

MEMORANDUM

To: Subscribers to *Risk Management for Banks: Policies and Procedures Manual*

From: A.S. Pratt & Sons

Subject: Highlights

Enclosed is the most recent update to your subscription to *Risk Management for Banks*. In addition to the numerous discussions and exhibits already detailed in the manual, this update reflects further enhancements to the following areas:

- *Risk management measurement.* Chapter 1 has been updated with Critical Risk Management System Implementation Activities to help financial institutions, which face multiple challenges when attempting to create or enhance financial risk management capabilities and adopt new regulatory requirements. Developing risk management frameworks can be an onerous task that in many cases includes assessing information technology systems and other related components. As a result, many financial institutions are investing significant time, money, and resources in creating risk management measurement and reporting systems.
- *Enterprise risk management.* This update provides a comprehensive expansion on enterprise risk management (ERM). Financial institution management must have the keys to successfully implement an ERM program, and furthermore, the board of directors needs to successfully define and identify the full scope of risks that the institution encounters. To gain comprehension of ERM development, management may refer the insights provided, especially in Chapter 5.
- *Additional guidance.* New insights have been developed on risk management measurement to enhance management's understanding of the process, including the risks involved and the means to mitigate them. New materials have also been provided to address a myriad of topics including: risk management reviews and regulatory compliance concerns. Financial institution management can incorporate all of these useful suggestions and guidance from industry experts to increase their own efficiency and profitability.