



Reinventing risk management

A tipping point for risk leadership



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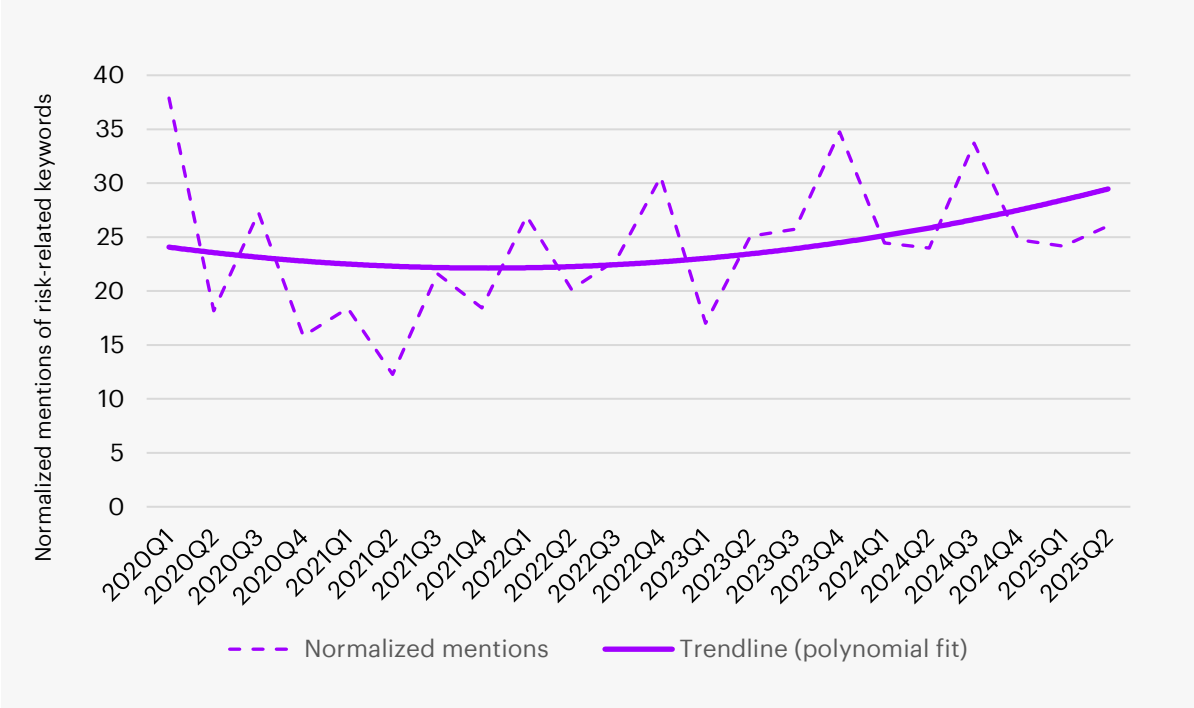


A tipping point for risk leadership

The banking industry is confronting a convergence of pressures that demand nothing short of a generational shift in risk management. Heightened economic volatility, geopolitical instability, rapid technological disruption and a regulatory environment in flux have made it imperative for risk leaders to reassess and fundamentally reinvent their models—not only to keep up, but to lead through uncertainty.

The need for next-generation risk management is intensifying. Risk has become a fixture at the top of the executive agenda, reflected in the steadily increasing number of references to both financial and non-financial exposures in earnings calls by North American banking and capital markets institutions over the last five years.

Figure 1: Risk mentions in earnings calls 2020 – 2025



Note: Based on earnings calls from US and Canadian banking and capital market institutions identified in Accenture's G 3000 list of the world's top 3,000 companies by revenue . (N=87)



Regulatory enforcement actions continue to hit hard, driving up operating costs, which are burdensome for large institutions and increasingly unsustainable for the mid-sized ones.

