



Surviving and thriving in  
Banking through 10 major risks  
over the next decade

Tenth annual EY/IIF global bank risk  
management survey

**EY**

Building a better  
working world



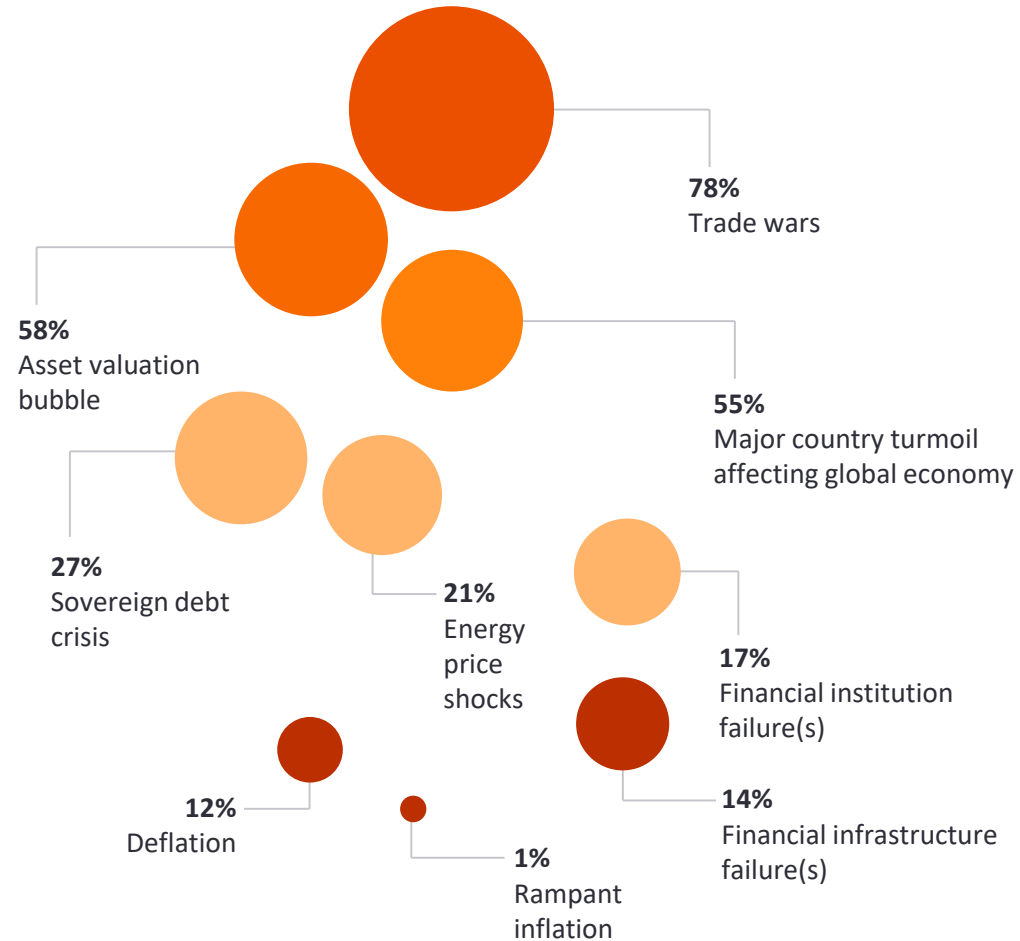
## 1. Weathering the likely financial downturn



*History shows that there are two things we can be sure of when it comes to financial crises: there will be another one, and the next one won't be the same as the last.*

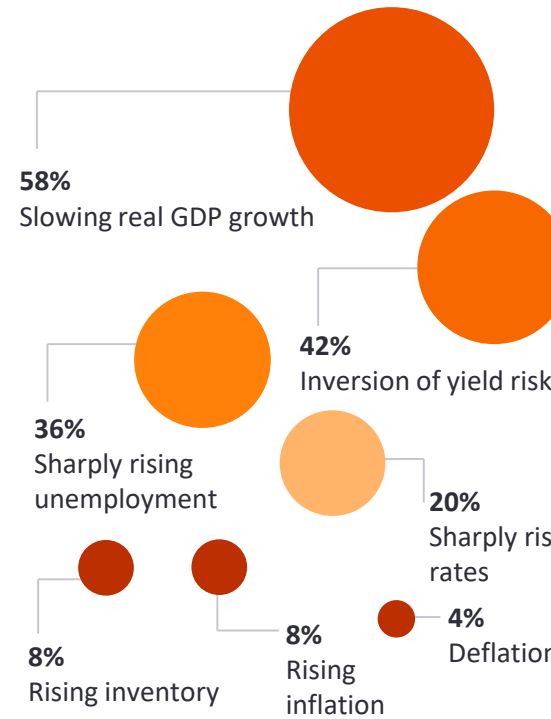
# Downturn threats and bank adaptability

