



FourthLine

ENABLING RISK AND RESILIENCE CAPABILITY THROUGH
ADVISORY, CONSULTING AND MANAGED SERVICES

2023

YOUR FOURTHLINE OF DEFENCE



Assurance & Advisory



Consultancy



Secondment



Managed Service

FourthLine is a Risk Management and Resilience advisory and consulting firm.

Since 2009, we have supported over 250 UK Financial Services firms with advisory, consulting and resourcing solutions.

We work with clients across non-financial risk domains, including Operational Resilience, Business Continuity, Crisis and Incident Management, IT and Cyber Risk Management, Third-Party Risk Management and Regulatory Risk.

- We close risk and regulatory gaps and uplift frameworks, bringing experience, knowledge, expertise and specialised skills to our client partnerships.
- We help clients achieve and maintain operational effectiveness through proportionate delivery.
- We implement and advise on GRC platforms to improve programme visibility and programme efficiency.
- We provide ongoing risk and resilience support through our contracted service offering.
- We help our clients to become better risk managers, creating the capabilities to achieve risk and resilience maturity.

OUR SOLUTIONS

FOURTHLINE CONSULTING

- Using our expert team for delivering risk, resilience and consumer duty projects across every single phase.
- Through our consulting, we support firms in preparing, planning, and designing a framework for a more resilient and compliant future.

We have expertise in:

- Operational Risk & Resilience
- ICT & Cyber Risk
- Consumer Duty Compliance
- Supply Chain Risk Management

FOURTHLINE TECHNOLOGY

- Our tech solutions help clients identify & detect, protect, respond and recover.
- For clients committed to world-class risk, resilience and outsourcing programme management we will leverage our in-depth knowledge of the technology vendor ecosystem to advise clients on leveraging advanced technology to strengthen their programmes.

In conjunction with our tech partners we offer:

- Resilience Platform
- Outsourcing and TPRM Platform
- Consumer Duty Compliance Platform
- BCM Platform
- Management Controls and Analytics

FOURTHLINE SERVICES

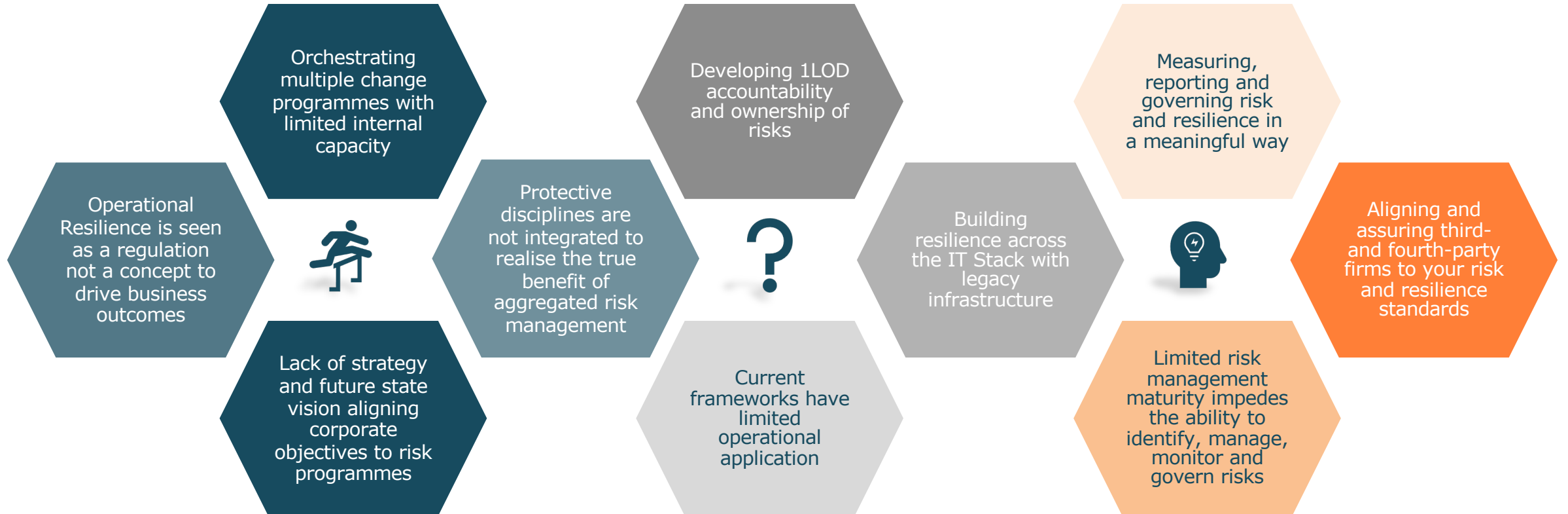
- We help regulated financial services firms to make assessments, benchmark against sector peers, and measure resilience effectiveness through our data tools.
- Our network of world-class subject matter experts can deliver in-house and online live and pre-recorded risk, resilience and compliance workshops.

