

1. A risk event is an incident / experience that has caused or has the potential to cause material loss to the bank either directly or indirectly with other incidents. Risk event can be recognised by way of ..... Which of the following is not a correct option?
  - a. Experience
  - b. Judgement
  - c. Intuition
  - d. Linked Events
  - e. Recurring Events

**Answer:- Recurring Events**

2. Which of the following is not a type of operational Risk?
  - a. Strategic Risk
  - b. Legal Risk
  - c. Natural Disaster
  - d. Regulatory Risk
  - e. Fraud

**Answer:- Strategic Risk**

3. Cases of Theft / Burglary / Dacoity / Robbery should
  - a. be reported as Fraud
  - b. not to be reported
  - c. be reported by Operations Department to RBI
  - d. be reported by Security Department to RBI
  - e. be reported by Risk Management Department to RBI

**Answer:- be reported by Security Department to RBI**

4. Which of the following is a type of operational Risk?
  - a. Strategic Risk
  - b. Reputational Risk
  - c. Default Risk
  - d. People Risk
  - e. Interest risk

**Answer:- People Risk**

5. The customer service in a bank branch, has been delayed for two hours, due to failure of central server. What type of risk it is?
  - a. Reputational risk
  - b. Operational Risk
  - c. Settlement Risk
  - d. Systemic Risk

e. Systematic Risk

**Answer:- Operational Risk**

6. Now a days, banking is more relied on IT system for executing banking transactions, which of the element of Operational Risk is become more crucial for bank?

- a. Internal People
- b. Process
- c. System
- d. External Events
- e. Cyber Security

**Answer:- System**

7. From the given main areas of Operational risk, find the odd one out.

- a. People
- b. Process
- c. System
- d. External Events
- e. Interest Rate Risk

**Answer:- Interest Rate Risk**

8. Which one is not under the purview of Operational Risk management Committee?

- a. Reviewing aggregated Operational Risk reports
- b. Evaluating Operational Risk in new products
- c. Reviewing Risk and Control Self-Assessment (RCSA)
- d. understand future changes and threats, and concur on areas of highest priority and related mitigation strategy
- e. Analysis of Stressed Asset in credit portfolio

**Answer:- Analysis of Stressed Asset in credit portfolio**

9. The predictors of adverse events which are likely to impact organizations are known as .....

- a. Key Risk Identifiers
- b. Key Risk Indicators
- c. Key Lead Indicators
- d. Potential Loss
- e. Near Miss events

**Answer:- Key Risk Indicators**

10. There may be lot of risk indicators and bank may not be able to focus on all indicators simultaneously. Hence, banks focus on key risk indicators. A risk indicator becomes a "Key risk indicator" .....

- a. When it can function on minimal data
- b. When it represent a key risk which is critical for the bank
- c. When it can indicate a little about a lot of risks
- d. When it is cost effective to implement irrespective of quality of result it gives
- e. When it is in the form of a leading indicator

**Answer:- When it represent a key risk which is critical for the bank**

**11. The indicators which helps an organization determine the success of its key risk indicators are .....**

- a. Key Performance Indicators
- b. Key Success Indicator
- c. Key Control Indicators
- d. Key Risk Indicators
- e. Key Win Indicators

**Answer:- Key Control Indicators**

**12. A key risk indicator is a measure used by bank management to indicate how risky an activity is. KRIs are tools for .....**

- a. Monitoring controls, risk drivers, and exposure which can provide insights into potential risk events
- b. Complying with RBI Guidelines
- c. For audit of particular department
- d. Information collection of competitors risk exposure
- e. For capital calculation

**Answer:- Monitoring controls, risk drivers, and exposure which can provide insights into potential risk events**

**13. Which of the following is not the correct characteristic of Key Risk Indicators (KRIs)?**

- a. KRIs shall be useful to management in taking decision
- b. KRIs should be quantifiable
- c. KRIs should work as early warning indicator
- d. KRIs should have comparability through benchmarking
- e. KRIs should be leading indicators

**Answer:- KRIs should be leading indicators**

**14. .... indicators are those which are predictive in nature?**

- a. Lagging
- b. Leading
- c. Forward
- d. Future

e. Neutral

**Answer:- Leading**

15. A framework is a set structure in which tasks are performed. The major activities of KRIs framework are .....

- a. Developing KRIs
- b. Monitoring KRIs
- c. Follow-up Breaches
- d. Setting up reasonable threshold
- e. Reporting to RMD

**Answer:- Reporting to RMD**

16. Under KRIs, roles and responsibility is being assigned to business lines, RMD and Audit & Inspection Department. Which of the following roles and responsibility is not correctly matched with the associated department?

