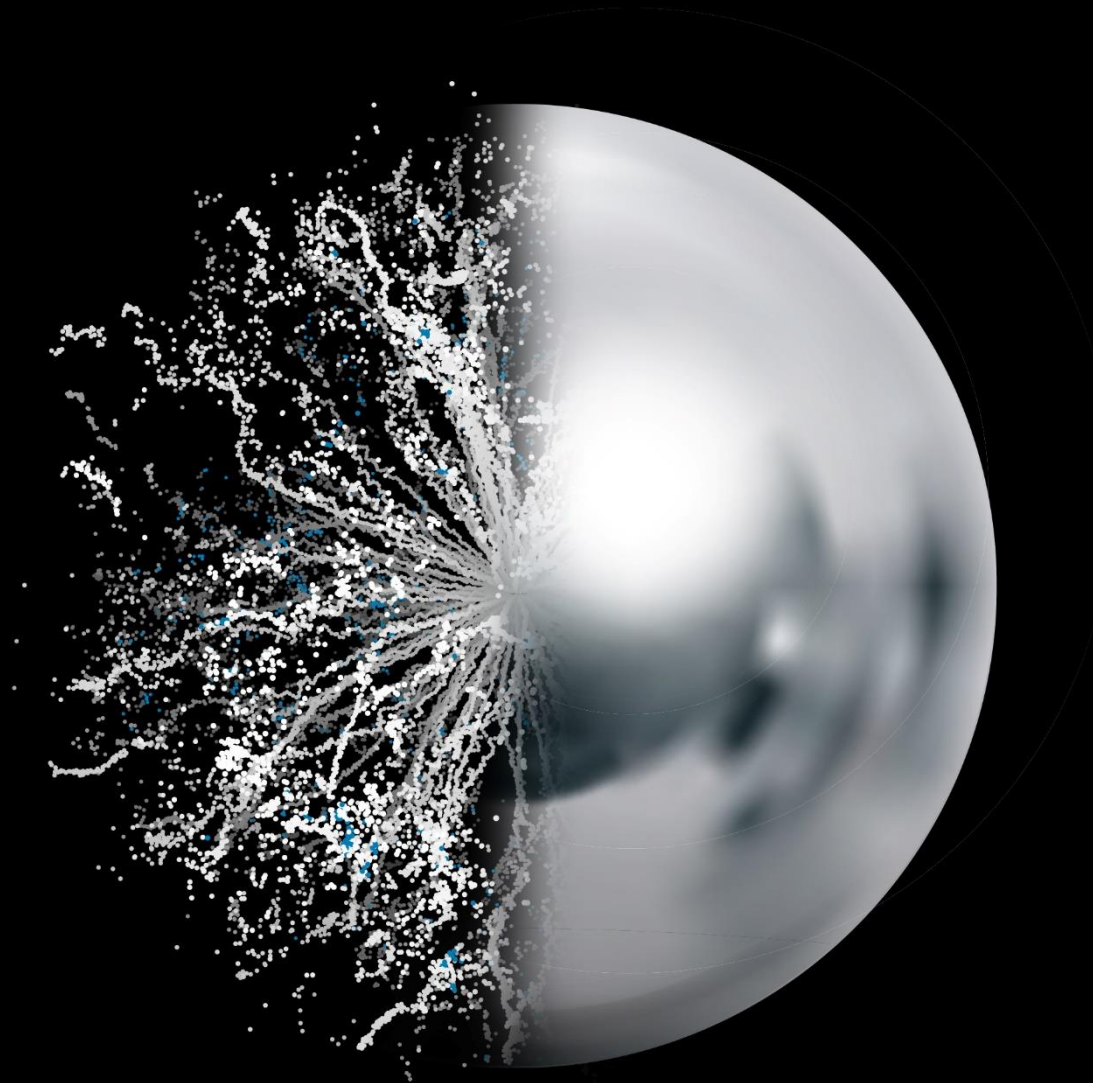


Deloitte.



Future of Risk
Panel Discussion
May 8, 2019

The Evolving Risk Landscape

“...the risk landscape is changing. While financial risks remain, nonfinancial risks (such as cybersecurity risk, conduct and culture risk, model risk, and third party risk), which can be difficult to quantify and manage, are increasing in importance.” (Deloitte Insights Global Risk Management Survey 11th Edition)



Cybersecurity



Data privacy and data protection



Products and customer treatment



A networked economy demands collective risk management



Disruption dominates the executive agenda



Reputation risks accelerate and amplify

“The latest technologies – such as cognitive analytics, machine learning, natural language processing, and big data – have the potential to fundamentally transform risk management.” (Deloitte Insights Global Risk Management Survey 11th Edition)

The Race to Innovate

“Explore the drivers, opportunities, threats, and real-world examples for each trend. And ask yourself: will your organization be able to harness these trends to be even stronger, more resilient?” (Deloitte: The future of risk - New game, new rules)



Cognitive technologies
augment human decision
making



Vigilance and resilience
complement prevention as
leading practices



Controls become more
pervasive



Risk transfer broadens in scope
application



Behavioral science informs risk
insights

The Ongoing Development of the Risk Environment

“Increasingly, the rapid pace of innovation is driving the regulatory agenda”...“Many leaders are now viewing risk in terms of their potential to drive performance and value.” (Deloitte: The future of risk - New game, new rules)



Innovation leads,
regulation follows

- Rapid pace of proliferation of innovations
- Growing adoption of new business models, such as sharing-based, freemium, and subscription-based, leading to increased diversity of competitors
- Industry convergence and blurring of market boundaries
- Deliberate restraint on the part of regulators in order to allow innovations to gain steam
- Growing consumer activism and empowerment



Risk becomes a
performance enabler

- Focus on innovation and experimentation is creating a culture in which failure is being viewed as a necessary step to success rather than something to be avoided at all costs
- Analytics capabilities are helping leaders link risk to performance
- New workplace technologies such as wearables, image recognition, and AI are improving risk sensing and monitoring capabilities
- Disruptive new business models are driving the need for increased risk-taking, use of Insurtech and improve customer treatment
- Decentralization is creating flat organizations where employees are empowered and rewarded for taking on risks themselves

Examples include: investment in autonomous vehicles and related products and services in advance of regulatory frameworks; sharing economy-based businesses; services provided remotely such as in healthcare

Translating Risk to Opportunity

Winning aspiration



What does it take to win?



Where to play



Which clients and sectors?



What products and services?



Leveraging digital opportunities



EFFICIENT

Reduce cost and increase speed in identifying and addressing risk issues



INTELLIGENT

Improve quality, increase accuracy, and derive richer insights to identify and address risk issues



TRANSFORMATIVE

Adopt a completely new approach to identifying and addressing risk issues

