

MAS Consultation on Updated Operational Risk Management Guidelines: Why Many Singapore Financial Institutions May Be Less Prepared Than They Think



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On 6 March 2026, the Monetary Authority of Singapore (MAS) issued a consultation paper on its updated Guidelines on Operational Risk Management (ORM).

This consultation signals a meaningful shift in regulatory expectations across Singapore's financial sector. The proposed guidelines will replace the 2013 Guidelines on Risk Management Practices – Operational Risk and reflect MAS's broader focus on operational resilience, governance, cyber risk, and third-party risk management across Singapore financial institutions.

While positioned as an update to the 2013 framework, the proposed Operational Risk Management Guidelines introduce a more rigorous, data-driven, and integrated approach to operational risk, operational resilience, and third-party risk management.

For banks, asset managers, payment institutions, and capital markets firms in Singapore, the key question is no longer whether an operational risk management framework exists, but whether it is demonstrably effective, connected across risk domains, and capable of supporting timely decision-making.

A Structural Shift in MAS Operational Risk Management Expectations

The proposed ORM framework reflects three underlying supervisory priorities:

- **Integration:** Operational risk must be managed holistically across technology risk, outsourcing, business continuity management (BCM) and fraud risk
- **Quantification:** Firms are expected to implement measurable Key Risk Indicators (KRIs), thresholds, and escalation triggers
- **Accountability:** Senior management and boards must actively oversee operational risk through meaningful, decision-oriented reporting.

This marks a shift away from static compliance frameworks towards operational risk management systems that are dynamic, testable, and embedded in day-to-day business operations.

What the Updated MAS Operational Risk Management Guidelines Mean in Practice

To align with the updated MAS Operational Risk Management Guidelines, financial institutions in Singapore will need to demonstrate:

- Clearly defined operational risk management framework with end-to-end ownership and governance
- Consistent risk identification and assessment methodologies across business units
- KRIs linked to risk appetite, with defined escalation and response protocols
- Structured incident management processes, including root cause analysis and remediation tracking
- Integrated third-party risk management, including ongoing monitoring and concentration risk assessment
- Board-level reporting that highlights trends, emerging risks, and control effectiveness not just metrics.

The regulatory expectation is clear: operational risk must be actively managed rather than passively documented.

Practical Steps for Smaller Financial Institutions in Singapore

Although most firms recognise that cyber risk, outsourcing, and business continuity management (BCM) fall within operational risk, these areas often sit in different parts of the organisation with separate risk registers and reporting mechanisms. MAS's direction is clear: these domains should be integrated into a coherent operational risk management framework with common taxonomies, shared scenarios, and aligned KRIs.

For smaller firms and non-bank financial institutions, the practical priority is often to strengthen what already exists rather than build an entirely new framework.

Consolidate into a Single Risk Management Framework

Many firms already have a risk management policy, compliance manual, risk registers, an outsourcing framework, vendor due diligence checklists, and BCM-related procedures. The immediate priority is to bring these together in a single risk management framework document that:

- Maps key operational risks (e.g. trade errors, NAV integrity, cyber risks, key person risks etc)
- Describes governance processes, and reporting in one place
- Links to underlying policies and procedures instead of duplicating detail.

This makes it easier to demonstrate to MAS that operational risk is being managed in an integrated and proportionate way.

Introduce a Lean Set of Key Risk Indicators (KRIs)

Rather than building an elaborate dashboard, firms can focus on five to 10 meaningful KRIs aligned to their main activities. For each KRI, define:

- A tolerance level (linked to risk appetite)
- Simple traffic light threshold (green/amber/red)
- Escalation path when amber or red levels are hit.

These can be tracked in a spreadsheet and discussed during quarterly meetings.

Strengthen Incident Capture and Organisational Learning

A simple but effective enhancement is to treat every operational incident and near miss as a learning opportunity, rather than just an administrative requirement.

- Use a single incident log across the firm
- Capture what happened, the root cause, and agreed remedial actions
- Require a short root cause analysis for any incident above a defined threshold
- Review the incident log quarterly in governance meetings.

Integrate Operational Risk Management into Existing Meetings and Minutes

Rather than creating new committees, smaller firms can integrate operational risk management into existing governance forums:

- Add an “operational risk and resilience” section to existing management or investment committee agendas
- Include KRIs, key incidents, remediation updates, and emerging risks
- Record decisions and actions in the minutes to evidence board and senior management oversight.

Over time, this creates a clear line of sight between board discussions and operational change.

How Waystone Helps Firms Respond to the MAS Operational Risk Management Guidelines

Waystone supports financial institutions in Singapore and across APAC with practical, risk-based compliance and [risk management solutions](#) designed to help firms strengthen internal controls and align with evolving MAS expectations. Our APAC Compliance Solutions team works with senior management to identify material risks, streamline frameworks, and implement proportionate risk management strategies that reflect the size and complexity of the business.

For firms reviewing or updating their operational risk management framework, Waystone can assist with:

- Risk management framework reviews and gap analysis
- Policy and procedure enhancement, including consolidation of existing risk management framework documents into a more integrated framework
- KRI design, incident management processes, and board reporting support
- Third-party risk oversight, BCM alignment, and operational resilience readiness
- Compliance support, training, mock reviews and ongoing advisory support.

If you would like to discuss the issues raised in this article or learn more about how Waystone’s [APAC Compliance Solutions](#) team can support your approach to MAS operational risk management requirements, please reach out to your usual Waystone representative or contact us below.

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