Despite more than \$60 billionⁱ spent annually on financial crime compliance, enforcement activity remains stubbornly high. **Since 2020, major global banks have paid over \$15 billion in fines**ⁱⁱ, a clear signal that traditional approaches are failing to keep pace with an evolving threat landscape. The ongoing burden of regulatory remediation, coupled with mounting external pressures, has exposed a growing mismatch between the demands of the environment and the readiness of risk teams. Internal capacity is stretched, and talent is fatigued, often lacking the modern skill sets needed to navigate volatility and lead through it.

Incremental improvements, such as the pursuit of resource arbitrage in functional silos or isolated technology upgrades, are no longer enough. To ensure safety, soundness and long-term growth,

leaders must shift from a reactive stance to a more intentional mindset, defined by embedded risk-by-design principles, the strategic use of data and analytics through emerging technologies, such as AI and cloud, and a future-ready talent strategy.

Such changes can deliver **operational savings of up to 40% to 60%**ⁱⁱⁱ over the next two to three years for those banking institutions that can harness the potential of AI—including generative AI (gen AI) and agentic AI—in areas like regulatory monitoring, financial crime, controls and operational risk. This shift demands leadership focus and investment. And it needs immediate attention.

The cost of inaction is rising fast, evidenced by continued enforcement actions, delayed responses to emerging risks and mounting pressure on business performance. For institutions that fail to act, the risk isn't just regulatory.

It's strategic.

“What we've done over the last five years isn't going to work in the next five years.”

- Chief Risk Officer, Top 10 US banking organization



Reinventing risk management

So, what does the next generation of risk management look like and where do financial institutions stand in their journeys?

To answer this, we fielded the Next Generation Risk Management Survey, capturing responses from more than 200 senior leaders across finance, risk and compliance at North American banking and capital markets institutions with over \$10 billion in assets. We also conducted in-depth conversations with several risk executives from leading U.S. and Canadian banking and capital markets institutions. The findings confirm both progress and persistent challenges and point to how organizations can action the next generation of risk management.

(Note: From this point forward, banking and capital markets institutions are referred to collectively as 'financial institutions' in this report, unless otherwise specified.)

More than a decade and a half after the Global Financial Crisis and the regulatory regime it ushered in, the industry has made meaningful advances in core risk management. But few describe their current models as future ready. Fewer than half of our survey respondents characterize their current risk capabilities as “leading,” and about 40% still do not consider their organizations “fully prepared” to handle external shocks of the magnitude of past crises such as the COVID-19 pandemic or tariffs-related volatility.

This readiness gap is forcing a fundamental shift in mindset. Risk leaders increasingly acknowledge that legacy models can't keep pace with today's speed and complexity.

As a result, a clear set of priorities is emerging—areas where transformation is no longer optional. Closing this gap will require a reinvention of risk management itself.



The three dimensions of change

Our research highlights three critical dimensions where financial institutions must focus to make this transformation real and lasting:

01

Risk management by design

Embed risk and compliance into day-to-day operations, product design and decision-making to adhere to regulations while running the business and creating enterprise value.

02

Data, analytics and technology

Apply high-quality data to emerging technologies like AI and cloud to break free from outdated infrastructure and drive real-time, insight-led risk management.

03

Talent

Build the right mix of future-ready skills across the organization, from AI engineers to domain experts to cross-functional “risk athletes” who can anticipate and manage change across silos.

While every institution starts from a different point, the path forward is increasingly clear. Acting across these three dimensions moves financial institutions beyond the treadmill of remediation to an era of reinvention and effective risk management. **The time to act is now.**



Off the treadmill: What it takes to lead

Our Next Generation Risk Management survey shows that self-assessed maturity levels vary across the three dimensions.

Risk management by design received the highest self-assessed scores from financial institutions, averaging 0.82 on a 0-1 scale (with 1 being the maximum). Yet, this confidence is not reflected in regulatory assessments. The latest Federal Reserve Supervisory and Regulatory Report points to weaknesses in areas such as risk governance and controls and reveals that outstanding supervisory findings for large banking organizations have grown in recent years^{iv}.

