

Hey! What's New? 2025-52

Companies Are Preparing for Significant Increase in Risk

Risk management is becoming more complex and challenging with the pace of risk transformation escalating, according to KPMG International's new *Future of Risk* report.

The global survey, which polled 400 executives in February and March 2024, found that 61% of executives expect to see a significant increase in the level of risk they will be responsible for in the next three to five years.

The research found "that risk management professionals are aware of the need to address challenges presented by a rapidly changing geopolitical and financial landscape. In fact, risk management professionals' number one focus in the next one to three years is to proactively adapt to new risk types such as AI; geopolitical; reputation; environmental, social and governance (ESG); IT and cyber risk. Interestingly, the second-biggest priority is to leverage advanced analytics and AI for risk management."

As risk functions grapple with rising external risks and internal challenges, the report notes, professionals are expected to be more productive and effective.

The KPMG survey found that the vast majority (90%) of respondents believe that the pace of risk management transformation, fueled by technological disruptors, has increased, with 56% indicating that it has risen sharply.

As well, the survey found that risk management transformation professionals understand the need to address the changing face of risk. "Over the next one to three years, executives have identified that their top priority is to adapt proactively to new risk types such as AI, geopolitical, reputation, ESG, IT and cyber risks. Their second-biggest priority is to adopt advanced analytics and AI for risk management."

In fact, the survey found that 41% of executives expect to spend more than half of their risk management budget on technology in the next 12 months, compared with just 28% in the previous year.

Also pointed out that "survey respondents recognize the need for collaboration between the risk function and broader strategic, operational and financial functions of a business. Of those surveyed, 68% believe that integration and interconnection of risk management systems, domains and processes had a significant positive impact on the effectiveness of risk-related decision-making. However, only 46% of respondents rate the level of collaboration between risk domains as adequate."

In addition, said the report, "a majority of CEOs and COOs (66%) and CROs and risk managers (57%) believe that cross-functional task forces, collaboration and communication are essential for better understanding the likelihood and impact of large-scale events and developing greater resilience and agility."

According to KPMG, "technological advances are accelerating, which is enabling risk professionals to manage change better, while at the same time bringing fresh risks."

The study found that “AI and generative AI are the most popular types of technology for managing additional risk responsibilities. It is also the most commonly identified solution that the risk function is planning to invest in over the next three to five years. According to the survey, this technology is allowing practitioners to enhance their ability to filter through data, spot trends and suggest solutions.”

Nancy Chase, Global Risk Leader at KPMG International, comments that “his report makes clear the need for organizations to fundamentally alter their approach to risk by embracing risk as an enabler and an asset that drives stakeholder value. As our survey shows, executives are already aware of the scale of transformation required and are taking steps to address this. However, external challenges and the scale of transformation to come requires businesses to embrace a future where these risks are understood and harnessed. This report takes businesses one step closer to this, outlining the strategic imperatives for the risk function and ways executives can make managing risk less risky and seize the opportunity afforded by risk.”

Get the report at <https://assets.kpmg.com/content/dam/kpmg/sg/pdf/2024/08/future-of-risk-report.pdf>.