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DESIGN OF KEY RISK INDICATORS IN THE RISK MANAGEMENT OF PT ABC (CASE STUDY AT PT ABC, THE REINSURANCE COMPANY)

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ABSTRACT

The purpose of this research is to design the model and matrix of key risk indicators (KRI) for the significant risks of a company and design the implementation process of the enterprise risk management process. This research is a case study on PT ABC as the analysis unit, engaged in reinsurance. This research uses a qualitative method, with data collection through interviews and observation of the company documents. The analysis and design of KRI are in the form of determining root causes of risk, monitoring indicators, and thresholds of significant risks that affect the decline in the company's risk-based capital (RBC) ratio. The significant risks are identified from the company's risk profile and review, among others, the risk of the company's receivables with a high age of receivables of more than 60 days and the risk of late recording of premium production. The design is also conducted within the framework of KRI and its application to the company's risk management process. The design of this KRI is expected to help the company conduct the monitoring process, particularly on the events that indicate the occurrence of a risk. Based on early warning and information from the KRI, the company may undertake early various mitigation actions to reduce the likelihood and impact of those risks.

Keywords: risk management, key risk indicators (KRI), reinsurance company

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1. INTRODUCTION

PT ABC is a company engaged in the reinsurance industry in Indonesia and one of the six professional reinsurance companies or Indonesian Professional Reinsurers (IPR) in Indonesia. It is called professional reinsurers or ProfRe because this company is only engaged in the reinsurance business and does not conduct direct insurance business to the insured. Reinsurance companies are partners of insurance companies that aim to provide capacity to support agreements between insurance companies and the insured, more specifically in anticipation of possible claims that may occur in the future.

Through the Indonesia Financial Services Authority (OJK), the government regulates the financial health of the insurance and reinsurance industry through OJK Regulation No. 71/POJK. 05/2016 (POJK 71/2016) and its amendment POJK 5/2023. This regulation requires all industry players to maintain the company's health level as measured by the Risk Based Capital (RBC) Ratio. The solvency level is the difference between the total Allowable Assets (AYD) minus the total Liabilities. AYD is an asset that is considered in the solvency level.

The achievement of PT ABC's RBC Ratio from 2019 to 2023 is not in accordance with the existing regulatory provisions in POJK 71 of 2016 and its amendment POJK 5 of 2023, while other reinsurance companies have met the regulatory requirements. The cause of PT ABC's RBC non-achievement is caused by at least two main causes: the impact of PT ABC's performance achievement and the company's poor asset liability management. The root causes in the business processes carried out so far are divided into three main aspects: the application of risk management principles and good corporate governance (GCG) to business processes, human resources who run business processes, and information technology tools that support business processes.

In implementing risk mitigation, it is not enough to handle the dynamics of PT ABC, which requires fast and precise decision making according to changes that occur during the business process. Monitoring mitigation activities is done and only concentrates on completing activities planned at the beginning of the year. On the other hand, there is no prioritization mechanism to respond to risks considered as major risks, which causes risk mitigation efforts to be ineffective.

Increasing the depth of risk management implementation is urgently needed by giving more attention to key risks. This will be achieved through Key Risk Indicators (KRI) planning that emphasizes monitoring the causes of major risks so that the potential occurrence of major risks that have a major impact can be addressed as quickly as possible. The implementation of KRI is an important component to be applied in the Enterprise Risk Management (ERM) process. According to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (2017, KRI is a matrix used to notify early signals of an increase in risk exposure in various parts of the company or organization. KRI can serve as an indicator and early warning system to find out important events that may impact the business. The goal is for the company to avoid or minimize the impact of failure by taking immediate mitigating action. PT ABC has never used KRI as a tool in the company's ERM process. Therefore, PT ABC cannot control the risks that will occur in the company and cannot be mitigated, so the company's goals and failures in business cannot be avoided and minimized.

