KASIKORNTHAI

Ngân Hàng KASIKORN
开泰银行 KASIKORNBANK

PMF/2021/VN101 (2021 V01)

Operational Risk Product Management Program

Product Name: VN – KBank Biz Loan

Operational Risk Analysis

Credit Product Group

11 November 2021

Towards Service Excellence

Objective

This report was prepared in order to present the result of operational risk assessment of the VN-KBank Biz Loan (Household Business Loan) . The results of this assessment will be used as information for Operational Risk Profile Summary 2021 evaluation in the future.

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Operational Risk Profile Summary 2021

PRODUCT GROUP : VN – KBank Biz Loan (Household Business Loan)

Sign Off

Name	Position	Email Approved Date
Supaporn Sitilertpisan	Credit Policy and Risk Process Proficient	
Ua-aree Atchariyaboon	Head of World Business Strategy	
Piyawadee Srisangnam	Corporate Credit Proficient	
Chatuporn Boozaya-Angool	General Director (On behalf of Department Head – Banking Operation)	

Product Manager/Process Owner

Name	Position	Email Approved Date
Anon Wansarn	Senior World Business Strategist	
Watsapon Tharana	Corporate Credit Competent	

Operational Risk Manager

Name	Position	Email Approved Date
Pongsathien Chitboonsusakul	Credit Policy and Risk Process Competent	
Kotchakorn Chutarat	Credit Policy and Risk Process Competent	
Maneeploy Nilapat	Credit Policy and Risk Process Novice	

Endorsement Sign Off

Name	Position	Signature
Ua-aree Atchariyaboon	Head of World Business Strategy	

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Operational Risk Profile of Corporate Credit Product Group (VN-KBank Biz Loan) 1/4

Risk Identification		Risk Assessment					Risk Control			
		Impact								
Risk Event type (ET1 - ET7)	Risk Description	Financial	Rule and Regulator	Customer	Reputation	Frequency	Control	Control Level	Risk Level (Residual risk)	Insurance
ET1_Internal_fraud	BO Credit steal customer's data which received from FPT application or partner's platform	M	M	M	M	L	• UAM for authorized staff to access customer information • Employee Code of Conduct • Provide BO Credit Guideline • Conduct Risk Management Policy	Good	Low	No
ET1_Internal_fraud	BO Credit staff take bribes/ kickbacks to approve the credit on policy tool	M	L	L	M	L	• Maker-Checker procedure • Employee Code of Conduct • Conduct Risk Management Policy	Good	Low	No
ET1_Internal_fraud	BO Credit take bribes/ kickbacks to setup Account & Disbursement money to customer	M	L	L	M	L	• Maker-Checker procedure • UAM for authorized staff to approve (Based on DLA) • Segregation of duty (RM/BO Credit) • Randomly inspection by internal Audit/QA • Employee Code of Conduct • Conduct Risk Management Policy	Good	Low	No
ET1_Internal_fraud	Branch CSS staff disburse money to his/her own account	M	L	L	L	L	• Maker-Checker procedure • UAM for authorized staff to approve (Based on DLA) • Employee Code of Conduct • Conduct Risk Management Policy • Daily operation report for EOD reconciliation • Randomly inspection by internal Audit/QA	Good	Low	No
ET1_Internal_fraud	BO Credit take bribes/ kickbacks in order to cancel credit line or falsify information on Due&Overdue Report	M	L	L	M	L	• Employee Code of Conduct • Conduct Risk Management Policy • UAM for authorized staff to approve (Based on DLA) • Maker-Checker procedure • Automate system capability to control credit line cancelation (Outstanding =0)	Good	Low	No

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Operational Risk Profile of Corporate Credit Product Group (VN- KBank Biz Loan) 2/4

Risk Identification		Risk Assessment					Risk Control			
		Impact				Frequency				
Risk Event type (ET1 - ET7)	Risk Description	Financial	Rule and Regulator	Customer	Reputation		Control	Control Level	Risk Level (Residual risk)	Insurance
ET2_External_fraud	Individual customer or a customer coorporate with partner platform falsify personal information or income data	M	L	L	L	L	• Cross check data with Bank statement • Income verification by policy tool	Good	Low	No
ET2_External_fraud	Customer's information/document is stolen/hacked by partner or 3rd party	L	L	L	M	L	• IT Securities Control • Store the data in KBank database (K-Share) • Data backup procedure	Good	Low	No
ET4_Clients_Products_and_Business_Practices	BO Credit staff disclose customer's information to external party	L	M	L	M	L	• UAM for authorized staff to access customer information • Employee Code of Conduct • Conduct Risk Management Policy	Good	Low	No
ET2_External_fraud	Failure to validate e-KYC customer, which lead to identity spoofing cases.	H	M	L	L	L	• Validate technology accuracy in Sandbox • Double verification by KBank staff (Sandbox stage) • Randomly inspection by internal Audit/QA	Good	Medium	No
ET4_Clients_Products_and_Business_Practices	Invalid digital signature on contract, which lead to legal unbinding issue	H	M	L	L	L	• Ensure system performance in UAT environment • Conduct post launch audit process • Randomly inspection by internal Audit/QA	Good	Medium	No
ET6_Business_disruption_and_system_failures	External system unavailable/error (FPT application service/Huawei system/VN Pay service)	L	L	M	M	L	• Service maintenance as per agreement	Good	Low	No

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Operational Risk Profile of Corporate Credit Product Group (VN-KBank Biz Loan) 3/4

Risk Identification		Risk Assessment					Risk Control			
		Impact				Frequency				
Risk Event type (ET1 - ET7)	Risk Description	Financial	Rule and Regulator	Customer	Reputation		Control	Control Level	Risk Level (Residual risk)	Insurance
ET6_Business_disruption_and_system_failures	Internal system disruption/unavailable/error (Profile, WebCSR, WebAdmin, TP Teller, TP Admin, Policy tool,MFT service)	L	L	M	M	L	• IT System Backup (ITDR) & Maintenance • Develop BCP to support emergency scenario • Test result should be passed to ensure system work correctly. No significant defect was left before product launch.	Good	Low	No
ET6_Business_disruption_and_system_failures	System do not auto-deduct money for loan repayment	M	L	M	L	L	• Test result should be passed to ensure system work correctly. • EOD reconcile • Manual operation process by KBank staff	Good	Low	No
ET6_Business_disruption_and_system_failures	Error on digital file (Loan contract, payment recipe) which send to customer for example, fail password , no encryption	L	M	M	M	L	• Post launch audit process • Randomly inspection by internal Audit/QA	Good	Low	No
ET7_Execution_Delivery_and_Process_Management	BO Credit staff incorrectly confirm to approve the credit on Policy tool	H	L	L	M	L	• Maker-Checker procedure • Data verification by policy tool • Provide Policy tool user manual' • Randomly inspection by internal Audit/QA	Good	Medium	No
ET7_Execution_Delivery_and_Process_Management	Business send incorrectly message to customer (approval result, late payment notification)	L	L	L	M	L	• EOD reconcile report • Provide BO Credit Guideline • Post launch audit process • Randomly inspection by internal Audit/QA	Good	Low	No
ET7_Execution_Delivery_and_Process_Management	FPT incorrectly/incompletely upload term&condition, legal related document on the application	H	M	L	M	L	• Post launch audit process • Randomly inspection by internal Audit/QA • Add penalty clause in the contract	Good	Medium	No

Operational Risk Profile of Corporate Credit Product Group (VN-KBank Biz Loan) 4/4

Risk Identification		Risk Assessment					Risk Control			
		Impact				Frequency				
Risk Event type (ET1 - ET7)	Risk Description	Financial	Rule and Regulator	Customer	Reputation		Control	Control Level	Risk Level (Residual risk)	Insurance
ET7_Execution_Delivery_and_Process_Management	BO Credit staff incorrectly check AML & Sanction List	L	M	L	L	L	• Maker-Checker procedure • Post launch audit process • Randomly inspection by internal Audit/QA • System automate check total CIF per updated list	Good	Low	No
ET7_Execution_Delivery_and_Process_Management	BO Credit staff incorrectly/incompletely check document before set-up account, or error to create CIF and credit account into system	H	L	L	M	L	• Create Limit Setup checklist • Maker-Checker procedure and system UAM • Provide BO Credit Guideline	Good	Low	No
ET7_Execution_Delivery_and_Process_Management	Branch CSS staff disburse money to incorrect account	M	L	L	M	L	• Maker-Checker procedure • UAM for authorized staff to approve (Based on DLA)	Good	Low	No
ET7_Execution_Delivery_and_Process_Management	BO Credit staff incorrectly/incompletely check customer's repayment	L	L	L	L	L	• System automate collect repayment per schedule define on a/c opening • Provide BO Credit Guideline • Daily operation report for EOD reconciliation	Good	Low	No
ET7_Execution_Delivery_and_Process_Management	BO Credit incorrectly/incompletely create report related to regulatory	L	M	L	L	L	• Maker-Checker procedure • Provide BO Credit Guideline • Completeness checking by consolidation team(FA)	Good	Low	No
ET7_Execution_Delivery_and_Process_Management	Lost customer's document file e.g. loan contract, legal supporting document	H	M	L	M	L	• IT System Backup (ITDR) & Maintenance • Develop BCP to support emergency scenario	Good	Medium	No

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Product Features

Penetrating VN retail lending via KBank Biz Loan with seamless digital experience and empathetic product design

KBank **Biz Loan**

Fund for your business dream

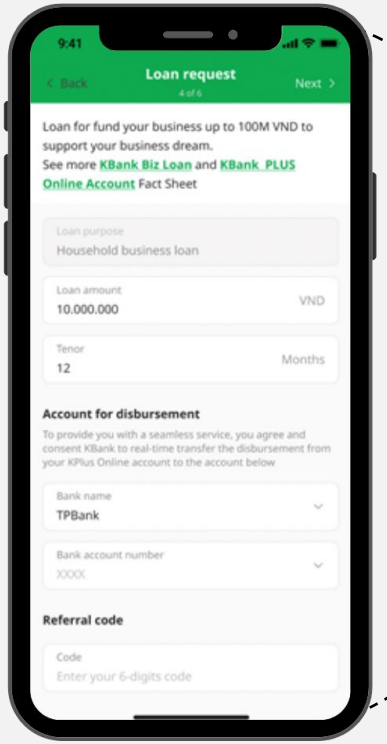
One-time disbursement, with specific repayment schedule and amount

