About the Institute of Risk Management (IRM)

IRM is the leading professional body for Enterprise Risk Management (ERM). We drive excellence in managing risk to ensure organisations are ready for the opportunities and threats of the future. We do this by providing internationally recognised qualifications and training, publishing research and guidance, and setting professional standards.

For over 30 years our qualifications have been the global choice of qualification for risk professionals and their employers. We are a not-for-profit body, with members working in all industries, in all risk disciplines and in all sectors around the world.

Our Technology Sponsor

Sword Active Risk provides Enterprise Risk Management software that drives business performance and corporate growth by providing management information that enables more informed decision making about certainty within the business model.

Find out more: www.sword-activerisk.com
Something to talk about

In 2016, IRM celebrated 30 years of providing education, training and professional development to the risk profession. IRM started life in the City of London in the UK but swiftly attracted worldwide attention and today has over 6,500 members and students in over 100 countries around the world.

The past 30 years have seen huge changes in the risk environment and also in the ways that we seek to manage uncertainty. We anticipate that the next 30 years will be no different. If anything, opinion seems to be that change is accelerating, enabled by technology and globalisation, and the profession must respond. But what does this mean? How should we practice what we preach and ensure that we are resilient and properly equipped for the future?

To mark our 30th anniversary, we launched our Risk Agenda 2025 project to harness the collective expertise of our membership and contacts around the world. We have held a series of debates, involving many of our regional member groups. We have also sought the view of our contacts in other professions – we need to avoid the danger of talking only to ourselves. We have interviewed key risk commentators and invited them to give us their thoughts. And finally we undertook a widespread survey of the risk community. The results of these exercises are summarised in this document. With the help of Glasgow Caledonian University we have also prepared a detailed companion document which analyses the survey and workshop output in more detail.

This is available online from the Risk Agenda pages of our website at www.theirm.org/thetbigdebate.

We would like to thank everyone who has contributed to this project and in particular Sword Active Risk whose sponsorship has made our design and print possible. One of IRM’s key strengths is that it is an independent, not-for-profit organisation – direct sponsorship support from leading industry partners means that we can plough any surpluses straight back into developing risk management education and services for members.

Our findings indicate a number of areas where adaptation will be necessary – by individual risk professionals, by their employers and also by the Institute itself. We comment on this at the end of this summary. The IRM Board is committed to an exciting agenda of change in order to play our part in supporting the profession going forward.
What’s that coming over the hill?

Five key risk areas for 2025.

Those we consulted identified the following trends that will dominate the external risk environment:

**Technological change**
Artificial intelligence (AI), big data, robotics, the Internet of Things (IOT), blockchain technology and the development of the sharing economy were all identified as key drivers for 2025. The risk function has the most to learn about blockchain, with under 40% of respondents feeling well equipped to handle it. However there was more confidence about other technologies.

**Economic and financial instability**
This was the greatest area of concern today, but our respondents feel it will be a slightly less pressing issue in 2025 (compared to technological developments anyway). However it is also a familiar environment, with most respondents being confident in the ability of their organisations to understand and address future risks.

**Geopolitical volatility**
Developments in the past two years have kept this on the risk radar for most organisations, noting upheavals in the US political system, instability surrounding North Korea, Brexit and the tensions within the EU and continued conflict in the Middle East.

**Climate change**
Worryingly for some, this seems to be regarded as a risk for tomorrow rather than today, with results indicating that climate change ranks among the top three future risks for 2025. However our participants from Africa and the Middle East were much more inclined to give it a high priority.

**Longevity**
The impact of aging populations on business and public services means this is being recognised as a risk area for 2025 in developed economies. Ageing populations can be challenging for many organisations due to the increased support required via social care and the financial implications.

“...Previous assumptions can no longer be taken for granted and scenarios will change at the drop of a hat…”
Turn and face the change

Five key challenges for the risk profession for 2025.

Having considered the external environment, our consultees focused on how the risk profession operates and identified the following trends:

**Focus on culture and behaviour**

Our respondents expect to see a growing focus on understanding and shaping an organisation’s risk culture as a key approach to managing risk. Risk professionals will need the right skills and tools to be able to understand and lead this process.

**Maturity**

Much work has been done over the past decade to introduce effective risk management processes, assessment techniques, frameworks and standards. In less developed economies this is expected to be a significant priority, however in more mature organisations there is now a focus on raising risk management awareness and capability, leading to centralised risk teams.

**Value creation and opportunity**

Being able to identify and communicate the value of risk management in protecting organisational assets and enhancing the ability to take opportunities remains an important challenge for the profession. Application of risk thinking to the development and implementation of strategy is likely to be a fruitful area for the future.

**Technological awareness**

The dominance of technological developments emphasises the need for all risk professionals to become familiar with the new technologies that will affect their field, and possibly to become experts. Technology also offers new risk management tools, however an increased reliance on technology also opens up new exposures to cyber-risk and security breaches.

**Diversity**

The benefits of diverse thinking in enhancing organisational decision-making are well-established. The risk profession needs to ensure that it is recruiting and developing the top talent for the future. 62 of our respondents were male and 38% female so, while there are clearly opportunities in the profession for women, there is still potential to do better.

“...in the future risk management must become more agile, creative and adaptive... its practitioners more business-aware and open…”
A little less talk and a lot more action

Different stakeholder groups will want to use the findings of our research in different ways.

Individual risk professionals
Those working in risk should consider the emerging themes from this report when planning their own careers, when thinking about developing their teams and making succession plans.

- All risk professionals will need to be aware of a range of new technologies that may affect their organisations. Some will need to become experts at data analytics and on the risks and opportunities offered by artificial intelligence, fintech developments and the internet of things.

- All risk professionals will need to ensure that their people and communications skills are of top quality in order to challenge and support the business effectively, demonstrating the value of risk management and speaking the language of business.

Organisations and employers
Boards and senior management also need to be knowledgeable about the changing risk landscape, supportive of the need to build healthy risk cultures and committed to effective training and development policies to support this. 25% of our respondents considered that their boards were not very knowledgeable about technological risk, which indicates an area for attention.

IRM
As the leading professional Institute for Risk Management, the IRM has a responsibility to ensure that our education and training continues to equip people to manage risk effectively in a changing environment. To this end, the IRM board will be considering the following steps, amongst others:

- Expanding the existing education and training programmes to ensure that appropriate priority is given to the ethical challenges that risk professionals may face.

- Developing a new International Certificate in Digital Risk Management that will either give new entrants to the profession a flying start in managing risk in the context of new technology or allow established professionals to build their capability in that area.

- Developing a research programme, including the recently announced research with the University of Cambridge Centre for Risk Studies, to monitor and communicate good practices in managing risk and identifying the value it adds to the organisation.

- Encouraging our Special Interest Groups to research and develop guidance and position papers on key areas. For example, our Innovation Special Interest Group has already embarked on a project to look at the use of horizon scanning techniques.
Thank you very much

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