



# Shifting priorities: CRO agendas in a time of uncertainty and innovation

15th annual EY/IIF global bank risk management survey

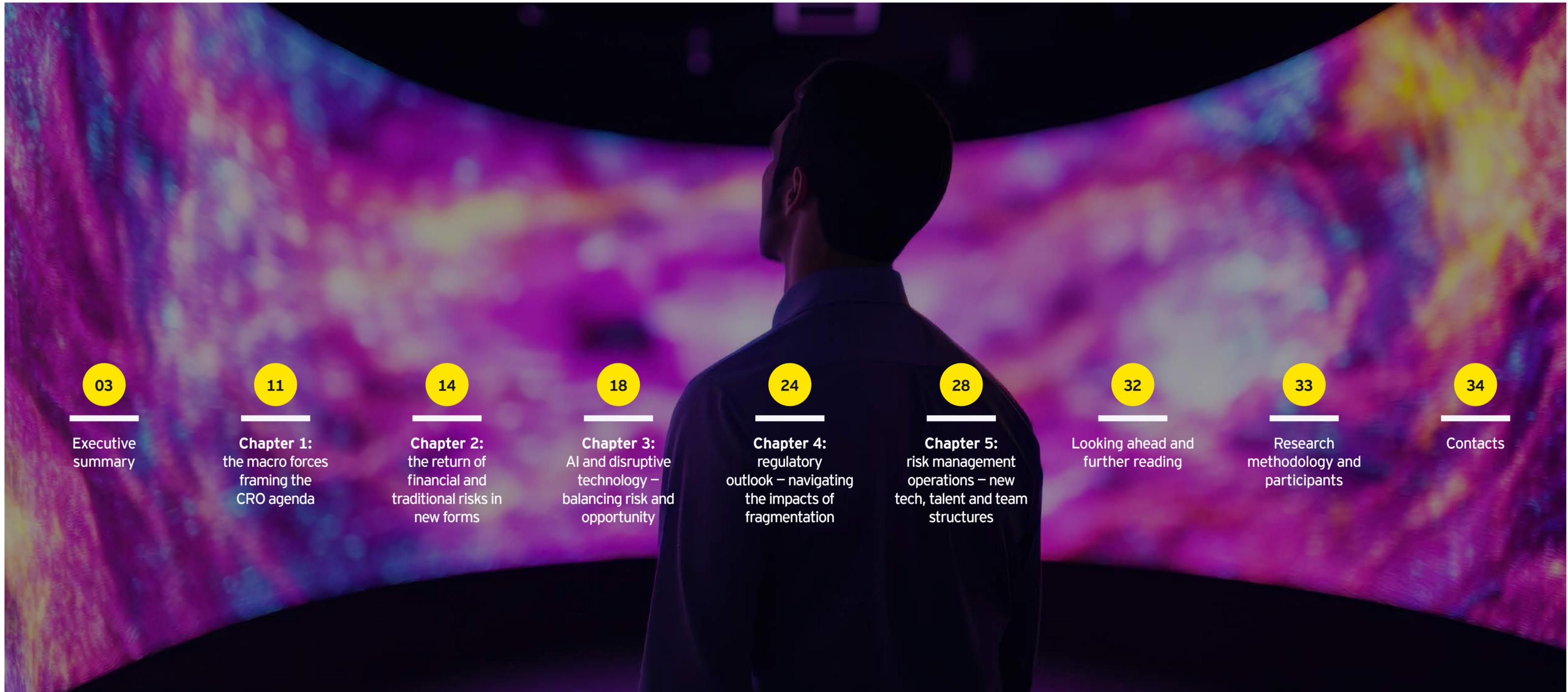


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15th annual EY/IIF global bank risk management survey

# Executive summary



The results of the 15th annual EY/IIF global bank risk management survey indicate a shift in the primary drivers of the agendas of chief risk officers (CROs). As our previous research has shown, the priorities of bank CROs have been largely determined by the policy agenda (including regulation and supervision) and a particular focus on cyber threats and operational resilience, along with credit risk. Even as CROs assumed more strategic roles, regulatory matters – including compliance, reporting and remediation – demanded a great deal of time and attention.

This year's findings indicate that the CRO agenda is being reordered by emerging risks associated with different forms of innovation and market developments, including:

- The widespread deployment of artificial intelligence (AI)
- Increasing adoption of digital assets, cryptocurrencies and tokenization
- The rise of private credit as a major force in the industry



What CROs say:

It used to be that risk meetings were consumed by regulatory matters. Now they are strategic discussions tailored to our own institution and about how to grow the business.

As these trends play out against the backdrop of [nonlinear, accelerated, volatile and interconnected \(NAVI\) change](#), CROs are evaluating a broader range of commercial and regulatory consequences. Our results suggest a renewal of strategic risk management approaches – that is, more CROs are proactively

designing strategies and modernizing frameworks to promote responsible innovation and protect the business, rather than working backward from compliance requirements. For instance, the growth of private credit and ongoing economic volatility, rather than regulatory change, have pushed financial risks back to the top of CROs' list of priorities after several years outside the top 10.

Given the backdrop of persistent geopolitical tensions across multiple regions, a strategic, value-driven approach to risk management seems particularly well suited to today's environment. Significant shifts in regulatory objectives across jurisdictions have led to a perceived loosening of oversight in some markets but tightening in others. Even in jurisdictions that have promoted "competitiveness," legal requirements for financial institutions

have remained largely untouched, despite a softening of political and, in some markets, supervisory stances. We also see greater localization of regulation in many jurisdictions, reflecting the uncertain environment, with an emphasis on operational resilience and avoiding over-reliance on some third parties.

On one level, these developments add to overall uncertainty and raise



What CROs say:

The role is no longer the chief risk officer. It is the 'chief uncertainty officer.' It is what we don't know that keeps us up at night.

questions about future regulatory risk. On another, they increase the urgency for CROs to engage deeply with strategic business initiatives (e.g., AI adoption, product innovation). Further, they compel CROs to invest in risk enhancements that benefit the business, as well as satisfying regulatory requirements.