Supports growth of household businesses

- Financial liquidity, cash flow
- Stock inventory
- Equipment purchase, e.g. computers, cameras, etc.
- Building household business

No Collateral

No Guarantor



Only ID Card required

For applicant from KBank's partners,
Bank statement and pay-slip are option for self-apply

Ecosystem Benefit

Leverage data from partner for credit analysis

Sendo iPOS.vn haravan KiotViet Cùng Bạn Làm Giàu

Start From 1.4% Monthly Interest Rate

Interest rate of 17% to 50% per annum

Up To 100 M VND

Wide range of loan amount to choose from: 10 – 100 M VND

Up To 36 Months

Longer, more flexible repayment terms of 12-36 months

Convenient Repayment

Via automatic direct debit through K+ Online Account

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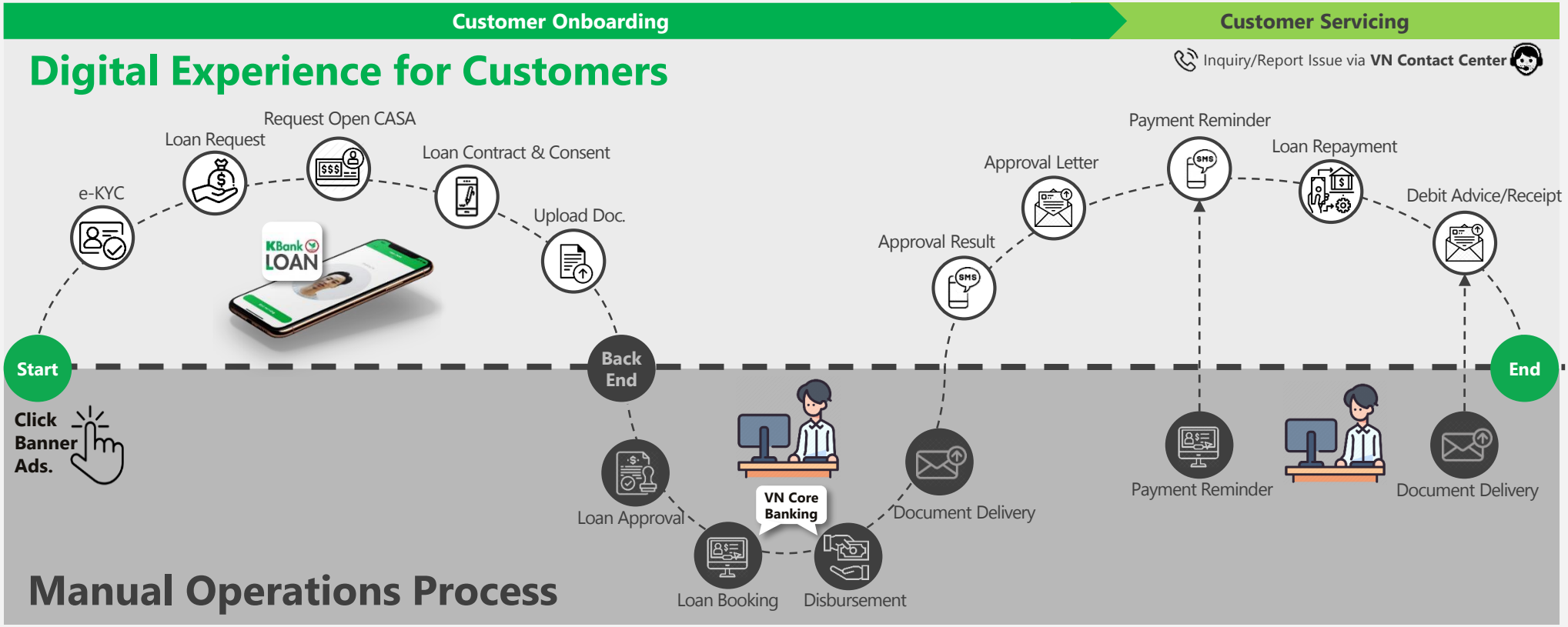
End-to-End Customer Journey – MVP 0.5

Creating E2E Digital Experience for customers while minimizing initial investment through back-end manual operations



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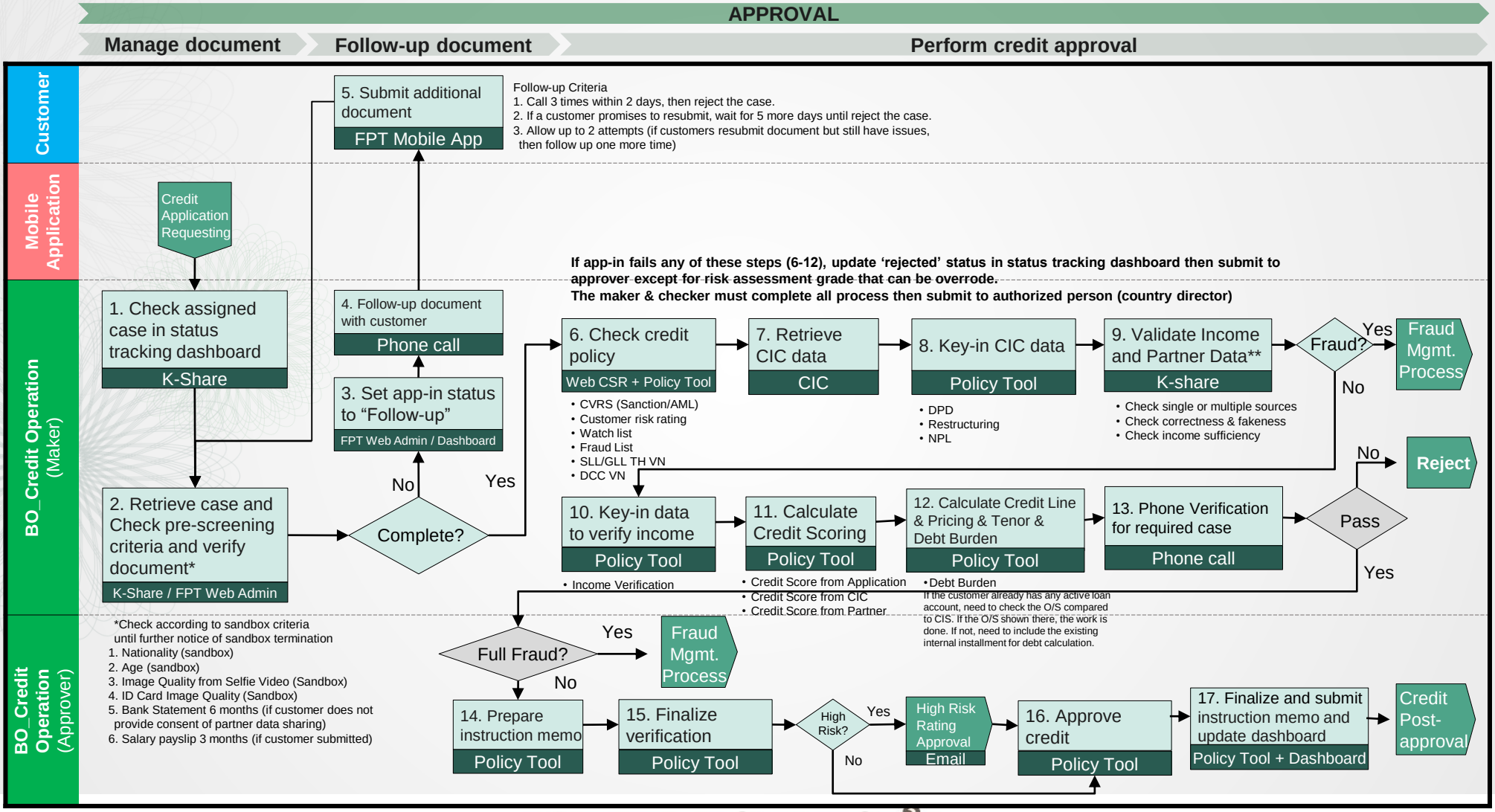
Onboarding Processes (3 flows)

