Setting the Risk Agenda to 2025

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IRM Director of Corporate Relations
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Context – An IRM Project

• IRM is running a series of international debates to:
  – Help stakeholders, risk leaders and managers better align their expectations for risk management in the future - 2025
  – Help set the agenda on the direction in which the profession should be travelling
  – Inform the development of risk tools to add real value to organisations
What we will do today

• Introduction
• Discussion 1 – today’s tactical action:
  – What are you changing today (best practices being brought in, enhancements, etc.)
• Highlight some of the changes being seen today and forecasts for the future
• Discussion 2 – strategic direction:
  – How will risk management be different in 2025
  – What is needed to get there? Changes for people, tools, processes ...
Discussion topic 1
Today ...

What changes are you making in your risk management and why?
**Discussion topic 1, Today ...**

What changes are you making in your risk management and why?

<table>
<thead>
<tr>
<th>Change description</th>
<th>Why is change being made</th>
<th>Context for change (e.g. sector, org. size, etc.)</th>
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What does the future hold?
How will we manage risk?

How will we identify and assess?
- Artificial intelligence / automation
- Human input and control

How will we assure control?
- Artificial intelligence / automation
- Human input and control

How will we monitor?
- Automatic real time
- Periodic / ad hoc manual reports

How will we organise?
- Distributed risk management
- Centralised risk management

Where are the risk experts? What skills will we need
How will we manage risk?

Where are we going?

- ERM?
- Role of the board?
- Breaking down silos?
- Data and reporting?
- Risk dashboards?
- Regulations, codes and standards?
Discussion topic 2
In 5 to 10 years ...

How will we do risk management?
What must change to get there for people, tools & processes?
**Discussion topic 2, In 5 to 10 years ...**

How will we do risk management?
What must change to get there for people, tools & processes?

<table>
<thead>
<tr>
<th>Description of risk mgmt aspect in 2025</th>
<th>Change needed to get there (people, tools, ...)</th>
<th>Context / notes / other thoughts</th>
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The Future Risk Agenda

Processes and frameworks
- Small central risk team focusing on capacity building, strategy & change
- Moving towards ERM
- Decentralised risk functions
  - Reduced need for assurance?
- Greater velocity of risk - expectation of instant response
  - Better scenario planning & analysis tools
- Greater board interest in risk management
  - Greater focus on reputation
  - Greater focus on opportunity
- Lower level risk management embedded and automated
  - Real time risk management
  - Need for human sense-checks
- More people & resources in IT security
- New risks from new ways of working, data use etc
- New ways of working
  - Blockchain
  - IoT
  - Smart contracts
- Rising awareness of risk management in public sector
- Power grid risk challenges
- Challenge for regulators to keep up
- Demographic change
- Urbanisation & megacities
- Genome mapping

Board and strategy
- Greater focus on opportunity
- Resilience plans for climate change

People and Culture
- Focus on role of professionals in ethics
- ZIM
- KEN
- RSA
- LON

Specialist areas
What else is happening?

• Develop “working vision” for RM in 2025
  – Interviews with leading stakeholders
  – Workshop discussions
• International debate
  – Survey
  – Engagement with risk community - website
  – Debate – 4 July
• Publications
• Informed IRM strategy
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Module 1: Principles of Risk and Risk Management in Financial Services

- Concepts and definitions of risk & risk management
- Risk management standards and regulatory frameworks (inc Basel III and Solvency II)
- Enterprise risk management
- Risk assessment in financial services
- Risk response and treatment in financial services

Module 2: Practice of Risk Management in Financial Services

- The global business environment
- Risk strategy and framework
- Risk culture, appetite and tolerance
- Risk and organisations
- Risk assurance and reporting
- Case studies in organisational risk management
Institute of Risk Management

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