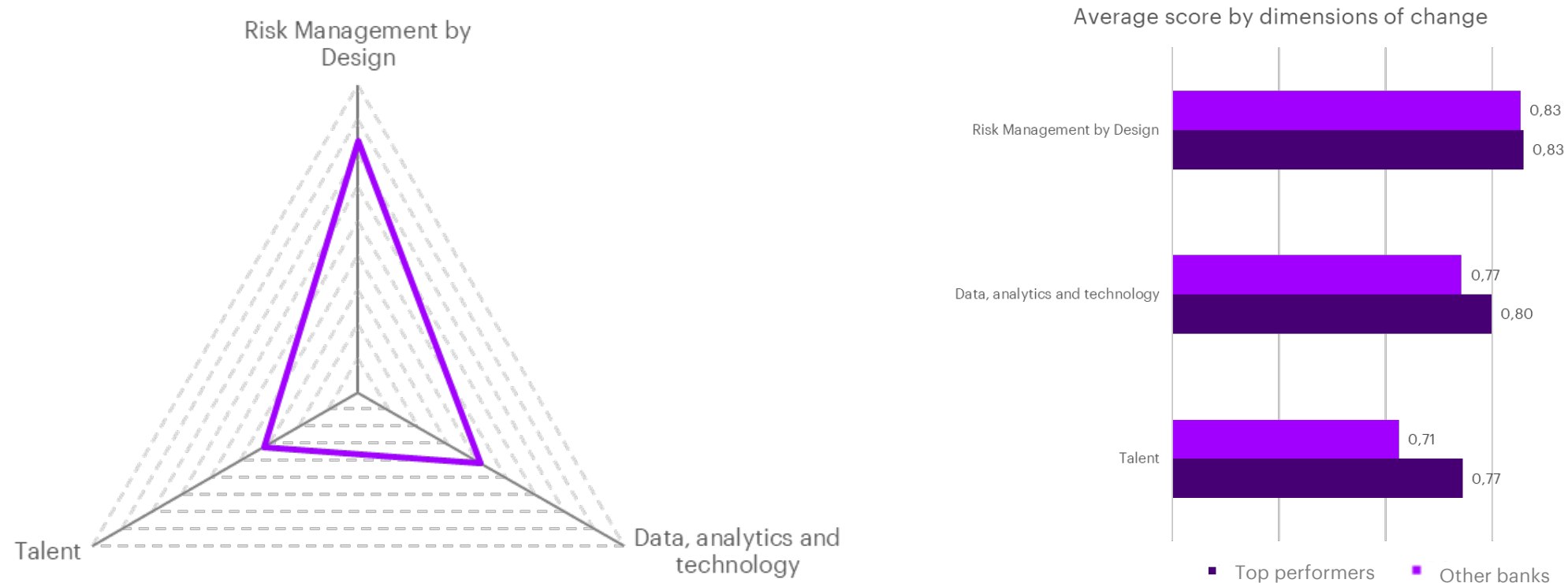
Our analysis shows that in 2024 alone, federal agencies issued more than 1,000 Matters Requiring Attention (MRAs) and Matters Requiring Immediate Attention (MRIAs)—this on top of several thousand since the global financial crisis.

The **data, analytics and technology** dimension presents a more mixed picture, with an average score of 0.76. Many organizations report progress in developing and applying predictive and prescriptive analytics within their risk management function (such as risk modelling and recommendation engines, respectively). However, 68% face challenges in scaling technology and integrating AI effectively.

Talent, on average, is the least developed dimension, achieving an average score of 0.72. However, it is also where **top performers**—defined as those in the top 20% of average return on equity over the past three years—consistently achieve higher scores (figure 2)^v. In particular, they are more likely to take a proactive approach to risk talent, developing enterprise-wide, forward-looking strategies that blend cross-domain fluency with deep specialist expertise.



Figure 2: Uneven progress across the three dimensions of change



Index overview: To measure how mature organizations are in modern risk management, we built an index based on responses to selected survey questions. The answers were normalized and aggregated across three key dimensions of change. Each dimension receives a score between 0 (lowest maturity) and 1 (highest maturity). The graph on the right is based on the answers of 154 banking respondents (no capital markets institutions) who provided the name of their institution, resulting in 73 distinct banks. Where multiple responses were received from the same institution, we used the average index score across respondents to assign a single value per institution. See methodology for further details.

