



Beyond Box-ticking A new era for risk governance

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ADVISORY

Building a risk culture

- **The creation of a pervasive risk culture has been an elusive goal for many entities**
- **Executives must convey a clear message that risk is part of everyone's job**
- **Communication is all too often weak between risk functions and the broader business**
- **Building a risk culture means speaking in terms that the whole entity understands**

Most important qualities to risk culture



Ten risk indicators of successful risk management from the current economic crisis

1	Risk management has authority
2	Senior executives lead risk management from the Top
3	Risk factors consolidated across all the organisation's operations
4	Risk management systems adaptive rather than static
5	Careful balance struck between the centralisation and decentralisation of risk
6	The level of risk expertise in their organisation, particularly at the highest levels reviewed
7	Attention paid to the content of risk registers, and this is combined with human judgement
8	Stress testing and scenario planning should arm executives with an appropriate response to events
9	Incentive systems constructed so that they reward long-term stability, not short-term profit
10	Organisation's ensure that they do not rely too heavily on data from external providers

Source: Economist 2009

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Source: Economist 2009

No. 1 priority to improve risk in 2009



Source: [EIJ 2009]



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