

WHAT IS ENTERPRISE RISK MANAGEMENT?

Enterprise risk management refers to the process of identifying, assessing, and managing the various risks that an organisation might face in its operations. Enterprise risk management focuses on four main risk areas; strategic risks, financial risks, operational risks and regulatory risks.





CONDUCTING AN ENTERPRISE RISK ASSESSMENT IN

11 STEPS



Establish the Scope and Objectives: Define the scope of the assessment, including the areas, processes, and objectives to be assessed. Clearly outline the goals of the assessment.

STEP 01



Implement and Monitor: Put the mitigation strategies into action. Continuously monitor the effectiveness of the strategies and adjust them as needed. Regularly review and update the risk assessment as the business environment evolves.

STEP 07

STEP 02

Identify Risks: Gather information from various sources to identify potential risks. This can involve reviewing historical data, engaging with key stakeholders, conducting interviews, and using risk identification techniques like brainstorming.



STEP 08

Communicate and Report: Clearly communicate the outcomes of the assessment to relevant stakeholders, including senior management, board of directors, and employees. Create concise and informative reports that highlight key risks and mitigation efforts.



Assess Risks: Evaluate the likelihood and potential impact of each identified risk. Use a consistent and objective framework for assessment. This could involve assigning numerical values to likelihood and impact or using qualitative scales.

STEP 03



Integrated into Decision-Making: Embed risk management into the organisation's decision-making processes, operations, and strategic planning. Make risk awareness a part of the organisational culture.

STEP 09

STEP 04

Prioritise Risks: Rank the risks based on their assessed likelihood and impact. This helps in focusing resources on addressing the most significant risks first.



STEP 10

Continuous Improvement: Periodically review and refine the risk assessment process. Learn from past assessments and adjust the methodology and criteria as necessary.



Develop Mitigation Strategies: For each high-priority risk, design mitigation strategies that outline how the organisation will manage or reduce the risk. These strategies could involve implementing controls, contingency plans, or risk transfer mechanisms.

STEP 05



Training and Awareness: Educate employees and stakeholders about the importance of risk management. Foster a risk-aware culture where individuals understand their role in identifying and addressing risks.

STEP 11

STEP 06

Resource Allocation: Determine the resources (financial, human, technological) needed to implement the mitigation strategies effectively.



About Arctic Intelligence

Arctic Intelligence (www.arctic-intelligence.com) is a multi-award winning, RegTech firm that specialises in audit, risk and compliance software related to financial crime compliance and risk management. Arctic Intelligence has helped hundreds of large and small clients across over 20 industry sectors and 20 countries and has also developed strong industry partnerships around the world.

Arctic has developed two leading cloud-based software solutions that leverage technology to re-engineer the way in which major financial institutions and other regulated businesses manage their enterprise-wide financial crime and non-financial crime risks.

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