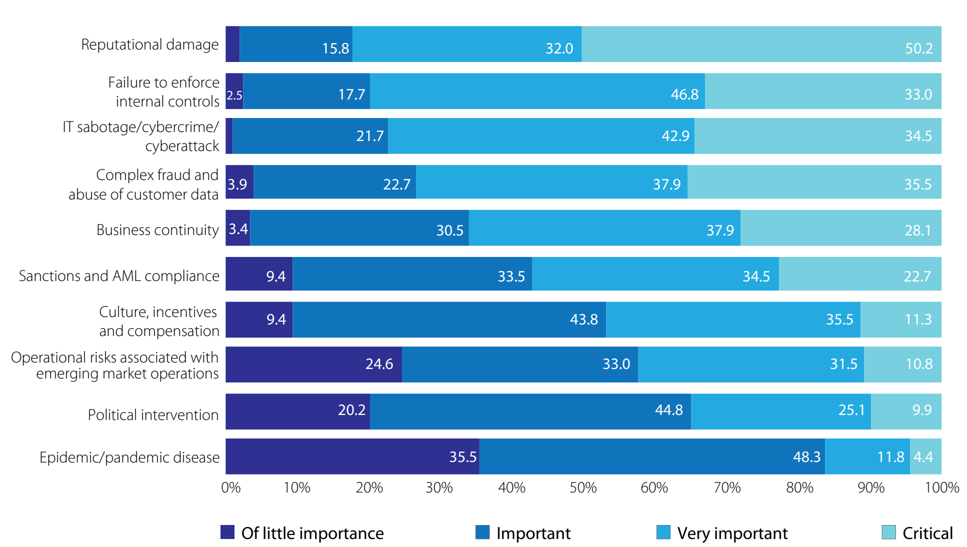
sponsored survey analysis

Future risks for 2013

What does the risk landscape look like?

The continued scrutiny that financial services brands have been faced with since 2008 clearly shows no signs of going away. New research, conducted by Ordnance Survey, in association with *Operational Risk & Regulation*, shows that operational risk managers could be in for another tough year



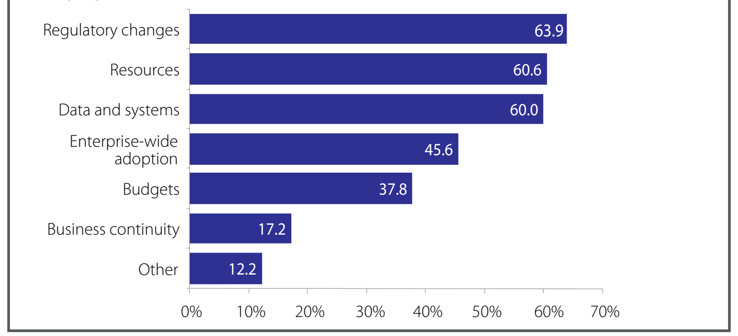
1. Key risks for operational risk departments in 2013

Reputational damage is expected to be the number one risk to manage in 2013, with more than 80% of respondents stating it was critical or very important in their role. However, less than 50% have responsibility for managing reputation risk, which highlights part of the problem operational risk managers are expecting to face (see figure 1).

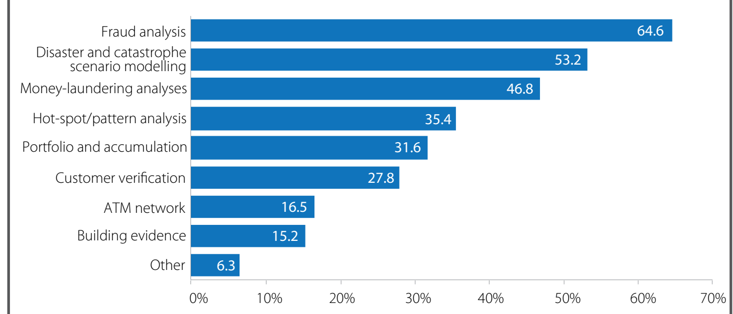
Linked to reputational damage, regulatory changes have become more important over the past four years, highlighting the fact that Basel III and the Dodd-Frank Act will impact on managers' roles over the next 12 months (see figure 2).

However, as resources are cited as the second key issue facing managers – in previous years it has shifted from data and systems and enterprise-wide adoption – the operational risk manager may have to prioritise risks to manage. Data and systems are stated by more than 60% as the third key issue, with most managers saying that a centralised system and better analytics would enable them to improve the value gained from customer data.

2. The top issues expected to face operational risk professionals in 2013



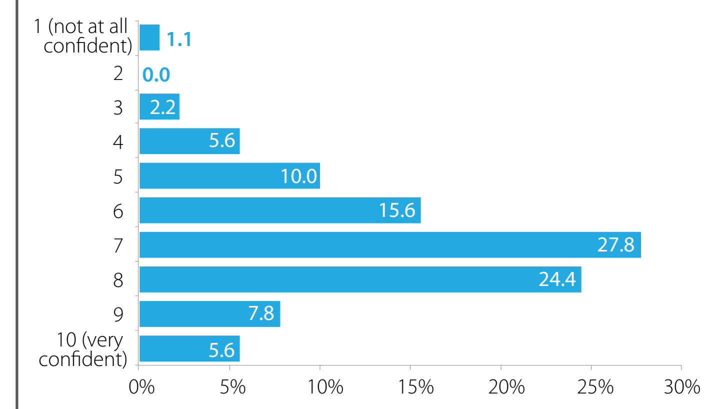
3. How geographic analysis is used



Forty-four per cent of managers use geographic analysis to enhance their operational risk, monitoring and control – a significant shift from 2008, when just one-third used geographic analysis. Most of the managers are using geographic data for fraud analysis (increased by 25% since 2011), hinting that fraud is becoming a bigger problem for operational risk managers. Over half of the managers use geographic analysis for disaster/catastrophe modelling (see figure 3).

Having quality customer data and getting value from it is an issue, with over half having confidence in its quality, yet most operational risk professionals are not using its to its full potential (see figure 4).

4. Levels of confidence in the quality of customer data



Survey background

Ordnance Survey precision data is used to good effect within risk assessment and monitoring accumulation within the insurance industry, however our geographic data of Great Britain can also support much of the risk assessment and modelling undertaken by operational risk managers. This online survey was administered by *Operational Risk & Regulation*, which included 15 questions and was submitted to 180 operational risk specialists. This is the fourth research study Ordnance Survey has completed on operational risk.

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To request a full copy of the report *Future Risks 2013*, or for enquiries about how geographic intelligence analysis can improve your view of operational risk, visit our website *www.ordnancesurvey.co.uk/oprisk* or contact Sarah Adams:

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