

A Wolters Kluwer Financial Services study produced in association with

BankDirector

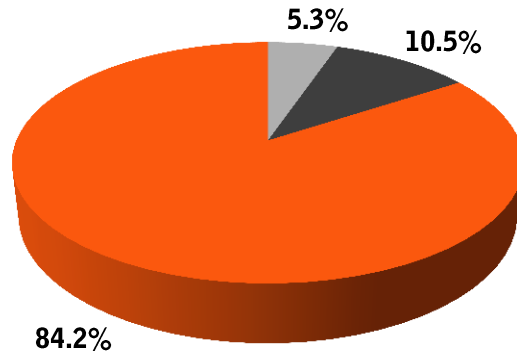
2013 RISK PRACTICES SURVEY:
Risk Managers
Summary Report

February 2013 | RESEARCH



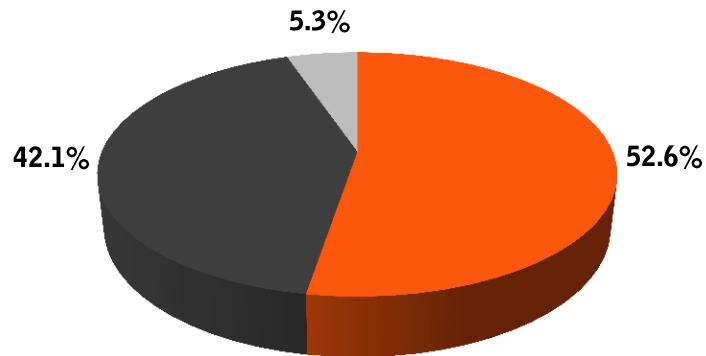
Wolters Kluwer
Financial Services

1. My current title is:



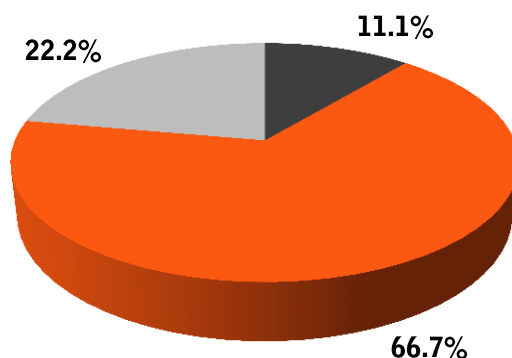
	Count	Percent
Chief Risk Officer	16	84.2%
Director of Risk Management	2	10.5%
Chief Credit Officer	1	5.3%
Total Responses	19	

2. My bank's asset size is:



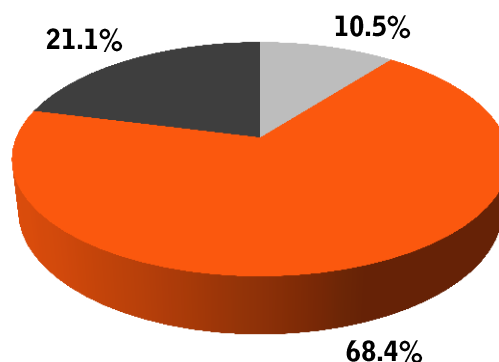
	Count	Percent
\$5 billion up to \$10 billion	10	52.6%
\$10 billion up to \$50 billion	8	42.1%
\$50 billion and above	1	5.3%
Total Responses	19	

3. How confident are you with your bank’s ability to manage risk across all lines of business?



	Count	Percent
Very Confident	4	22.2%
Confident	12	66.7%
Neutral	2	11.1%
Not Completely Confident	0	0.0%
Not Confident	0	0.0%
Total Responses	18	