Based on PT ABC's risk profile in 2023 and the company's review, several significant factors in operational risk and credit risk affect the company's RBC ratio and company performance, namely the company's receivables with a high age of receivables of more than 60 days, causing the value of receivables not to be recognized as AYD and can affect the decrease in RBC ratio. Furthermore, payments made by business partners (customers) to the company in the form of premium payments that have not been recorded or are late in recording premiums by the company and recorded by the company as a suspend account in the company's other debt account, thus increasing the company's liabilities and reducing the RBC ratio.

These factors had a major impact on the company's performance, and the company could not meet regulatory requirements. These factors are caused by delayed decisions and mitigating controls made by the company because it does not have a systematic risk monitoring system. Risk control is an important part of management's responsibility to ensure that organizational goals are achieved, as all risks that hinder the stages can be detected thoroughly and allow the company's operations to run smoothly.

This research will design KRI at PT ABC using risk management principles and guidelines, such as the Committee of Sponsoring Organizations of the Treadway Commission (COSO): ERM Integrated Framework and ISO 31000 - Risk Management. This research aligns with that conducted by Wicaksono (2022), Indriavary (2022) and Muda (2017). The difference in research in the industrial field, Wicaksono's research (2022) examines the electricity sector companies, especially in the field of operation and maintenance of power plants, Indriasvary (2022) examines gas supply companies, and Muda (2022) examines companies engaged in oil palm plantations. This research is PT ABC, a company engaged in the reinsurance industry.

Therefore, the design of KRI at PT ABC is very important to control the risks that have an impact and are evaluated every month. This will help the management achieve the company's goals and objectives. It is expected that this design will help the business become better at controlling risks and KRI components. Every business should pay attention to KRIs to track activities at all levels of the business process. KRI helps companies identify situations that go beyond standards or operating patterns; as part of risk control, the goal is to build an Early Warning System (EWS).

2. Literature review

2.1 Risk Management

The fundamental idea behind risk management that business managers can comprehend is that it's a flexible strategic approach that can be applied to different industrial scales by identifying, analyzing, and controlling risks in every business activity to increase effectiveness and efficiency (Darmawi, 2006). Within a single organization or corporation, traditional risk management frequently takes several forms or operates independently amongst divisions or business units (silos). As a result, some concerns or flaws with the risk management procedure surfaced. Different measurement criteria, reporting procedures, and languages and frameworks used by different departments and business units in risk management are common problems in traditional risk management. Redundancy and inefficiency are also caused by overlapping and various risk management issues (COSO, 2017).

These problems can be addressed by the enterprise risk management (ERM) approach, which uses an integrated approach, the same measurement criteria, reporting procedures, and language and framework for business units and interdepartments within an organization or company. This will support thorough and methodical risk control, enabling the organization to meet its objectives (COSO, 2017).

2.2 COSO ERM Framework

Moeller (2011) states that every decision the company makes, either directly or indirectly, will invite various potential risks, and how the company can manage them to increase the relevance and trustworthiness of the information produced to all stakeholders. COSO (2017) offers a new perspective on entity-specific strategies. This new framework suggests that risks have been considered when creating objectives. The concept illustrates the use of ERM skills as a process of selecting and refining strategies. Performance is expected to improve when risk management is incorporated into strategy creation. Therefore, the choice of strategy is influenced by ERM, namely, improving prior understanding. With ERM, strategies are more appropriately selected and better considered. Strategic mistakes can be avoided. The tasks to be accomplished align more with the set strategy, as well as how to capitalize on existing opportunities with limited resources. Board participation in ERM should actively participate in the implementation of ERM in the new concept.

Figure 1. Framework COSO ERM (2017)

The business will always be faced with volatility, complexity, and a variety of uncertainties. Risk management plays a critical role in helping the business become more resilient by developing dependable and high-quality strategies that lead to superior business performance and align with the company's vision, mission, and goals.