A1. Customer Onboarding – New Customer – Credit Approval Process



**Please refer to partner processes for detailed flow of data exchange with partner

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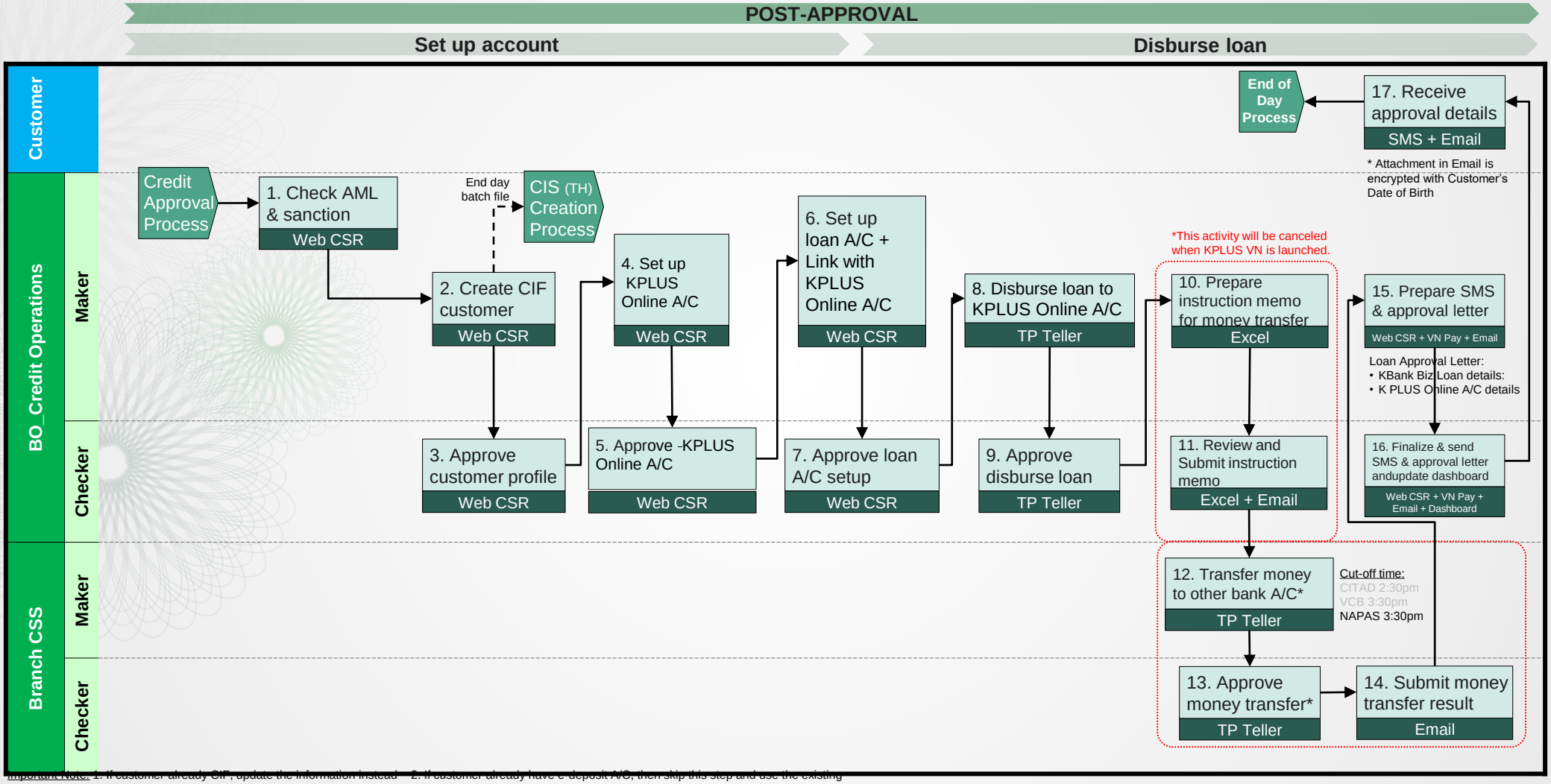
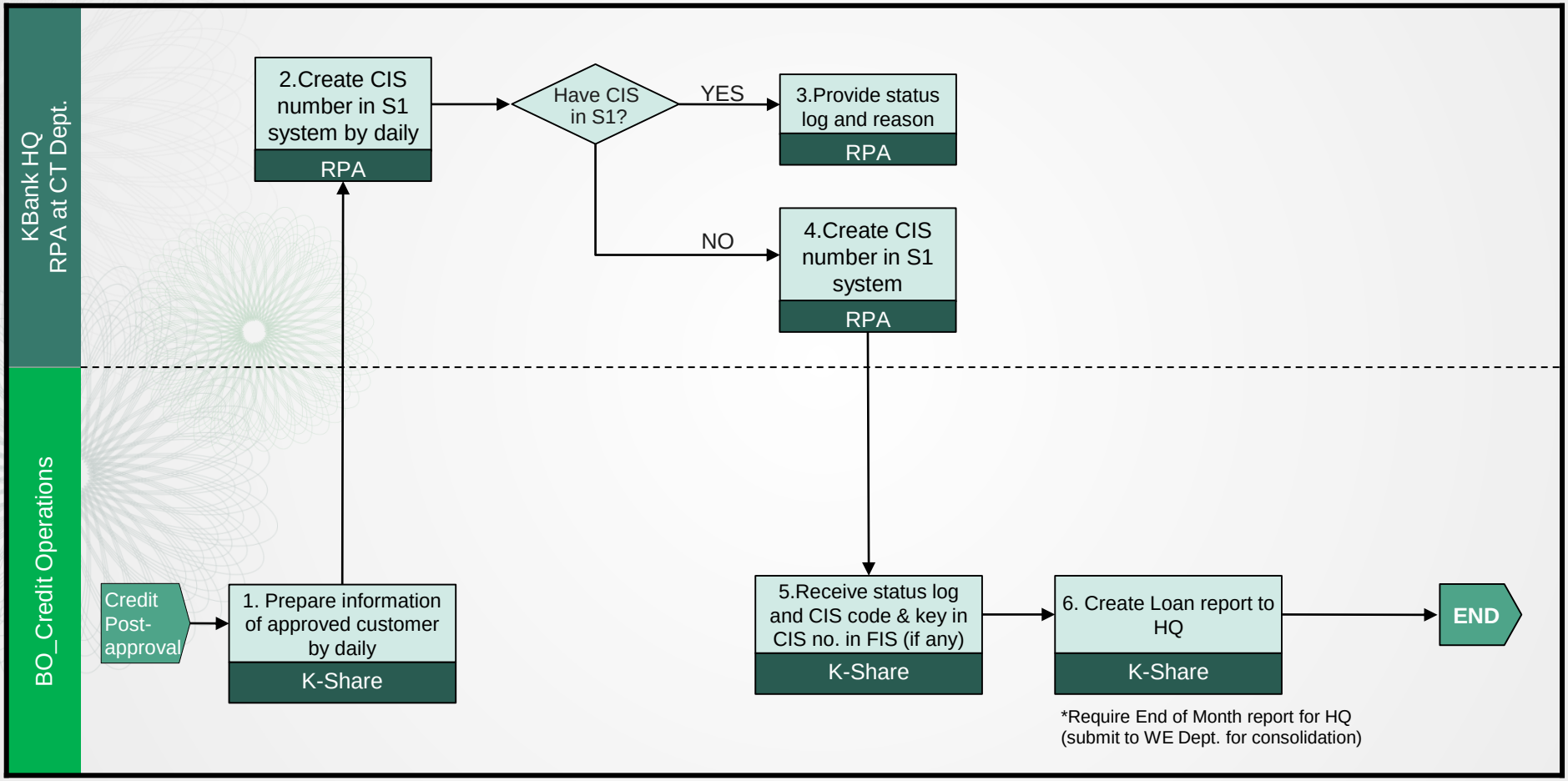
A2. Customer Onboarding – New Customer – Credit Post-Approval Process



Important Note: 1. If customer already CIF, update the information instead 2. If customer already have e-deposit A/C, then skip this step and use the existing

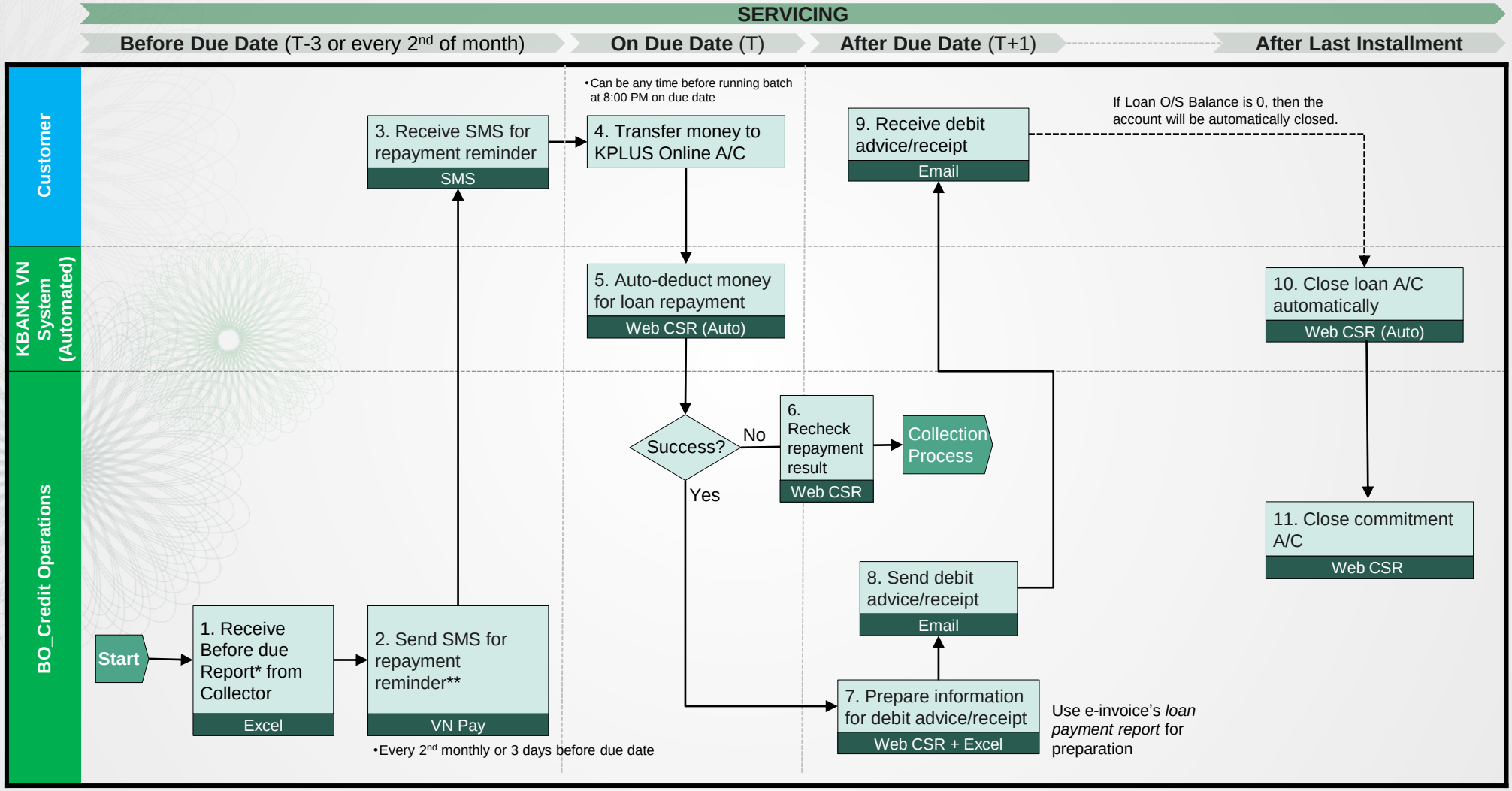
A3. CIS'TH Creation for loan outstanding report



Servicing Processes (7 flows)

B1. Repayment and Loan A/C Closing

Allow only direct debit. For pre-payment will refer to Flow no.B4



*On ZZ development process (Outstanding report in web admin can be used for interim solution during development process)