Different institutions will feel the impact of policy, regulation and broader market drivers in different ways, based on their unique geographical footprint, operating model, customer base, growth strategies and risk appetites. Similarly, CROs in different markets and at regional and mid-sized banks will have different concerns and priorities than those at global systemically important banks (G-SIBs) and at institutions with more assets, as we highlight throughout this report.

# Key takeaways



## 1 CRO priorities and concerns continue to expand, diversify and overlap.

Even as cyber and technology risk (inclusive of risks associated with the design, development and deployment of digital systems and infrastructure) continue to top the immediate-term agenda, CROs have an ever-expanding range of scenarios to think about and plan for.

As with previous years, our 2026 survey reveals the dynamic interplay between different risk categories – both financial and nonfinancial – that comprise the overall risk radar for the industry. Credit risk and strategic risk jumped notably higher on the list of priorities compared with last year's findings. last year's findings, while data risk fell, though it is embedded in multiple other risk categories. Given its prevalence, geopolitical risk was treated as its own sub-category of external risk in this year's survey (see chapter 1).

The overlapping and blurring of risk categories make CROs' jobs more complex and challenging – and more important to overall business performance. Among the most notable links that emerged in this year's findings:

- CRO concerns about financial crime and digital fraud are rising in line with increasing use of AI and digital assets.
- Geopolitical risk has, in just a few years, morphed from a high-impact, immediate-term concern to a more embedded, structural concern, closely related to cyber threats and regulatory risk. Further, it is likely to have serious long-term implications for the industry, though the precise effects are currently unclear and difficult to predict.
- Many risks (e.g., cyber, technology) incorporate elements of data risk. CROs also see more effective use of data

as critical to improving risk management performance in areas ranging from financial crime and third-party risk to compliance and model risk management.

Such a complex matrix of risks demands comprehensive risk management strategies and diverse tools. CROs are harnessing advanced technology, particularly to combat the spike in financial crime and digital fraud. In fact, detection of criminal and fraudulent activities is the most common use of AI in risk management today, according to our results. CROs also see that stronger controls, enhanced measurement, richer data, and refreshed talent and skills are also essential to stronger risk management. As their responsibilities expand, forward-looking risk leaders will continue to accelerate the maturation of risk management capabilities on all of these dimensions.

**Credit risk and strategic risk jumped notably higher on the list of priorities.**



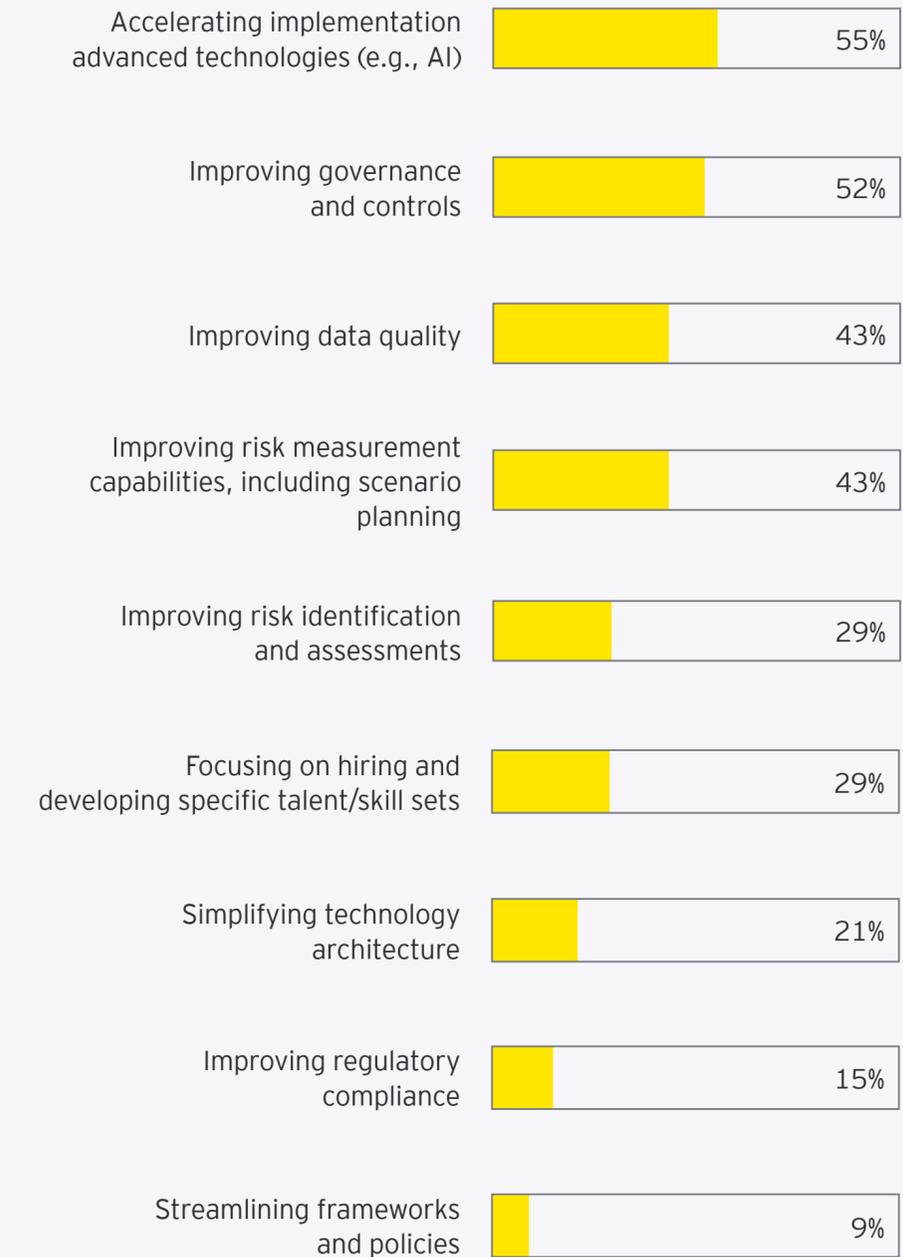
# The complex matrix of evolving and intersecting risks demands comprehensive and holistic risk management strategies



**Figure 1: CRO priorities for the next 12 months - top five risks that will require the most attention from the CRO**



**Figure 2: Key initiatives to manage high-priority risks**



## 2 CROs are as focused on AI and other disruptive tech as business leaders are.

Disruptive technology continues to rapidly reshape the banking business. Our survey results show that CROs are taking an appropriately holistic view of AI, balancing innovation opportunities with the risks of adoption across the business. Even as they monitor AI's amplification of cyber, data, technology and talent risk and work to define strong oversight models, they are looking to take advantage of AI as a powerful risk management tool. They are confronting the risk-vs-opportunity paradox – that is, whether AI will generate more risks than it helps risk teams to identify and mitigate.

