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FACULTY OF ECONOMICS – MASTER STUDIES

DEPARTMENT: MANAGEMENT AND INFORMATICS

MASTER THESIS

THEME:

**OPERATIONAL (ORGANIZATIONAL) RISK MANAGEMENT TO
COMMERCIAL BANKS WITH EMPHASIS TO TEB BANK**

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I. INTRODUCTION

1.1 Aim of the research

All the changes and advancements that occur in the environment that surrounds us undisturbed also have an impact on us. Changes in managerial philosophy and the advancement of methods and modalities applied across the industry and developed countries have a direct impact on the way we approach these changes. The purpose of all sectors is to unify moderate modalities and implement them in all spheres. All the positive changes that have taken place and are occurring in the insurance industry bring a spirit and desire that our insurance industry as a new sector be involved in this atmosphere. The risk-based management model is a model that is adopted as a risk-based approach as a contemporary trend applied to insurance industries. The model presented in this topic has been developed based on contemporary management models and adopting our overall environment.

The current environment is positively suited to the implementation of all the positive changes in the industry. This topic tries to give its contribution by providing a solution that in my opinion can fit the circumstances, the level and the vision of the companies that should through this model create a contemporary business environment.

1.2 Subject of the study

The first understanding of risk is related to the fact that any means, especially financial means, during the process of their use provide profit, performance, dividends or other forms of benefits. In today's business risk plays a critical role. In almost every business decision (commercial banks), managers and executives are required to balance risk and the return. Effective business risk management is essential to the company's success.

In the banking system, risk management takes on particular importance, where regulators are responsible for protecting against the failures of the banking system and the economy.

The bank has to manage it carefully because an ineffective risk management can soon cause the bank to fail. If a bank is perceived to be in a weak financial position, depositors will withdraw their funds, the other banks will not credit, on the other hand the bank itself will not be able to sell debt securities in the financial markets.

CONCLUSION

Based on our research on risk management at TEB bank from the 2011 annual report provided by the TEB bank we have come to the conclusion that TEB Bank is one of the main banks operating in the banking system in Kosovo and which also helps in the progress of this system in Kosovo. Teb Bank entered the market on 20 March 2008 and based on this research we have noted that the TEB Bank has a very good performance in the market and also a good risk management. Risks facing TEB Bank in Kosovo are: market risk, liquidity risk, credit risk and operational risk. To manage the risks this bank, in cooperation with the foreign bank BNP Paribas, created a group that deals with the management of these risks, this risk management group uses different methods and rules to mitigate these risks that we gained from the experience in risk management at BNP Paribas bank. That these experiences helped a lot in risk management at TEB Bank is also shown by the financial indicators which means the bank has a steady increase from year to year. We have analyzed the financial indicators for 2010-2011 in which we have seen an increase in financial indicators.

I personally think that TEB Bank, regardless of the results achieved and presented for the study period (2010-2011), must have had a collision with the phenomenon known as "operational risk" because although it is proven and reported that it has worked in the theoretical meaning of "without any mistakes" resulting from a very high level of almost ideal employment that is practically impossible. It also has no hardware and software technology that works and operates with zero tolerance. And finally, the more advanced and more advanced banking systems admit that permanent have problems with their business due to organizational risks, so I am convinced that TEB Bank has this problem which it has made perfectly transparent for the clients, savers and others. When I say this, I note that in the balance sheet of this bank, the "extraordinary outflow" (the amount of outflow from the RO) does not appear for the 2010-2011 study period, ie the value of this account is zero.

Thus, human, technological and organizational resources in dynamic interactions, although harmonized, are not ideal and leave space for operational risk to always be manifested in specific cases as well as with different intensity and consequences, which management structures of this bank tend to minimize. These cases of manifestation, good management structures amortize their consequences and almost never make it transparent to the general public.