** Checker will check and confirm via email before sending of sms via VN Pay

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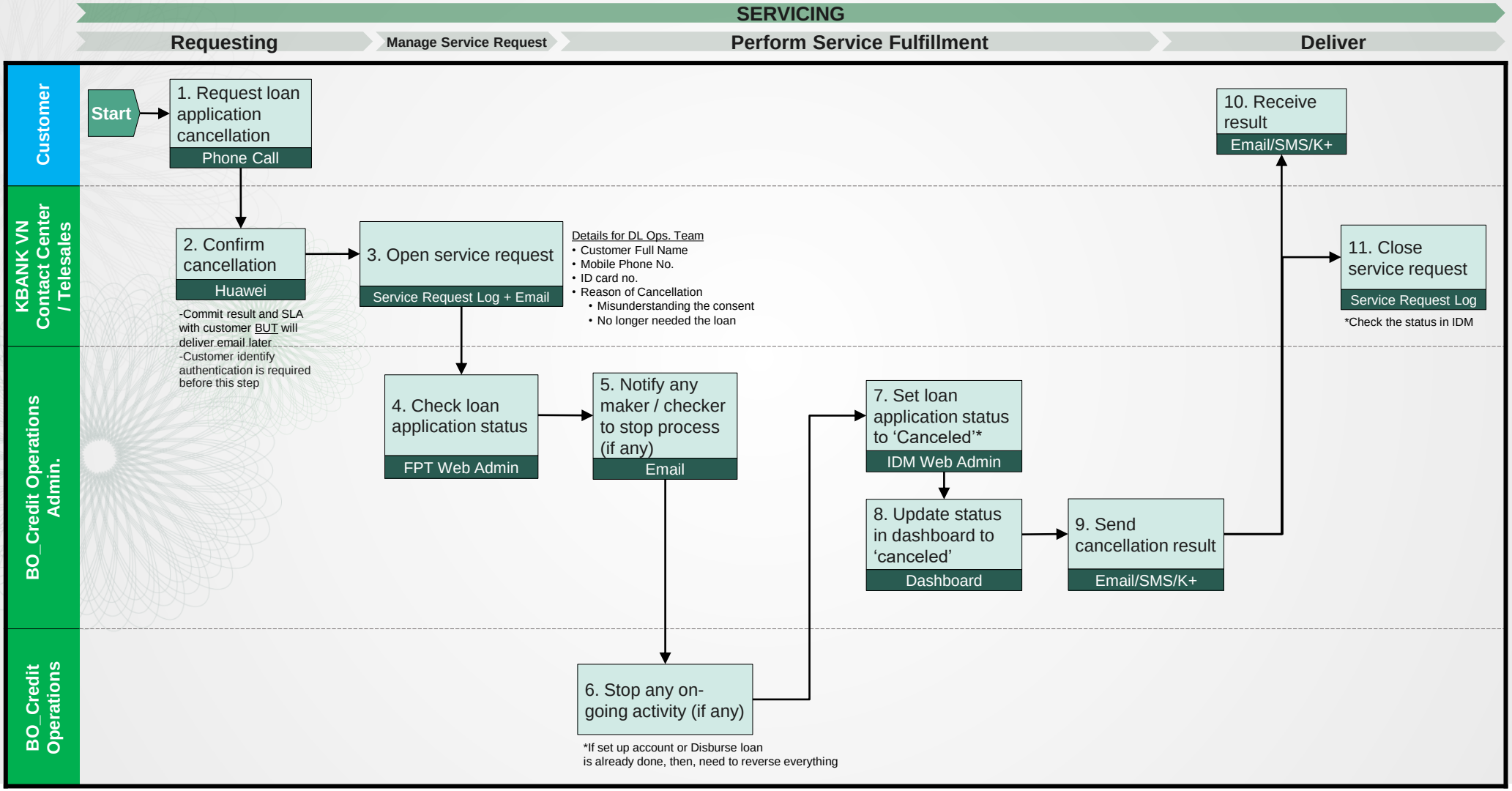
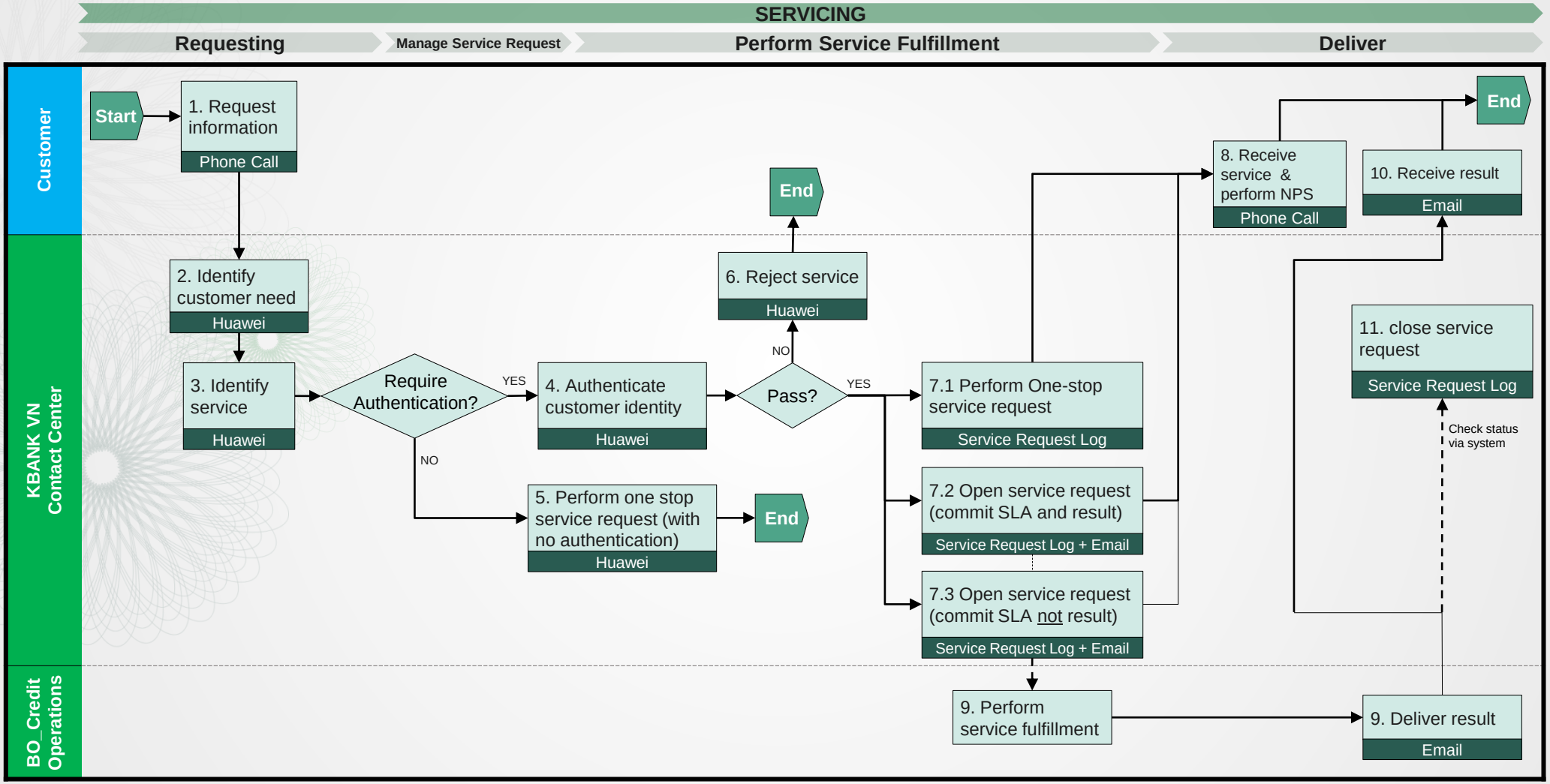
B2. Loan Application Cancellation



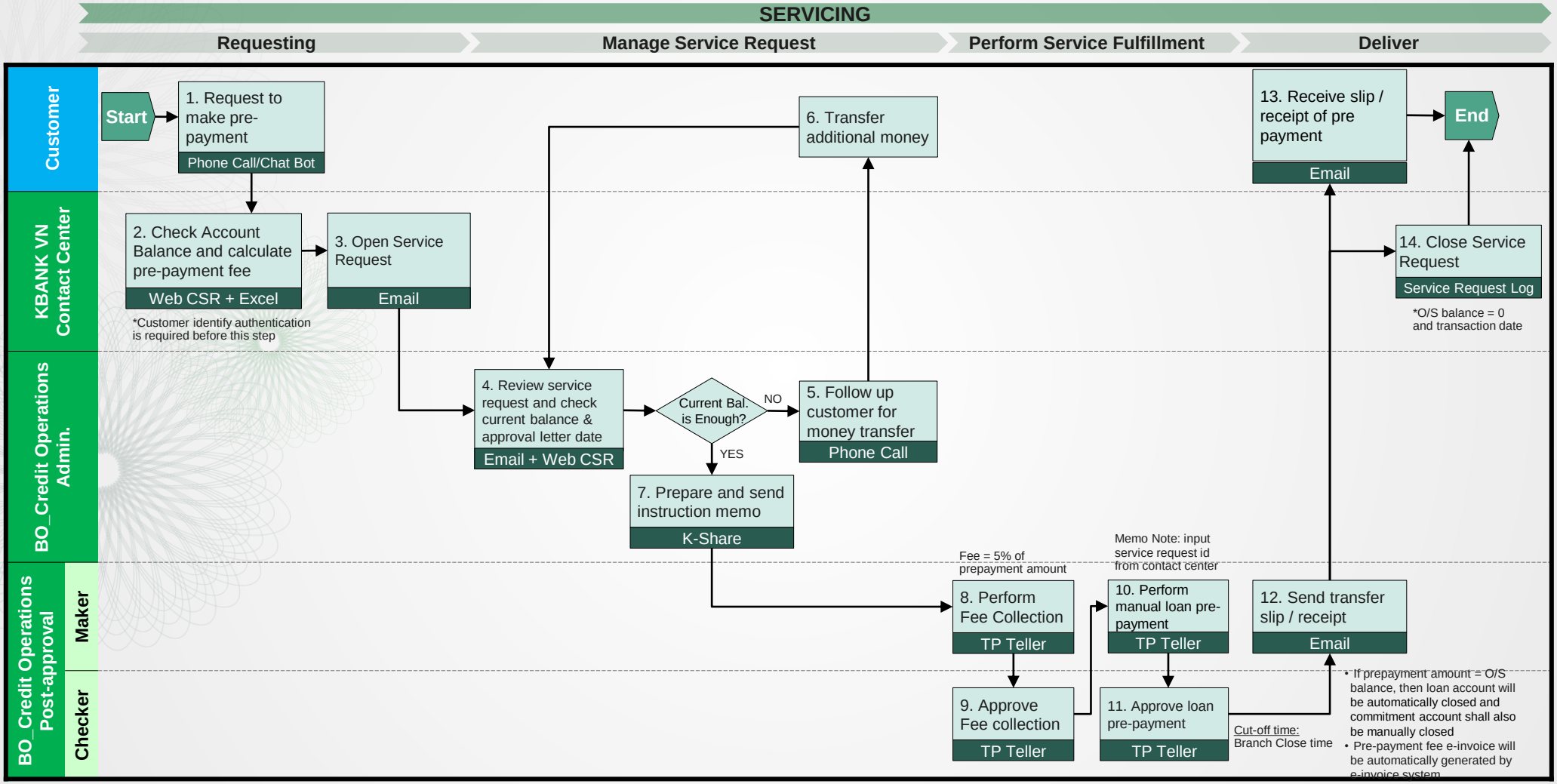
*Checker must be check before changing the status