Concerns about AI have only cemented cyber and technology risk as the top priority for the next 12 months. At the same time, CROs see AI and other advanced tools as critical to managing the most urgent risks, including financial risks.

Our results confirm that risk management teams are already using AI tools in multiple ways, as current adoption of AI within risk

appears to lag behind the broader business. CROs are yet to see breakthrough strategic value, even as they expect major efficiency and productivity gains from planned future deployments.

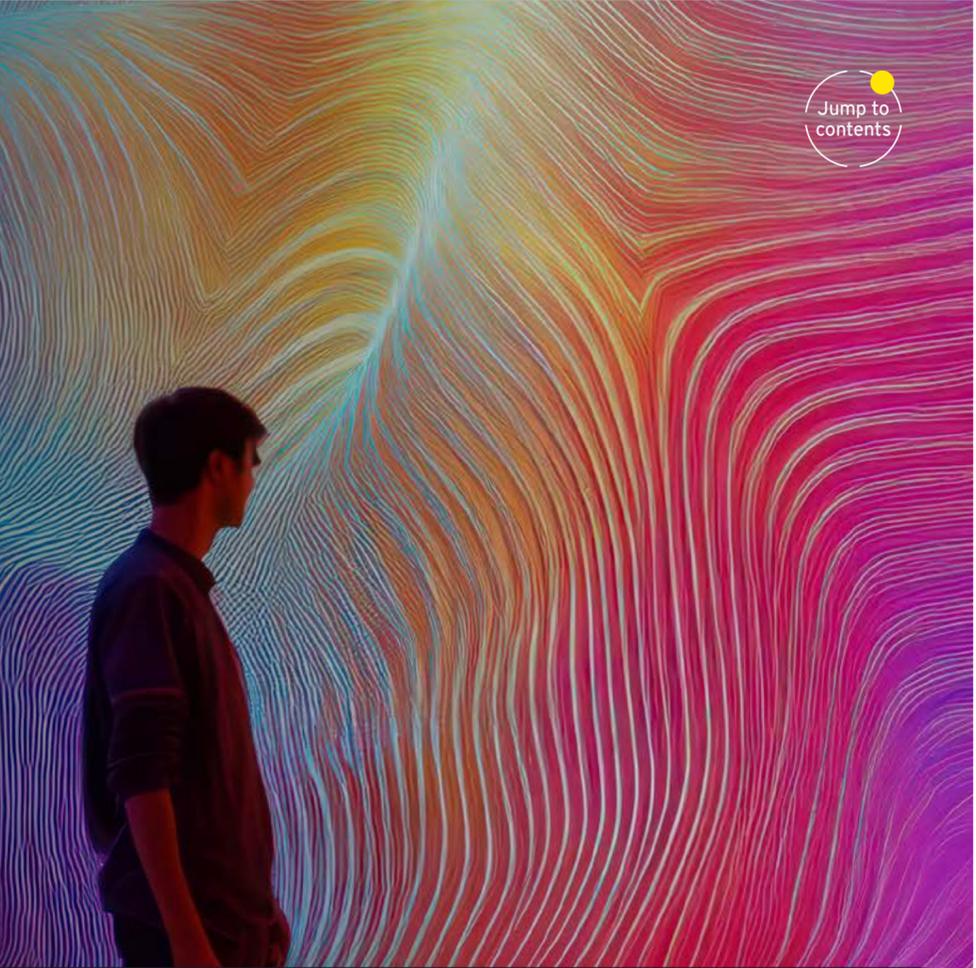
Just as business leaders are stepping back to rethink enterprise-level AI strategies, CROs need to consider AI's impact at the broadest possible scale. Such a big-picture view will factor in the inherent credit risks in funding the AI revolution, including the potential systemic risk from vast and complicated networks of institutions (including nonbanks) providing credit. The environmental risk implications of the massive AI data center buildout are just coming into view. At the same time, CROs must account for localized considerations; for example, more than 40 countries have published laws, rules or guidance related to requirements for firms deploying AI.

AI's broad-based impact puts a premium on scenario planning. While most CROs have explored how AI impacts model risk,

relatively few will have gamed out scenarios involving commodity price spikes from the construction boom driving up market risk or the over-reliance on one or two dominant AI players dramatically increasing concentration risk and third-party risk.

Though AI adoption presents unique risks, it will follow a similar (albeit accelerated) course to that of other revolutionary technologies (e.g., automation, the cloud). Digital assets and quantum computing are also on CROs' radars. Quantum is especially relevant for CROs of G-SIBs and banks with more than US\$500 billion in assets. The impact will be felt across risk categories, from compliance and financial crime to cyber, technology and data risk.

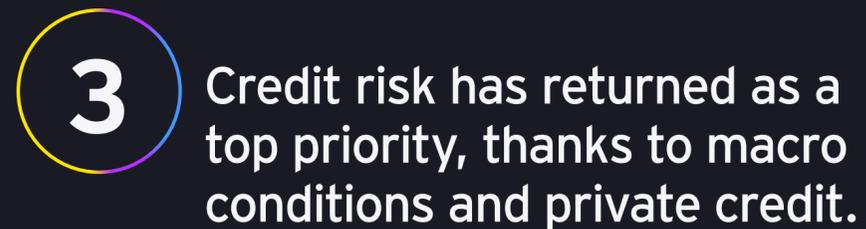
[Read the latest IIF-EY Annual Survey Report on AI Use in Financial Services](#)



55%

CROs who say that the acceleration of **implementation of advanced technologies** (e.g., AI) is a top focus area for managing important risks





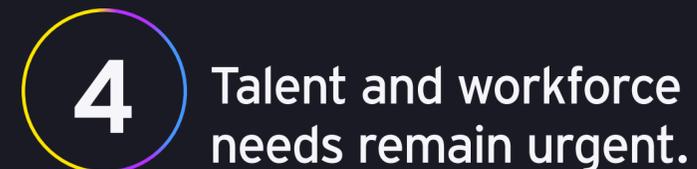
### 3 Credit risk has returned as a top priority, thanks to macro conditions and private credit.