## Most significant threats

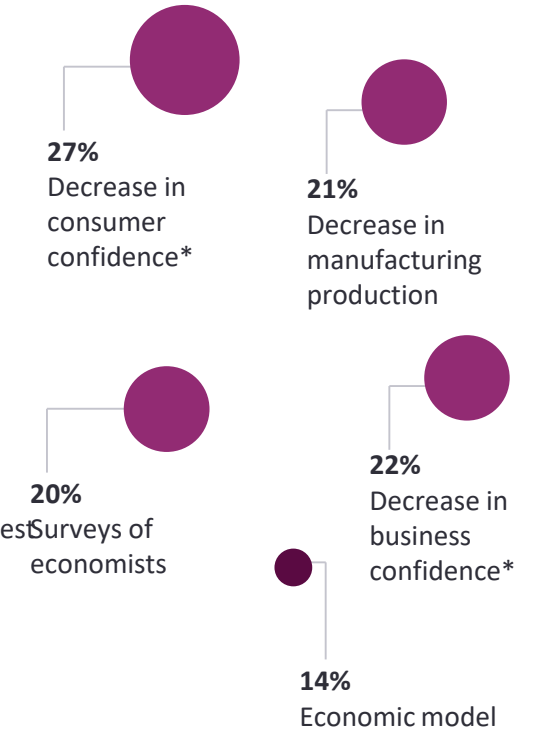


## Top indicators used by CROs to identify potential material economic downturn

### Economic indicators



### Sentiment surveys and models



\*From periodic surveys

## 2. Operating in an ever-expanding ecosystem

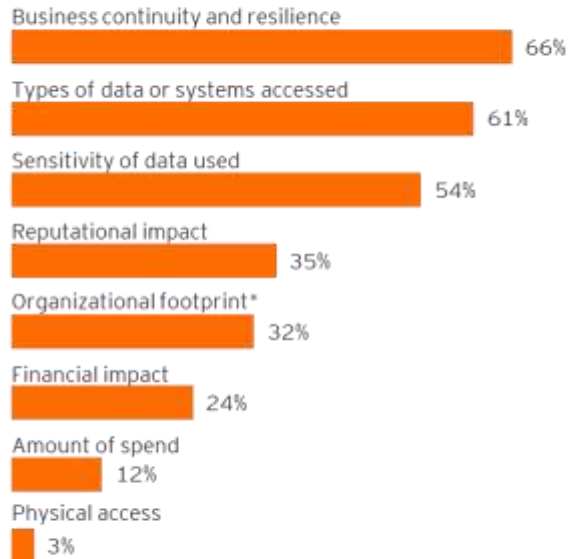


## Risks associated with the **extended ecosystem**

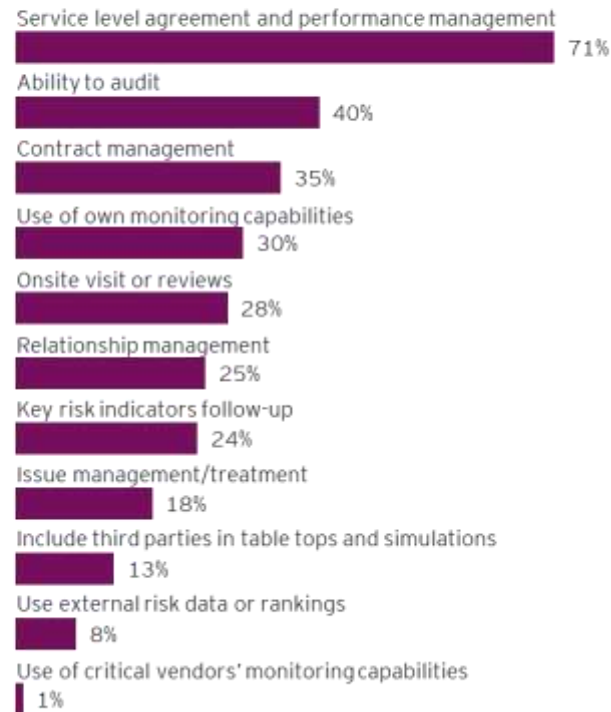
### Critical vendors

**97%** of banks maintain a critical vendor list

#### Criteria for defining criticality

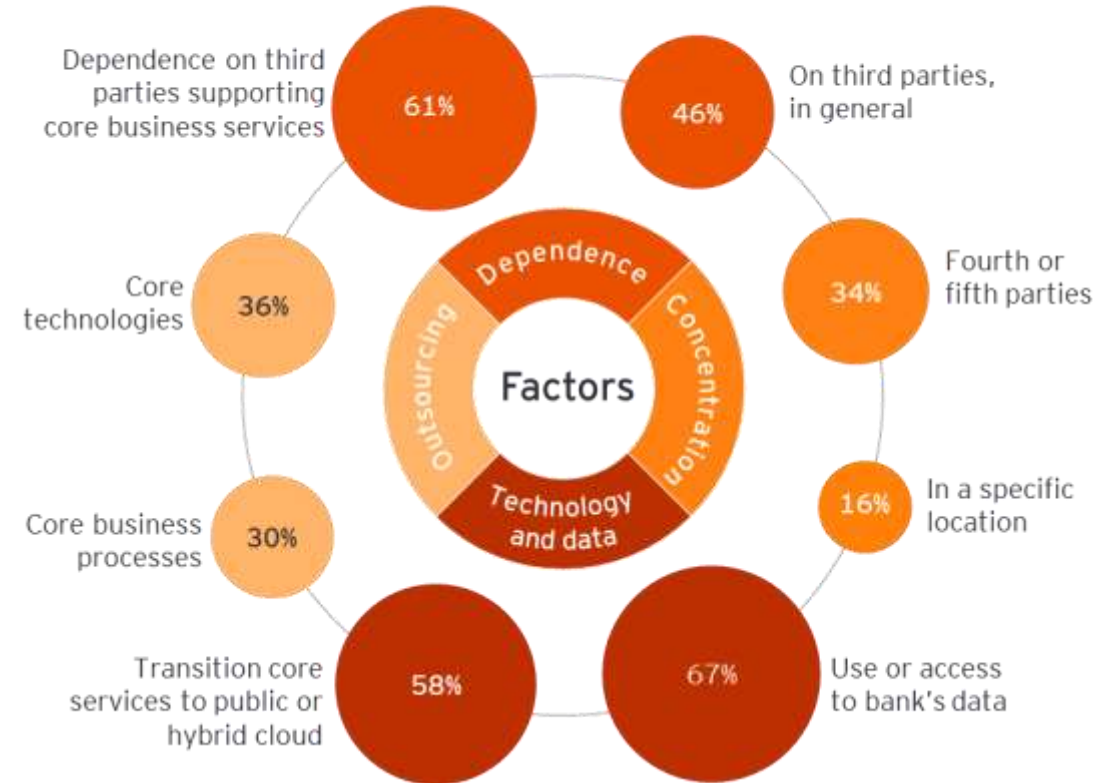


#### Top ways to monitor



\*Delivery of services across the bank

### Third-party factors materially affecting risk profile over the next three to five years





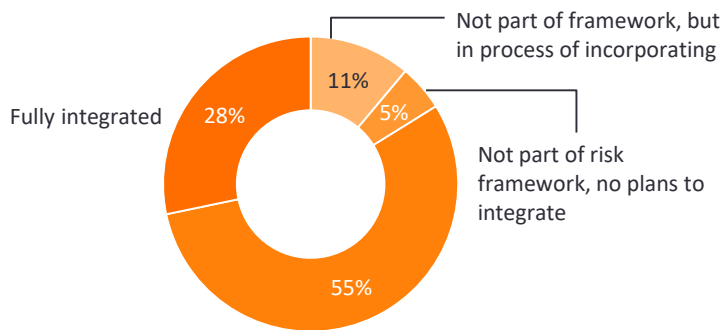
### 3. Protecting privacy to maintain trust