B3. Customer Inquiry – Contact Center



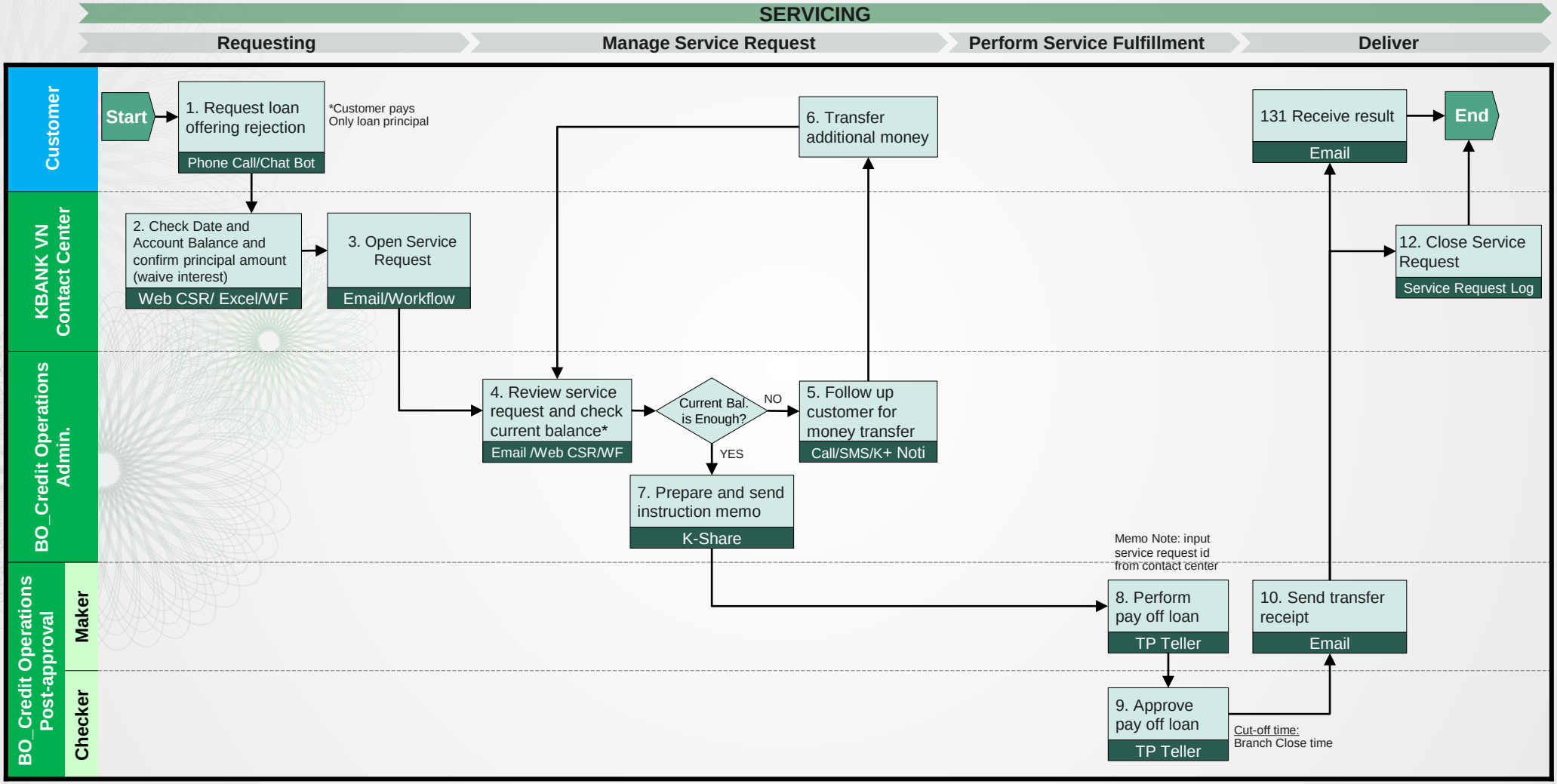
Important Note: If customers walk-in and request Digital Lending service at Branch, please navigate customer to contact center channel.

B4. Loan Pre-Payment – Contact Center as Requesting Channel



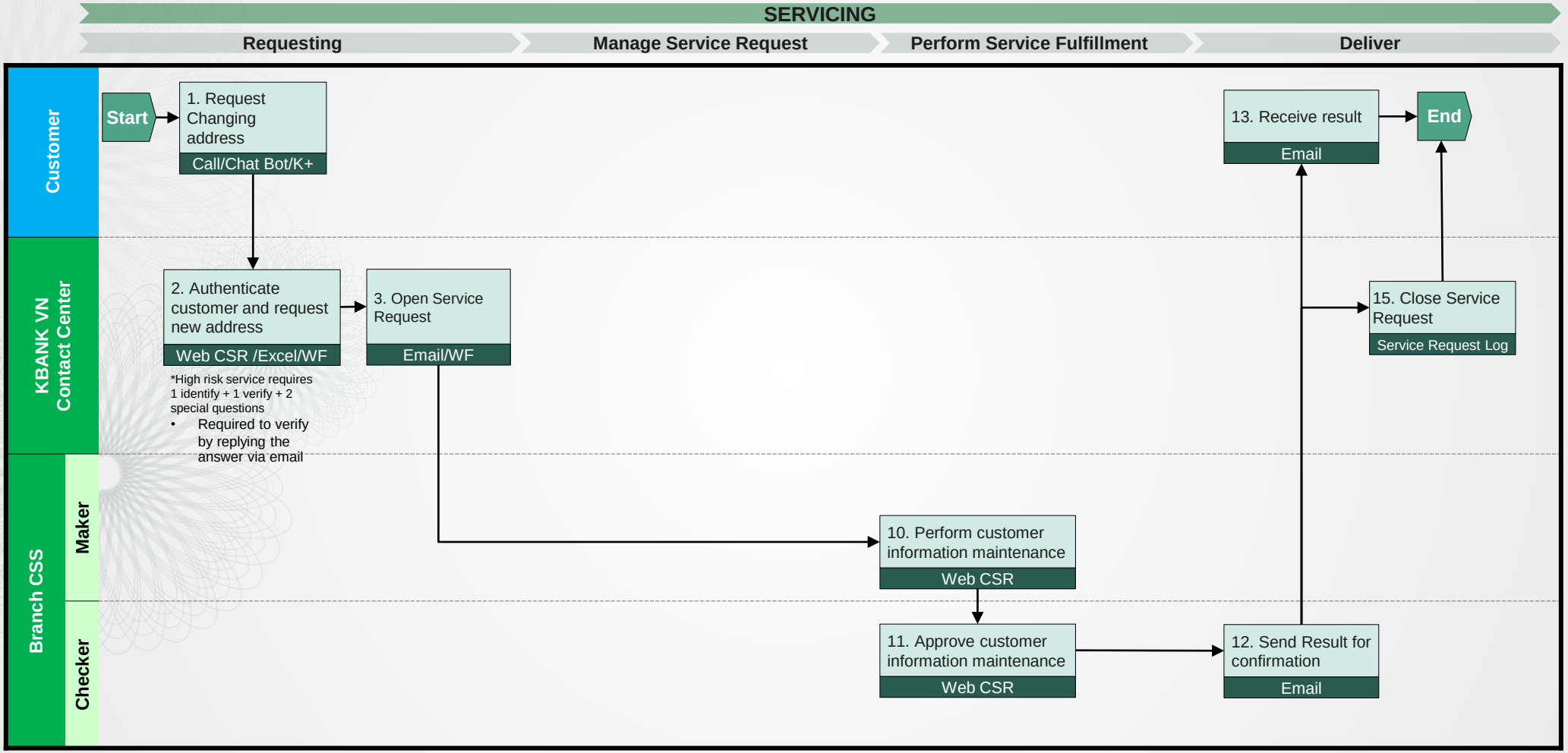
Note: This process flow can be applied for both full pay-off amount or partial loan repayment

B5. Reject Loan Offering– Contact Center as Requesting Channel



Note: This flow is similar to Pay-off loan. The only difference is customer will not pay loan interest; only loan principal
*if the request is not comply with product term & condition, process will refer to flow B1

