**Seminar on Risk Management in Bafoussam**

**Day 3 Highlights**

The activities of day three started as usual with the presentation of highlights of the previous day by Lemou Merlin.

The Presenter Kristien then took the relay and discussed issues on ‘Building the control framework”

The main question of the day was “How large is the risk” She said that it is not always very easy to measure how large or small a risk can be. Although difficult to measure the presenter said we could still look for some ways to at least measure the risk. Certain examples were then sighted which could help us measure a risk. Some included the robbery of a small branch, unreachable local branch due to bad weather, one customer not pay his credit, 1000 customers not paying credit etc.

**Inherent and residual risks**

The presenter defined inherent risk as those risks that occur with no controls put in place or risk that occur when controls are in place but are not implemented at all.

As concerns residual risks, it was said that these are risks that still occur when controls are effectively in place. They are also known as remaining risks if controls are failing. It was then agreed that controls cannot always cover all risks.

**Risks rating Scale**

This is a process that seeks to rate risks. The operational risks are easy to measure since they have a financial and management impact and deal with the balance sheet and the P and L. On the other hand reputational risks are difficult to measure.

The scaling of risks could now be rated as: critical, High, medium and low in that descending order.

Participants were then asked to return to their groups and to identify the key risks and also do a risks rating scale on the processes they had identified on day two. It was then announced that the groups would present the next day. that is today.

**Buo and Lemou**