2.3 KEY RISK INDICATORS

Beasley, Branson, and Hancock (2010), KRI is a matrix used by an organization or company to provide early signals of increased risk exposure to various parts of the organization or company. KRI is one of the tools used to provide early signals of increased risk exposure to various parts of the organization or company. According to Beasley, Branson, and Hancock (2010), the purpose of KRI is to be an indicator and early warning system to identify important events that could impact the company. The goal is for the company to avoid or reduce risks that could lead to failure. KRI indicators can indicate the possibility of increased risk.

Metrics or indications that can show exposure, loss, or alleged "problems" are known as key risk indicators (KRIs). Anything capable of carrying out an action could be regarded as a risk indication. Operational risk is the possibility of suffering a loss due to inadequate or unsuccessful processes, systems, human performance, or external events (Strachnyi, 2015). As such, indicators become crucial in monitoring significant events. Strategy is a means of achieving goals in every department at every level of the company, each with a unique plan in place to meet its objectives (Kountur, 2021). Key performance indicators are used to express these goals (KPI). The initiative plan, the approach taken to meet this KPI, is also referred to as such because it involves risks in all its forms. To identify these risks, an event must occur. If the risk is accepted, the strategy initiative will no longer be effective, necessitating the requirement for a backup plan known as a strategy reaction or contingency plan. As a result, you can calculate the KRI to ascertain the risk that will materialize.

The idea that the organization or individual must understand the company's goals is the first component of determining KRI that needs to be considered. Additionally, it's critical to understand the risks that could prevent aims and objectives from being met. Once the risks are known, it's important to determine which ones fall under the category of "key risks" or those that are most important, most decisive and affect reaching objectives. If the key risks are known, the next step is to find the root cause or causes that trigger these key risks. The next step is to find out what indicators can be used as measuring tools in assessing or controlling how much influence the causes of this risk have on the emergence of existing key risks. After determining these risk indicators, the next stage can be identifying which risk indicators are considered key or which risk profile has the most available data and is most relevant to the risk cause. If all these things have been carried out and carried out, the final result can be determined as KRI (COSO, 2017).

If a business decides to use too many metrics, managing them will take a lot of time and resources and produce information that is too general and stretched for management. However, the decision-making process becomes extremely challenging if too few metrics are chosen to be performed, since there will be a dearth of comprehensive information that can be known and collected. Goals, targets, interpretations, and reporting frameworks are necessary for metrics. Companies cannot control something that cannot be measured. Hence, metrics can only be useful if the values are quantifiable (Hanggraeni, 2016).

3. METHODS

The purpose of this research is to design KRI on risk management of PT ABC. The type of research conducted is descriptive research, which aims to describe the object of research clearly, coherently, completely, and systematically. The case study method and qualitative approach were used in conducting this research. By applying the concept, this case study aims to describe the initiation of the implementation of the KRI concept. Therefore, the recommendation is a follow-up that supports the implementation of the KRI concept. This method involves the analysis of significant risks and the design of implementation procedures to implement them in the company's risk management practices. In the research, the sources of data collection are primary data and secondary data.

Primary data is data obtained directly from the company. Primary data is obtained through in-depth interviews with risk owners (Husen & Soriton, 2022). Meanwhile, secondary data is data sourced directly from companies such as financial reports, Key Performance Indicators (KPI) reports and also literature reviews (Dharma et al., 2021). The research begins with observation and data collection through the company in the risk management division. Field observations are carried out as verification of business processes mapped based on secondary data, namely company profiles (Tjahjono & Barus, 2020). Next, identify the main risk factors to analyze the significant risks that exist in the company by brainstorming and in-depth interviews. Then design the KRI in the risk management division and design the threshold of each KRI that has been determined. Furthermore, conclusions and recommendations are drawn up based on the results of the KRI design for the company.

The data collection technique in this study is to carry out direct observation of the data and reports available in the company related to the case study to be studied (Warsela et al., 2021). Observations will be made on policies and procedures in company risk management, company risk assessment matrix, company risk register, company risk assessment procedures, and company risk mapping. The study method used for interviews is a structured questionnaire (Amri & Subagio, 2020). Researchers use questions and answers directly to those who have authority in the Finance & Investment Division, Business Support Division, Compliance & Risk Management Division and Internal Audit Division related to the KRI design process at PT ABC.

