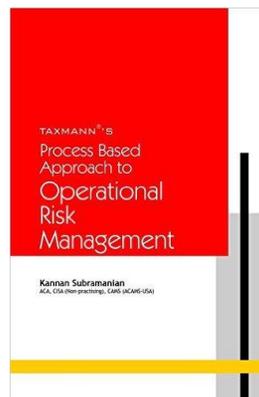


BPTrends **BOOK REVIEW**

Business Based Approach to Operational Risk Management **Kannan Subramanian 2015, Taxmann Publications, 395pg.**

\$75.00

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Business Based Approach to Operational Risk Management is a book that focuses on risk management problems faced by banks. Specifically, the book focuses on the various risks that banks face as they execute processes. Obviously these risks can come from several sources. They can come from faulty evaluations of customer's credit, from poor management decisions, from theft by employees, from inaccurately entered information, or from poorly programmed computer systems. Subramanian defines "process" to include all these possibilities, thus assuring that it isn't confused with any narrow "workflow" diagramming approach.

The book considers bank operational risks from a number of perspectives. The author considers formal sources of risks. Then he works through an extensive number of actual case studies, pointing out the causes of risks that lead to specific problems. Later, he offers an unusual, high level approach to developing an operating model – which seems to serve as a kind of high-level process view. The model that Subramanian describes considers most of the major processes found in a branch organization, but is not comprehensive. (If you are interested in the risks involved in underwriting boat loans, or making loans to specialized industries, for example, you won't find it here.) He also offers some flow diagrams, but the author's approach does not emphasize flow models. The author is more focused on identifying specific types of problems and suggesting specific resolutions.

The book also offers a discussion of several bank frameworks, including a version of CMMI and ITIL, and considers how they can be used in risk management efforts. There are also chapters on bank supervision and on control monitoring.

This book contains a lot of information. I'm sure that someone new to the problems of bank risk management would find it invaluable – it points out problems and suggests ways of thinking about them. The book also provides a lot of information about the elements involved in bank processes, and where ill-conceived or ill-supervised activities can lead to risks. I caution, however, that someone wanting help in analyzing business processes in detail, or developing workflow diagrams of bank processes won't find much help here. Much of the information needed to create workflow diagrams and highlight risks is here, but it's in tables rather than in process diagrams.

It's been awhile since I did a lot of work with banks. If I were to again become engaged with a bank that was concerned with risk management, I would acquire this book as a kind of reference work to consult when I wanted to be sure I had considered all of the possible sources of risk.

Paul Harmon

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In addition to his role as Executive Editor and Founder of Business Process Trends, Paul Harmon is Chief Consultant and Founder of Enterprise Alignment, a professional services company providing educational and consulting services to managers interested in understanding and implementing business process change.

Paul is a noted consultant, author and analyst concerned with applying new technologies to real-world business problems. He is the author of *Business Process Change: A Manager's Guide to Improving, Redesigning, and Automating Processes* (2003). He has previously co-authored *Developing E-business Systems and Architectures* (2001), *Understanding UML* (1998), and *Intelligent Software Systems Development* (1993). Mr. Harmon has served as a senior consultant and head of Cutter Consortium's Distributed Architecture practice. Between 1985 and 2000 Mr. Harmon wrote Cutter newsletters, including *Expert Systems Strategies*, *CASE Strategies*, and *Component Development Strategies*.

Paul has worked on major process redesign projects with Bank of America, Wells Fargo, Security Pacific, Prudential, and Citibank, among others. He is a member of ISPI and a Certified Performance Technologist. Paul is a widely respected keynote speaker and has developed and delivered workshops and seminars on a wide variety of topics to conferences and major corporations throughout the world.

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