

Embracing Data-Driven Risk Management in 2022

*How Specialty Data, Technological Innovations
and Integrated Risk Assessment Models are
Helping Companies Develop More Intelligent
and Holistic Risk Management Strategies*

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Executive Summary

Forecasting and evaluating financial and operational risks to minimize their potential impact is critical in all business environments, and particularly so amid a pandemic. But traditional risk management approaches are ill-equipped to serve today's digital- and data-driven enterprises.

With expert commentary from nine risk- and data-focused executives, this report explores how industry leaders are reimagining their risk management functions with a focus on data and analytics in the wake of the pandemic.

Our findings suggest that many businesses have yet to commit fully to transforming their risk management functions. But those that have are well on the way to establishing more data-driven, integrated and efficient risk management processes.

Data-focused executives are helping enterprise risk functions use data to inform their decisions and unlock

a range of organizational benefits. Meanwhile, automation is streamlining risk management processes, eliminating manual tasks and empowering risk professionals to assess a wider range of risk factors.

At the same time, enterprises are also dealing with new and emerging risks. Data management, sustainability, cybersecurity and environmental, social and corporate governance (ESG) risks are becoming key elements of enterprise risk management strategies. As such, reliable risk data is more important than ever in the post-pandemic age.

In time, holistic risk management will become commonplace. Executives who wish to unlock the benefits of more analytical risk management processes will need to allocate time and resources to initiatives that will enable greater collaboration between their companies' risk and data functions. ■

Contributors



Carolina Azar
Director,
Product Strategy,
Moody's Analytics



Ravi Parmeswar
VP, Global Head
of Strategic Insights
and Analytics,
Johnson & Johnson



Sander Desmet
Senior Director,
Product Strategy,
Moody's Analytics



Dan Power
MD, Data Governance,
State Street Global
Markets



Dirk Jungnickel
SVP, Enterprise Data and
Analytics, Emirates Group



JoAnn Stonier
Chief Data Officer,
Mastercard



Gladwin Mendez
Data and Technology
Operations Officer,
Fisher Funds



Morgan Templar
VP, Information
Management,
Highmark Health



Hartnell Ndungi
Chief Data Officer,
Absa Bank Kenya

Three Ways Enterprise Risk Management is Evolving

KEY FINDING

Data-focused executives are helping enterprise risk functions use data in sophisticated ways to inform their strategic decisions. Integrating risk management datasets is unlocking a range of organizational benefits

Enterprises today must navigate a vast array of risks – from sudden currency market fluctuations to fines for mishandling customer data, pandemic-related supply chain disruptions and far, far beyond. The long-term survival of any business depends on its ability to foresee and manage potential operational and reputational risks. But until relatively recently, enterprise risk management strategies depended heavily on manual processes and traditional sources for entity data.

The discipline has undergone a transformation in recent years. Enterprises are sourcing and managing greater volumes of data on a wider variety of risks. Meanwhile, automation is empowering many risk professionals to evaluate and manage risks more efficiently. As a result, the role risk management plays in the modern enterprise is changing.

“It’s kind of a continually raising bar,” reports Dan Power, MD, Data Governance for financial services giant State Street’s Global Markets business unit. “Just like you’re seeing increasingly integrated datasets, you’re starting to see more integrated functions between risk and IT.”

“That really opens up some great conversations,” he continues. “Some of the basics are done and you can move on to the more interesting stuff, like increasing automation and upgrading applications to better products, which gives you more capabilities.”

To discover more about how this shift is transforming enterprise risk management, we interviewed a range of data- and risk-focused executives from across the globe. ►

Enterprises are Sourcing Entity Data Differently

How enterprises collect and manage risk management data has changed dramatically in recent years. Data teams now play a key role in helping enterprise risk functions measure and manage emerging risks.

“A lot of the work we do is driven by risk management, where they’ve identified a risk and they need us to take the ball and govern it,” says Morgan Templar, VP, Information Management at healthcare organization Highmark Health. “So, we’ll find a system, find a process, find the right teams and work with them to ensure all that is set up.”

“Technology has empowered organizations to build their own data environments,” notes Sander Desmet, Senior Director, Product Strategy at Moody’s Analytics, a firm dedicated to integrated risk assessment. “Analyses were previously based largely on external data. But risk data sourcing is shifting to largely internal data that is enriched with some external datapoints, analytics and insights acquired from companies like Moody’s Analytics.”