4. ORGANIZATION PROFILE

PT ABC is a subsidiary of PT XYZ, which is engaged in the insurance industry in Indonesia. In the beginning, PT ABC was a section-level unit, which later developed into a division of PT XYZ, which functioned as a Professional Reinsurance business unit. Thus, although the company was legally established in 1994, officially the company has been operating since 1971, namely since PT XYZ obtained a license to run a reinsurance business.

PT ABC is a company engaged in the reinsurance industry in Indonesia and one of the six professional reinsurance companies or Indonesian Professional Reinsurers (IPR) in Indonesia. It is called professional reinsurers or ProfRe because this company is only engaged in reinsurance business and does not conduct direct insurance business to the insured. The reinsurance business is an agreement between two parties, the ceding party (insurance company) and the reinsurer (reinsurance company). The insurance company agrees to cede, and the reinsurance company agrees to accept the risk that has been determined in accordance with the terms and conditions of the agreement. Because reinsurance companies help insurance companies in insurance coverage.

5. RESULT AND DISCUSSION

The initial step of the KRI framework focuses on identifying KRIs, setting thresholds, and risk mitigation plans. The next step is the process of monitoring and reporting both the KRI and the mitigation plan carried out. The last step is the evaluation process of the framework, KRIs, and thresholds that have been implemented.

The following are the stages of designing KRI PT ABC by adopting previous and relevant research conducted at PT ABC, which is a unity of processes that are connected and inseparable continuously and continuously, as follows:

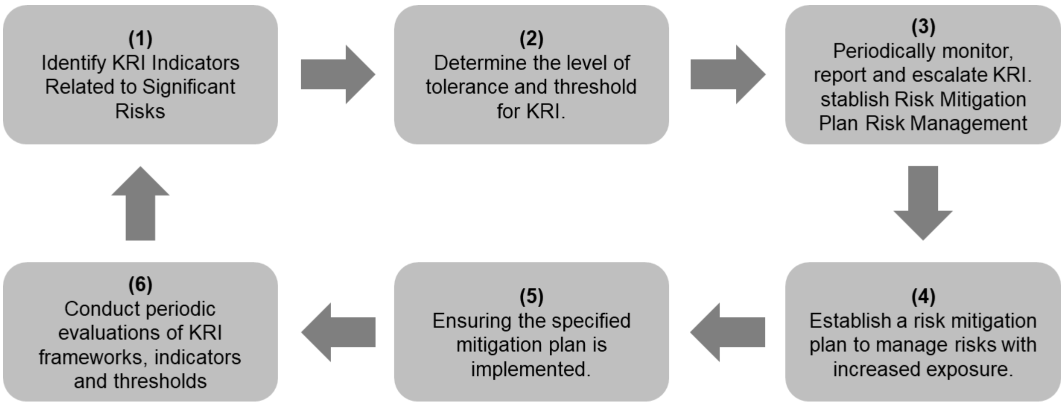

Figure 2. The KRI Design Stages of PT ABC

Based on the company's risk profile and 2023 company review, several top risks are important to identify and assess all risks relevant to the company to develop an effective mitigation plan, as follows:

- Company Receivables with a High Age of Receivables Over 60 Days.
- Late record of premium production.

These two risks significantly affect the decline in the company's RBC ratio; therefore, this research focuses on these two risks.

Risk factors related to the company's receivables with a high age of more than 60 days significantly impact the company, especially related to the Risk Based Capital (RBC) Ratio. When the company's receivables exceed the specified time limit, in this case more than 60 days, the value of these receivables is not recognized as Allowable Assets (AYD) in the RBC calculation. AYD is an asset considered in the company's solvency level. Thus, when receivables are not recognized as AYD, the amount of assets that can be used to cover the company's liabilities will be reduced, which, in turn, can affect the decrease in the RBC ratio.