Taken together, the maturity gap across these dimensions underscores the need for renewed leadership focus. Let's now look more closely at what the survey reveals across each of the three dimensions of change and how these insights translate into meaningful action.



1. Risk management by design

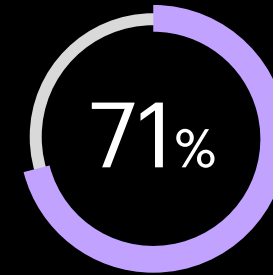
Risk management by design takes advantage of the intended outcomes of regulation to better manage a financial institution, making regulatory considerations intrinsic to every aspect of the institution's operations. Contrary to popular belief, **79% of survey respondents expect regulatory pressures to increase** under the current political environment, reinforcing the need to embed regulatory obligations directly into their core operational processes, new offerings and data infrastructure.

Survey results confirm this shift is underway: **seventy-one percent of institutions report embedding compliance into core processes, and 69% say the same for day-to-day operations.** Leading financial institutions are reassessing how each process contributes to risk outcomes in areas like client lifecycle management and regulatory monitoring and realigning

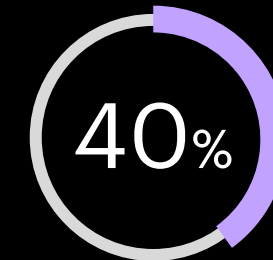
resources where needed. **This not only reduces costs but also improves employee and overall client experience by simplifying processes and increasing their resilience.**

Examples from leading firms show how embedding risk into design can deliver real impact. One global bank has significantly reduced reliance on back-end processes and controls by embedding effective risk management into product design. Other institutions have shortened cycle times in areas such as credit memo preparation to reduce customer friction, increase loan take-up and manage credit risk more effectively.

Our survey indicates only 40% involve risk and compliance functions early in the design phase of new initiatives or product launches, indicating an opportunity for most firms to realize efficiency and oversight gains.



have compliance and regulatory obligations fully embedded into core business processes



always have risk and compliance involved already in the design stage



“I'm pushing risk as a competitive advantage, as a partner [to the business] that enables growth, in addition to our core work around safety and soundness.”

- Enterprise Risk Executive,
Top US Financial Institution



Stress testing illustrates how **risk management by design can create strategic value**. Financial institutions that align their governance, analytics, data, systems and controls with regulatory requirements are better positioned to repurpose those capabilities for capital planning and financial resource management. Recovery and resolution planning offers a similar opportunity. When treated not as an annual risk exercise but as an integrated part of business management, it becomes both more efficient and more aligned with regulatory intent, delivering lasting benefits.

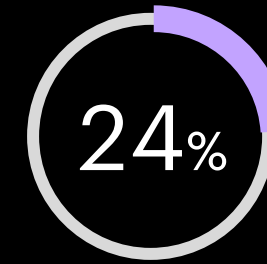
Culture also plays a central role.

A strong “tone from the top” positions risk culture as a critical stabilizing force. Sustaining its day-to-day impact requires ongoing reinforcement through meaningful talent development, including exposing middle and senior managers to real-world problem-solving, rather than relying solely on policies or hypothetical guidance through online learning content.

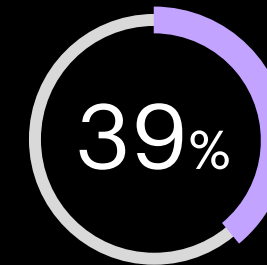
Clearly defined roles and responsibilities across the lines of defense strengthen the tone from the top, reinforcing a culture of proactive risk identification and accountability. Yet survey results reveal key gaps: Only 24% of organizations report clearly defined roles between the first and second lines of defense, and just 39% say governance responsibilities are effectively embedded in both strategic and operational decision-making.