***As a bank, we sell trust to our clients. If we are not able to protect their personal data, that means that trust is going away.***

## Risk incorporation and management accountability

Incorporation of privacy risk into risk framework



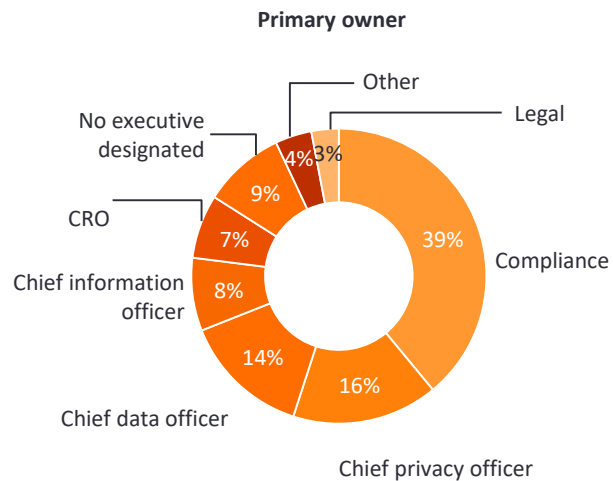
In process of enhancing its integration further

### 23%

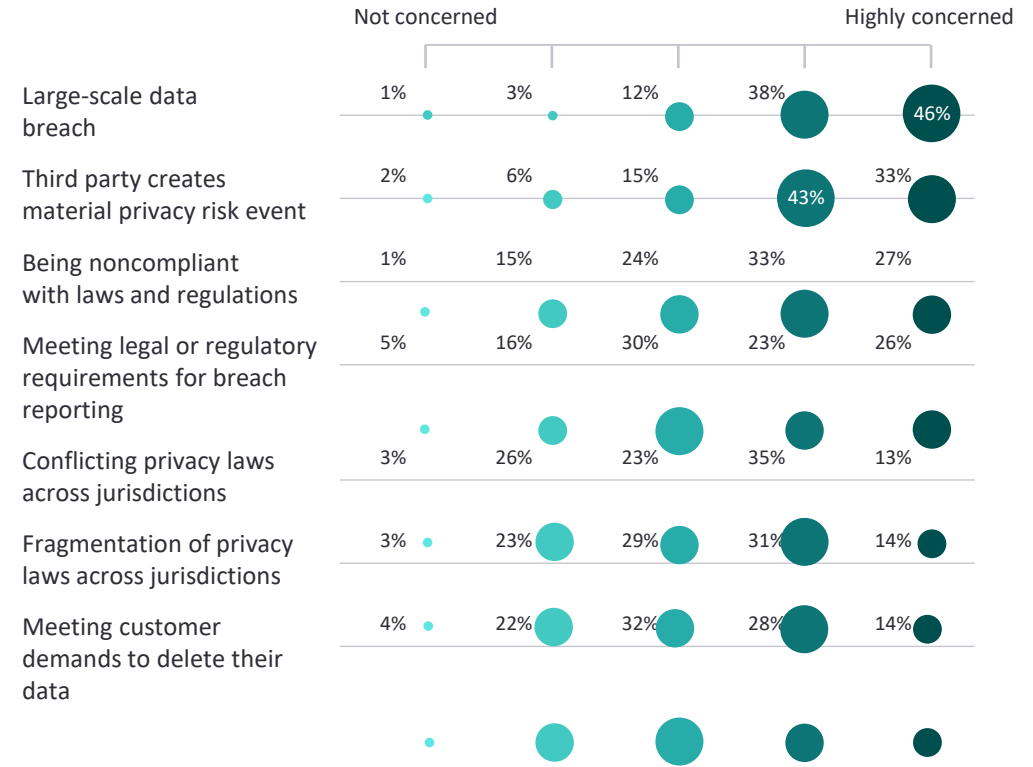
Consider privacy a top-five risk in **the next 12 months**

### 53%

Consider privacy risk a top emerging risk in **the next five years**



## Most concerning privacy risks: degree of concern



#### 4. Fighting a cyber war in banks and across the system



*IT is not about if, it is about when and what...*



# Cyber risks remain a major concern

Top CRO and board risk for the last three years

**77%**

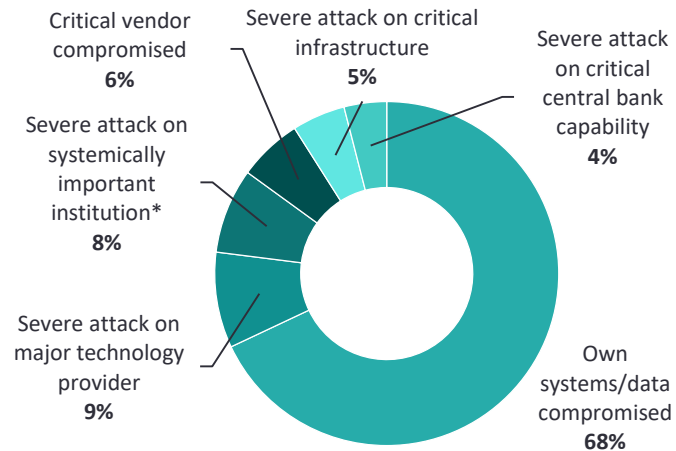
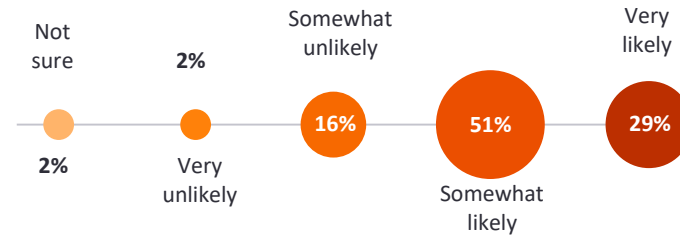
Top CRO risk in the next 12 months

**72%**

Top board risk in next the 12 months

## Systemic cyber threat

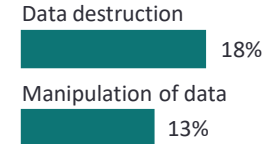
Likelihood of severe industry-wide attack in the next five years



