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Briefing Doc

Building A Risk Register for UK EMI and API Businesses



Detailed Briefing Document

Risk Management Arrangements for UK EMIs and PIs

1. Introduction:

This briefing document summarises key themes and ideas on building a Risk Register, crucial for UK authorised Electronic Money Institutions (EMIs) and Payment Institutions (PIs). The guide emphasizes regulatory compliance with the Electronic Money Regulations 2011 (EMR), Payment Service Regulations 2017 (PSR), FCA guidance, and relevant EBA Guidelines.

2. The Risk Register:

The Risk Register is a central tool within a firm's Risk Management Framework.

"A Risk Register is a document (or "tool") used as part of the risk management process to record identified risks, mitigating controls and their assessments."

It lists identified risks categorized for efficient management and reporting. It details mitigating controls for each risk, along with assessments of Inherent Risk (likelihood and impact before mitigation) and Residual Risk (risk remaining after mitigation).

3. Risk Register within the Risk Management Framework:

The Risk Register is integral to the risk management process:

- 🕒 **Risk Identification:** It records initially identified risks, mitigating controls, and assessment results.
- 🕒 **Prioritisation:** Risks are prioritised based on their Inherent Risk Score, allowing firms to address the most significant threats first.

- 🕒 **Ongoing Monitoring:** The register facilitates continuous monitoring of risks and informs management reporting. It is regularly updated to reflect changes in risks, controls, and assessments.

4. Developing a Risk Register:

Key stages in developing a Risk Register include:

1. **Identify Risks:** Brainstorming, stakeholder interviews, and reviewing historical data help identify potential risks.
2. **Document Risks:** All identified risks, assessments, and mitigating controls are documented in the register.
3. **Assess Inherent Risk:** Likelihood and impact of each risk are assessed to determine the Inherent Risk Score.
4. **Prioritise Risks:** Risks are prioritised based on their Inherent Risk Score.
5. **Document Mitigating Controls:** Existing or newly developed mitigating controls for each risk are documented.
6. **Assess Residual Risk:** The risk remaining after applying mitigating controls is assessed and documented.

5. Risk Register Structure:

While the specific format can vary, a Risk Register generally includes:

- 🕒 **Risk Reference:** Unique identifier for each risk.
- 🕒 **Risk Description:** Detailed description of the risk, its cause, and potential impact.
- 🕒 **Likelihood of Occurrence:** Assessment of the risk's likelihood.
- 🕒 **Impact:** Assessment of the risk's potential impact.
- 🕒 **Mitigation Description:** Description of the mitigating controls in place or to be developed.
- 🕒 **Risk Owner:** Role responsible for monitoring the risk and implementing mitigation controls.

Risks are typically grouped by categories and sub-categories to facilitate management and reporting.

6. Template:

The UK regulator rejects most “templated” documents, and a Risk Register is no different. The document needs to be relevant, pertinent and bespoke to the business. The inexperienced staff using complex and convoluted risk registers, intended for larger firms, can miss vital elements or discount impactful risks. Contact us with your needs and we will help you create a unique and personalised risk register for your business.

7. Conclusion:

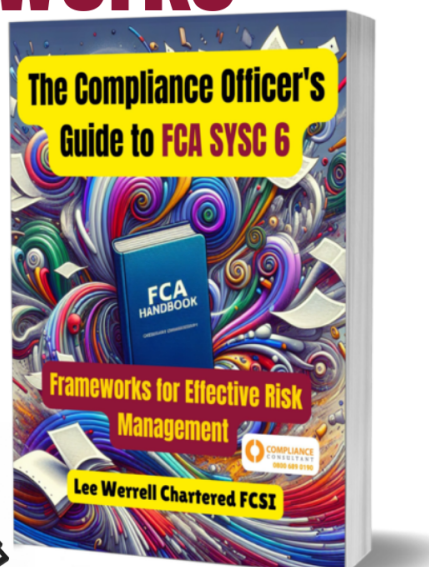
Building a comprehensive Risk Register is crucial for UK EMI and PI to effectively manage risks, ensure regulatory compliance, and maintain a robust risk management framework.

Compliance Consultant offers valuable guidance and resources for developing and implementing this critical tool.

Risk Management Frameworks

**Unlock the Secrets
of Effective Risk
Management**

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Why Compliance Consultant?

Our Services

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 - Detailed File Audits
 - Wind Down Planning
 - Bespoke Technical Support
 - Focused Training Programs
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 - Strategies for Vulnerable Persons & Consumer Duty
3. Continuous Compliance Monitoring: Align with FCA's vigilant oversight.
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5. In-Depth Compliance Training and Education: Build a culture of compliance.
6. Proactive Risk Assessment & Management: Identify and curb regulatory risks, particularly in consumer credit activities.

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Our tailored solutions have helped numerous firms achieve regulatory excellence, ensuring they remain compliant while focusing on business growth. Clients have praised our fast response times, in-depth knowledge, and proactive support.

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