The board also has a critical role to play in shaping the tone from the top.

By delivering a clear, consistent message, it can help embed risk awareness as a core element of business strategy. A mature board understands that a strong risk culture is not at odds with maximizing shareholder return. It is a prerequisite for sustainable profitability. Boards should actively engage in transparent, focused dialogue with management on the financial institution’s risk appetite, ensuring that growth ambitions remain aligned with prudent risk-taking.



have clearly separated roles across the first and second lines of defense



strongly agree that governance responsibilities are embedded in strategic and operational decision making



“The absence of dashboards with a strong risk culture is better than the absence of risk culture with strong dashboards.”

- Chief Risk Officer,
Large North American
Banking Organization



2. Data, analytics and technology

As the risk landscape evolves, financial institutions face growing pressure to use data, analytics and emerging technologies to strengthen their risk capabilities.

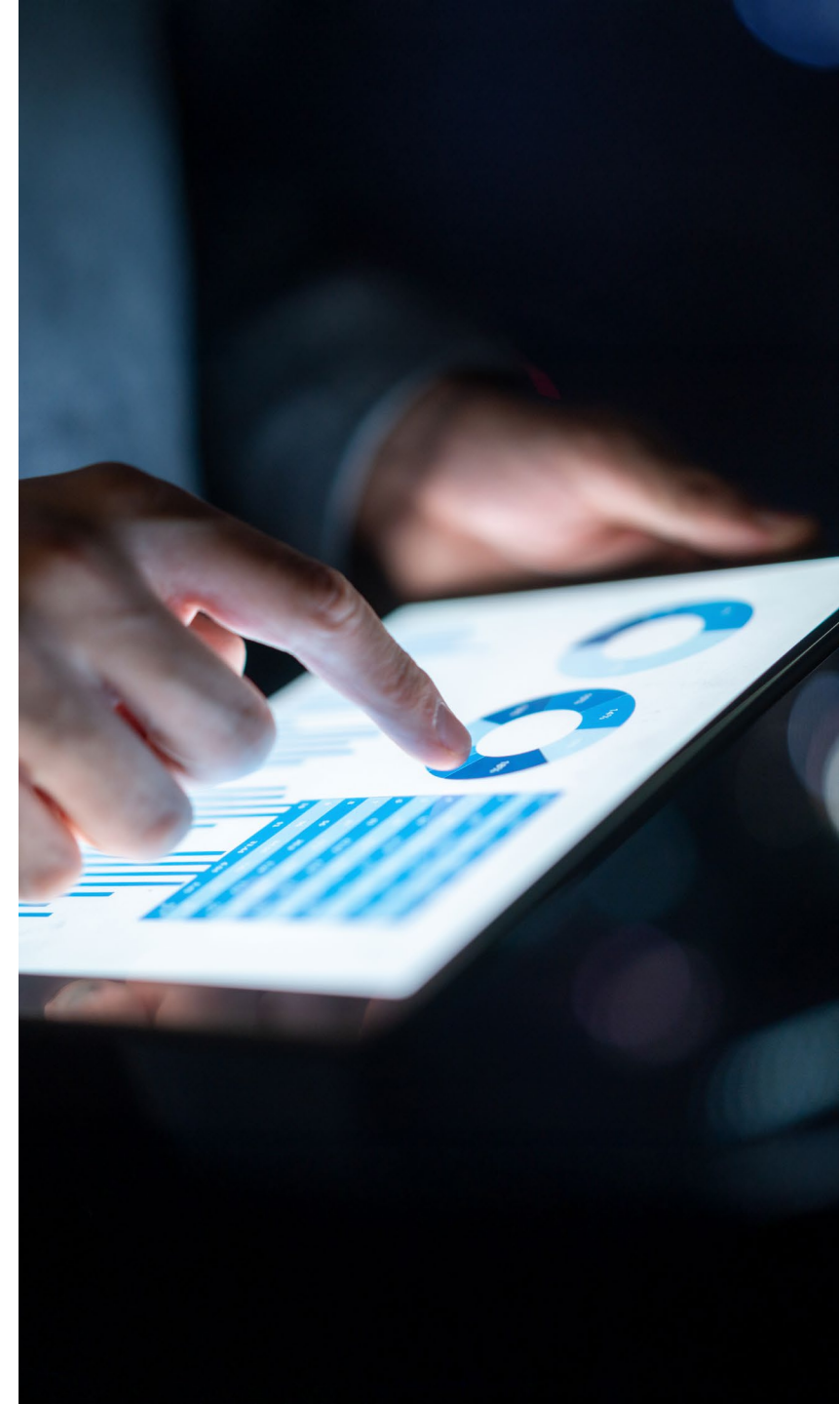
For large institutions, a wide geographic footprint, diverse client segments and a broad product mix often complicate data management. These complexities can hinder access to timely, consistent and high-quality data required for effective risk oversight—reflected in the concentration of enforcement actions related to regulatory reporting and anti-money laundering.