Templar says the healthcare sector is unusual in that organizations have historically been wary of using data



from external providers. It’s only since the 2010 Affordable Care Act led to the creation of State-wide healthcare data exchanges that attitudes started to change.

But in general, it looks like the prevailing trend is now towards establishing well-governed internal data assets for critical risk datasets

and augmenting them with data from external providers as needed.

“We do enrich our entity data with data from outside vendors, like the legal entity identifier, for example,” Power agrees. “It’s always good to triangulate between the internal view and the external view.”

“It varies from business to business,” concludes Gladwin Mendez, Data and Technology Operations Officer at investment specialist Fisher Funds. “The key thing in there with the use of entity data is understanding the end-to-end lifecycle of data and its use across the enterprise.

“Once you have that, and once you better understand what the downstream and upstream opportunities and risks are, you can then focus on the areas of greatest return on investment.” ►

“Risk data sourcing is shifting to more or less completely internal data that is enriched with some external datapoints, analytics and insights”

Sander Desmet

Senior Director, Product Strategy, Moody’s Analytics

Automation is Streamlining Risk Management Processes

Automation has been a key driver for the evolution of enterprise risk management strategies. Technology has streamlined risk management processes, eliminating unnecessary manual tasks and empowering risk professionals to consider a wider range of risk factors.

"If you were managing 5,000 customers 10 years ago, you'd need to key in 5,000 financials to evaluate them," Desmey says. "Usually, 4,800 companies would be perfectly healthy. You were actually wasting your time typing in financials for healthy companies. So, companies are increasingly automating risk scorecards in order to avoid that."

Scorecards are commonly used to calculate entities' or customers' risk levels and make decisions about how to do business

"Now we've converted risk indicators to be more data-centric, we can easily identify which source systems to pull data from to visualize these indicators"

Hartnell Ndungi

Chief Data Officer, Absa Bank Kenya

with them. As technology has progressed, scorecard-based risk management models have become increasingly sophisticated.

"Where we've helped is by standardizing financials on a global scale," Desmet notes. "That means that you don't have to know the Chinese local financial formats or the Brazilian local financial formats. You can take any company you would like

and assess it in the exact same way.

"That ensures transparency and consistency in the way you evaluate your counterparties. And we've created tools to accelerate that process, so the majority of the first analysis is done automatically."

At the same time, data professionals are providing risk teams with self-service visualization tools and dashboards to democratize risk analytics and empower staff to do their own risk analyses.

"Previously, they were Excel and PowerPoint chaps," says Hartnell Ndungi, Chief Data Officer at Absa Bank Kenya. "These days, they are walking into meetings with self-service dashboards that are able to show them, on a near real-time basis, what risks are present within the environment, what the controls are and how we are responding to them."

Everyone we interviewed for this research is aware of innovations like these. However, some enterprises have yet to prioritize investing in them.

"We're providing reporting support on [risk]," says Dirk Jungnickel, SVP, Enterprise Data and Analytics at aviation company Emirates Group. "We help in providing visibility, but not in the sense of really quantifying risks or anything like that." ►



Benefits of Integrated Risk Management Processes

As risk management becomes more data-driven, enterprises are finding it easier to manage business-critical risks. Power gives the example of using integrated entity datasets for anti-money laundering checks to uncover potential business partners that require particular scrutiny.

"A lot of it is about non-obvious relationships," Power says. "Person A is involved in organization B and organization B is working with organization C and, guess what, they're a terrorist group."

"Better datasets always lead to better outcomes," he concludes. "You have to make sure you can make the best use of them. But certainly in the case of non-obvious relationships, sanction screening and anti-money laundering, better information yields better outcomes."

Crucially, risk's data-driven transformation is enabling teams to shift their priorities from minimizing risk to defining safe guardrails that facilitate business innovation. For example, Templar says her team is partnering with risk to enable prescriptive analytics use cases that inform patient care.



"We're getting more and more involved in the outreach of medicine, which is a transformation from being reactive to being proactive," she explains. "Risk is very involved in that. It's changing the conversation from reacting to information to a new pattern of using data, doing analytics

on it, identifying trends relating to my health and then reaching out to me with that."

She concludes: "[Our analytics teams] can use more data today than they could 10 years ago, in part because our risk team has learned how to put the right guardrails around anonymizing or de-identifying data."