Credit risk has returned as a major priority for banking CROs. That's a function of both traditional financial concerns (rising potential for defaults and delinquencies among overextended consumers) and market developments (the rise of private credit as a competitive threat and strategic opportunity).

There's also a sense of a fundamental shift as private credit takes on a more prominent role in the industry and grows as an asset class. Though significant percentages of banks have little or no direct exposure to private credit, recent market events exposed weaknesses in collateral management processes and systems, suggesting that there might be more "unknown unknowns" than many stakeholders realize. Thus, it's safe to say that private credit will influence the CRO agenda for many years to come.

In some ways, the growth of private credit represents the latest evolution of concerns about the shadow banking system. Certainly, CROs at G-SIBs and larger banks will understand how private credit and private equity reduce the transparency of the overall financial system.

To take advantage of the significant growth potential of private credit – an opportunity CROs recognize, according to our results – the industry will need to address the opacity that prevents regulators from detecting early-warning signals and other institutions from gauging their own exposures. Clearer regulatory guardrails, standard disclosures, pricing signals, consistent valuations and other forms of market discipline will help create visibility into underlying risks of private credit.



### 4 Talent and workforce needs remain urgent.

Even in the age of AI, CROs view talent as critical to success for both the risk management function and the overall business. However, this year's results show more CROs planning to reduce the number of FTEs or slow their rate of hiring. That's primarily a function of the rise of AI (which is expected to automate many administrative jobs), but also an indication of the evolution toward fewer and more specialized roles, as we highlight in chapter five.

“

What CROs say:

As fast as new technologies arrive and the world changes, the need for evolving skills comes with it. Talent needs to be at the forefront in our ability to engage with clients, offer the products they want and ensure proper risk and controls.

”



# 29%

CROs who say **hiring** and/or **developing specific talent/skill sets** is **key** to managing high-priority risks

# 71%

CROs who cite **digital acumen** (e.g., technology, data, AI, programming) as a **top skill set** to better manage risk

Our survey respondents recognize the need for both discrete technical talent (e.g., AI, data science) and broader, more flexible skill sets (e.g., business knowledge, vendor management, ethics, governance). The emphasis on the latter reflects the quickly, constantly changing nature of the banking sector today. There is a premium on versatile risk management “athletes” who possess core skill sets (e.g., critical thinking, business savvy, communication) and can be coached up into advisory roles and/or trained in specific domains. AI skills and knowledge will be essential as risk management professionals increasingly operate in hybrid governance roles, designing enterprise policies and collaborating directly with the business to implement them in ways that foster responsible innovation.

# 15 years of evolving CRO priorities



For 15 years, the EY/IF global bank risk management survey has tracked the evolution of the CRO role from compliance-centric to strategy-focused and business-driven.

**2009**

Risk management was focused on regulatory compliance and post-crisis capital strength.

**2019**

Operational resilience and cyber threats became priorities as digital transformation accelerated.

**2014**

Conduct risk and culture moved to the forefront, driven by high-profile failures and regulatory pressure.

**2024**

Nonfinancial risks, such as fraud, financial crime and geopolitical shocks surged, reflecting a more interconnected risk landscape.

**2026**

Credit risk returns as a top concern, while macroeconomic conditions, geopolitical tensions, technology disruption and new competition reset the agenda.

# Highlights from past EY/IIF risk management surveys



## 1st annual

Recover, adapt, advance: back to business in an uncertain world

“

Survey respondents consistently expressed the view that companies underestimated the vital importance of the human factor in managing risk. To institute and reinforce a strong risk culture, risk must become everyone's business, from boards to front-line decision-makers.



## 5th annual

Shifting focus: risk culture at the forefront of banking

“

Driven by continuing high-profile conduct failings and growing pressure from regulators to tighten controls on risk behavior, there is an industry-wide effort to more effectively manage risk culture.



## 10th annual

An endurance course: surviving and thriving through 10 major risks over the next decade

“

There has been a lot of progress over the decade. Today, globally, banks are much better positioned in terms of capital and liquidity ... Risk leaders and their teams have been innovating approaches to new, or newly emphasized, nonfinancial risks ... Managing risk over the next decade could prove to be much more challenging.

# Chapter 1

## The macro forces framing the CRO agenda

Given their persistence and pervasive impacts, macroeconomic instability and geopolitical tensions are now viewed more like embedded risks than stand-alone threats. Our results suggest that CROs recognize how these risks intersect with various risk categories. In that sense, they are already “priced into” the CRO agenda. However, the long-term impacts of trade tensions, tariffs, deglobalization and military conflict on the banking industry, as well as other sectors, remain an open question.

While this year’s top near-term priorities show notable differences from last year’s research, CROs seem to expect that conditions will remain as uncertain in 2026 as they have been in the past few years. Cyber’s long-standing position as the top near-term priority makes it seem like a structural risk embedded across the business and closely linked to a range of risk categories.

**The geopolitical outlook:** geopolitical concerns fell as an individual, near-term priority; it was CROs’ third-highest priority last year but is outside the top 15 this year. Fewer elections this past year, after a historically large number in 2024, may also have contributed to the decrease in immediate-term urgency.

However, geopolitical risks are the second most powerful external force shaping the CRO agenda, suggesting that our survey respondents recognize armed conflict (including on the digital and cyber fronts), trade tensions and deglobalization as topics they must account for. The implication is that geopolitical issues need less day-to-day oversight but a broader, more strategic and longer-term view. Forward-looking CROs will already be investing time and resources to understand how future business will be shaped by new and ongoing military actions, shifting trade and economic alliances and other trends in global affairs.