Risks related to premium payments made by business partners to the company but not yet recorded or late in recording by the company can significantly impact the company's finances, especially related to the Risk Based Capital (RBC) Ratio. Premium payments that are not recorded appropriately or are recorded late can lead to an increase in the company's liabilities. In this case, the company records the premium payment as a suspend account in another debt account, which, in turn, will increase the company's total liabilities.

Referring to the significant risks above, we will proceed with designing a KRI that can help companies provide early warning of increasing risk exposure. KRI will be designed to focus on using leading indicators because they can help predict the increase in exposure to risk in the future. Indicators will be designed based on the company's risk appetite as outlined in PT ABC's risk management guidelines. On the other hand, the determination of KRI also uses several sources of information obtained from journals or previous studies to get a different and more varied point of view, processed historical data trends with reinforced assessment from the risk owner as a professional party.

5.1KRI FOR THE RISK OF COMPANY RECEIVABLES WITH A HIGH AGE OF RECEIVABLES OVER 60 DAYS.

Based on the interviews conducted, several main causes significantly affect company receivables with a high age of receivables over 60 days at PT ABC, as follows:

1. Customer does not recognize debt (receivable for PT ABC)
   The intermediate cause identified here is that the business partner does not recognize a debt that is actually a receivable for PT ABC. The main cause of this condition is the lack of reconciliation between PT ABC and its business partners. Ineffective or non-running reconciliation results in differences in data related to payables and receivables between PT ABC

and business partners so that PT ABC's receivables are not recognized by business partners.

In the context of risk management, it is important to understand that reconciliation is an important process in maintaining the accuracy of financial data between two parties to a transaction. Reconciliation involves verifying that the financial records between the two entities match with no significant differences. Reconciliations that are not performed routinely or are not completed within the prescribed timeframe can lead to discrepancies in the accounts payable and accounts receivable records, which, in turn, can affect the recognition of receivables as assets.

Based on the company's risk appetite, the threshold for this KRI can be mapped as the percentage of reconciliation with business partners that is not completed within 30 days ≤15% is classified as low, the percentage of reconciliation with business partners that is not completed within 30 days >15% to ≥50% is classified as moderate, the percentage of reconciliation with business partners that is not completed within 30 days >50% is classified as high.

2. The customer argues that the debt payment is not yet due (PT ABC's receivables), and the customer and PT ABC have different data related to receivables and payables.

   Data discrepancies between business partners and companies are often a major source of disputes. These differences can arise for various reasons, such as recording errors, different accounting systems, or inaccuracies in data reporting. In accounting theory and data management, data accuracy and consistency are critical to maintaining transaction integrity and avoiding disputes (Jones, 2017).

   Document or contractual discrepancies in reinsurance agreements can cause a variety of problems, including different interpretations of terms and conditions. This is often due to a lack of attention to detail in the contract documents or poorly documented changes. According to contract law theory, every agreement should include clear terms and conditions agreed upon by all parties involved (Collins, 2018). Discrepancies in contract documents can lead to disputes and uncertainty regarding the obligations of each party.

   Based on the company's risk appetite, the threshold for this KRI can be mapped as the percentage of receivables not recognized by business partners ≤15% of total receivables is classified as low, the percentage of receivables not recognized by business partners >15% to ≥50% of total receivables is classified as moderate, the percentage of receivables not recognized by business partners >50% of total receivables is classified as high.

3. The customer delays the payment of debt to PT ABC because the business partner believes PT ABC still has a payment obligation to the business partner.

   The intermediate cause of this risk is the delay in payment of debts by business partners to PT ABC on the grounds that PT ABC still has payment obligations to these business partners. This problem often arises due to disputes related to unsettled claims. Business partners may not be satisfied with the settlement of claims made by PT ABC, causing them to delay payment of their debt until they are satisfied with the claim settlement. The claims settlement process in reinsurance involves various stages that require document verification, claims investigation, and coordination with various related parties. This complexity often leads to delays in claim settlement. Internal company policies that are too bureaucratic and inflexible can slow down the claims settlement process. This can occur due to multiple procedures and lack of coordination between divisions.