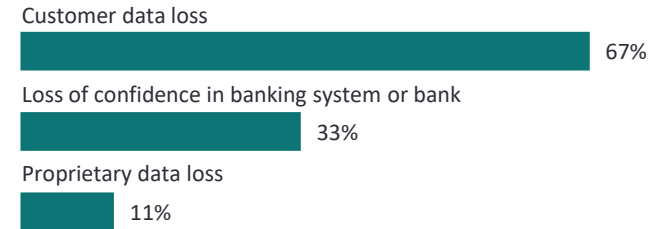
\*Including financial market utility

## Top cybersecurity risks

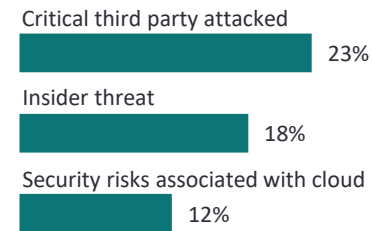
### Data integrity



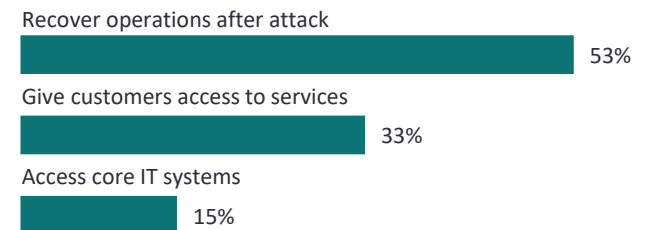
### Loss or disclosure



### Threats and vulnerabilities



### Inability to ...

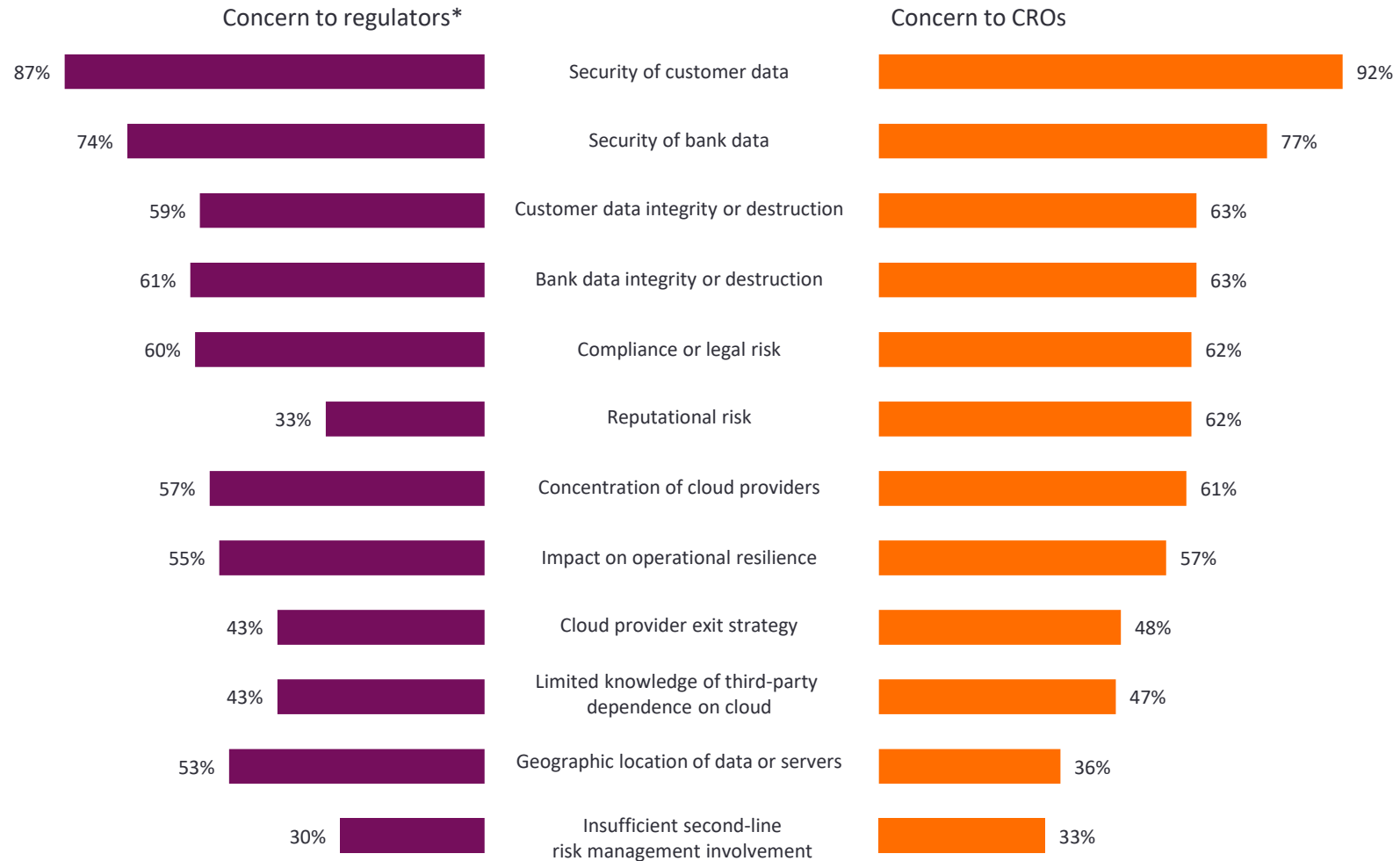


5. Navigating the inevitable industry transition to cloud



*The benefits of Cloud are irresistibly interesting...*

**Concerns of industry-wide cloud adoption**



\*CROs' views of regulators' concerns



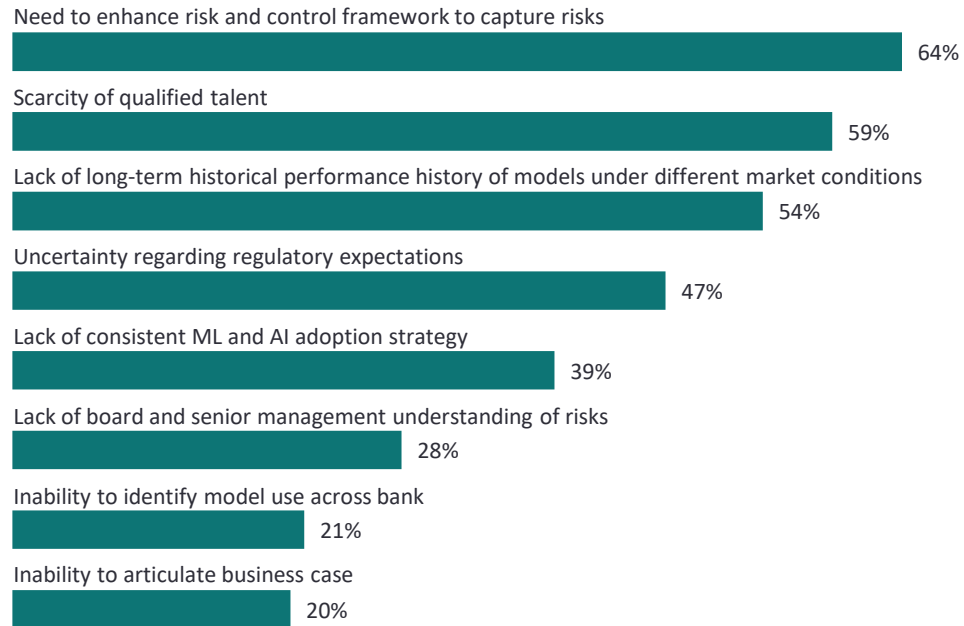
## 6. Industrializing data analytics and automation across the business in a controlled manner



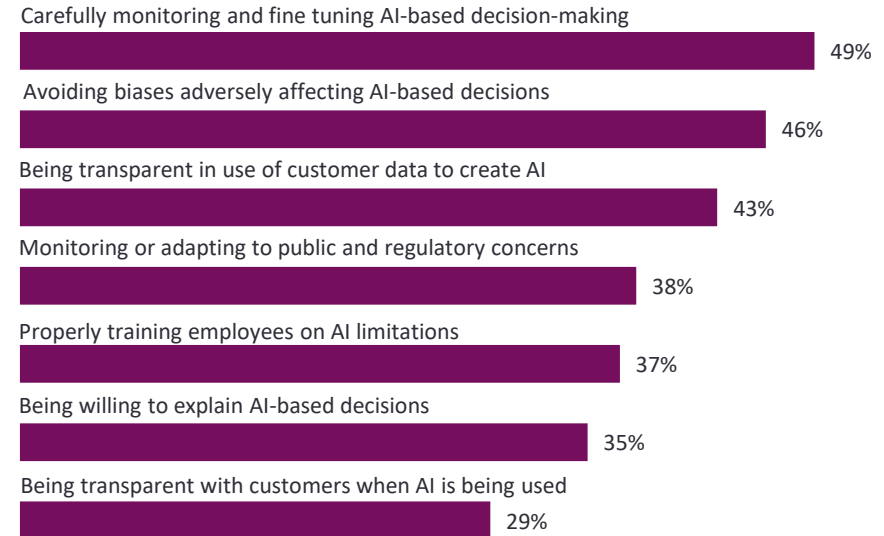
*From driving operations ... to driving decisions*