Risk management's evolution into a data-driven function is transforming its role in business. Moving forward, companies that invest in achieving this transformation will be best positioned to manage emerging risks, while also empowering business units to achieve their strategic goals. ■

*"Better datasets
always lead to
better outcomes"*

Dan Power

MD, Data Governance, State Street Global Markets



The Changing Nature of Enterprise Risk

KEY FINDING

Reliable risk data is more important than ever in the post-pandemic age. Our research has identified three key emerging risks that enterprises are sourcing data on and factoring into their risk management strategies

COVID-19 is a prime example of a Black Swan event for risk management. In hindsight, the huge disruption to global trade the pandemic catalyzed seems foreseeable. But the absence of any comparable event prior to it in our lifetime meant many businesses were caught off guard.

“Frankly, at least in CPG [consumer packaged goods], we never thought of supply chain as being a constraint,” recalls Ravi Parmeswar, VP, Global Head of Strategic Insights and Analytics at Johnson & Johnson. “It kind of drove our function smack into the center of the business, in that we had to go ahead and look at

predicting what the future might be.”

But this is just one way that the global risk landscape is shifting. The rise of new risks and shifting sands under existing risk types mean it’s more important than ever to use data and analytics to make risk management processes more efficient.

“If you are talking about risk management in this day and age, post-COVID-19, you’re actually relying more on data,” says Hartnell Ndungi, Chief Data Officer at Absa Bank Kenya. “Rather than just using your experience as a risk professional to understand how to mitigate or handle different types of risk, now you have to be able to use data.” ►

“You can’t eliminate all risks. But you’d better be able to foresee a lot of them and do what you can to minimize the impact”

Dan Power

MD, Data Governance,
State Street Global Markets

Ndungi argues that risk analytics is a vital tool for tracking the status of known risks enterprises must deal with, as well as predicting future risks that may not be part of an enterprise's risk management strategy at present.

Our research has identified three new and emerging business risks that are a particular focus for risk- and data-focused executives as we head into 2022: sustainability, data management and cyber risk.

Sustainability Risk and Business Resilience

Sustainability is 'top of mind' for virtually all data- and risk- focused executives in the wake of COVID-19. Business leaders are keen to futureproof their organizations against similar shocks in future and build resilience into their post-pandemic operating models.

"How is your growth transformation affected by pandemics or by other market shocks, with regards to where you operate?" Ndungi asks. "This is something that is very critical for us. We are trying to see how sustainability can actually have the right kind of risk indicators and control indicators and know how this can be resolved."

"Organizations need to monitor the dependency on their suppliers and have the ability to assess potential disruptions so they can adjust in a timely manner," adds Carolina Azar, Director, Product Strategy at Moody's Analytics. "Disruptions in the supply chain are now 'top of mind' for organizations. COVID-19 proved that organizations were not well prepared to deal with and adjust to sudden supply chain disruptions.

"It's about understanding the resiliency of your suppliers. Part of

that is understanding their exposure to ESG practices, but also the impact of external shocks on their supplier network, so as to manage supplier risk more effectively."

Data Management Risk

Faced with tightening global data privacy regulations, data management risk has also shot up the corporate agenda in recent years. This is especially true for enterprises that are exploring innovative ways to extract value from consumer data with analytics.

"With the privacy laws coming to be enforced within the country and different parts of the world, data management risk is critical," says Ndungi. "Users are also getting very enlightened about the aspects of data. So, data privacy or data management risk is now a principal risk we are considering." ►

Example Enterprise Risk Data Elements



Strategic

- Market
- Distribution
- Competitor
- Innovation
- Capability
- Acquisition and divestment



Operational

- People and capacity
- Client and sales
- Third-party
- Efficiencies
- Productivity
- Quality
- IT and security
- Project transformation risk
- Governance and culture
- Environmental and climate change
- Supply chain resilience and sustainability
- Reputational



Financial

- Revenue
- Cost
- Financing
- Liquidity and working capital



Regulatory

- Legislation
- Compliance
- Legal

Source: Corinium Intelligence 2021

"We're in the process of rolling consent preference and contact management out across our entire enterprise," agrees Morgan Templar, VP, Information Management at Highmark Health. "That's a pretty risk-driven endeavor. We have regulatory requirements that we're required to meet for how we contact people and when we can connect with them."

"Depending on what line of business people are in, there are different rules. So, we have to be able to establish a system to hold all that."