Strong data governance is essential to help institutions overcome these challenges.

It builds organizational resilience and fosters a data-driven culture where employees use information to make faster, smarter decisions. It also enables early detection of data quality issues, which, if left unaddressed, can trigger capital and liquidity consequences in the billions.

Our survey shows that many financial institutions have taken steps in the right direction. **Seventy-three percent report implementing formal risk data governance, and 65% have integrated real-time data into decision-making.** Yet only 53% apply such timely data in governance forums, while the rest continue to rely on older information, highlighting limited adoption of more advanced practices.

Even the best data delivers value only when paired with scalable, efficient workflows. **Only 32% of organizations report being able to effectively scale their technology platforms to meet evolving risk and compliance demands.** When workflows break down, they degrade user experience, leading to disengagement and manual workarounds that compromise critical controls. In recent years, several “fat finger” errors have resulted in large, avoidable exposures.



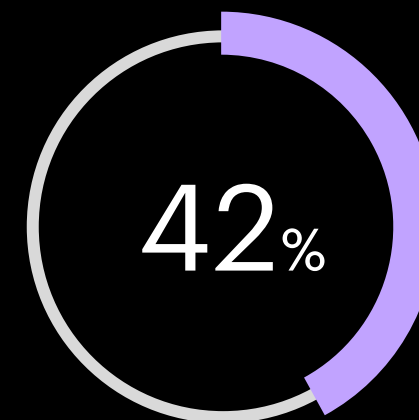
This is where emerging technologies can shift the game. Many institutions now recognize that effective risk management increasingly depends on adopting and integrating emerging technologies such as agentic and generative AI and cloud. As firms add 10% to 20% more controls each year, using gen AI to preserve operational bandwidth for higher-value risk work is becoming essential

Some are already taking action.

Forty-two percent of respondents say they are prioritizing significant AI investments for risk and compliance. This is a strong signal of intent, but also a reminder that prioritization doesn't equal implementation. AI, and more recently gen AI and agentic AI, can accelerate the remediation of data quality issues and help deploy higher-quality data for stronger risk outcomes.

Financial institutions already using gen AI report measurable gains: fewer false positives in fraud detection, better alignment across fragmented regulatory requirements and significant improvements in areas like scenario modelling, capital planning and balance sheet management.

Still, technology only delivers value when anchored to real-world use. Successful adoption requires risk leaders to define clear end-user outcomes and focus transformation on the moments that matter. Treating transformation as a series of disconnected IT projects leads to fragmented investments that fail to advance core risk objectives. Instead, institutions should engage the people who will use these tools— starting with a clear vision and building through user-led design and iterative feedback.



Prioritize significant investment in advanced AI in risk and compliance management



“AI is moving so fast that
you’ve got to jump on board
or fall behind.”

– Enterprise Risk Executive,
Top US Financial Institution





As organizations modernize their workflows, integrating technologies such as AI, machine learning and cloud computing is unlocking the full potential of analytics.

These tools help translate raw data into timely, actionable decisions. A defining feature of next-generation risk management is embedding sophisticated analytics directly into business-as-usual infrastructure, not just relying on periodic reporting.