# Addressing **concerns about ML and AI**

## Concerns on scaling ML and AI



## Ways to address public and political concerns about AI



## 7. Operational Resilience

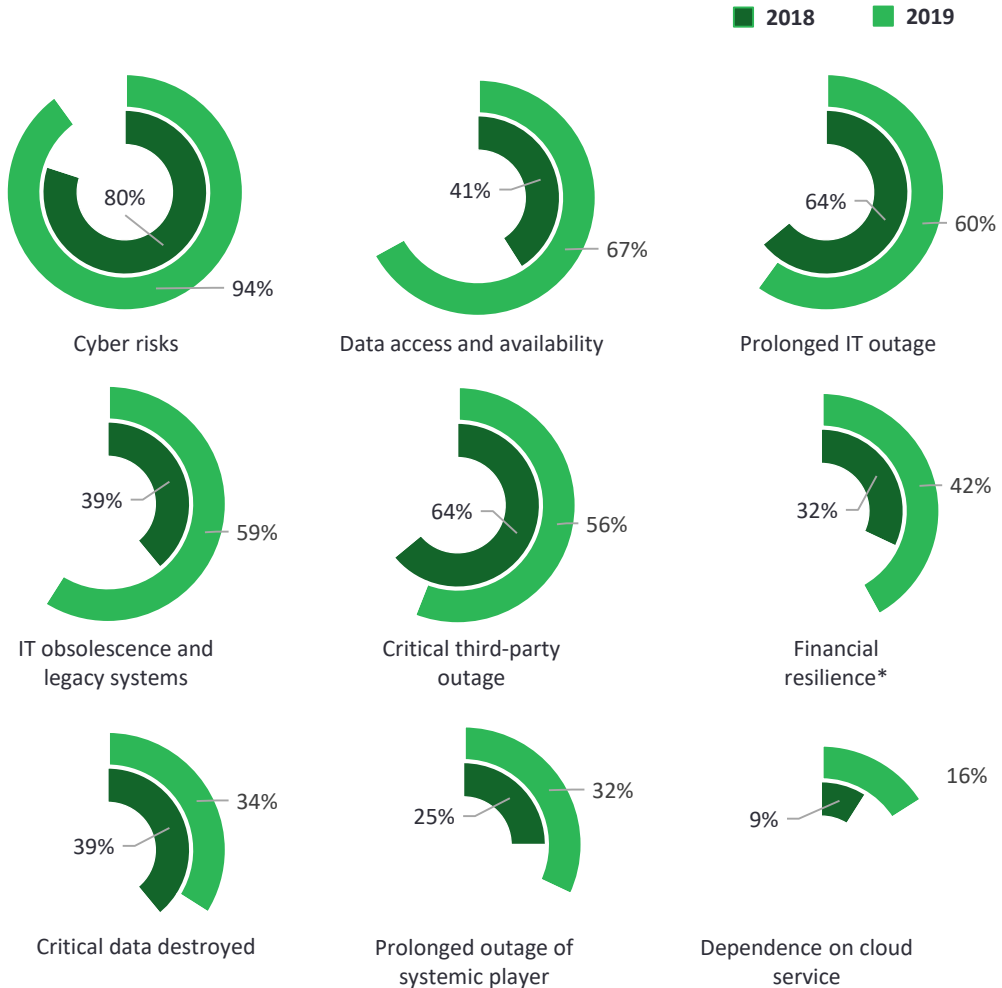


*From Financial Resilience to Operational Resilience*



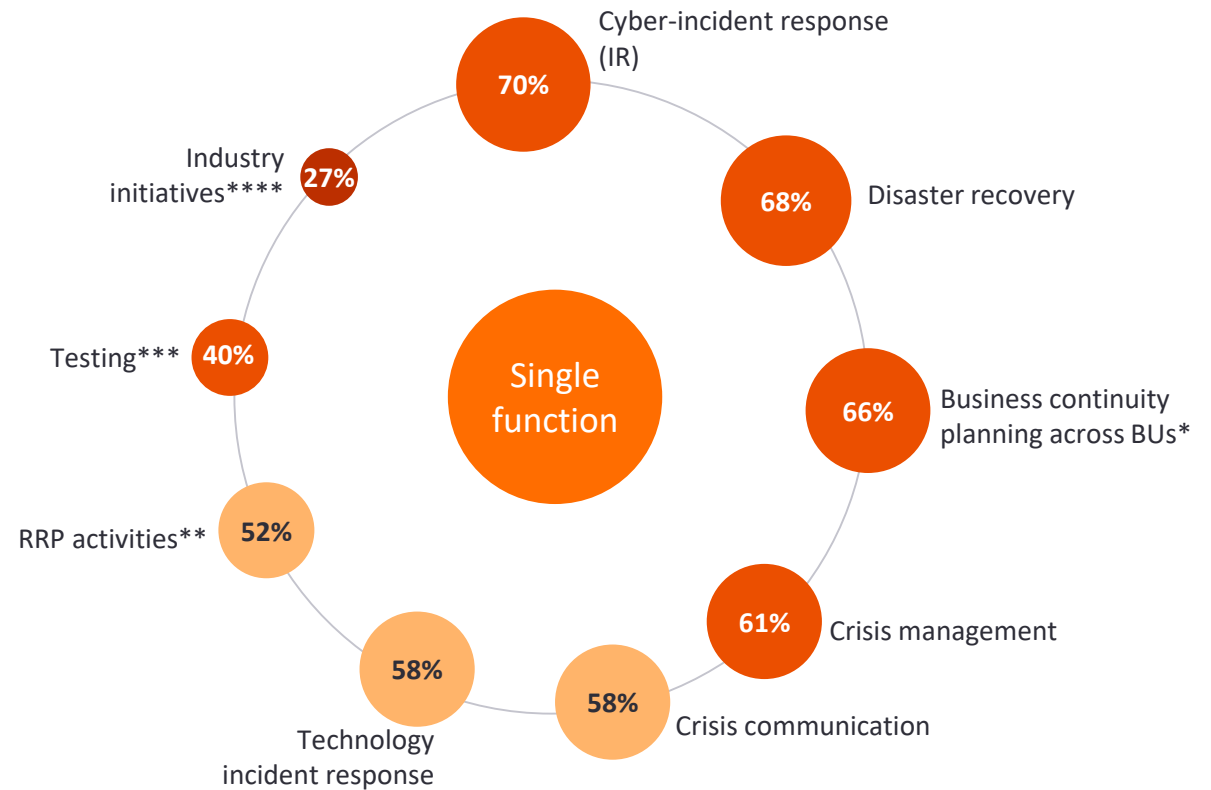
# Resilience risks and organization

## Top resiliency risk concerns



\*For example, liquidity, capital and collateral