Our services include:

- Quality Assurance Audits
- Benchmarking against peers
- Seconded embedded resources
- In-house and online training including:
 - CASS Training
 - Anti-money laundering workshops
 - Resilience best practice
 - Third-party risk training
 - Consumer duty compliance

MAIN CHALLENGES

FourthLine's engagement scope is broad, however many of the issues faced by our clients can be drawn from common challenges.



OUR DELIVERY PROCESS



Optimise

- Execute the annual cycle of BAU and advisory activities through FourthLine's 12-month managed service contracts.
- Optimise processes & procedures through innovative GRC technology solutions provided by FourthLine's partner network.

Implement

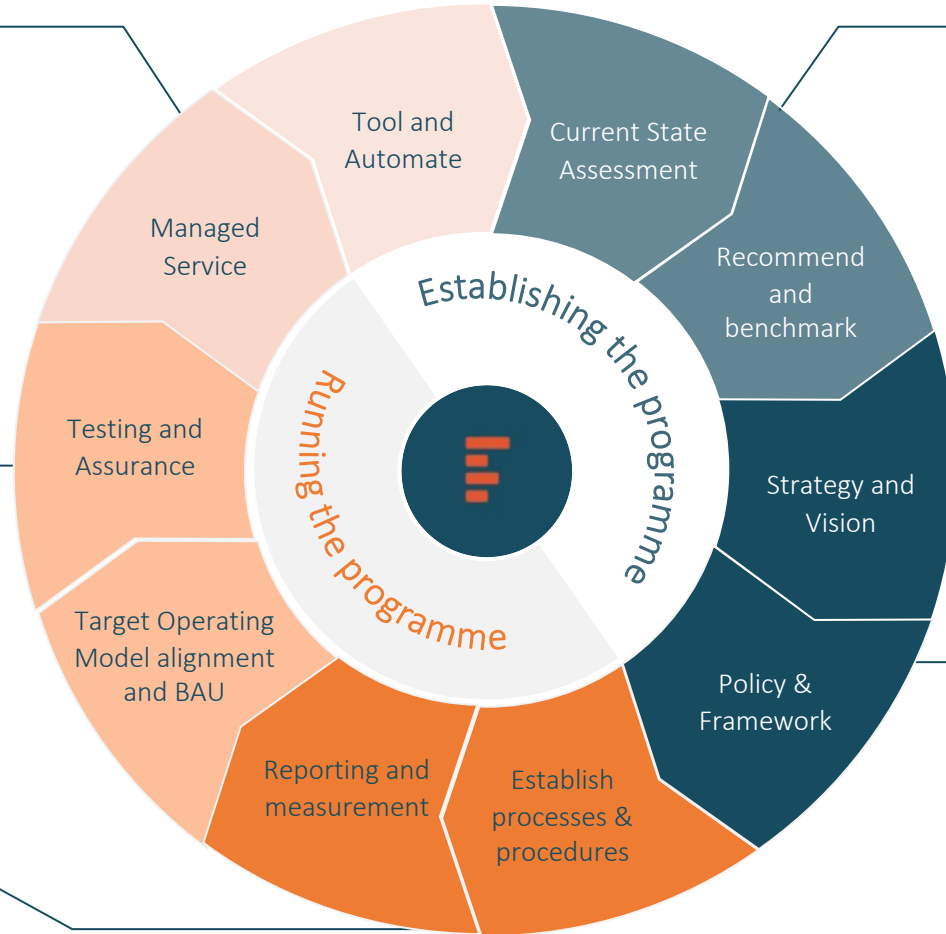
Implement and enable BAU management through:

