

De-risking Risks: Mind the Gaps

Simon Gray: The biggest risk a financial organisation can take right now is to be insular about risk management. Being insular is easy but the world is more complicated than it was even just five years ago. How you managed risk back then doesn't work for you now. The world is changing fast, and you need to be ready for anything. Whether it's market volatility, geopolitical turmoil, or technological disruption, you can't afford to be caught off guard by the unknown. Are you confident your risk management framework has no blind spots and is resilient to everything that the world could throw at it?

Cindra Maharaj: Uncertainty is here to stay. As the world changes, we see individual functions in financial organisations hyper-fixate on the issues core to that team alone creating organisational tunnel vision. An insular departmental approach to risk management reduces collaboration and focuses on fixing the micro items, but at the expense of the big picture. This can lead to catastrophic consequences for an organisation, its customers, and even the wider economy.

Simon Gray: We've seen organisations fail in several sectors, and it wasn't a case that they *couldn't* see problems coming, rather than they *didn't* see them coming because they were not, as a whole, guarding against existential risks.

Cindra Maharaj: When things go wrong, they can go badly wrong. We've seen large organisations fail almost overnight on both sides of the Atlantic. The reasons for failure are usually because of poor risk frameworks, a weak operating model to deliver that framework, or a failure to foresee emerging risks and getting completely blindsided. You need to see your blind spots, those gaps that you don't yet know you have. So, what can you do? Firstly, consider if your organisation is set up to manage risk in an uncertain world? Where are your blind spots? Are you set up to react to any unexpected shocks?

Simon Gray: Secondly, ask yourself *can you actually deliver* on that setup? Do you have the right people, in the right places, doing the right things? Does your data and technology support you, or does it hinder you? Are you using innovative technologies such as machine learning, process automation, and RegTech solutions to improve? And finally, can you turn your aspirations into reality? If not, what's holding you back? At Baringa, we help risk functions think one step ahead and ensure you've got all your bases covered. We don't sit in siloed risk types so we can bring you a thorough and holistic view of your organisational risk. We practice what we preach.

Cindra Maharaj: Our risk specialists have a global mindset and work across the risk silos. Partner with us to navigate the future with confidence and get in touch to find out more.