## Functions being integrated to manage resiliency risks



\*Business units

\*\*Recovery and resolution planning

\*\*\*Including simulations and table-top exercises

\*\*\*\*For example, Sheltered Harbor in the US or industry-wide cyber simulations

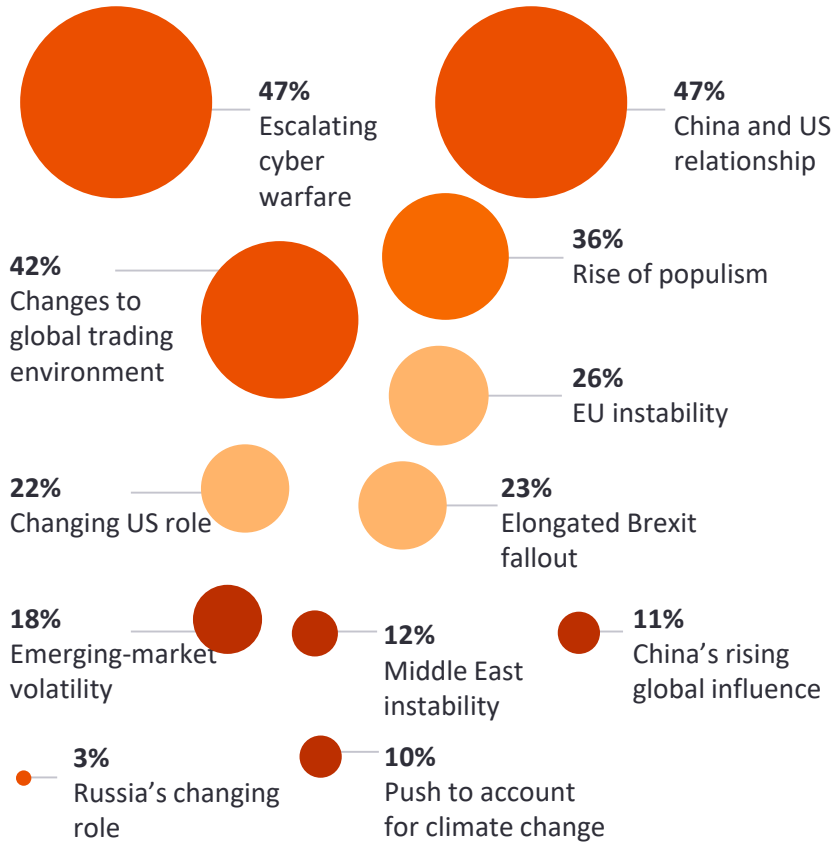
## 8. Effects of fast-shifting geopolitics on banks and their customers