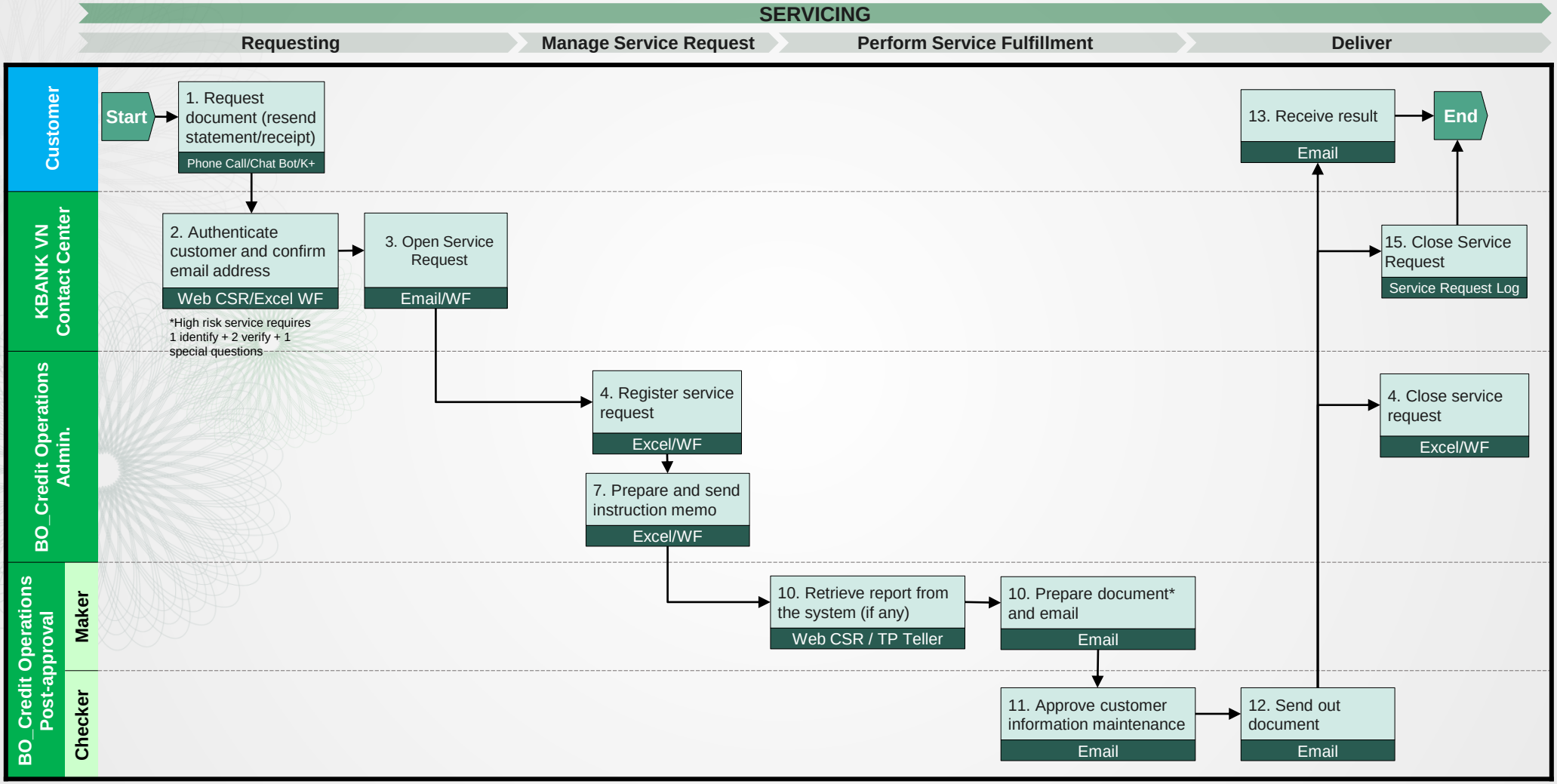
B6. Change Mailing Address – Contact Center as Requesting Channel



Note: this process flow is subjected to change once K PLUS VN is launched.

Accepted Field from FPT	Field on Profile
ID card address *This field cannot be edited*	Permanent address
Current address	Mailing/Residence address

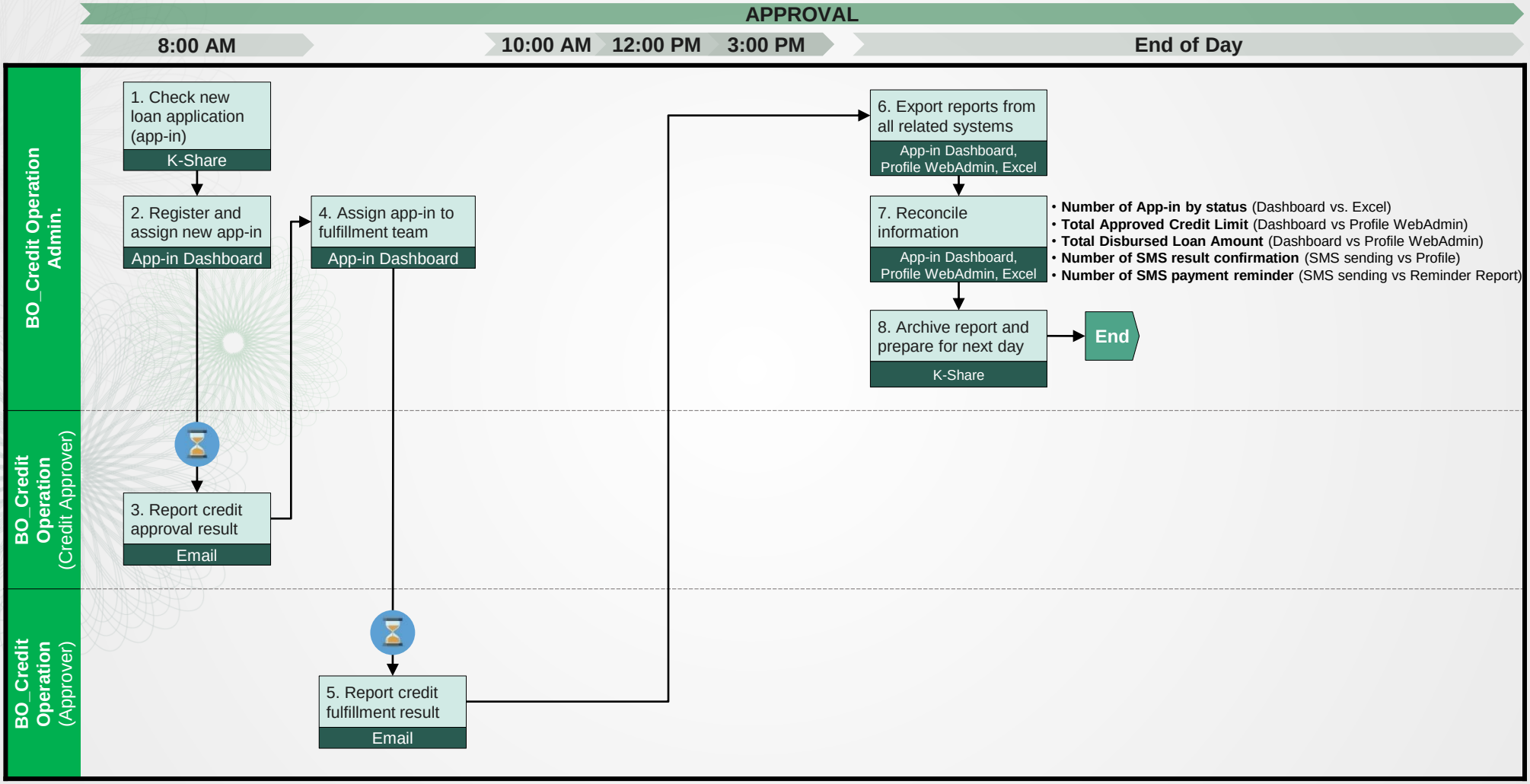
B7. Request document – Contact Center as Requesting Channel



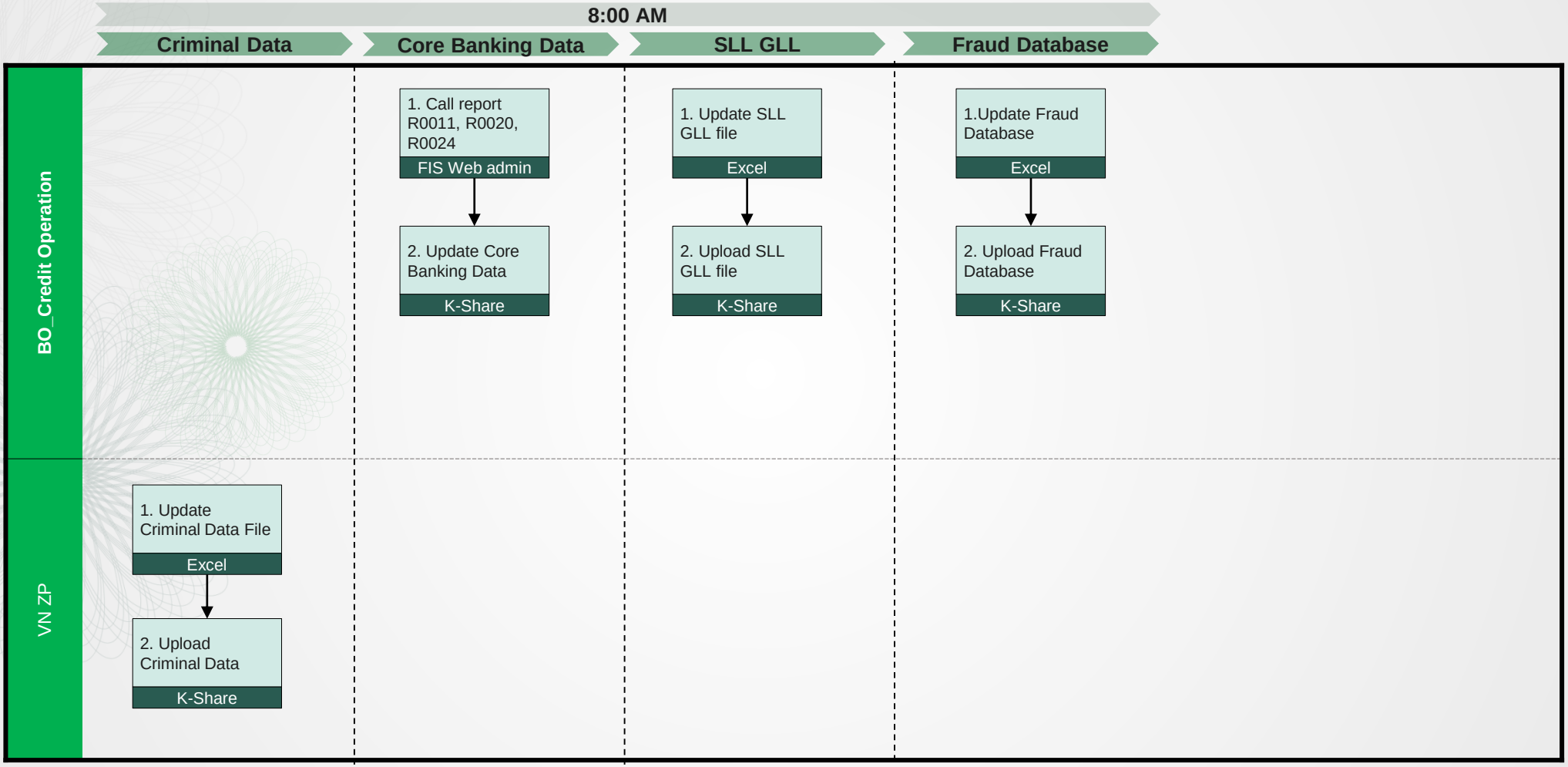
Note: *Document must be encrypted before sending to customer

