

MANAGING RISKS IN UNCERTAIN TIMES

Financial Risk Register Analysis Summary



In our post-pandemic world, there is ongoing uncertainty all around us and risks that must be carefully navigated. Of course, this is not the only challenge facing financial institutions, with geopolitics and the rising awareness of climate change risk presenting their own issues for organisations to overcome. These factors, together with the cost-of-living crisis, rising inflation, and the constant need to deliver good customer services and outcomes all play a part in risk management. Financial institutions have had to respond, by adapting their business models and seeking to innovate in a range of different ways.



OVERVIEW OF THE RISK REGISTER ANALYSIS

It is against those challenges noted to the side, that we have undertaken our first sector-wide review of financial services strategic risk registers. Our analysis allows organisations to consider both how their risks compare and to question whether they are missing any significant risks. Our publication aims to help financial institutions and their audit and risk committees to review and challenge their own risk profiles and to help with ongoing risk identification and horizon scanning.

Whilst the best risk management can never negate the potential for a risk to materialise, ensuring risk is understood and managed effectively, efficiently, and proportionately does help. It is important that financial services providers ensure that risk profiles and descriptions remain current, that robust internal controls are mapped to each risk and are in line with risk appetites, and that appropriate assurances are sought so that audit committee members and senior management can take comfort in the knowledge that controls to manage and mitigate risks, are operating as intended.

Our full report contains a high-level overview and summary which provides greater insight into the strategic risks identified by financial services organisations. To receive a copy of our full report, please speak to your RSM contact or download a copy from here.

HIGH LEVEL VIEW OF STRATEGIC RISKS

To best understand the key risks facing our clients, we selected a cross-section of strategic risk registers from across our financial services clients. In excess of 450 individual risks were analysed from clients across the UK.

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KEY RISK AREAS

Our analysis identified regulatory, business planning and performance and governance as the top three areas of risk in terms of quantity.

Regulatory

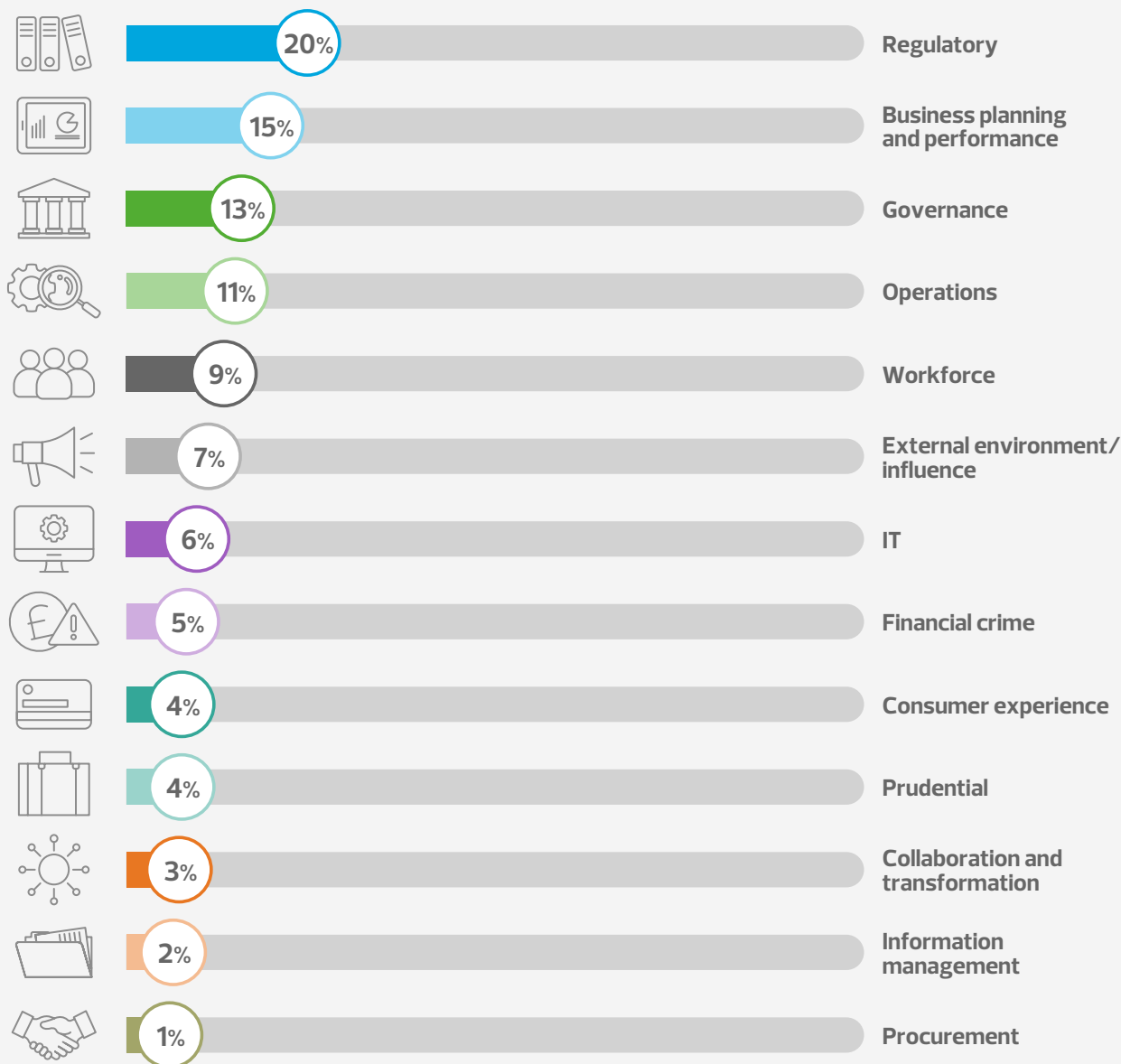
All financial services organisations across our analysis placed accurate and timely reporting to financial regulators as a concern, with the potential of fines and / or sanctions having a negative effect on reputation.

