



# RISK REPORTING TRANSFORMATION



SOLUTION SHEET

## Industry View on Risk Reporting

Governance Institute of Australia's Risk Management Survey 2020 identified the key pressure points for governance and risk professionals in the Australian market now, and into the future.

The survey included participation from 400 governance and risk management C-suite executives and senior leaders across different industries with a significant number from Insurance sector.

### Key Findings specific to Risk Reporting and Why it's critical for insurance companies to improve risk reporting

**74%** of respondents said their internal risk reporting is only quite effective and not very effective or at all effective

On the whole, risk reporting is seen positively and only 17% said that it's very effective. There was another viewpoint to improve risk management culture and risk reporting was cited as the most common ways to do so.

#### Sources:

<https://www.governanceinstitute.com.au/advocacy/survey-reports/risk-management-survey-2020/>

Supplemented by EXL Analysis

[EXLSERVICE.COM](https://www.exlservice.com)

**52%** respondents stated that the best ways to improve their organisation's risk management culture would be through better reporting tools and raising "voice" of risk

This suggests there is a correlation between having the right structures in place and successfully communicating risk

The cultural shift of risk ownership and delineation of first, second, and third line of defense roles and responsibilities makes risk reporting critical for insurance companies.

APRA regulated guidelines, such as Prudential Standards CPS 220, make it mandatory for senior management to identify, measure, evaluate, monitor, report and control or mitigate material risks.

## Ongoing Impact of Ineffective Risk Reporting

 <p><b>Neglected Areas of Risk Management</b></p> <p>Incomprehensive coverage of emerging and forward-looking risks</p>	 <p><b>Absence of Predictive Risk Indicators</b></p> <p>Sub-optimal prioritisation of insights and reactive remediation actions</p>	 <p><b>Lack of Cultural Cohesion to a Consistent Risk Agenda</b></p> <p>Disintegration of risk indicators with the overall risk strategy, risk appetite and risk profile</p>	 <p><b>Inefficient Data-Gathering Processes and Reporting</b></p> <p>No single source of truth, this limits the ability to conduct real-time risk assessment and identify correlated risk dimensions</p>
 <p><b>Immature Data Visualisation</b></p> <p>Leads to a manual, time consuming, and error-prone reporting process</p>	 <p><b>Fragile Data Management</b></p> <p>Leads to a lack of data ownership and data governance across the three lines of defense required to test, validate and verify</p>	 <p><b>Limited Use of Advanced Analytics</b></p> <p>Tools and techniques to detect and quantify risks</p>	