Cybersecurity Risk

Companies have been investing in antivirus software and firewalls since the dawn of the internet. But the threat potential cyberattacks represent has increased substantially in recent years.

"COVID-19 has accelerated digital activities," notes Gladwin Mendez, Data and Technology Operations Officer at Fisher Funds. "But the

"You have a process and a culture of risk excellence, so that you continually get better and better at managing risks"

Dan Power

MD, Data Governance, State Street Global Markets

numerous data and security breaches we've seen globally over the last year and a half shows that risk and cyber risk hasn't always been prioritized."

"Obviously, we're very concerned about cyber risk," says Dan Power, MD, Data Governance at State Street Global Markets. "We get attacked anywhere from 10,000-20,000 times a day by state actors and non-state actors. It's a continually evolving security landscape."

"The company does a lot. I can't obviously get into the details. But we take it very seriously because we are

a bank. And nowadays security is not having a strong vault. It's all about digital security."

"We did have cyber embedded within technology risk, previously," Ndungi adds. "But cybersecurity as a separate risk that is driving digital and data transformation is something very critical for us going forward."

Preparing Enterprises for the New Risk Landscape

Faced with emerging risks such as these, enterprises need to establish new data-driven risk indicators and ensure their risk teams have access to the right data sources to manage these new risks effectively.

"We manage 12-15% of the entire world's wealth," Power notes. "So, it's not always easy to completely eliminate risk. So, you try to eliminate all the stuff you know about and keep it eliminated."

"Then, you have a process and a culture of risk excellence, so that you continually get better and better and better at managing risks."

Effective entity data management has a key role to play, here. Enterprises must establish data-driven indicators for tracking key operational risks and ensure risk professionals can access this data easily to inform their strategies and decisions. ■





Making Holistic and Data-Driven Risk Management a Reality

KEY FINDING

Enterprises depend on entity data to effectively manage risks. So, data leaders are working to establish single sources of truth for risk data and create integrated views of enterprise risk

The strategic conversation around risk is changing. Data-driven tools we could only imagine a decade ago are transforming risk management from a defensive business function to one that drives enterprise performance.

Even at companies with relatively traditional risk functions today, data-focused executives are very aware of the ways they can help to transform their organizations' risk management strategies in the future.

"Risk is all about quantifying things and making them measurable, and this is pretty much what we do," says Dirk Jungnickel, SVP, Enterprise Data and Analytics at Emirates Group. "This is something which, over time, very likely we could get involved in much more."

Many data teams still provide entity data and other specialist datasets to the risk-focused units across their companies on a siloed basis. But these executives are increasingly exploring what they can do to better serve the needs of their organizations.

"The organizations that have already made the transition to an integrated data model are the bigger organizations and those that have presence across regions," notes Carolina Azar, Director, Product Strategy at Moody's Analytics. "Through data or knowledge portals, these organizations are providing their teams access to a more holistic approach to data management."

"This transformation is about moving away from providing raw and disperse datasets into an integrated data management approach," Azar continues. "Data users can then get more accurate and faster insight, instead of spending their time making sense of large and diverse datasets." ►

Fostering Collaboration Between Data and Risk

The lack of collaboration and shared understanding between data and risk teams is a key challenge in many organizations. Fostering collaboration and shared working practices is the first step toward transforming the role risk functions play within the modern enterprise.

"I would say the key challenge most organizations have is that risk people often don't understand data and data people often don't understand risk," says Gladwin Mendez, Data and Technology Operations Officer at Fisher Funds. "Coming from a risk background, I've seen it time and time again. The risk people are just seen as police."

At State Street, the Global Markets business unit has established defined processes to help to encourage collaboration between its data- and risk-focused departments.

"I feed a lot of data to the risk management team and I talk to them almost every day," reports Dan Power, MD for Data Governance at State Street Global Markets. "We're one of the biggest sources of risk and we have to do the best job we can supporting the team that manages risk."



"We have daily or weekly meetings on individual issues that come up," he adds. "Then, we have a monthly forum where we go through everything that happened since the last meeting, whether it be a data quality issue or a server that was down or a data center that got flooded."

"Now, it's much more of a three-way collaboration and you're starting to see IT savvy risk

management people, or risk savvy businesspeople, or risk and business savvy IT people," he concludes.