- Align capability across other risk and protective disciplines through governance, measurement, controls, processes
- Target and People Operating Model design
- Enable People through training & development
- Testing and Assurance of internal capabilities and third-parties

Design

Enable the policy and framework through:

- Design remediation of identified gaps, vulnerabilities identified through current state assessment
- Design and develop comprehensive and active Management Information Reporting
- Design and develop supporting processes & procedures



Understand and Assess

- Understand the firm, operating context, strategy, products, services
- Current State assessment of in-scope capabilities using our principles-based methodology including artefact gap analysis, quality review and stakeholder engagement
- Recommendations for enhancement, uplift and design requirements including maturity score and peer benchmarking

Plan

- Work collaboratively with the organisation to establish the full scope, scale and objectives of the programme
- Create Future State Vision, Strategy, Appetite & Roadmap that delivers on the desired maturity
- Design and document programme methodologies, policy, framework and standards

CORE DELIVERY CAPABILITIES



Operational Resilience	Response & Recovery (BCM, ITDR, C&IM)	Third-Party Risk Management	Technology Risk	Regulatory Risk
Important Business Services	Business Impact Analysis	Supplier Risk Assessment	DORA readiness	Consumer Duty
Process, Resource & Dependency Mapping				
Threats & Vulnerability Analysis	Recovery Strategies	Materiality Assessment	Change Risk Assessment	Product Risk
Establishing Impact Tolerances	Establishing RPOs and RTOs	Supplier Register	IT Criticality Assessment	Financial Crime*
Resilience by Design	Threat and scenario analysis	Supplier Testing & Assurance	Critical or Important Functions	Client Money and CASS*
IBS Recovery Plans & Playbooks	Critical Services Matrix	Exit and BCM Planning		Data Protection*
				Wind-Down Planning*

- Current State Assessment / Gap Analysis / Benchmarking / Impact Assessments / Horizon Scanning
- Develop bespoke programme methodologies for in-house delivery
- Setting Strategy, Objectives and establishing Risk Appetite
- Governance, Framework, Policy, Standard & Controls
- KRI / KPI / MI development, Reporting, Template development
- Operationalisation through process, procedure and playbook development
- Target Operating Model and Framework alignment
- Scenario Testing, Crisis and Incident exercising
- Tooling Advisory & Implementation
- Retained Advisory and BAU Managed Service

OPERATIONAL RESILIENCE CASE STUDIES

Investment Platform

Client's challenge: Difficulty in assuring project status with a clear picture of the outcomes and activities. There were no resources allocated to the program beyond the Lead, plus a lack of executive responsibility with the departure of the COO. Moreover, the client started the work late which coincided with a switch from core to enhanced firm regulation, creating significant urgency. We mobilised quickly and the client achieved compliance by March 22 deadline.

FourthLine approach: We supported the client in the following phases:

1. Important Business Services identification.
2. Important Business Services mapping, creation of a suite of resilience metrics
3. Impact Tolerance setting, scenario creation, testing
4. Self-Assessment

Pensions and Investments

Client's challenge: A long term lack of a risk culture across the firm. The client had no risk or customer data available and little executive commitment in place. We supported from project inception to project investment steering through delivery. We are working to uplift supporting risk pillars.

FourthLine approach: Delivering an E2E consultancy through the following phases:

1. Operational Resilience compliance
2. Risk and Resilience strategy
3. Risk metrics
4. Third Party Risk Management
5. Risk Operating Model
6. Testing, analysis, outline actions

Deposit Taker

Client's challenge: There was limited budget for Operational Resilience. The team was not ready to start the project with limited knowledge and expertise to lead it in-house.

FourthLine approach: We executed an Enablement approach, for the client to build enough expertise to run the delivery in-house.

Our approach supported the client with:

1. Board and senior management engagement & project kick off
2. A light Quality Assurance before working through our project phases
3. Important Business Service identification and Vulnerability and Process Mapping
4. Impact Tolerances and Testing
5. Third Party Risk Management review

Insurance

Client's challenge: The client had trebled in size following acquisition and required support for implementing operational resilience and enhancement of supporting frameworks. As a result of the speed of growth, there was little resource capacity and change management capability to deliver a broad programme of work.