Yet while 68% of organizations report using risk analytics in everyday decision-making, only 37% apply the full spectrum of capabilities—descriptive, diagnostic, predictive and prescriptive—to do so. This gap limits the value analytics can deliver in fast-moving environments.

Periods of uncertainty will only heighten the need for fast, accurate reporting that extends beyond traditional requirements

like the Comprehensive Capital Analysis and Review (CCAR). Dynamic capital allocation and balance sheet management demand faster time-to-insight than most institutions can currently achieve.

To close this gap, firms should use advanced scenario analysis,

which is now much easier to design and execute than it was just a few years ago. Our research^{vi} indicates that institutions that democratize access to analytics under strong governance and foster innovative problem solving through the adoption of new technologies gain competitive advantages and achieve better returns on financial resources while managing risk.

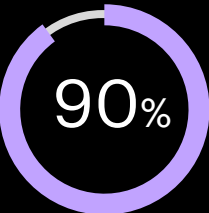
3. Talent

A financial institution’s ability to transform risk management and apply leading technologies also depends heavily on getting the right talent mix and deploying it effectively.

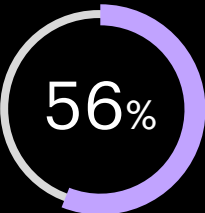
Awareness of this is growing among senior risk leaders: 90% of respondents say increasing literacy in non-financial risks, such as AI risk, cyber threats and risks affecting operational resilience, is a top priority.

Many institutions are beginning to respond. More than half (56%) describe their approach to building risk talent as proactive, with an enterprise strategy in place.

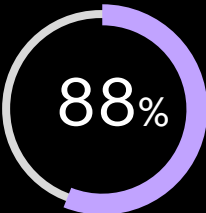
Eighty-eight percent are actively strengthening their risk workforce’s skills in three or more areas. Yet a significant gap remains: Only 30% say their talent is fully equipped to manage emerging threats.



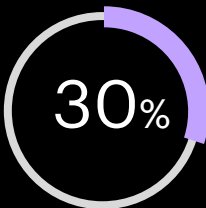
highlight that increasing literacy in non-financial risks, such as AI risk, cyber threats and operational resilience, is one of the top priorities



describe their approach to building risk talent as proactive, with an enterprise-wide strategy in place



are currently actively strengthening skills within the risk function in three or more areas



believe their talent is extremely well equipped to understand and manage the threats presented by new technologies



“There are risk jobs of
the future that don’t exist yet.”

– Chief Risk Officer,
Regional Banking Organization



We believe driving meaningful change requires **three critical talent types**.

First, given the importance of data and AI, financial institutions need **data and prompt engineers** who can automate both routine tasks and higher-level monitoring and analysis. Second, they need **specialists with deep expertise in risk and compliance domains**. These are people who can turn intelligence into insight and drive risk-informed decisions. Third, they need **risk “athletes”** who think horizontally, connect the dots across domains, guide responses to emerging trends and help shape enterprise strategy.

Adapting talent strategies to source, develop and retain this skill mix, supported by the right performance metrics and incentive structures, is now a key priority. Leading firms increasingly recognize the returns at stake for maintaining this talent mix. For example, one global bank has seen clear impact from infusing data and prompt engineering talent in its onboarding processes, where the deployment of gen AI has halved enhanced due diligence processing times.

But shifting enterprise skills also requires risk leaders to assess their own readiness to not only create a clear and compelling future for risk management, but also to ensure a culture that embraces collaboration, innovation and continuous change. Many executives are actively upskilling in areas ranging from agentic AI to digital currencies to stay ahead of the risk agenda and lead with credibility. Beyond senior management, board members should also seek opportunities to better understand the trends shaping today’s evolving risk ecosystem and how these insights can refine their own oversight and guidance.

The talent requirements for banks in their risk transformation journey are complex and continue to change. A deliberate approach to getting the talent mix right and deploying it effectively is critical—not just for stronger risk outcomes, but for higher employee satisfaction and lower long-term cost.





