

# Risk Management has Moved to the Top of the House - Women Should Move with it

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**Risk management is arguably the most important function in financial institutions today.** Admittedly, it wasn't always this way. The profession was forever changed at the onset of the 2008 financial crisis when risk teams played an integral role in managing catastrophic risk through uncharted territory, and followed up by developing systems to ensure greater stability and prosperity in the years that followed. Today, the challenges have evolved beyond traditional financial risk into areas as diverse as cyber security, geopolitical upheaval, and climate change, to name a few.

Risk leaders have the unenviable task of helping their institutions adapt to the complexity and diversity that defines business context in the world today. During GRI's recent inaugural Women in Risk Management event, top leaders identified the traits of highly effective risk managers as having the ability to identify emerging risks, investigate what lies behind it, actively listen, have a never-ending sense of curiosity, and strive to separate fact from fiction. In sum, institutions are looking for "objective knowledge seekers" with strong leadership skills to take on key risk roles.

In response to the fast-changing conditions and expectations in today's financial markets, risk leaders need to be more proactive than ever before. Seeking to

'know what we don't know', and striving to bring insight and wise counsel to business partners well ahead of the curve. In parallel, skillsets are evolving to be more cross disciplinary. Most risk leaders today say they didn't start out aiming to be a Chief Risk Officer (CRO) or enterprise risk manager, but found themselves there after following challenging pathways through quantitative, legal, business development, business line management, subject matter expertise, and so many other roles. Successful risk leaders find a way to bring diverse experience to bear to help chart the future path of their institutions.

*"There is a unique opportunity to address the talent gap in risk management, and at the same time address the gender gap in senior leadership roles."*

Risk management has indeed moved to the top of the house. The practice has evolved to find a balance between effectively managing risks while identifying and leveraging the opportunities arising to maximize competitive advantage.

Leaders are looking through the risk lens and harnessing risk management thinking in the boardroom and on the executive team. It is now an established path to CEO and Board Director roles. Two of the five Chief Executive Officers in Canada's top banks today had risk leadership roles. We have entered the era where leaders will not be able to access the C-suite or board if they haven't had a stint in risk management.

## WHAT IS THE OPPORTUNITY FOR WOMEN?

The current reality is that we have a talent gap in risk. This is a result of the rising profile of risk management and increased demand for the technical expertise that risk teams are expected to engage across a broad range of issues. It is rare for an established industry to be able to create new career paths, and it would be strategic for women to consider risk as a career choice in light of these new and emerging opportunities. Without strong leadership in risk management future financial stability is less secure.

At GRI’s recent Women in Risk Management event, most participants said that they had found themselves in risk management more from happenstance and circumstance rather than following a proactive and purposeful plan. Financial institutions would benefit by being more strategic about developing women for leadership in risk management. Women make up over half of the Canadian workforce in financial institution middle management<sup>1</sup>. This pipeline will help us address the lower percentages that we see in senior leadership. Less than 10 percent of all C-suite roles are occupied by women.<sup>2</sup>

There is a unique opportunity available to financial institutions today to address the talent gap in risk management, and at the same time address the gender gap in senior leadership roles. Women are uniquely positioned to add value in risk management and grow the pool of talented leaders who are already prospering in risk management. It is encouraging to see the next cohort of leaders who are coming through higher education, as an example, nearly 60 per cent of graduates from the University of Toronto’s Master of Financial Risk Management are women. These women will form the basis of the next generation of leaders.

Many of the exceptionally successful women who have made it to the top ranks of financial institutions identify their willingness to take on difficult assignments in their organizations; to challenge the status quo and take on a role where success is not a given – often roles their male counterparts don’t need to take on to “prove themselves”. These are the very traits that are needed in risk management today – and might just create that catalyst we have been seeking which will propel more women into the CEO seat.

*WE WILL BE HOLDING A FUTURE EVENT LATER THIS YEAR.*

<sup>1</sup> <https://www.catalyst.org/research/women-in-financial-services/>

<sup>2</sup> <https://www.catalyst.org/research/women-in-management/>

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