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Asset managers continue to struggle with implementing a coordinated risk management approach across their organization, despite risk governance becoming a CEO and board-level priority for asset managers, according to EY's Risk management gaining prominence: a risk survey of global asset management firms.

Of 40 global asset management firms surveyed with headquarters in the US, a mismatch exists between the importance placed on coordination across functions involved in risk and governance and the actual level of coordination. Eighty-two percent of respondents said coordination across functions is very important, yet only 21% said the coordination level is high.

“Regulators are expecting firms to take a more enterprise-wide view of risk

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Regulatory and compliance risk is a priority for 79% of risk managers, up from 50% in the first survey conducted in 2012. Technology and data security is also a priority for 79%, up from 27% in the 2012 survey.

Ninety-seven percent of respondents said they had increased their focus on technology and data security over the past three years. However, 35% said they are still under-resourced in this area, requiring firms to request additional budget for personnel and tools.

### **Lack of a single repository hinders coordination**

Despite the high level of importance placed on coordination of the risk function, 63% of respondents lack a single repository or centralized process for risk and control issue tracking, making enterprise risk reporting a difficult challenge. The lack of a single repository also hinders the firm's ability to share and leverage information.

“Regulators are asking firms for more reporting and more data,” said Ralph Mittl, EY Americas Wealth & Asset Management Risk & Regulatory Leader. “Many of the filings firms must make include the same data, yet they are drawing upon different sources for that information, which introduces risk into the system. If risk managers want to effectively monitor and follow up on issues, there has to be more communication and transparency, including a single repository.”

### **Asset managers aim to formalize risk governance**

There has been a significant shift toward formalizing the risk governance structure, with 56% of respondents saying that is their top initiative within the risk function over the next two years, compared to just 18% in the 2012 survey. Formalizing the risk function includes having clearly defined policies and procedures, clearly defined roles and a risk reporting dashboard with key risk indicators, according to the survey.

Read the complete survey at [ey.com](https://ey.com).

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