Risk leadership starts now

Amid converging pressures from geopolitics, regulation and technology, the banking industry is on the cusp of a generational shift in risk management.

Firms that have already advanced in the three dimensions of change—risk management by design; data, analytics and technology; and talent—are well-positioned to lead with more effective, future-ready risk management. They are also seeing better outcomes today and building the agility needed to adapt to whatever comes next. Survey results confirm this: top performers are acting with greater clarity and conviction across all three dimensions. For institutions still catching up, the message is clear.

Closing capability gaps is no longer optional.

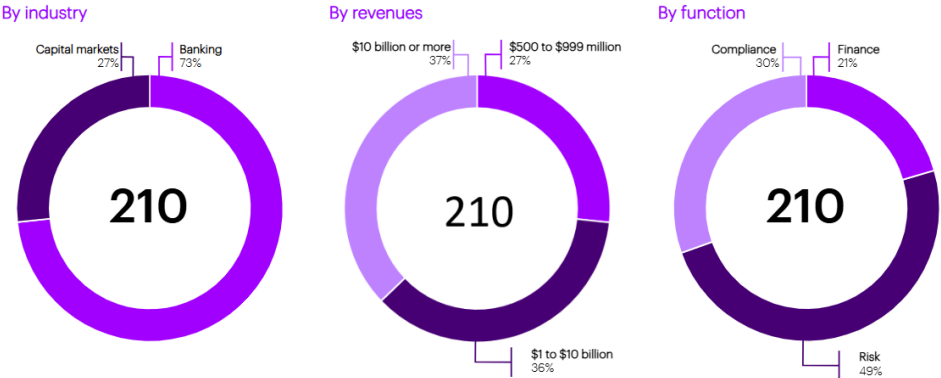
In the face of mounting risk complexity, the cost of being unprepared and falling into fragmented, reactive cycles is simply too high. Those that move decisively now can shape a more resilient, future-ready risk function, built not just to withstand shocks but to lead through them.



About the research

Sample demographics

Data from May - June 2025



This report draws on input from 210 senior executives in finance, risk and compliance roles at US and Canadian banking and capital markets institutions with at least \$1 billion in annual revenue and \$10 billion in total assets. Accenture conducted the Next Generation Risk Survey in May and June 2025.

Among the respondents, 154 from the banking sector provided the name of their institution.

In some cases, we received multiple responses from the same institution, resulting in 73 distinct banks in the sample. Using data from Capital IQ, we calculated return on equity (ROE) and return on total common equity (ROTCE) over the past three and five years for each of these banks. We

used these indicators to identify top performers, defined as institutions in the top 20% of the distribution. To complement the survey findings, we also conducted nine in-depth interviews with risk executives from some of the largest financial institutions in the U.S. and Canada. To assess the maturity of modern risk management practices, we developed an index based on selected survey responses.

We normalized and aggregated the responses across three core dimensions of change: Risk management by design; data, analytics and technology; and talent. Each dimension was scored on a scale from 0 (lowest maturity) to 1 (highest maturity). To facilitate comparison between top-performing institutions and the rest of the sample, we focused on a subset of 73 named banks. For those with multiple respondents, we calculated the average index score to assign a single value per institution.

To analyze how risk-related discourse has evolved over time, we conducted a textual analysis of CEO transcripts from quarterly earnings calls from US and Canadian banking and capital markets institutions identified in Accenture's G3000 list of the world's top 3,000 companies by revenue, using data sourced via S&P Capital IQ. The analysis, performed on the Google Vertex AI platform, focused on the 2020–2025 period.

To ensure a consistent trend analysis over time, we quantified the frequency of risk-related keywords and normalized the results to account for variations in transcript availability across quarters.



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- v. This trend holds even if top performers are defined by other metrics such as return on tangible common equity and when measured over both three- and five-year periods.
- vi. Source: Accenture Top 10 Banking Trends 2025 <https://www.accenture.com/us-en/insights/banking/top-10-trends-banking-2025>

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