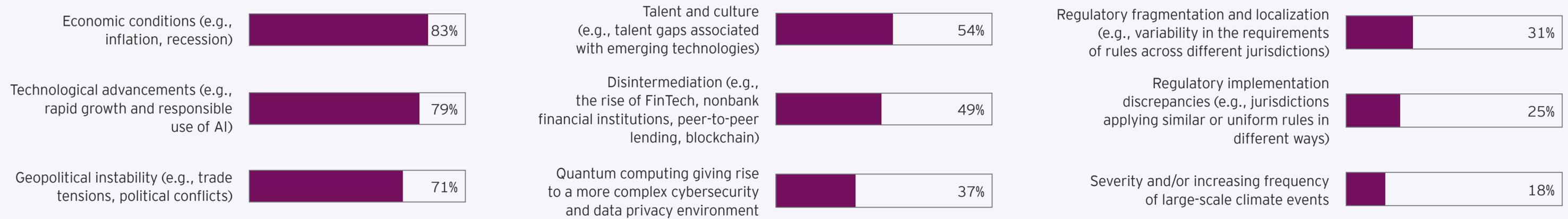
There are significant differences in the views of CROs across regions: 95% of European CROs and 90% of those in the Middle East and North Africa cited geopolitical concerns as a force shaping their strategic agenda, compared with only 57% of CROs in Latin America, who see technological advancements (76%) as a more powerful force.

Shifts in trade policies, tariffs and economic sanctions (74%) are likely to have the greatest potential impacts from geopolitical risk, followed by increasing cyber threats (68%) and fiscal policy changes (53%). G-SIB CROs are the most focused on geopolitical risk. To counter these risks, 82% of CROs plan to strengthen resilience plans (e.g., scenario planning, tabletop exercises), and 67% will enhance cybersecurity measures. Nearly half (48%) of Latin American CROs say their banks are planning to diversify their investment portfolios, while 76% of North American CROs plan to strengthen cybersecurity measures.

CROs seem to expect that **conditions will remain as uncertain in 2026** as they have been in the past few years.