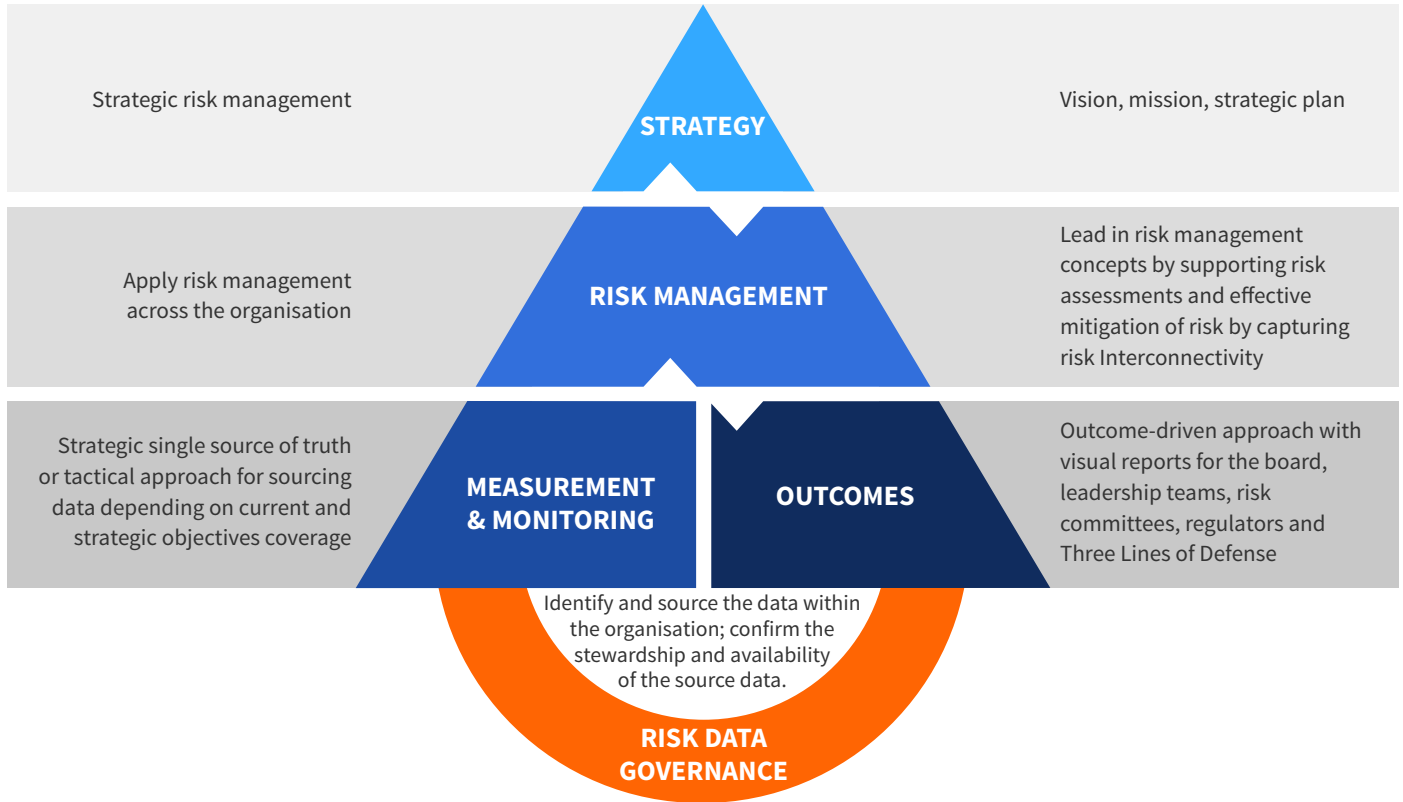
## What do Risk Organisations aim to achieve through an effective Risk Reporting?

 <p>Develop a suite of <b>predictive risk indicators</b> supporting the risk management framework</p>	 <p>Ensure data quality is maintained and effective governance over risk data to facilitate business initiatives &amp; assist <b>compliance with legal &amp; regulatory requirements</b></p>
 <p><b>Heighten quality of risk reporting</b> to make it meaningful, insightful, accurate, and reflective of internal and external environment</p>	 <p>Build an <b>effective risk reporting system</b> to monitor material risks and risk issues to support decision making</p>
 <p>Enhance <b>coverage of emerging and forward-looking risks</b> that align to the Group's risk strategy</p>	 <p>Confirm cascading and implementation of risk indicators across <b>Three Lines of Defense</b></p>