- a. Business line - Identification of KRIs
- b. RMD - Monthly reporting on KRI breach
- c. RMD - Provide independent assurance around the KRI process
- d. Business Lines - Monitor position against targets and limits
- e. Audit & Inspection Department - Incorporate output in the audit plan

**Answer:- RMD - Provide independent assurance around the KRI process**

17. KRI should have an escalation matrix in place so that, whenever there is a breach, there is a pre-established chain of command who shall be made aware of depending upon the degree of the threshold breached. In order to provide such information, risk indicator should .....

- a. Have an explicit relationship with the specific risk whose exposure it represents.
- b. Independent of the specific risk whose exposure it presents
- c. Give broader information about various risks in banks
- d. Be dependent upon the external variables for getting the information and data
- e. Not be benchmarked with any other KRIs

**Answer:- Have an explicit relationship with the specific risk whose exposure it represents.**

18. Lagging Indicators are one which are .....

- a. Accurate in prediction
- b. Predictive in nature
- c. Detective in nature and based on historical measures
- d. Helps in detecting and managing risk before it actually happens.
- e. Helps in benchmarking

**Answer:-** **Detective in nature and based on historical measures**

19. Key risk indicator process give us insight into how key risk process works. One of the important step in this is to assign KRI ownership. .... is responsible of KRIs management.

- a. Risk Management Department
- b. Every department
- c. Compliance Department
- d. Audit & Inspection Department
- e. Central Office Top Management

**Answer:-** **Every department**

20. The review of relevance and effectiveness of KRIs shall be taken up at a bank wide level once in every ..... or as & when need arises.

- a. Quarter
- b. Half year
- c. Year
- d. Two years
- e. Month

**Answer:-** **Two years**

21. Which of the following statement is incorrect about the KRIs analysis and revision?

- a. KRIs are evolving in nature and analysis of actual loss and near miss event helps in identifying the best KRIs.
- b. Best KRIs are those which are good in providing early warning which allows timely action.
- c. Periodic review needs to be taken up regarding the indicators themselves to ensure they remain aligned with the changing business environment
- d. The review of the relevance and effectiveness of KRIs shall be taken up at a bank wide level once every year.
- e. Periodic reviews are taken to check the effectiveness of indicators and their associated threshold.

**Answer:-** **The review of the relevance and effectiveness of KRIs shall be taken up at a bank wide level once every year.**

22. Finding Key Risk Indicators and Doing RCSA exercise is one other technique of Risk Management. Conducting RCSA come under purview of which of the following?

- a. ORMC
- b. CRMC
- c. GRMC

- d. ALCO
- e. ESGSC

**Answer:- ORMC**

23. For the purpose of RCSA, the products and process shall be categorized into three different classes viz Major, Medium and Minor based on parameters such as exposure (i.e. share in portfolio), number of accounts, profitability etc. and RCSA process shall be repeated for activities based on the categories. Which of the following is incorrect regarding Category and Periodicity match?

- a. Major : 12 months
- b. Major : 18 months
- c. Medium : 24 months
- d. Minor : 36 months
- e. All the options are correct

**Answer:- Major : 18 months**

24. Which of the following is not an approach to calculate Operational Risk?

- a. Basic Indicator Approach
- b. The New Standardised Approach
- c. Standard Measurement Approach
- d. Advanced Measurement Approach
- e. The Standardised Approach

**Answer:- Standard Measurement Approach**

25. Bank has fixed a threshold limit of Rs..... for operational risk loss data collection?

- a. 100
- b. 1,000
- c. 10,000
- d. 100,000
- e. 5,000

**Answer:- 10000**

26. For ILM (Internal loss multiplier) calculation, loss component shall be based on ..... years of high quality of operational risk loss data.

- a. 10
- b. 11
- c. 12
- d. 13
- e. 15

**Answer:- 10**

**27. Syndication of Loan activity of a bank is mapped to which of the Business Line?**

- a. Corporate Finance
- b. Commercial Banking
- c. Retail Banking
- d. Agency Services
- e. Retail Brokerage

**Answer:- Corporate Finance**

**28. Bank undertake selling of Mutual Funds and Insurance Policies through its branch network. This activity is mapped to which of the Business Line?**

- a. Corporate Finance
- b. Commercial Banking
- c. Retail Banking
- d. Agency Services
- e. Retail Brokerage

**Answer:- Agency Services**

**29. As prescribed by RBI, Bank has categories its all products / services into 8 Business Lines. As per this classification, 'Selling of Gold on consignment basis' services is categorised in which Business Line?**

- a. Retail Banking
- b. Commercial Banking
- c. Corporate Finance
- d. Agency Services
- e. Investment Banking

**Answer:- Investment Banking**

**30. Under Standardised approach of Operational Risk Calculation, which is not one of the business lines?**

- a. Retail Banking
- b. Corporate Banking
- c. Forex Banking
- d. Trading and Sales
- e. Asset Management

**Answer:- Forex Banking**