Organisations also saw the failure to meet regulatory standards from HMRC, data protection and employment law as areas of risk to their business.

Business planning and performance

Risks within this area focused on the failure to maintain a business model and/or failure to monitor business performance against objectives.

Risks by key themes



Together with the risk that organisations fail to translate their strategy into successful operational plans or fail to recognise external risks and trends that could impact the delivery of their strategy, put business planning and performance as the second top risk with 15% of the total risks analysed.

Governance

Overall, 13% of risks were focused on those governance risks that pose significant threat to the organisation. Ineffective governance structures and processes which can prevent an organisation from achieving its strategic objectives and result in poor reporting.

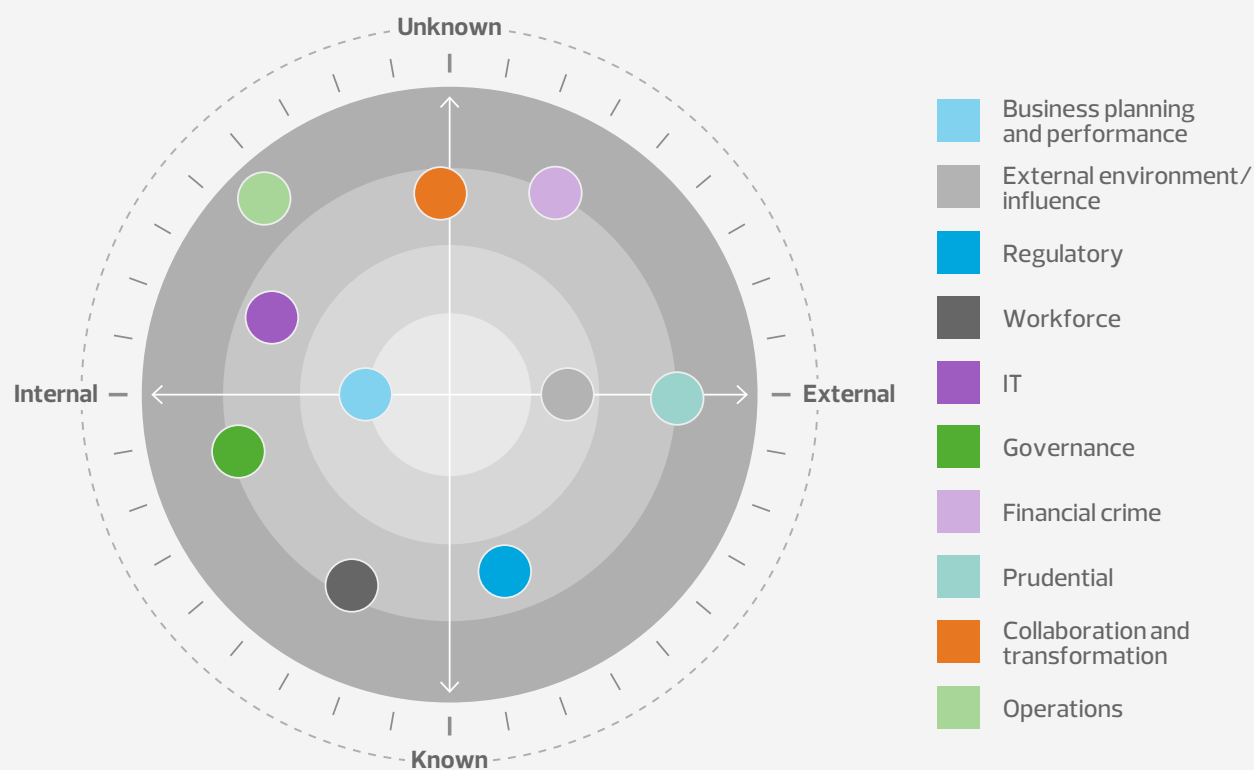
For greater analysis of these top three risks and other risks identified during our analysis, please speak to your RSM contact or download a copy of the report [here](#).



'HIGH' SEVERITY RISKS

As part of our analysis, we captured those residual risks (post-controls and applied mitigations) considered by our financial services clients to be 'high' risk in terms of severity to their day-to-day business.

Using our radar, we plot where each of the 'high' risks recorded within the strategic risk registers sit. The closer the area is to the centre of the radar, the higher the risk. We also identify each risk area in terms of whether risks are known, and whether they are internal or external.



WHAT ELSE CAN YOU EXPECT FROM OUR ANALYSIS?

Our detailed report provides information on areas of significant importance to the day-to-day business of financial services institutions.

- **New and evolving risks** – covering the current economic crisis; environmental, social and governance (ESG) considerations, and IT/cyber-crime.
- **Managing risks** – covering risk scoring approaches, risk appetite, assurance mapping and control risk self-assessment, and good practice and areas of improvement.
- **Risks in focus** – the detailed breakdown of strategic risks as identified from our cross-section of financial services clients.
- A selection of **agreed management actions** from our internal audit and advisory work across our financial services clients. This will enable you to review your organisation's processes and procedures in these areas of risk.

- The Board, Non-Executive Directors and senior management can consider their organisation's approach across key risk areas by considering our **key questions**.
- To assist you in mitigating your risks in the key areas of workforce, ESG, cyber-crime, fraud and bribery, our full report includes **insights from RSM experts** in these fields, together with access to previously published RSM papers in these areas.

To receive your copy of our full risk register analysis "Managing risk in uncertain times", please speak to your RSM contact or download a copy [here](#).



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