



# Payments Operations Risk Matrix

## What is a risk matrix?

A risk matrix is a common methodology used by security professionals during a risk assessment to define the level of risk by considering the category of probability or likelihood against the category of consequence severity. This is a simple mechanism to increase visibility of risks and assist management decision making.

## Building your payments operations risk matrix: How it works

This document is intended to help you increase visibility of risks and assist decision making when reviewing your internal payments operations infrastructure.

We'll ask you 7 questions based on the likelihood of specific scenarios occurring within your current payment workflows.

Using the definitions below (see *figure A1, A2*), please complete the questionnaire (*figure A3*) by assigning a Likelihood and Impact score against each question.

Once that's complete, multiply your 2 scores together to produce a combined score. Once you have your combined score, enter it into the table on page 5 to complete your risk matrix.

### A1) Likelihood

The risk likelihood is calculated by estimating the probability of a risk occurring within the next 12 months. Use the relevant score in the left column that represents the estimated probability to generate the first number used in the calculation.

Score	Definition
1 (Minimum)	Probability of occurrence 0 to 19%
2	Probability of occurrence 20 to 39%
3	Probability of occurrence 40 to 59%
4	Probability of occurrence 60 to 79%
5 (Maximum)	Probability of occurrence 80 to 100%

## A2) Impact

The risk impact is calculated by estimating the financial cost to the business using the table below. Then, using the relevant score in the left column that represents the estimated financial loss, the second number used in the calculation is generated.

**\*Note:** The definition of scope of financial loss may vary based on the turnover of your organisation. You may wish to adjust the values associated against each score based on

Score	Definition*
1 (Minimum)	Scope Of Financial Loss £0 – £999
2	Scope Of Financial Loss £1000 – £9999
3	Scope Of Financial Loss £10,000 – £99,999
4	Scope Of Financial Loss £100,000 – £999,999
5 (Maximum)	Scope Of Financial Loss £1,000,000+

## A3) Questionnaire:

1. What is the likelihood that a payment containing an error will be processed within the next 12 months?

Likelihood Score:

Impact Score:

2. How likely is it that a fraudulent payment will be processed (i.e. completion of a fraudulent payment) within the next 12 months?

Likelihood Score:

Impact Score:

3. Within the next 12 months, what is the likelihood that an error will occur when submitting transaction details from bank statements into your back-office finance applications?

**Likelihood Score:**

**Impact Score:**

4. What is the likelihood that an attempt to defraud your organisation will be made by manipulating bank statement information within the next 12 months?

**Likelihood Score:**

**Impact Score:**

5. What is the likelihood that you will fail an audit within the next 12 months as a result of your current banking processes?

**Likelihood Score:**

**Impact Score:**

## B.1 Completing Your Risk Matrix

The Risk Matrix below, is used to determine the severity of a risk. After using the calculation in Appendix A, the combined score can then be compared to the table below to find if the risk is classed as being Low (green), Medium (yellow) or High (red) using the following calculation:

**Likelihood (score 1–5) multiplied by (x) Impact (score 1–5) = Risk (1–25)**

A score of 1 – 4 indicates the risk is LOW

A score of 5 – 12 indicates the risk is MEDIUM

A score of 13 – 25 indicates the risk is HIGH

Impact	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
Likelihood						

Impact	5					
	4					
	3					
	2					
	1					
		1	2	3	4	5
	Likelihood					