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Paola Leone · Pasqualina Porretta  
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# Measuring and Managing Operational Risk

An Integrated Approach

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This work is the result of progressive research work over time, on operational risk measurement and management, made by a work team composed by academicians and practitioners (operational risk manager). It is also the result of a research project (promoted by Sapienza University of Rome, Faculty of Economics) related to “Operational Risk: New models for Integration of Scenario Analysis” started in 2016.

The book has been designed and developed thanks to support, contributions and suggestions of each member of the work team. In the current literature, there is a lot of work focused on operational risk management and measurement but, in a context of collaboration and reciprocal intellectual exchanges, new research questions have been identified in order to build, progressively, this work.

An intense and fruitful collaboration among the work team members, involved in this research project, allowed to develop the theoretical and practical contents of this monograph, enabling to focus on an extremely important topic in the current regulatory framework and economic context. In fact, the project suggests an integrated approach in the fields of operational measurement and management, and analyzes advantages and disadvantages of this

new regulatory approach also in the field of the Single Supervisory Mechanism Regulation (SSRM). In this perspective, and in the light of the main results of the comparative analysis, the authors attempted to define the impact of the new operational regulatory approach (SMA approach) on financial intermediaries in an integrated risk perspective; in particular, it proposes: a) comparative analysis between the new regulatory SMA model (standard measurement approach) and an advanced measurement approach; b) a risk factor sensitivity analysis of the two approaches with the purpose to finally underline the importance to give a regulatory relevance to measurement's tools directly connected to operational risk level in an integrated view.

In this perspective, the present work finally gives a great contribution to operational literature as it introduces the new regulatory perspective in the European banking supervision, and it analyses the new regulatory model (SMA model) and compares it with a specific internal model. At the same time, this work can be handy also for financial intermediaries as it provides useful operational suggestions for making operational risk management more efficient and sustainable and more integrated in the banking system.

The book and the case study that it contains have been developed not only thanks to authors and co-authors but also to the collaboration of the DIPO team (Italian Database of Operational Losses); in particular, authors and co-authors want to thank the DIPO members representatives in the Statistical Committee and Claudia Pasquini, Claudia Capobianco and Vincenzo Buggé from the DIPO secretariat that share with the team work their professional experience in the field of operational risk measurement.

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