FourthLine approach: E2E Consultancy

1. Review and Maturity Assessment
2. Operational Resilience regulatory compliance
3. Resilience and investment strategy
4. Resilience Operating Model, Governance and Framework
5. Outsourcing and Third-Party Risk Management

CONSUMER DUTY CASE STUDY

The Client

- Our client is an international insurer that provides specialised risk solutions globally across a wide range of industries. The insurer's head office is in London

Background

- On the 1st of October 2021, The FCA introduced new rules (PS21/5) on Product Governance, Premium Finance and Reporting that apply to most insurance contracts (including retail, speciality and commercial). These are referred to as “Fair Value” requirements.
- This regulation coincided with the more recently published PS22/9 - A new Consumer Duty, which came out on the 27 July 2022 and requires firms to act to deliver good outcomes for retail customers.
- The Fair Value rules mandated an in-depth product review by 30th September 2022.
- Insurers were required to identify all their products, the distributors of those products, the role played by those distributors, the prices charged, and commissions earned by the distributors, to determine whether the product offered fair value for the end customer.

FourthLine approach:

- Due to the volume of work and internal resource constraints, the client required Project Governance expertise, Project Management support and resource augmentation to complete the necessary product reviews by 30th September.
- Each of the in-scope products required a formal interview with the lead Product Underwriter. For the interviews, FourthLine designed and implemented a client specific, questionnaire and an associated Fair Value Assessment (FVA) template containing the regulated requirements, which were approved by the client prior to implementation.
- Following the population of the FVA template, FourthLine ran workshops with the client’s Conduct Risk team to review the findings from a qualitative perspective and to agree on ratings for each of the Fair Value requirements.
- FourthLine then applied quantitative measures to the FVAs which were fed into an analysis tool. The outputs from the analysis were used to identify trends and any areas of concern, which were used to inform the final report and associated action plan.

The outcome

- All reviews and FVAs were completed, and a comprehensive report was produced to enable the client to meet the FCA’s deadline and to construct an Action Plan to address the areas of concern raised as part of this engagement.
- The framework and artefacts produced as part of this engagement will enable the client to run their Fair Value Assessments on an annual basis.
- FourthLine continue to work with the client, who is now in a strong position to meet all the key milestones relating to consumer duty which are due by 31st July 2023.

THIRD-PARTY RISK MANAGEMENT CASE STUDIES

Insurance Firm

Client overview: London based, 2,000 headcount international insurance firm. Through significant M&A activity, the firm had trebled in size over the preceding 3 years.

Client`s challenge: Three businesses requiring integrated Third-Party Risk Management. The firm had a very strong legal and procurement function and supplier due diligence, and onboarding was robust. Unfortunately gaining 1LOD ownership of suppliers had not been achieved and the client`s programme was rendered operationally ineffective. Moreover, the client had not made the required improvements to meet PRA SS2/21.

FourthLine approach: Consulting engagement

1. End to End review of the third-party risk management programme, with 15 key findings.
2. Creation of a Third-Party Risk Management policy, framework and playbook.
3. Developed new processes to ensure 1LOD ownership of supplier risk management.
4. Built a supplier register complete with a fully segmented supplier list.
5. Developed supplier materiality criteria and supplier segmentation criteria to support the client`s risk oversight approach.

Building Society

Client`s challenge: An internal review into the Society`s approach to third-party risk management, concluded the firm required support to enhance the programme. The main vulnerability with the programme sits with a material supplier of the Society`s core banking system. The client was increasingly concerned about the supplier`s performance and wanted to create formal approach to undertake in a stressed exit scenario.

FourthLine approach: Advisory engagement

FourthLine conducted a review and recommend service against the client`s existing programme and provided uplift suggestions aligned with other firms in the sector. We drafted an updated Exit Plan and Business Continuity Plan for the client`s material supplier.

Pensions Provider

Client`s challenge: The client had a number of legacy suppliers and due to long-standing contractual obligations and SLAs, the suppliers were not required to produce risk management MI to enable the client to monitor risk management performance. The client had invested in a third-party system but without the requisite data, the system was not at full capability.

FourthLine approach: Advisory engagement

FourthLine supported the client through provision of a standard library of third-party pillar metrics which aligned with available data and enabled the client to start reporting.

We advanced the client`s capability through aggregation of existing metrics and creation of an aggregated RAG status report for RiskCo and Board.

A FEW OF OUR CLIENTS FROM LAST 15 YEARS





Dan Waltham. Director

daniel.waltham@thefourthline.co.uk

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