



Risk reimagined

Seize the opportunity in risk



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[KPMG.com/au/RiskReimagined](https://www.kpmg.com/au/RiskReimagined)

1. 'Risk aware' culture

Variability in (or destructive) risk culture, perpetuated by a focus on short term gain and a inconsistent risk management approaches & understanding

Establishing a 'risk aware' (as opposed to a traditional 'risk averse') workforce is critical for organisations to seize the opportunity in risk, and remain competitive in a highly integrated and disrupted operating environment. Strong risk leadership and integration of risk management principles throughout an organisation's structural layers is key to instilling a constructive risk aware culture.

KPMG's Risk Culture Assessment framework brings together experience and knowledge from across the globe. The framework underpins our approach to supporting organisations to define a target risk culture, and to set the strategy and mechanisms to achieve this.

"Risk culture is difficult to measure in quantitative ways. Organisations wanting to avoid cultural scrutiny from regulators and stakeholders would do well to take steps to understand and deal with their cultural challenge."

Matt Tottenham, Partner, Risk Strategy & Technology

2. Alignment of first and second lines of defence

Varying maturity of the second line risk function

In order to be effective and operationally efficient, second line risk and compliance functions need to be less siloed and more closely aligned to first line processes (identification, assessment and mitigation activities). Using technology and data, organisations can build a single source of truth of risk data, which can be used for business intelligence and efficient risk and compliance management. This enables the second line risk function to become a more specialised and independent centre of excellence, focused on data-enabled analysis, assurance, governance and insight.

KPMG offers a managed risk solution, KPMG Risk Hub, to help organisations seize the opportunity in risk. Through KPMG Risk Hub, organisations gain access to a team of risk specialists, who have partnered with IBM® OpenPages® and Watson AI, to implement a cost effective and integrated risk management system that allows them to embed effective and operationally efficient risk management.

"We need to seize the opportunity in every risk and find value in each risk decision, to create sustainable businesses that ultimately maintain stakeholder trust"

Kevin Smout, Partner, Risk Strategy and Technology



Risk Management today

3. Greater regulatory oversight and demands from external stakeholders

Increased regulation and pressure of maintaining social license to operate

Increased expectation is being placed on organisations to make ethical risk-based decisions, coupled with the formation of external regulatory bodies to govern risk management activities and accountabilities across all sectors. This increase in external scrutiny is not limited to organisations, as Directors and Senior Executives are being held to higher individual levels of accountability for the decisions they make. This raises the potential for liability when material business risks are realised.

To help manage this increased spotlight, KPMG helps organisations to develop processes for remediation, and to embed risk management

into strategic and operational decision making. Our approach increases transparency and helps to satisfy external stakeholders that the organisation is committed to managing its material business risks. We work with organisations to enhance compliance management frameworks and processes, using tools, such as [KPMG Compliance Compass](#).

“Smart organisations are making a virtue out of regulatory compliance, using it to improve performance and enhance competitiveness.”

Jacinta Munro, Partner, Compliance and Regulation

4. Data-enabled risk management

Significant data is created, but not interpreted

Data and technology enable organisations to organise and analyse large amounts of data to augment risk and data-based decision making. Governance, Risk and Compliance (GRC) systems are evolving, utilising machine learning and artificial intelligence to support consistency in decision making. From an operational perspective, effective data management, governance and security are paramount, as innovation and implementation of emerging technologies will disrupt markets and create opportunities for growth.

To help organisations navigate the risk and reward that comes from technology, and the data it can generate, KPMG supports organisations in transferring ‘data’ into ‘information’.

Our experts can help organisations to understand and interpret risk data so that it can be used in support of decision making to seize the opportunity in risk. To supplement this process, KPMG has a raft of technological tools (such as [Dynamic Risk Assessment](#) and [Facilitator View](#)) that can assist in interrogating risk information, in ways beyond the standard consequence and likelihood scales. These tools can provide an understanding of the interconnectedness of the risks within an organisation’s material risk profile.

“Data is the ‘now’ and the ‘future’ of risk. Insight-driven risk management will transform an organisation’s risk profile.”

Zoe Willis, Partner, Data and Analytics

KPMG Risk Strategy and Technology team

In a rapidly changing global landscape, emerging risks are affecting businesses more than ever before. Managing risk should create sustainable value if it is viewed as a process that helps management achieve its business goals, as a trigger for enhancing innovation, building credibility and achieving business resilience.

Organisations need to continue to transform the way risks are managed — leveraging technology and data to help align and bring risk alongside the front line decision-making processes.

KPMG's Risk Strategy & Technology team brings together risk specialists with specific industry and technology expertise to work with our clients to design, transform and / or manage their risk function to increase effectiveness and efficiency in risk management at a strategic, organisational and operational level.



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