KPMG presents our view of the top risk by value driver faced by corporates in the Banking sector

Global
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Emergence of fast evolving digital technologies, increased regulatory pressure and global economic uncertainty are key factors in the current risks landscape. KPMG Risk Consulting assists clients to develop robust risk mitigation methods by interpreting the underlying drivers of global risks.

**Emerging Risk**
- Risk of adverse changes in the equity markets as banks make and manage direct equity investments.
- Significant and intense globalised competition in the rapidly evolving financial services industry.
- Risk resulting from ineffective business decisions and failure to respond to changes in the environment (including business cycles, changing customer preferences, product obsolescence and technology developments).

**Existing Risk**
- Macroeconomic uncertainty in key markets from factors such as the UK’s vote to leave the EU (Brexit), economic recession in Brazil and Russia and slowdown in China could hamper growth in some markets.
- The increase in competition from shadow banking practices to provide pressure on the net interest margin of the banks.
- Expanding international operations leading to risks due to non-compliance with various regulations, economical and political developments, discriminatory fiscal policies etc.
- Acquisitions could reduce a bank’s earnings if it overpays or has difficulty integrating operations.

**Retiring Risk**
- Inability to attract and retain qualified personnel while appropriately managing costs related to employee benefits.
- Operational risk resulting from inadequate or failed internal processes and systems impacting the operations of the business.
- Regulatory capital risk due to increasing stringency of banking regulations post financial crisis, which could require a bank having sufficient capital resources to meet its capital adequacy requirements.
- Fraud, violations of the laws tariff/policies and cross-border legislations.
- Conduct risks due to potential detrimental practices in foreign exchanges, violations of trade sanctions and customer related business such as redress from payment protection insurance.

**Legend**
- Emerging Risk
- Existing Risk
- Retiring Risk