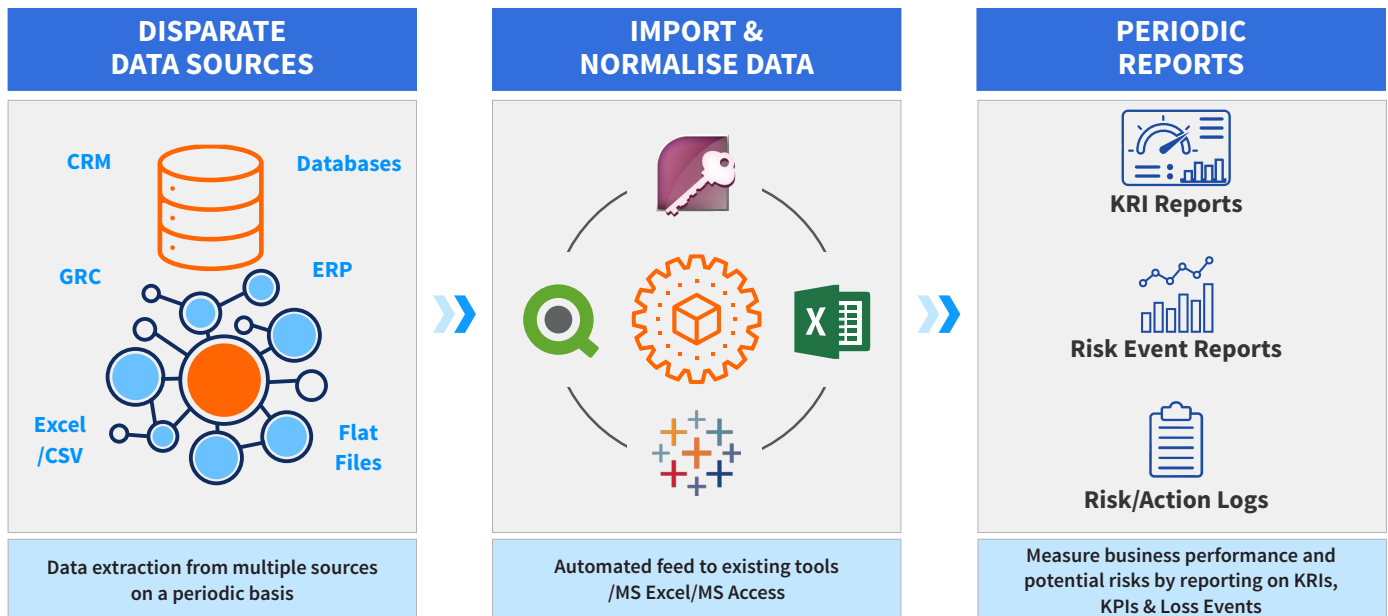
## HOW EXL CAN HELP

With a team of qualified professionals and a proprietary risk reporting framework EXL can help with the risk reporting transformation for your organisation.