Establishing Data-Driven Risk and Control Indicators

So long as risk management depends heavily on manual or subjective processes, it can never be truly efficient.

The automation that has enabled leading enterprises to track and manage a wider range of risk factors starts with defining data-driven 'indicators' to make exposure to a given risk type measurable.

Data-focused executives can then source the necessary data to monitor those risks and create reports or self-service dashboards that make it easier for risk professionals to manage these risk metrics. ►

"The key challenge most organizations have is that risk people often don't understand data and data people often don't understand risk"

Gladwin Mendez

Data and Technology Operations Officer, Fisher Funds

Hartnell Ndungi, Chief Data Officer at Absa Bank Kenya, says: “How we as data people support the Chief Risk Officer is, other than just having a list of all the risks, we have to find ways of identifying the risk indicators.”

“[We’re also] coming up with control indicators,” he adds. “So, you can easily visualize these in a dashboard and know exactly what kind of levers you have to pull to mitigate a given risk from materializing.”

For technology-based risks, it’s often possible to automate the collection of the data needed to monitor these risk indicators. But

“You used to identify [risks] based on [historical data]. These days, we are coming up with risk indicators that are more predictive or prescriptive”

Hartnell Ndungi

Chief Data Officer, Absa Bank Kenya

data on many operational risks must be collected manually.

“We are also coming up with new data collection tools for risk

champions,” Ndungi concludes. “So, they can key in different types of manually collected datapoints, such as trainings done to sensitize staff on a particular risk type. We’re also fetching automated datasets from our warehouse and streaming these insights into the data collection and visualization system we developed for the risk professionals.

“That’s how we’re able to aggregate everything together and have a proper reporting storyboard that covers entity risk and all risk types within the organization.”

Creating a Single View for Risk Management Data

In addition to having defined risk and control indicators, data-driven risk management depends on ensuring data sources and metrics are used consistently across the enterprise. Establishing agreed ‘sources of truth’ for entity data is a key step on the path to achieving this goal.

“We absolutely have [established approved sources of truth for entity data],” says Morgan Templar, VP, Information Management at Highmark Health. ►



“We have eliminated all the other data sources for the things that are covered by that [master data management] hub”

Dan Power

MD, Data Governance, State Street Global Markets

“Not having the approved source established was one of the challenges we faced in the past. But as part of the government mandated interoperability rules, the first thing we had to do was establish an enterprise person master.”

“We have seven or eight legal entities that are part of our Highmark family,” Templar adds. “We needed to bring all that information together to make sure it was all being governed in the same way.”

Power notes that establishing company-wide master datasets for different types of risk can be hard, especially for large enterprises. But he argues that doing so is essential for consistent entity risk management.

“Quite a while ago now, we implemented a master data management [MDM] hub,” he recalls. “Essentially, we have eliminated all the other data sources for the things that are covered by that MDM hub. That’s our authoritative source. We don’t use anything else.”

“Otherwise, you have chaos,” he warns. “You might have your official source of data. And then you have

these other five sources of data. So, how do you know which one’s right? The whole purpose of [a master data management] hub in the first place is to get you out of that game.”

“Organizations are increasingly looking to third-party providers to help resolve master data basics for their businesses,” adds Sander Desmet, Senior Director, Product

Strategy at Moody’s Analytics. “At the end of the day, you are resolving to an objective set of business entities in the external world (e.g. customers, suppliers, locations).

“The use of third-party data in the creation and maintenance of your master can have innumerable benefits for an organization, including avoiding duplicative work and reducing the marginal cost of data, ultimately reducing risk and increasing business agility.”

Embracing Risk Management by Design

Transforming risk management into a data-driven business function takes time and resources. Our research suggests that executives in heavily regulated sectors such as financial services or healthcare may be more likely to be prioritizing this kind of enterprise transformation. ▶



But risk teams that have started this journey are finding it easier to act as business enablers, rather than potential innovation roadblocks.


“We have trained our people on how to identify proper sources of risk data and how to change their subjective key risk indicators to more quantitative indicators,” Ndungi says. “We are also training them on how to use the centralized tool to put in new risks for us to address. So, we’re actually democratizing risk management using data.”

“Risk now is less about using the stick and more about using the carrot,” he adds. “It’s more about considering the balance between risk and reward. As you’re trying to prevent the business from collapsing or going into uncharted, unsafe waters, we also have to be very careful that we don’t limit the business with regards to achieving its objectives.”