4. Which of the following best describes your bank's overall risk management capability?



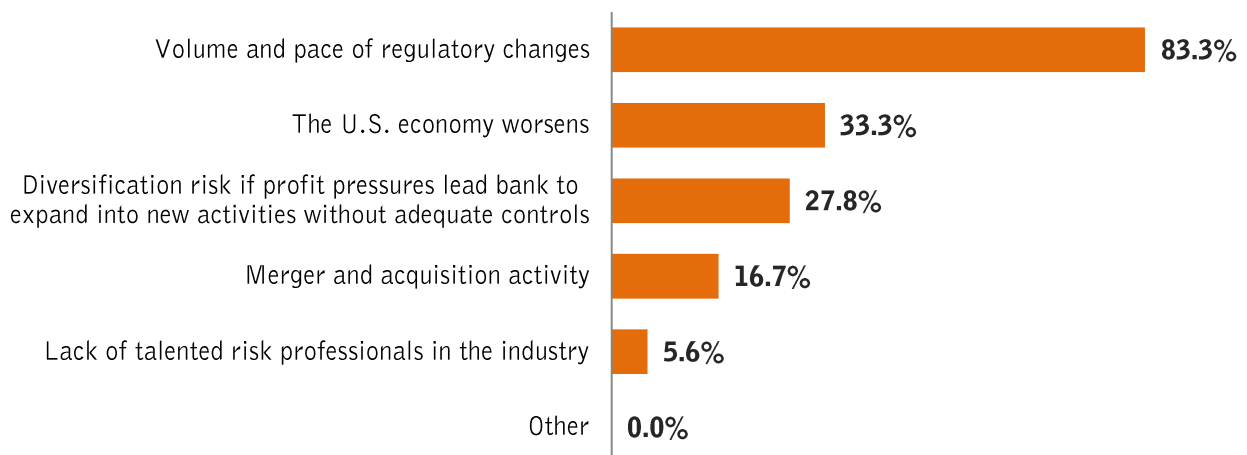
	Count	Percent
We have an ERM program in place that measures risk across the organization	13	68.4%
We are in the process of creating an enterprise risk management (ERM) program that measures risk across the organization but have not completed the transition	4	21.1%
We have a formal risk management program in place, but risks tend to be managed in silos and processes vary across the organization	2	10.5%
Total Responses	19	

5. What are your bank's biggest risk management challenges?



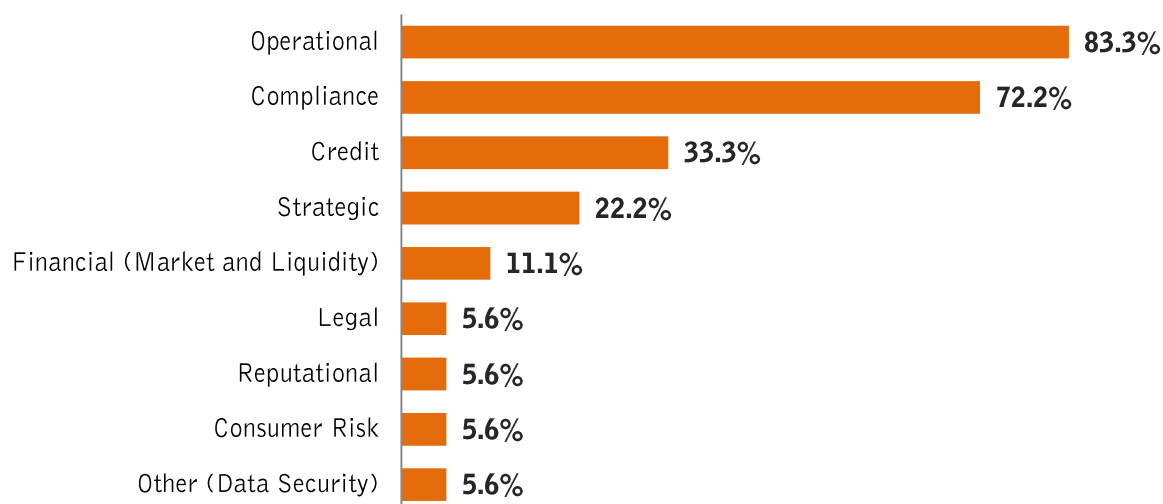
	Count	Percent
Keeping up with regulatory expectations of risk management practices	13	72.2%
Maintaining the technology and data infrastructure to support risk decision-making	11	61.1%
Clearly defining the institution's risk tolerances	8	44.4%
Creating a culture that supports bank-wide risk communication and assessment	5	27.8%
Making a financial commitment to technology, consulting or training	2	11.1%
Having the in-house risk expertise	1	5.6%
Total Responses	18	

6. Which of the following business and/or banking environmental factors are most likely to cause risk evaluation failures in your processes and systems?



