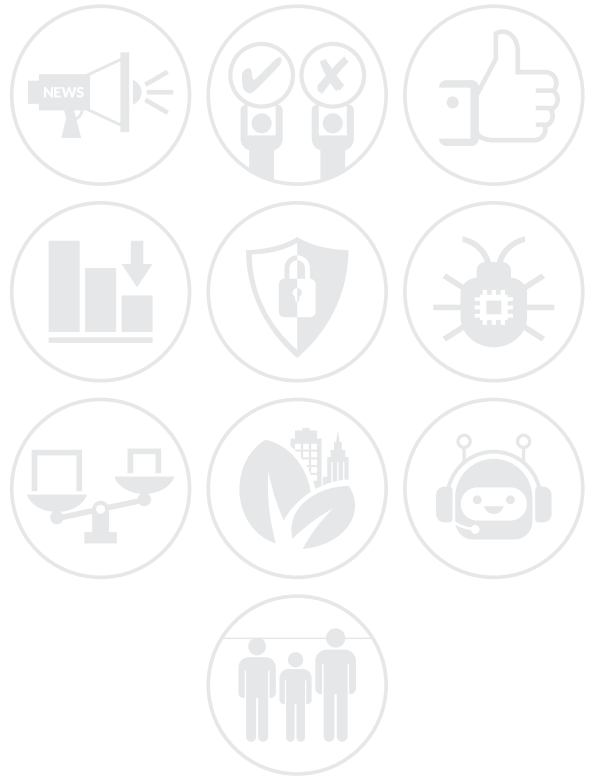
If Gracie does not have an answer, it is capable of “learning” and can access numerous sources of data and intelligence to find the appropriate answers to satisfy the user’s needs.



## REPORTING



No governance, risk, audit, compliance and intelligence solution is complete without the ability to generate management reports, committee reports and Board of Directors reporting. The Graci – Core Infrastructure Report Writer facilitates the design of various forms of reports, which can then be selected, populated with the appropriate data and either generated as required or per a pre-defined schedule, then distributed to applicable recipients in electronic format. All reports, when viewed online, support drill-down into appropriate underlying data. A number of pre-defined report templates are provided for use.



For more information on  
Graci by RiskBusiness, please visit

[www.riskbusiness.com](http://www.riskbusiness.com)

or email us at [info@riskbusiness.com](mailto:info@riskbusiness.com)