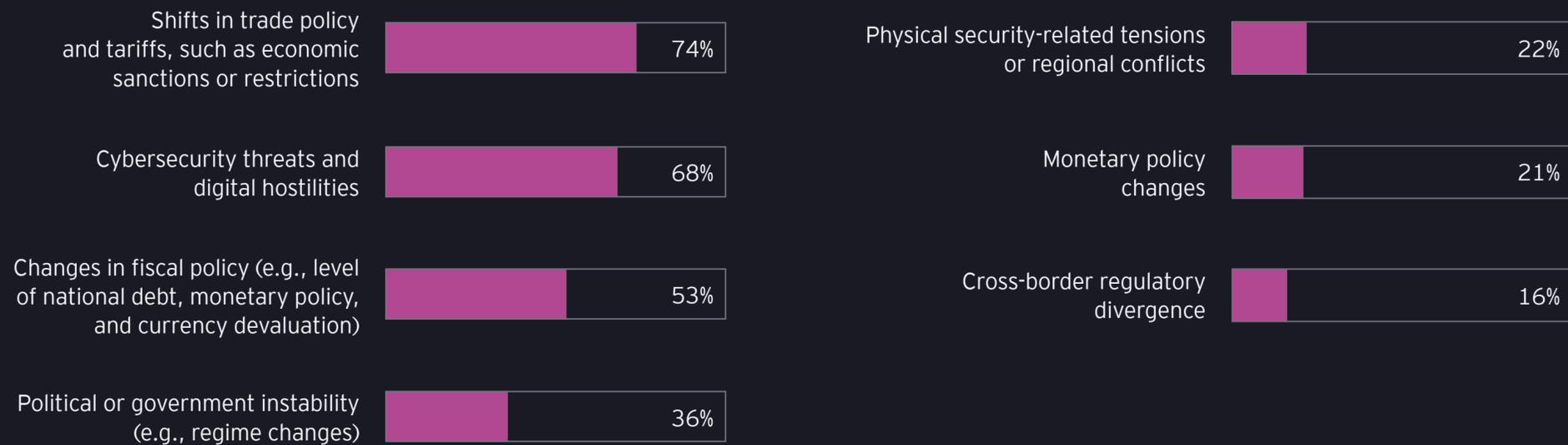


**Figure 3: External forces and emerging risks shaping and influencing CROs' strategic agenda.**

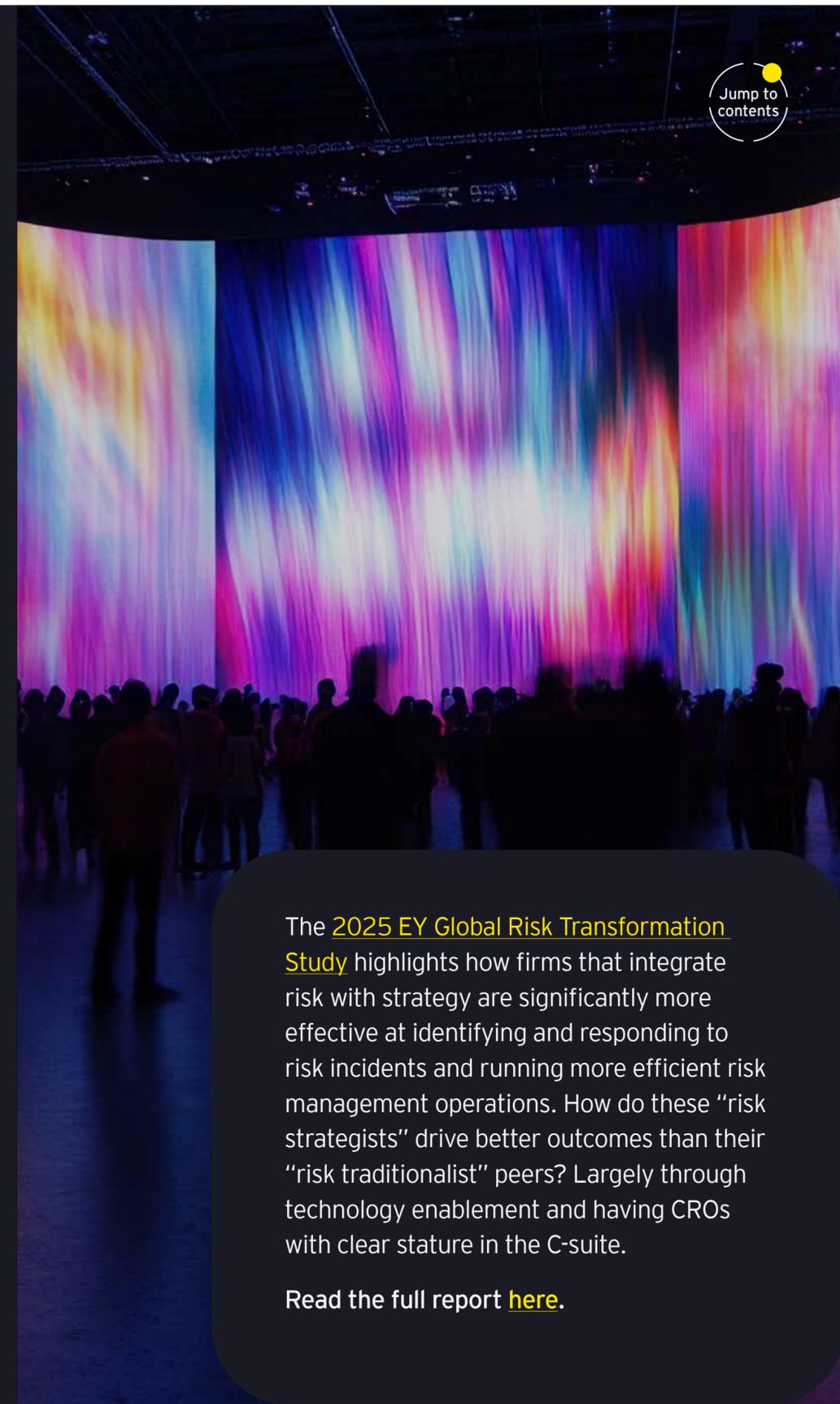
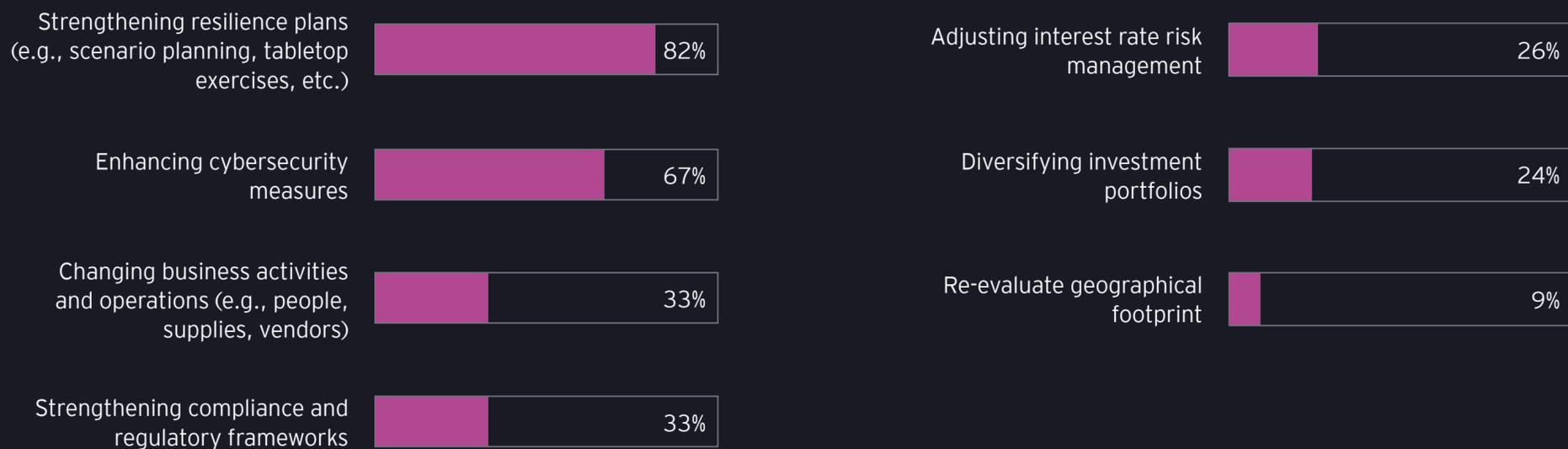


Forward-looking CROs are already **exploring how external forces will impact the banking business in the years ahead.**

**Figure 4: Top impacts from potential geopolitical risks and greatest risks to the banking sector**



**Figure 5: Top strategies and plans to mitigate geopolitical risks**



The [2025 EY Global Risk Transformation Study](#) highlights how firms that integrate risk with strategy are significantly more effective at identifying and responding to risk incidents and running more efficient risk management operations. How do these “risk strategists” drive better outcomes than their “risk traditionalist” peers? Largely through technology enablement and having CROs with clear stature in the C-suite.

Read the full report [here](#).

# Chapter 2



## The return of financial and traditional risks in new forms

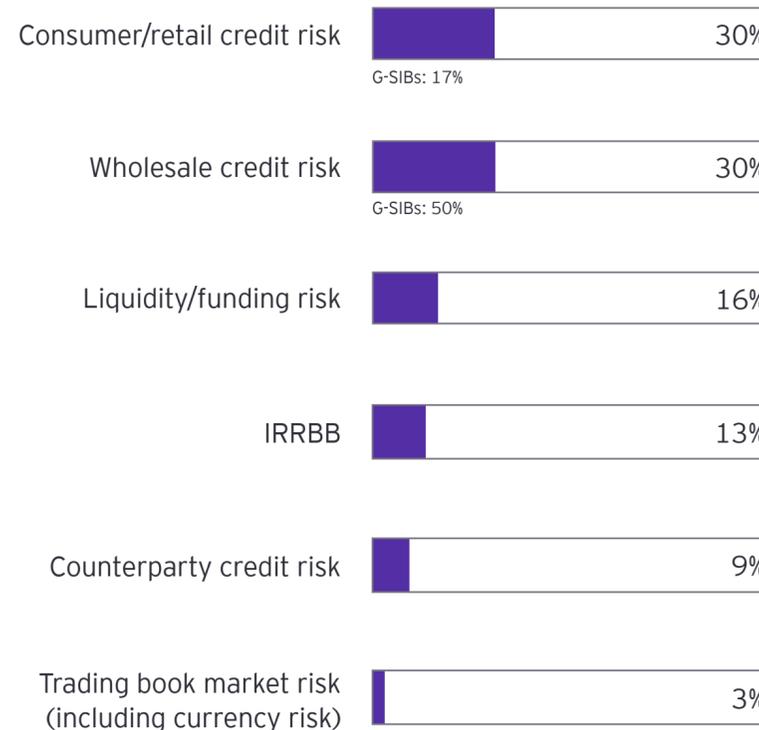
In last year's survey, no financial risk made the top 10 of near-term risk priorities, perhaps reflecting CRO confidence in the strength of the risk management capabilities that have been developed and strengthened in the last decade. This year, however, CROs indicated that several forms of financial risk have returned to prominence.