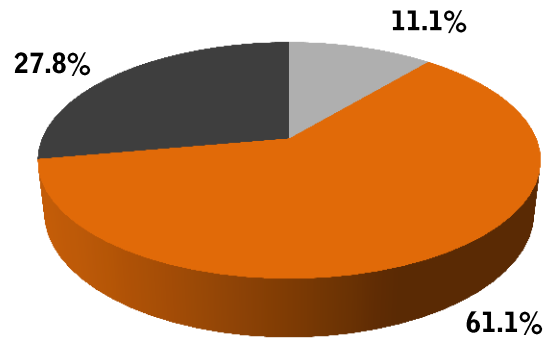
	Count	Percent
Volume and pace of regulatory changes	15	83.3%
The U.S. economy worsens	7	33.3%
Diversification risk if profit pressures lead bank to expand into new activities without adequate controls	5	27.8%
Merger and acquisition activity	3	16.7%
Lack of talented risk professionals in the industry	1	5.6%
Other	0	0.0%
Total Responses	18	

7. With respect to your bank, what risk categories are you the most concerned about?



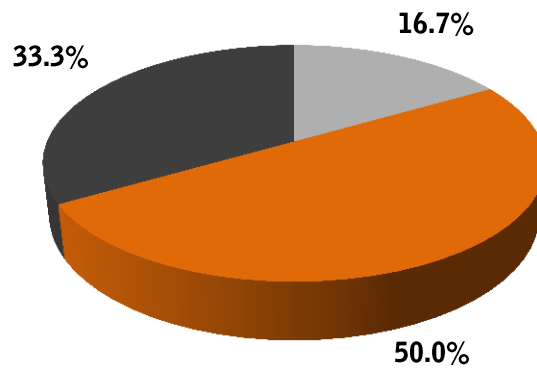
	Count	Percent
Operational	15	83.3%
Compliance	13	72.2%
Credit	6	33.3%
Strategic	4	22.2%
Financial (Market and Liquidity)	2	11.1%
Legal	1	5.6%
Reputational	1	5.6%
Consumer Risk	1	5.6%
Other (Data Security)	1	5.6%
Total Responses	18	

8. Over the last three years, the amount of time you spend devoted to discussion of risk management issues at board meetings has:



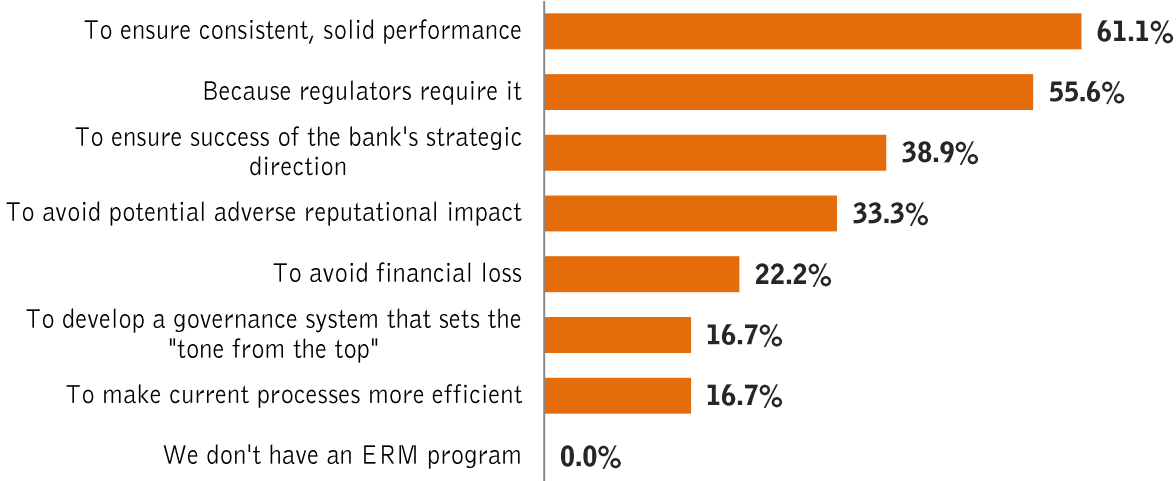
	Count	Percent
More than doubled	11	61.1%
Increased moderately	5	27.8%
More than tripled	2	11.1%
Decreased	0	0.0%
Total Responses	18	