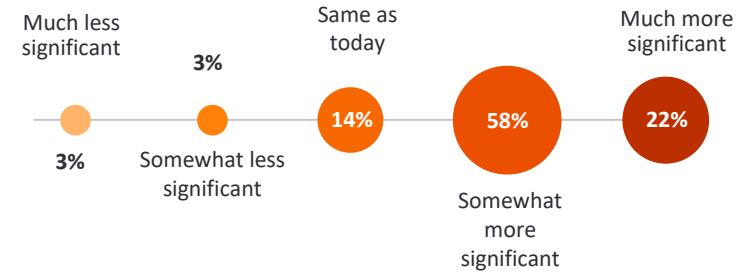
***Rising geopolitical and geo-economic tensions represent the “most urgent global risks at present”, World Economic Forum’s Global Risks Report 2019.***

# Impact of geopolitical risks

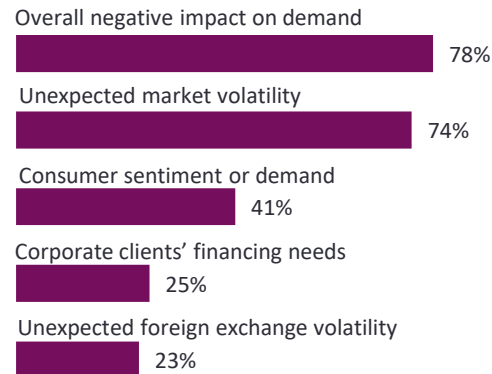
## Top major risks



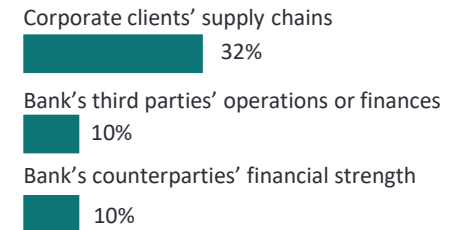
## Impact over next decade



### Market impact



### External stakeholders



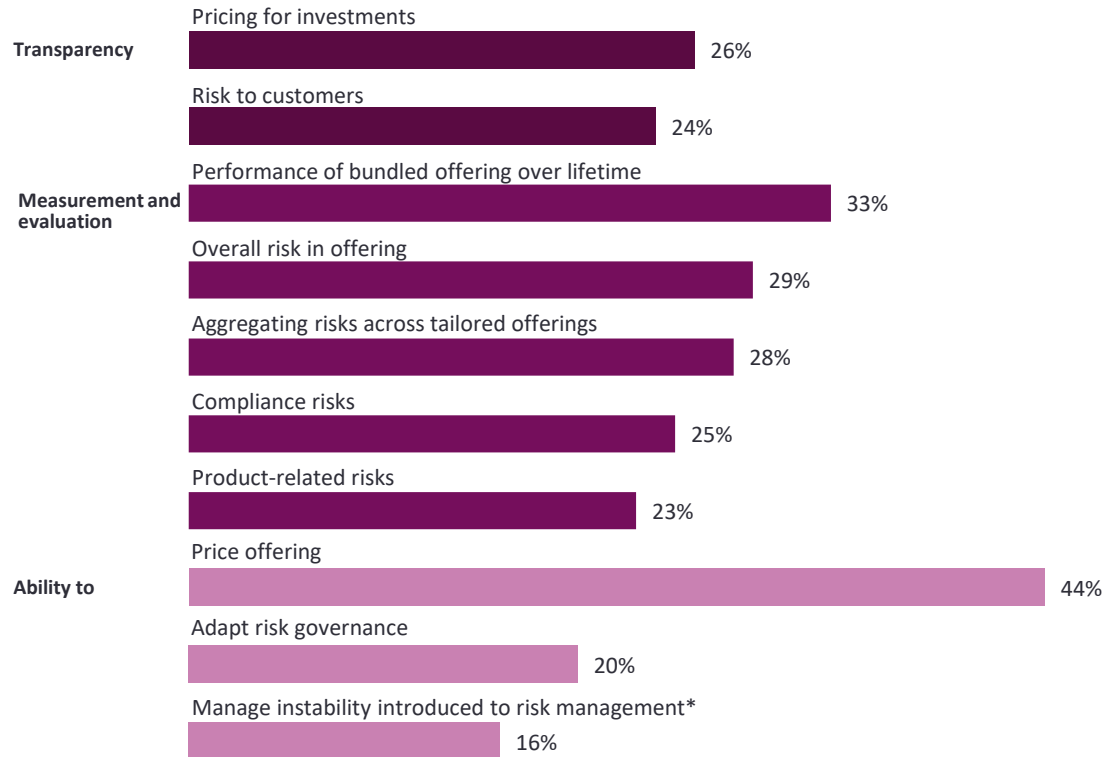


9. Meeting emerging customer demands for customized, aggregated lifetime offerings



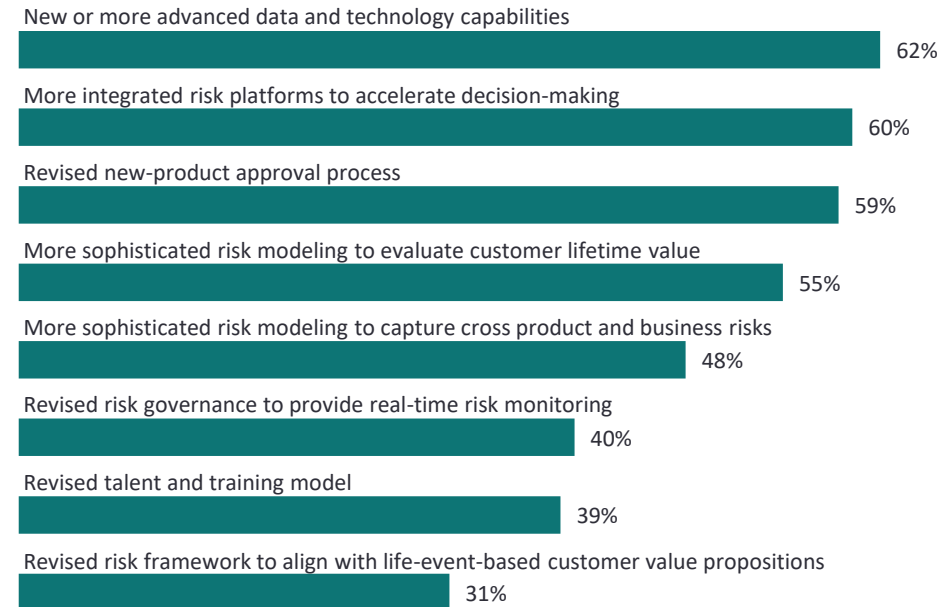
# Challenges in meeting new consumer needs