Internal Processes (3 flows)

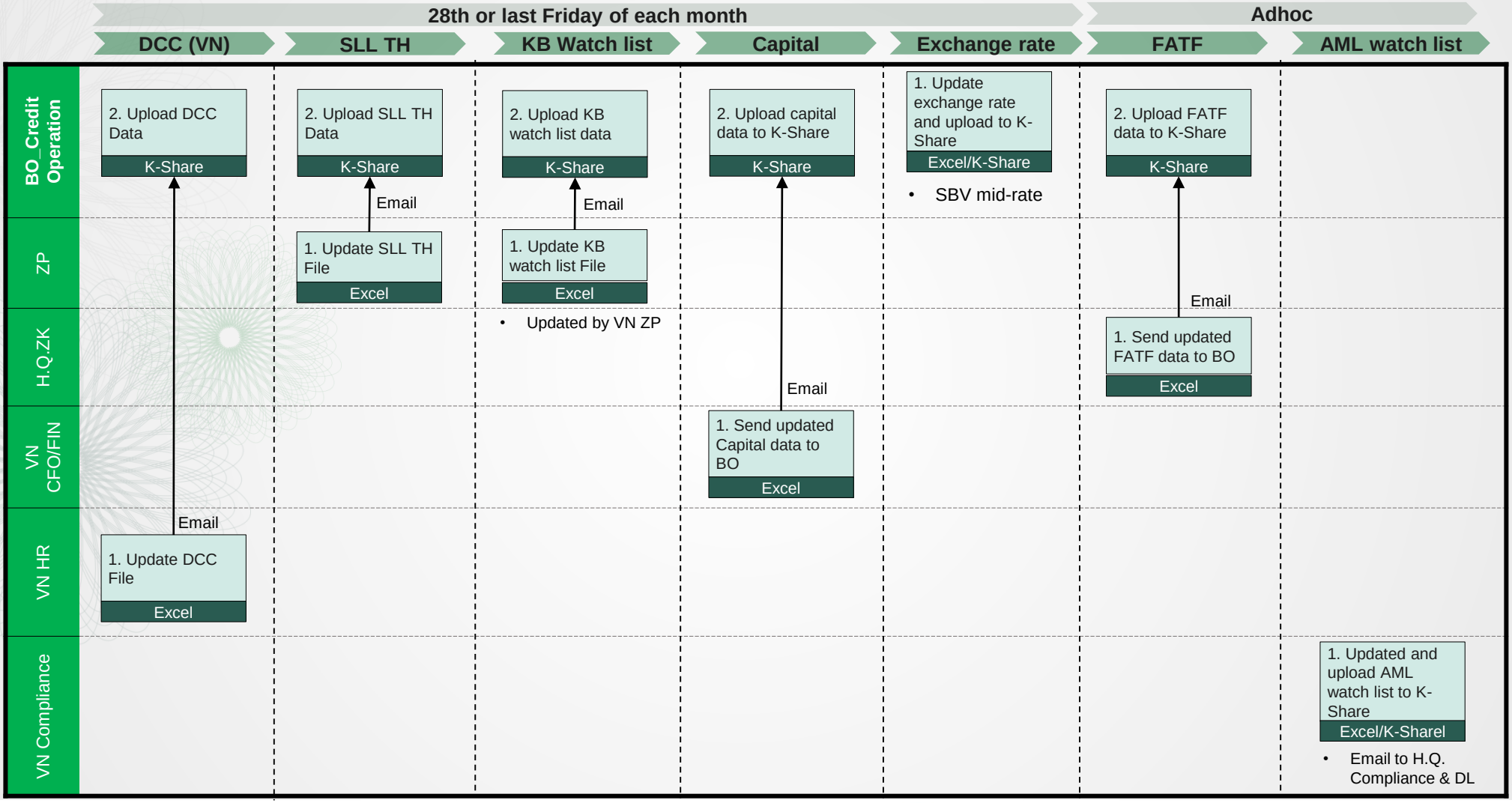
C1. App-in Assignment & End-of-Day Reconciliation Process



C2. Update Policy tool Database - Daily



C3. Update Policy tool Database - Monthly and Adhoc



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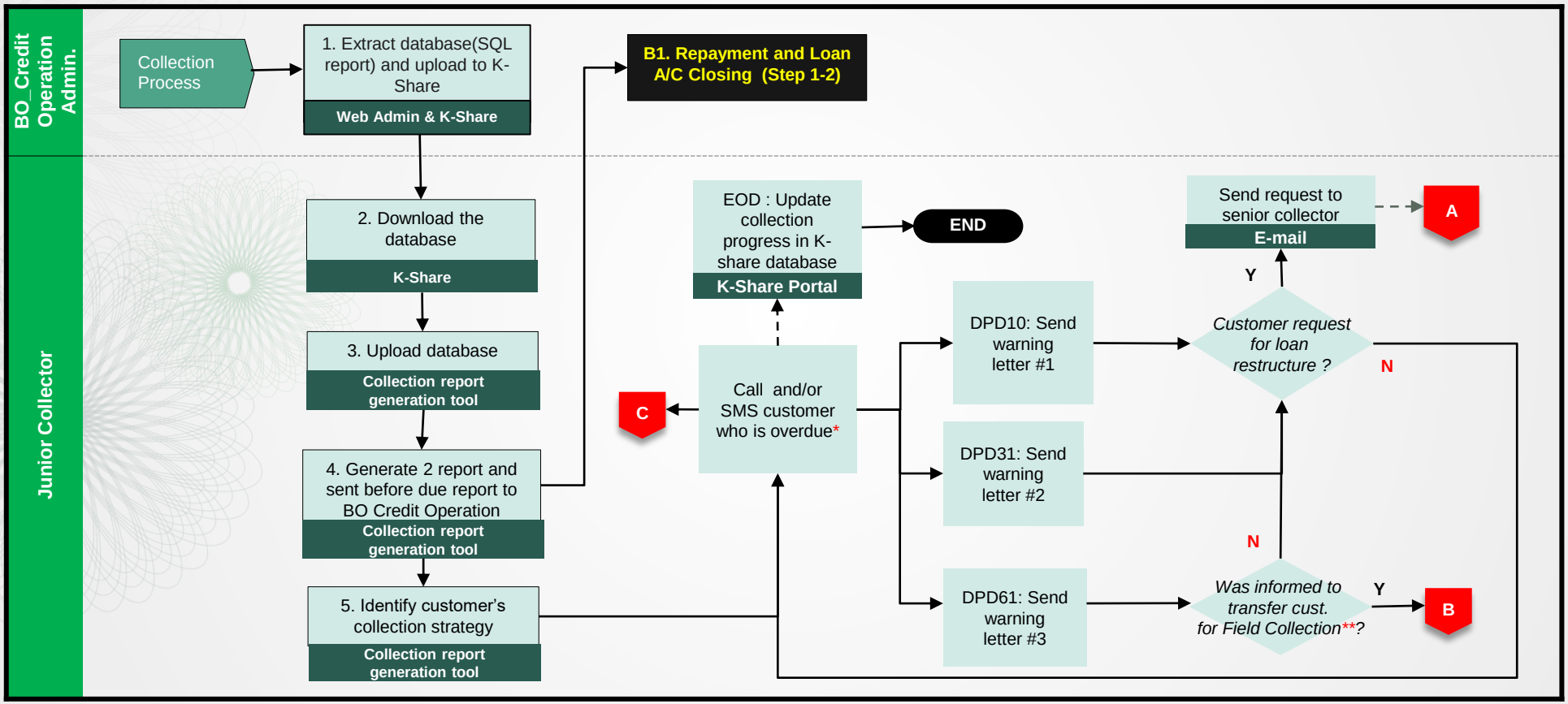
Collection Process (1 flow)

D1. Collection strategy (1/2)