   Based on the company's risk appetite, the threshold for this KRI can be mapped as the percentage of cases where there is a delay in debt payment by business partners due to claim disputes ≤15% is classified as low, the percentage of cases where there is a delay in debt payment by business partners due to claim disputes >15% to ≥50% is classified as moderate, the percentage of cases where there is a delay in debt payment by business partners due to claim disputes >50% is classified as high.

4. PT ABC employees' problems related to the daily tasks of receivables management. High workloads can lead to stress and fatigue among employees, which, in turn, can lower productivity and work quality. In the context of receivables management, overworked employees may be unable to process invoices or follow-up with customers on time, leading to longer receivables and increased credit risk. Workload Management theory suggests that it is important to ensure that employees do not work beyond their capacity to maintain efficiency and productivity. In this case, a relevant KRI indicator is the percentage of employees' overtime hours. If the percentage of overtime hours is high, it indicates that employees may be experiencing work overload.

   Based on the company's risk appetite, the threshold for this KRI can be mapped as the percentage of employee overtime hours ≤15% is classified as low, the percentage of employee overtime hours >15% to ≥50% is classified as moderate, the percentage of employee overtime hours >50% is classified as high.

Employee training and development is a critical aspect of risk management. Lack of training in receivables management can lead to employees not having the necessary skills to effectively manage receivables. Receivables management requires a good understanding of billing procedures, credit management, and the use of receivables management software. Regular training and skill development programs can improve employees' competency in managing receivables. The relevant KRI indicator here is the percentage of the number of employees' regular training in receivables management. If this percentage is low, it indicates that employees may need more training to perform their duties effectively.

Based on the company's risk appetite, the threshold for this KRI can be mapped as the percentage of routine employee training in receivables management ≤15% is classified as low, the percentage of routine employee training in receivables management >15% to ≥50% is classified as moderate, the percentage of routine employee training in receivables management >50% is classified as high.

5.2KRI FOR THE RISK OF LATE RECORD OF PREMIUM PRODUCTION.

Based on the interviews conducted, several main causes significantly affect late record of premium production at PT ABC, as follows:

1. The customer has not provided the SOA/Slip and the customer has sent the SOA/Slip, PT ABC has not received the SOA/Slip

   Customers who have not provided SOA/Slip to PT ABC are one of the main causes in the late recording of premium production. In the reinsurance industry, SOA/Slip is an important document that records the details of premium transactions that have been agreed between the reinsurance company and its business partners. The main reason behind this delay is administrative negligence from the customer. The lack of an automated reminder system for document submission and ineffective internal procedures can also contribute to this problem. Customers may not have a strong incentive or sense of urgency to submit such documents on time if there are no immediate consequences for them.

   Based on the company's risk appetite, the threshold for this KRI can be mapped as the percentage of SOA/Slips received >95% of the total unaccepted SOA/Slips is classified as low, the percentage of SOA/Slips received >65% to ≥95% of the total unaccepted SOA/Slips is classified as moderate, the percentage of SOA/Slips received ≤65% of the total unaccepted SOA/Slips is classified as high.

2. Customer has sent SOA / slip, PT ABC has not recorded SOA / slip

   Customers have fulfilled their obligations by sending SOA/Slip to PT ABC, but the company has not recorded the premium. This could lead to mismatches in the financial statements and increase the company's financial risk. The SOA/Slip is the underlying document for recording reinsurance premiums. When the SOA/Slip has not been recorded, the reinsurance premium cannot be recorded as company revenue. This can result in an increase in the company's liabilities because reinsurance premiums that have not been recorded will be recorded as the company's debt.