9. How would you rate your board's ability to understand and interpret the risk data that you provide?



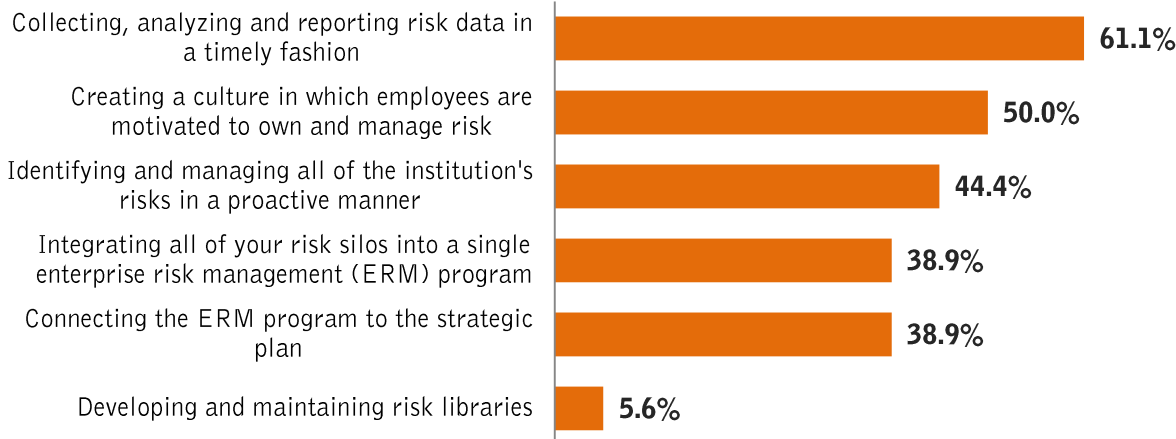
	Count	Percent
Excellent	6	33.3%
Good	9	50.0%
Fair	3	16.7%
Poor	0	0.0%
Total Responses	18	

10. What is your bank's primary motivation for investing its resources into an enterprise risk management (ERM) program?



	Count	Percent
To ensure consistent, solid performance	11	61.1%
Because regulators require it	10	55.6%
To ensure success of the bank's strategic direction	7	38.9%
To avoid potential adverse reputational impact	6	33.3%
To avoid financial loss	4	22.2%
To develop a governance system that sets the "tone from the top"	3	16.7%
To make current processes more efficient	3	16.7%
We don't have an ERM program	0	0.0%
Total Responses	18	