“The primary thing that has changed that I have seen is really bringing [risk] to the table early,” agrees Templar. “When we bring risk to the table early, they’re part of the conversation. The outcome of that conversation will already have the flavor of risk tolerance we’ll have for any given decision.”

In this way, transitioning to data-driven and integrated risk management processes is enabling companies to embrace risk management ‘by design’.

Companies that want to make their risk functions more efficient and empower risk professionals to partner with business stakeholders more efficiently should consider allocating resources to foster greater collaboration between their risk and data departments. ■



“Risk now is less about using the stick and more about using the carrot. It’s more about considering the balance between risk and reward”

Hartnell Ndungi

Chief Data Officer, Absa Bank Kenya

Using Risk Management Data as a Force for Good

KEY FINDING

When it comes to vetting and managing organizations' environmental, social and corporate governance credentials, ensuring risk teams have access to accurate and up-to-date entity data is key

The UN's COP26 conference shone a light on the urgent need for governments and corporations to act to mitigate the effects of climate change. But environmental, social and corporate governance (ESG) issues started climbing the business agenda long before these landmark talks.

Enterprises have never been under more pressure to ensure they and the companies they work with have responsible business practices. Regulators, investors and consumers alike expect companies to proactively avoid doing unethical things or working with unethical business partners.

As Mastercard Chief Data Officer JoAnn Stonier says in [a recent Business of Data panel discussion](#), companies including Mastercard have been looking at how they can use data to drive positive social impacts for years.



"We've been on a journey at Mastercard, as we created our Center for Inclusive Growth," Stonier says. "We really have a commitment towards improving society overall."

"Lots of organizations have a commitment to using their financial assets or their people assets [to drive social impact]," she continues. "Mastercard also then began looking at its technology assets. And the last group of assets that we began realizing were going to be of use in this conversation were our data assets."

ESG risk is the risk associated with failing to ensure an entity meets its responsibilities with respect to environmental, social and corporate governance factors.

Using data to develop innovative initiatives and product offerings is one way enterprises can seek to drive positive social outcomes through their work. But it's equally important for enterprise risk leaders to be using entity and specialist data to manage ESG risk. ►

Three Reasons to Prioritize ESG Risk Management

Our research has highlighted three pressing reasons for enterprises to build ESG considerations into their risk management strategies in 2022. These are 1) to keep up with a rising tide of regulations, 2) to identify opportunities that drive social impact and business results simultaneously, and 3) to mitigate reputational risks created by changing customer expectations.

On the regulatory side, governments are increasingly passing legislation requiring companies to report on their ESG credentials. This is transforming ESG into a kind of regulatory or compliance risk.

“Europe has been ahead of the US in mandating entities to report on ESG and climate activities, such as decreasing carbon emissions,”

“ESG and climate considerations are top of mind for integrated risk assessment, either because entities are being mandated or because it is the more efficient business model for enterprise risk management”

Carolina Azar

Director, Product Strategy, Moody's Analytics

notes Carolina Azar, Director, Product Strategy at Moody's Analytics. “ESG and climate considerations are top of mind for integrated risk assessment, either because entities are being mandated or because it is the more efficient business model for enterprise risk management.”

On the business efficiency side, Emirates Group SVP, Enterprise

Data and Analytics Dirk Jungnickel notes that there are many initiatives enterprises can pursue in the name of sustainability that also align with other business objectives, such as cost saving.

“Sustainability considerations play a major role in the aviation industry,” he says. “Carbon footprint is important, as is trying to reduce fuel consumption.”

State Street Global Markets MD, Data Governance Dan Power goes further, arguing that it's often in financial institutions' business interests to use ESG data to inform decision-making.

“Companies that are very ESG aware actually perform better,” Power says “There are market returns to be made here by identifying the companies and the securities that are traded from these entities.”

Meanwhile, Absa Bank Kenya Chief Data Officer Hartnell Ndungi says customers now want to do business with companies that have ethical practices. If businesses believe in meeting customer needs, he argues, they must shift towards ESG-focused practices.

“We have to listen to what our customers want,” Ndungi concludes. ►



What Enterprises are Doing to Manage ESG Risk

Gladwin Mendez, Data and Technology Operations Officer at Fisher Funds, agrees that it often can make business sense to build ESG considerations into company decision-making.