Almost two-thirds (62%) of respondents said credit risk was a top five risk requiring CRO attention for the next year, second only to cyber threats. CROs at European banks are most concerned by credit risk (75%), while those at banks in the Middle East and North Africa (50%) express the least concern. Digital fraud (cited by 59% of respondents) and financial crime risk (43%, up from 23% last year) were next on the list, with liquidity risk coming in the sixth-highest priority (20%). Interest rate risk in the banking book (IRRBB) was 10th (14%).

When asked about financial risks specifically, an equal proportion (30%) of respondents chose retail and wholesale credit risk as the top risk for the next 12 months. In 2025, 24% of CROs named consumer/retail credit risk as the top financial risk. Among G-SIB CROs, 50% said wholesale credit risk was the top financial risk, and 17% said retail credit risk.

The increased focus on credit risk in particular and financial risks in general reflects uncertain macroeconomic conditions. However, CROs also seem to have concerns about inflation and potential recession and their downstream impacts on markets and consumers.

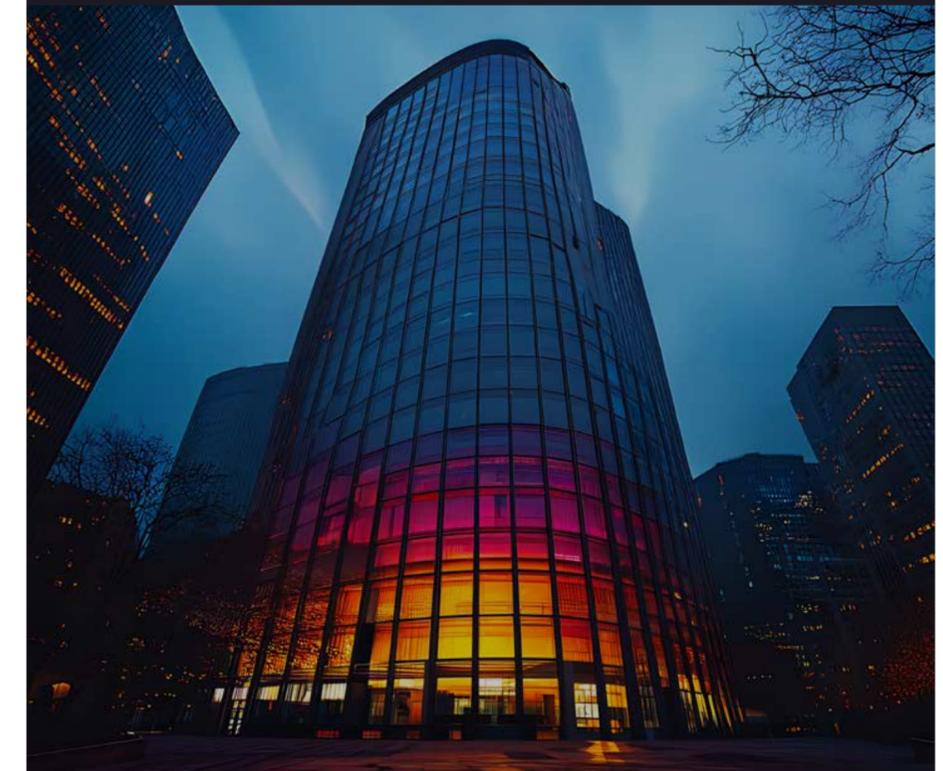
Figure 6: Top financial risks for the next 12 months



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What CROs say:

We have a pristine loan portfolio but, seeing some of the data on the softening of the labor market and on consumer spending, we expect that to show up in our risk/loss numbers.



**Private credit:** the emergence of private credit as a powerful force in the market is also on the minds of CROs, particularly those at G-SIBs and banks with larger asset bases, which are most likely to have direct exposure. CROs at larger institutions may also have a deeper understanding of the opacity and lack of market discipline associated with private credit lending and private equity markets.

To be clear, private credit risk exposures vary across the sector; in fact, nearly 40% of survey respondents said their banks had no material exposure to or expected no material impact from private credit. As one CRO from a regional US bank told us, “We don’t see private credit as a strategic area given our exposure. But it could become systemic for the players that have leaned into this space.” It’s worth noting that some authorities, including in the UK and Europe, are examining system-wide risks and engaging institutions to gather more insight about their exposures.

However, recent market events seemed to reinforce past concerns about the unregulated or “shadow” banking system, which have evolved into worries about private credit and PE. Given private credit’s strategic implications and influence on the overall market, it can’t be considered a purely financial risk. Our results confirm that CROs are thinking holistically about private credit, citing both downside risks (increased complexity in analysis and measurements, growing counterparty exposure) and strategic opportunities (expanded client bases, new investment opportunities) as the top impacts.

