

CONTEMPORARY APPROACHES TO MANAGING OPERATIONAL RISK AT BANKS

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***Abstract:** Risk is a term that follows man and all of his activities, as well as business entities, on a daily basis, and relates to the situation in the future in which there are several possible solutions with the appropriate probability of taking place. Regardless of the organizational level they belong to, all bank's employees face everyday risk. Due to globalization and various technical, technological and other innovations, there are increasingly complex risks that a bank is exposed to, and as such require close attention. One of them is an operational risk that represents a threat to the bank's capital due to unpredictable external events, inadequate internal processes and procedures, mistakes and frauds made by the employees etc. The operational risk is among the most important risks in banking, and as such should be recognized, monitored and controlled in order to reduce its impact and probability of taking place. Some of the many risky events, their consequences, as well as the ways banks defend against them will be described in the paper through examples.*

Key words: risk, banking, operational risk.