   This KRI indicator measures the percentage of SOA/Slip that has been recorded by PT ABC from the total SOA/Slip that has not been recorded. The higher the percentage of SOA/Slip that has been recorded, the better PT ABC's performance in recording reinsurance premiums. Based on the company's risk appetite, the threshold for this KRI can be mapped as the percentage of SOA/Slip that has been recorded >95% of the total SOA/Slip that has not been recorded is classified as low, the percentage of SOA/Slip that has been recorded >65% to ≥95% of the total SOA/Slip that has not been recorded is classified as moderate, the percentage of SOA/Slip that has been recorded ≤65% of the total SOA/Slip that has not been recorded is classified as high.

3. The SOA/Slip sent by the business partner is different from the initial agreement.

   Reconciliation is an important step to avoid data mismatches that can cause operational problems for the company. These discrepancies can impact financial statements and pose regulatory compliance risks. The reconciliation process in the insurance and reinsurance industry is important, including how premium reconciliation is carried out to ensure that all transactions are recorded correctly and in accordance with the initial agreement (Smith, 2020).

   This indicator measures how well the company reconciles data with business partners. The higher the percentage of reconciliations performed, the better the data matching process works. This indicator is important to ensure that all premium transactions have been verified and recorded correctly. Based on the company's risk appetite, the threshold for this KRI can be mapped as the percentage of the number of reconciliations with business partners >95% of the target number of reconciliations is classified as low, the percentage of the number of reconciliations with business partners >65% to ≥95% of the target number of reconciliations is classified as moderate, the percentage of the number of reconciliations with business partners ≤65% of the target number of reconciliations is classified as high.

4. PT ABC employee issues related to the team's daily tasks
   Inadequate training resulted in employees being unable to perform verification in a timely and accurate manner, resulting in delayed or inaccurate premium records. Employee problems related to the team's daily tasks at PT ABC greatly affect the efficiency and effectiveness in recording premium production. Employees with insufficient expertise in the SOA/Slip verification process tend to make mistakes that result in delays in recording. Human resource management theory emphasizes the importance of continuous training to ensure that employees have the necessary skills for their tasks (Armstrong, 2021).
   Based on the company's risk appetite, the threshold for this KRI can be mapped as the amount of routine employee training in SOA/Slip verification >95% of the employee training target is classified as low, the amount of routine employee training in SOA/Slip verification >65% to ≥95% of the employee training target is classified as moderate, the amount of routine employee training in SOA/Slip verification ≤65% of the employee training target is classified as high.

6. CONCLUSION AND RECOMMENDATION

Based on the results and discussion, it can be concluded that two risks significantly affect the decline in the company's risk-based capital (RBC) ratio. These significant risks were identified from the company's risk profile and company studies, including the risk of the company's receivables with a high age of receivables of more than 60 days and the risk of late premium production. For these risks, this research has designed KRIs and thresholds that can be used to provide early signals of increased risk. In addition, the research has determined a mitigation plan to deal with increased risk exposure.

Mitigation plans carried out by risk owners and directors must be monitored periodically for implementation and completion; obstacles and obstacles that occur during the implementation of the mitigation plan must be identified and a solution found. The Compliance & Risk Management Division acts as a facilitator by coordinating with related operational units and supporting divisions to resolve various obstacles in completing the mitigation plan.

The KRI framework, key risks, and thresholds must be regularly evaluated by the Compliance & Risk Management Division of PT ABC in coordination with risk owners from the company's operational units and related supporting departments. The evaluation’s purpose is to make improvements to the KRI framework. In addition, the evaluation aims to measure whether the key risks and thresholds used are still effective and valid to carry out the monitoring process in future periods.

The design is also carried out on the KRI framework in its application to corporate risk management. The design of KRI is expected to help the company to carry out the monitoring process, especially for events indicative of the occurrence of a risk. Based on early warnings and information from KRI, the company can take various mitigation actions early to reduce the likelihood of risk events (likelihood) and the impact caused by the risk.

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