## Most significant challenges



\*For example, risk management frameworks, models and approaches

## Potentially required changes to risk management capabilities



10. Addressing the impact of Climate Change

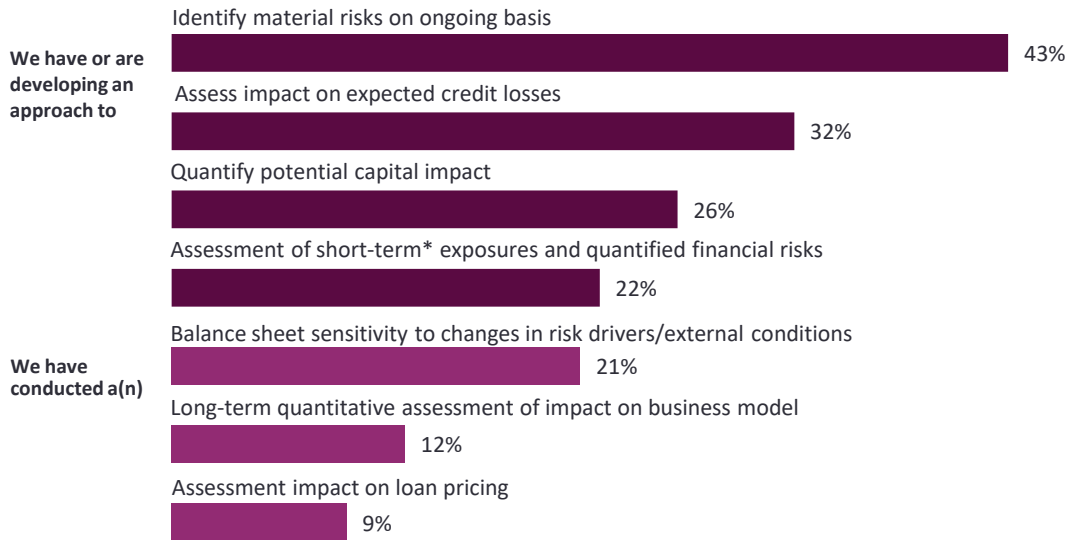


*“This is one of the defining risks of our career to manage”*

# Climate change risk analysis and impact

## Scenarios and financial analysis

**62%** of banks have conducted climate change risk impact analysis

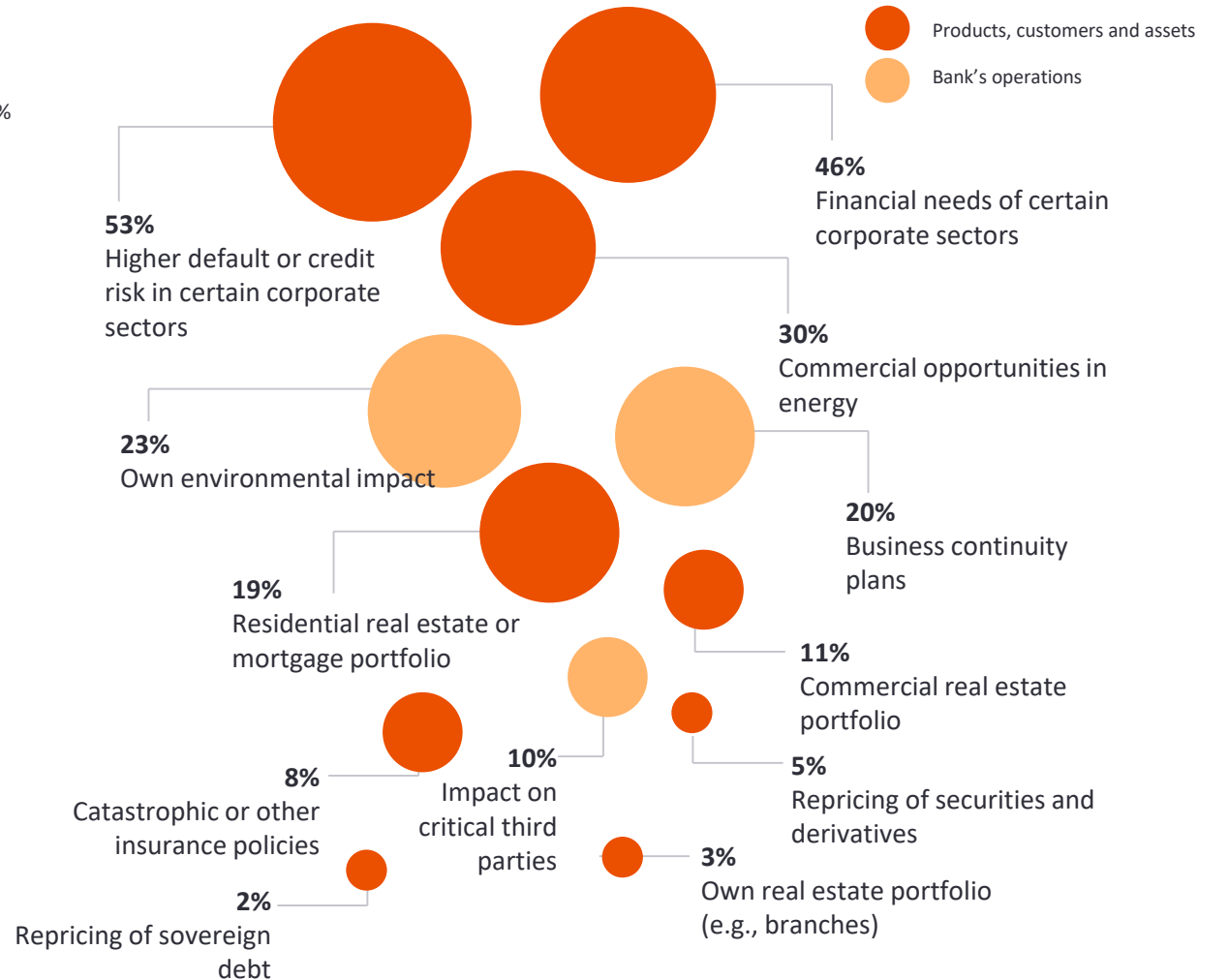


**52%**

Consider environmental risk and climate change as key emerging risks for the **next five years**

\*Over the business planning cycle

## Top most likely potential impacts





**Thank you !**