11. What are your biggest challenges in connection with supporting an enterprise risk management program?



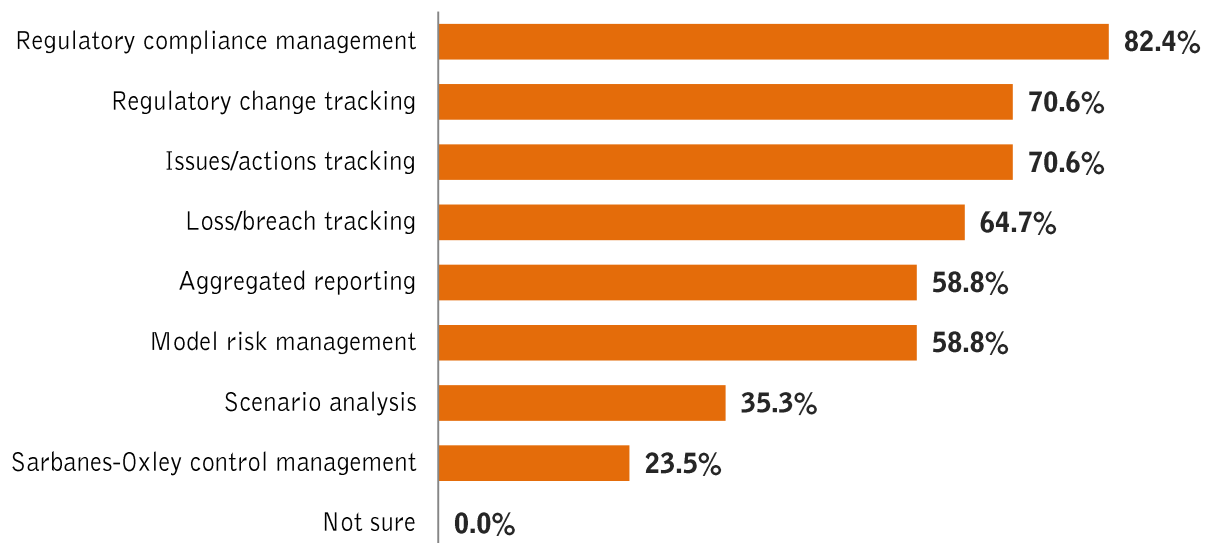
	Count	Percent
Collecting, analyzing and reporting risk data in a timely fashion	11	61.1%
Creating a culture in which employees are motivated to own and manage risk	9	50.0%
Identifying and managing all of the institution's risks in a proactive manner	8	44.4%
Integrating all of your risk silos into a single enterprise risk management (ERM) program	7	38.9%
Connecting the ERM program to the strategic plan	7	38.9%
Developing and maintaining risk libraries	1	5.6%
Total Responses	18	

12. How important are the following factors when selecting an enterprise risk management (ERM) technology?

Each factor ranked on a scale of 1-5, with 5 indicating the highest value.

	1		2		3		4		5		Resps
	%	#	%	#	%	#	%	#	%	#	#
Content management	0.0%	0	0.0%	0	29.4%	5	52.9%	9	17.6%	3	17
Risk and control management	0.0%	0	0.0%	0	17.6%	3	41.2%	7	41.2%	7	17
Workflow management	0.0%	0	11.8%	2	35.3%	6	41.2%	7	11.8%	2	17
GRC management and analytics	5.9%	1	0.0%	0	47.1%	8	47.1%	8	0.0%	0	17
Technical functionality	0.0%	0	0.0%	0	41.2%	7	41.2%	7	17.6%	3	17
Market share/customer base	0.0%	0	29.4%	5	52.9%	9	17.6%	3	0.0%	0	17
Company vision and strategy	0.0%	0	23.5%	4	41.2%	7	29.4%	5	5.9%	1	17
Organizational viability	0.0%	0	17.6%	3	23.5%	4	41.2%	7	17.6%	3	17
IT risk support	0.0%	0	0.0%	0	35.3%	6	47.1%	8	17.6%	3	17
Audit functionality	0.0%	0	6.3%	1	43.8%	7	31.3%	5	18.8%	3	17
Integrated risk reporting across risk disciplines	0.0%	0	0.0%	0	11.8%	2	41.2%	7	47.1%	8	17
Total cost of ownership	0.0%	0	0.0%	0	29.4%	5	47.1%	8	23.5%	4	17
Financial services expertise	5.9%	1	0.0%	0	23.5%	4	52.9%	9	17.6%	3	17

13. Does the risk management function at your bank have primary responsibility for any of the following activities or processes?



	Count	Percent
Regulatory compliance management	14	82.4%
Regulatory change tracking	12	70.6%
Issues/actions tracking	12	70.6%
Loss/breach tracking	11	64.7%
Aggregated reporting	10	58.8%
Model risk management	10	58.8%
Scenario analysis	6	35.3%
Sarbanes-Oxley control management	4	23.5%
Not sure	0	0.0%
Total Responses	17	