Daily Operation *the strategy can be changed up to current situation*

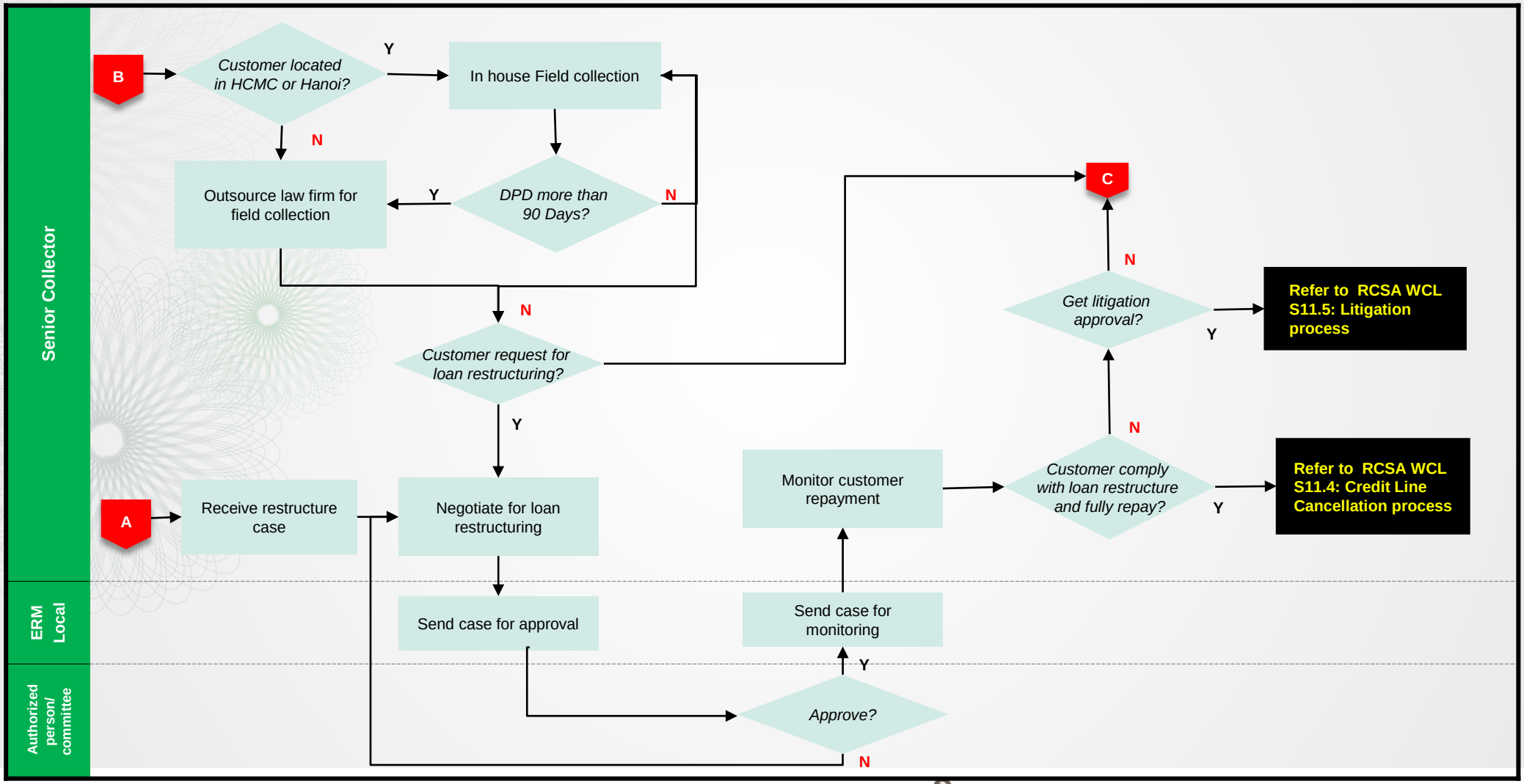


* *Field collector will perform in case customer cannot be contacted more than 10 days*

** *Subject to latest collection strategy*

D1. Collection strategy (2/2)

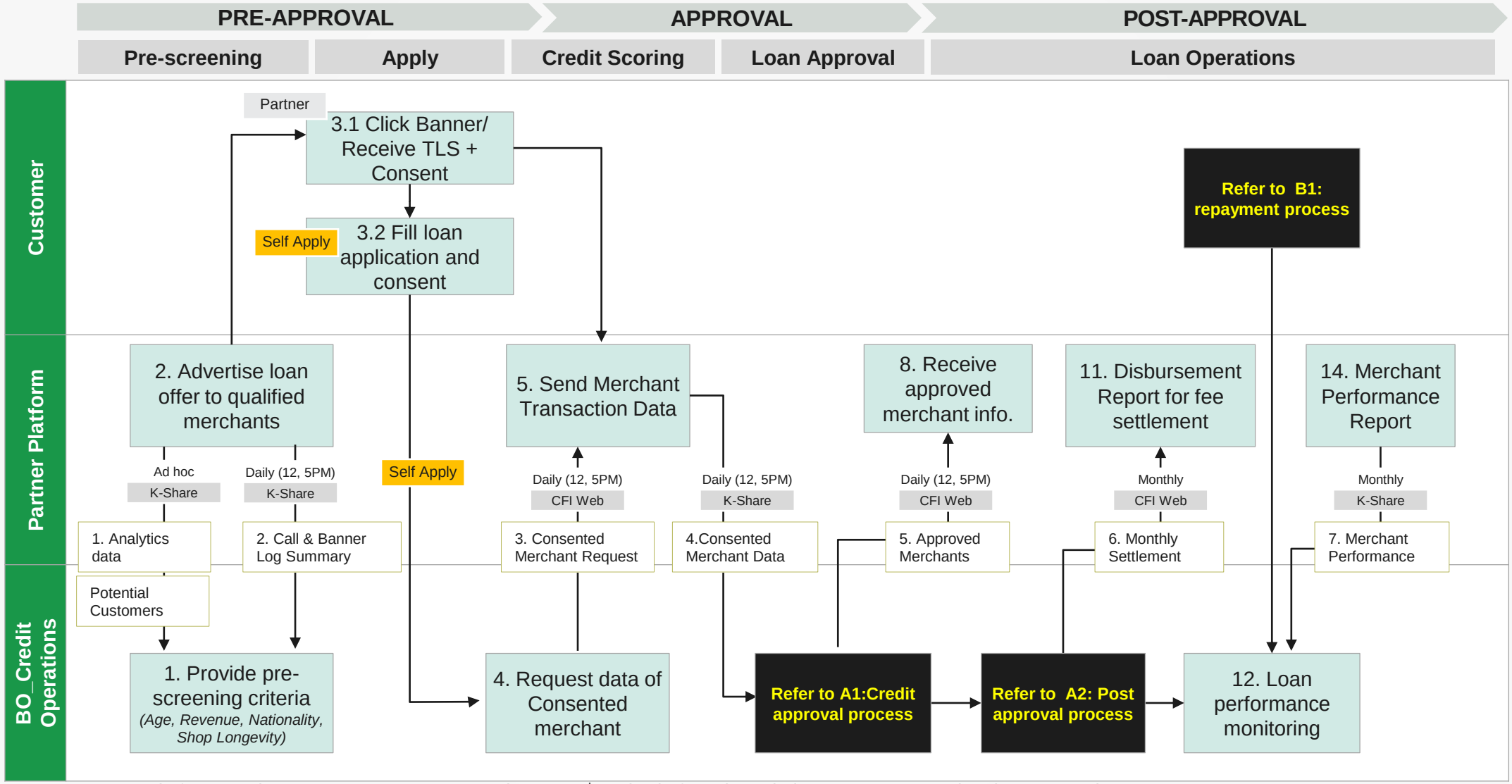
Collection : Due and Overdue Balance * **(DPD 61 Upwards)**



* *Loan Classification / charge off/ Write off/ Recovery shall be referred to details on RCSA WCL S11*

Partner processes (2 flows)

E1. Data Sharing with Partner (Sendo & KiotViet)



Note: 1. Partner platform need to get Customer consent to share to 3rd parties before share their customer transaction data to KBank

2. KBank to pay Customer acquiring fee/ Data processing fee

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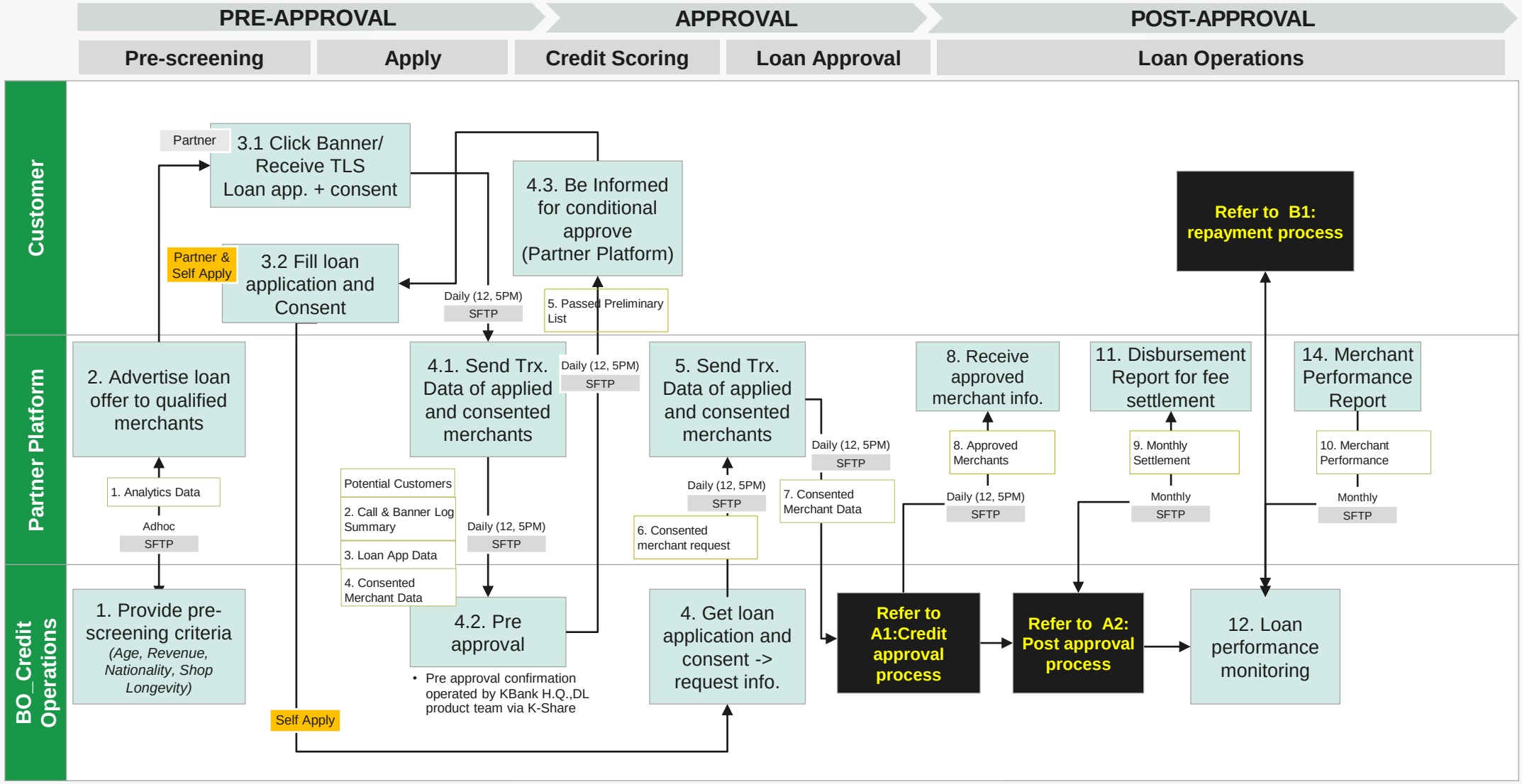
Meaning

DATA Sharing between KBank & Partner

E2. Data Sharing with Partner (iPOS & Haravan)



Note: 1. Partner platform need to get Customer consent to share to 3rd parties before share their customer transaction data to KBank

2. KBank to pay Customer acquiring fee/ Data processing fee

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Meaning

DATA Sharing between KBank & Partner

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