"It's definitely an area globally that's getting a lot more focus with recent events," Mendez says. "Fisher Funds is committed to investing your money responsibly. It's not just the right thing to do; it's just common sense.

"Companies that don't treat their communities well, that harm the environment or lack a moral compass, are less likely to be successful over time. That makes them bad for the world and it makes them bad investments."

However, companies including Absa Bank Kenya are actively building ESG considerations into their risk management strategies.

"This is something that is, in my own understanding, simple to implement," Ndungi says. "But you have to build it within your strategy and your enterprise risk strategy."

He concludes: "The risk here and the consequence of not participating in ESG is: What you do and how you affect the environment,



as well as the community that you operate in and your interfaces with regulators, is very important for continuity and sustainability."

To ensure ESG credentials can be used to inform business decisions, some enterprises are actively sourcing third-party entity and ESG data.

"ESG is an area we're very involved in," says Dan Power, MD, Data Governance at State Street

Global Markets. "I think we're one of the leading consumers of data in that area already. We're already starting to use alternative datasets and external providers."

When it comes to vetting suppliers' ESG credentials, ensuring risk teams have access to accurate and up-to-date entity data is key.

But entity data alone is not enough. Without robust management of entity data, companies run the risk of making decisions (or submitting regulatory reports) based on outdated information.

Ensuring data and analytics teams have the resources to prioritize entity data management and partner closely with risk-focused colleagues will help them stay ahead of the rising tide of regulation and safeguard customer relationships over the long-term. ■

"We have to listen to what our customers want, because we are in business, not only to make money, but also to fulfill our customer needs"

Hartnell Ndungi

Chief Data Officer, Absa Bank Kenya

Key Takeaways

1 Risk management strategies are evolving

Data-focused executives are helping enterprise risk functions use data in sophisticated ways to inform strategic decisions. Integrating risk management datasets is unlocking a range of organizational benefits.

2 Automation is streamlining risk management processes

Technology and automation have streamlined risk management processes, eliminating unnecessary manual tasks and empowering risk professionals to consider a wider range of risk factors.

3 Enterprises are dealing with new and emerging risks

Data management risk, sustainability risk and cybersecurity risk must be factored into risk management strategies urgently. As such, reliable risk data is more important than ever in the post-pandemic age.

4 Risk leaders must partner closely with data and analytics teams

Cross-functional collaboration is needed to agree data-driven risk and control indicators, source reliable risk data and establish consistent, enterprise-wide 'sources of truth' for risk.

5 Risk management data can be a force for good

When it comes to vetting suppliers' and partners' environmental, social and corporate governance credentials, ensuring risk teams have access to accurate and up-to-date entity and specialist data is key.

6 Holistic risk management is becoming a reality

Enterprises depend on entity data to effectively manage risks. So, data leaders are working to establish single sources of truth for risk data and create integrated views of enterprise risk.

About Moody's Analytics

Moody's Analytics provides financial intelligence and analytical tools to help business leaders make better, faster decisions. The company's deep risk expertise, expansive information resources and innovative application of technology help its clients confidently navigate an evolving marketplace.

Moody's is known for its industry-leading and award-winning solutions, made up of research, data, software and professional services, assembled to deliver a seamless customer experience. The company creates confidence in thousands of organizations worldwide, with its commitment to excellence, open mindset approach and focus on meeting customer needs.

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About the Editor

Solomon Radley is an experienced editor and reporter with a deep understanding of the data, analytics and CX space and close relationships with many of the sectors' most prominent C-level executives.

He works with data and analytics, learning and development and customer experience leaders to champion new innovations and highlight how the world's most forward-thinking brands are using data to fuel their digital transformations.

To share your data story or enquire about appearing in a Corinium report, blog post or digital event, contact him directly at **solomon.radley@coriniumgroup.com**

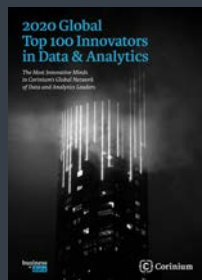
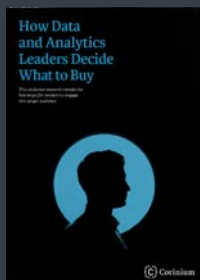


Solomon Radley
Global Content Strategist,
Corinium Global Intelligence

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We'll develop industry benchmarking research, special reports, editorial content, online events and virtual summits to establish your brand as an industry thought leader.

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