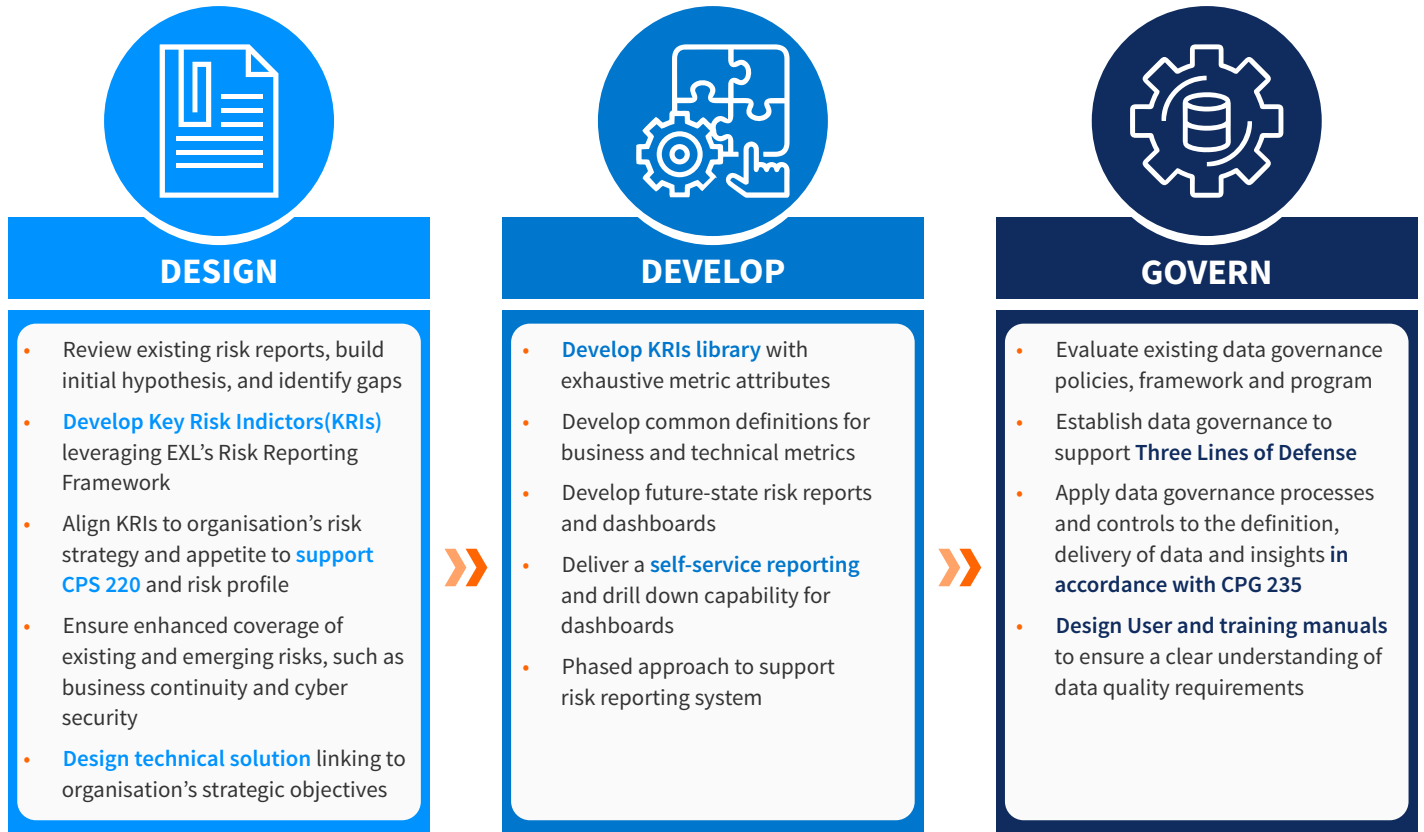
## EXL's Risk Reporting Framework



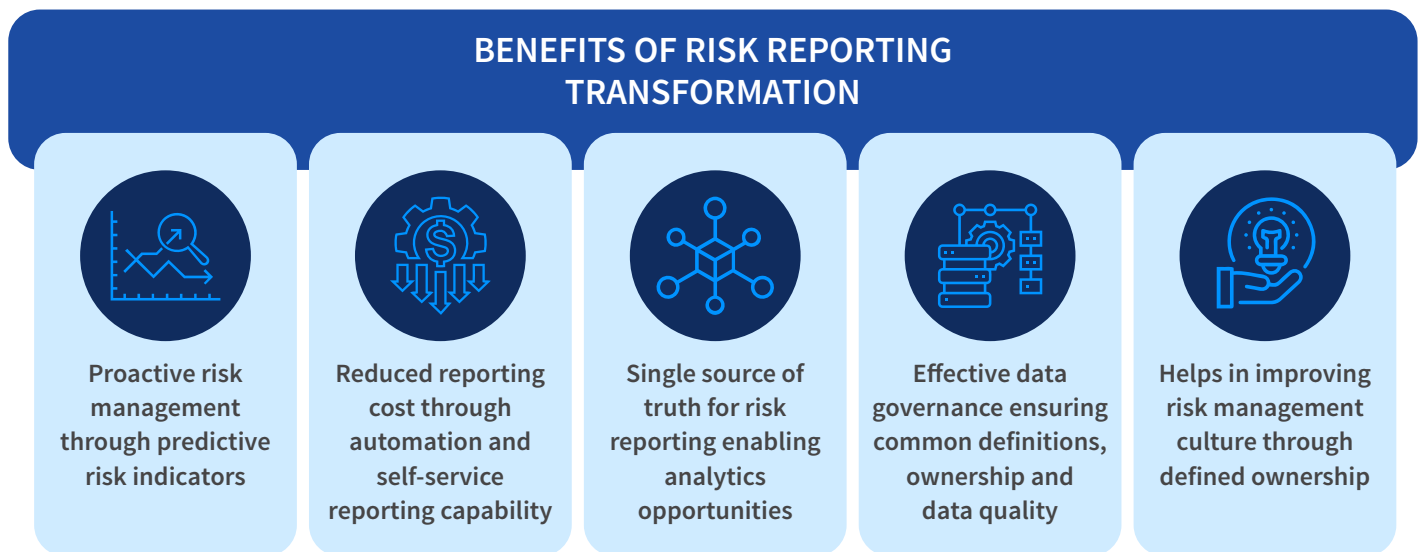
## Leverage Advance Tools and Techniques for Risk Reporting Transformation



## EXL's Solution Approach



## Benefits



## Contact us and learn more

**Abhimanyu Bhola**  
 VP & Growth Lead, EXL Australia  
 Mobile: +61 448305819 | Email: [a.bhola@exlservice.com](mailto:a.bhola@exlservice.com)

**Steve Smith**  
 Partner, EXL Consulting  
 Mobile: +61 402965199 | Email: [steve.smith@exlservice.com](mailto:steve.smith@exlservice.com)