Insights from the **Global Risk** Management Survey, **10th Edition**

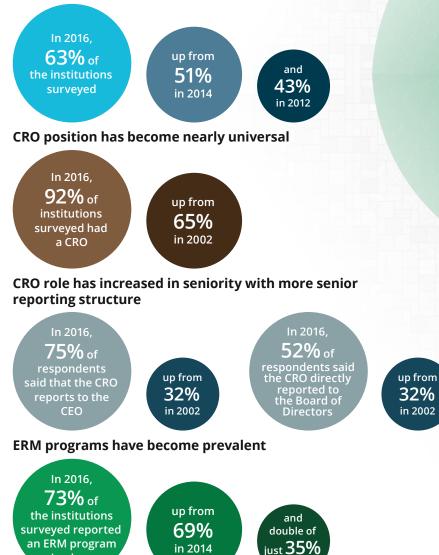
Heightened uncertainty signals new challenges ahead

While many organizations continue to enhance their risk management practices worldwide, this year's survey revealed that leaders are focused on the regulatory impact of recent geopolitical shifts and questioning what's coming next.

Evolution of risk management and the role of the CRO

Over the 20 years that Deloitte has conducted its Global risk management survey series, regulatory requirements and expectations for risk management have broadened to cover a wider range of issues and also become more stringent. Risk management programs have become almost universally adopted, and many have expanded capabilities. Boards of directors are more involved in risk management and more institutions employ a senior-level CRO position.

Board Risk Committee use more widespread



Key findings

The rapidly changing environment suggests that risk management programs may need to increase their ability to anticipate and respond flexibly to new regulatory and business developments and to emerging risks, for example, by employing predictive analytics tools.

Risk types that respondents thought would most increase in importance in the next two years

Cybersecurity	41%
Regulatory compliance	36%
Credit	32%
Strategic	32%
Operational	26%

Spiraling costs of compliance

111 of respondents said that regulatory reform had resulted in an increased cost of compliance, of which

+ 59%

of respondents were extremely or very concerned about growing costs of doing business due to tighter standards or regulations

Risk systems and IT

Two issues frequently cited as extremely or very high in priority for risk management programs over the next two years concerned IT and data and included:

- 1. Enhancing risk information 2. Enhancing the quality, systems and technology infrastructure (cited by 78%)
 - availability and timeliness of risk data (cited by **72%**)

were concerned about

required documentation

and evidence of program

growing costs of

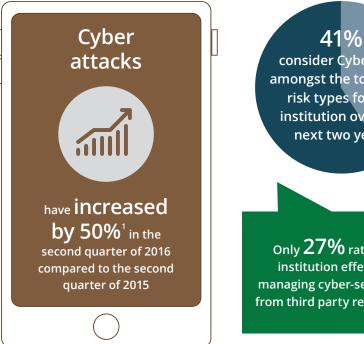
compliance





56%

Cyber Risk is the risk rated most likely to increase in importance over next two years



consider Cyber Risk amongst the top three risk types for the institution over the next two years

Only **27%** rated their institution effective in managing cyber-security risk from third party relationships

Top issues in managing Cyber Risk cited as extremely or very challenging included:

- Hiring or acquiring skilled talent (58%)
- Getting actionable, real-time threat intelligence (57%)

1. ThreatMetrix, Cybercrime report, Q2, 2016; Maria Korolov, "Banks get attacked four times more than other industries," CSO, June 23, 2015

Newer and less mature risk types are the most challenging to manage

Over 46%

of the respondents said that it is extremely or very challenging to define risk appetite for newer risk types such as reputational risk (49%), strategic risk (48%), model risk (48%), and cybersecurity risk (46%)

Only 40%

of the respondents rated their institution highly at managing model risk

Only 37%

of the respondents rated their institution highly at managing third party risk

Only 32%

of the respondents rated their institution highly at managing data integrity risk

Only 28%

of the respondents rated their institution highly at managing geopolitical risk

Deloitte. Insights

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