TACKLING RISK

BUILDING UP LAYERS OF PROTECTION

NEW REGIONAL GROUP OF THE INSTITUTE OF RISK MANAGEMENT LAUNCHES IN GIBRALTAR.

By Simon Warburton

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Institute of Risk Management

Building on the jurisdiction's annual National Risk Assessment, Gibraltar now has an additional layer of security with the recent establishment of the Gibraltar Regional Group of the Institute of Risk Management (IRM).

Recognising a demand to enhance risk management skills in Gibraltar, the IRM on the Rock will look to effective risk management to maintain regulatory standing and international credibility.

Chaired by Advantage Insurance Executive Director & Chief Risk Officer, Kevin Borrett, the Regional Group is also looking to run a series of events this year to promote the aims of risk management. An Advisory Board headed by Stephen Reyes, ex-Partner of Deloitte Gibraltar has been set up, while the IRM Regional Group also has the backing of Gibraltar's Association of Compliance Officers (GACO).

The IRM Gibraltar Regional Group intends to create a platform for discussion for members, with prospective memberships including Affiliate, Certified and Technical for professionals in the field of risk management to network, share ideas and best practices. It also aims to support students and young professionals interested in Risk Management as a career choice, as well as promoting local training courses.

In addition, the goal is to partner with local educational bodies to deliver risk management events, IRM courses and certifications. Also, the aim is to develop an expert group on risk management for local businesses, relevant educational institutions, government bodies and across private & public sector industry bodies, advising on risk management processes and practices.

Making a real contribution locally

"People ask me why is a Gibraltar Regional Group of the IRM being launched?" said Borrett at the organisation's recent first event to unveil the Group on the Sunborn. *"The idea started a few years ago when a number of risk professionals felt there would be great value to our organisations, public and private, if we were able to gather together, exchange professional experiences and knowledge and perhaps help to raise the standards of risk management and risk management ideas at a local level.*

"It took the arrival of another CRO (Chief Risk Officer), Nicola Crawford to really kick it into action a bit more. We didn't just want a forum for members; we wanted a group of knowledgeable risk professionals who could make a real contribution locally."

Addressing the launch event, Minister for Justice, Trade and Industry, Nigel Feetham welcomed the advent of the IRM Regional Group on the Rock. *"I have spent a great deal of my life thinking about risk and indeed, applying risk management in everything I have done professionally,"* he said.

Advisory Board role: Support and guidance

"We were very pleased when GACO agreed to support the establishment of the Risk Management Institute in Gibraltar and participate in its Advisory Board," said Reyes. *"Both associations have important roles to play. The Advisory Group is there to support the IRM and ensure what they do is directly relevant to Gibraltar and the companies that operate here. The role of the Advisory Board is primarily one of support and guidance.*

"No entity can be successful if it doesn't manage risk – it applies to every industry. You can't manage risk if you can't identify the risks you are exposed to, or don't have the appropriate tools.

"I'd like to thank the founding sponsors; Gibraltar International Bank, Grant Thorton, Isolas, Advantage and SRS, for agreeing to come on board to help out the Regional Group and get it off the ground."

From its inception in 1986 - mainly from the insurance sector - the IRM now operates in 146 countries with 9,000 members and 30 Regional Groups.

Emerging risks

"The strategy of the IRM is to internationalise," said IRM CEO, Ian Livsey. "We have moved away from being a localised UK insurance-based organisation to what is now becoming a global organisation. We have an affiliate in India, have opened a subsidiary in Nairobi and are opening a subsidiary in Saudi Arabia. We are also exploring opportunities around Asia, particularly Kuala Lumpur, Singapore and Jakarta.

"Risk management is evolving, and when you ask risk managers what they see as the things they're worried about, what keeps them awake, what the emerging risks are; it's always been cyber and still is, but now they're saying things like geopolitical uncertainty and economic development.

"They're worrying about things that are existential. They talk a lot about strategic integration and tools such as scenario planning. A lot of it is still technology risk, and AI comes out front and centre of what people tell us is important to risk management."

Livsey noted ESG (Environmental, Social and Governance) was a risk area, with the potential for climate change and its impact a concern, although there are differences in the way it is perceived. Africa, for example, might see climate issues in terms of water and food shortages, as well as migration, while Europe and the Americas could view them slightly differently.

Risk is everywhere

With 20 years of experience in the financial services industry, Annette Perales specialises in Anti-Money Laundering (AML), Countering the Financing of Terrorism (CFT), and regulatory compliance.

Addressing the launch event of Gibraltar's Regional Group, Ms Perales said: *"Some risks are foreseeable, and firms can plan for them – financial downturns that are coming or are happening, but others catch us all off guard. We had the global pandemic – I'm pretty sure no-one predicted that one.*

"The pandemic, for me, is a clear example of how firms that had a solid risk management function were able to navigate that period and come out stronger. Those which didn't, struggled. Risk management is not about eliminating risk – risk is everywhere. One point which I really like, which I don't think is said enough, is opportunity. That is what businesses need to shift their mindset to; OK, this has happened, how can I make it positive for my business?

"I find newer industries, such as crypto and other innovative sectors, tend to grasp that opportunity more than traditional ones, that are mainly more ingrained into their culture."

Nothing can substitute the human element

Ms Perales also noted technology was available to enable businesses to address challenges proactively, such as data analytics and AI. Predictive modeling can also be used to identify risk, threats and vulnerabilities, as well as quantify them.

However, technology is not all pervasive. *"For me,"* added Ms Perales, *"I always say nothing can substitute the human element. This is where the role of the IRM is crucial because it's building those human resources, it's training staff, building the risk culture and that needs to happen and start at the top of each organisation.*

"Businesses and all staff need to be aware of the risk culture, because if they understand it, they will be able to deliver. Risks are always evolving; they are not static. You can't say we do a risk assessment now, and that's it. You need to be constantly monitoring any impact to your own risks."

Looking to the future, the aim is to have quarterly networking events ensuring risk professionals are sighted on ideas, issues and challenges relevant to risk management.

Other activities will include:

- Promote other risk management related events delivered by HM GoG and professional groups such as the Finance Centre Council, GACO, GII, GFSB, GIA and Actuaries Rock.

- Collaborating with GACO to potentially deliver an annual Risk on the Rock Conference

- Source overseas guest risk professional speakers to discuss risk management trends

- Provide updates through the LinkedIn Group serving existing and future members

- Periodically publish a local newsletter

IRM Regional Group Gibraltar LinkedIn page: https://www.linkedin.com/groups/13187164/