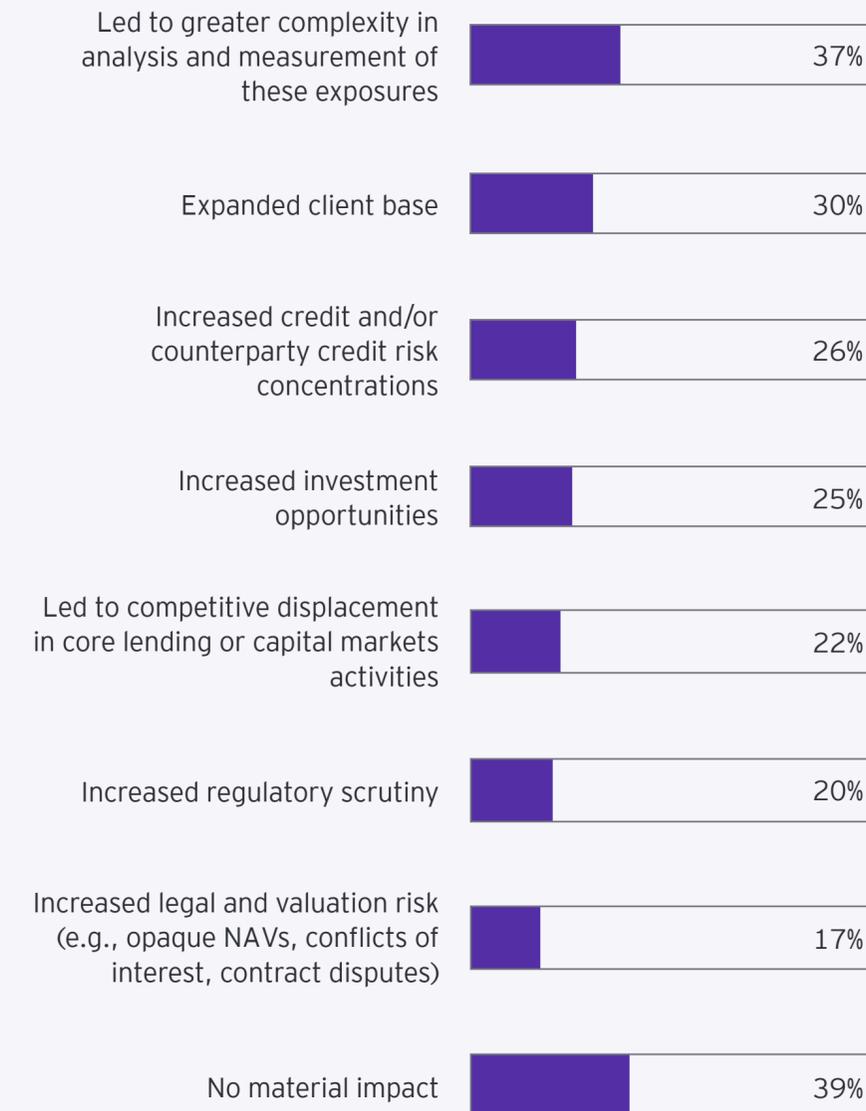
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What CROs say:

We don’t see private credit as a strategic area given our exposure. But it could become systemic for the players that have leaned into this space.

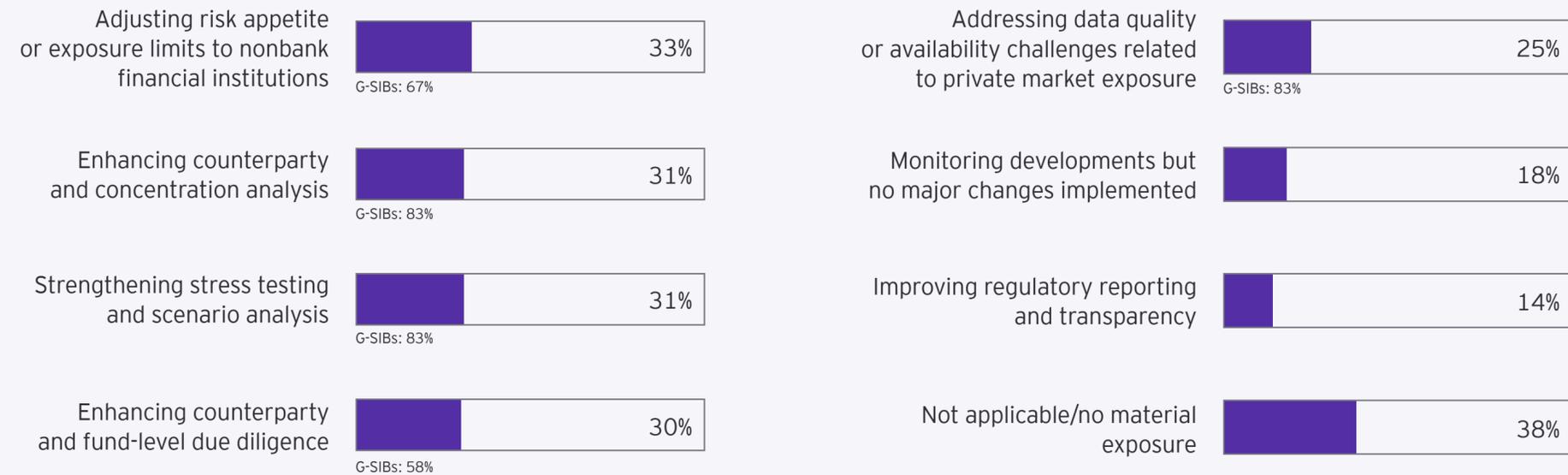
Private credit is a risk because of the amount of leeway the industry has, but they are also becoming a competitor.

**Figure 7: Impacts of private credit on the organization**



To manage the risks associated with private credit, CROs are looking to adjust their exposure limits to nonbank financial institutions, more closely examine counterparty and concentration risk, and enhance scenario planning. G-SIB CROs are much more likely to be pursuing these enhancements, befitting their much greater exposures.

**Figure 8: Changes to manage private credit exposures**



**33%**

of CROs are adjusting risk appetites to manage private credit exposures.

**Financial crime:** the renewed focus on fraud and other illegal actions – a priority for G-SIBs in particular – can also be viewed as a sign of the economic times. Two years ago, financial crime risk was not even in the top 15 of CROs’ near-term priorities; today, it’s in the top four.

CRO concerns about financial crime manifest across multiple findings. Consider that detection of fraud and criminal activity is the most frequent use of AI within risk management operations today. And CROs expect it to be an area of increased supervisory focus in the future. The growing emphasis on fraud and other illegal actions – a particular priority for G-SIBs – can also be viewed as a sign of the economic and geopolitical times.

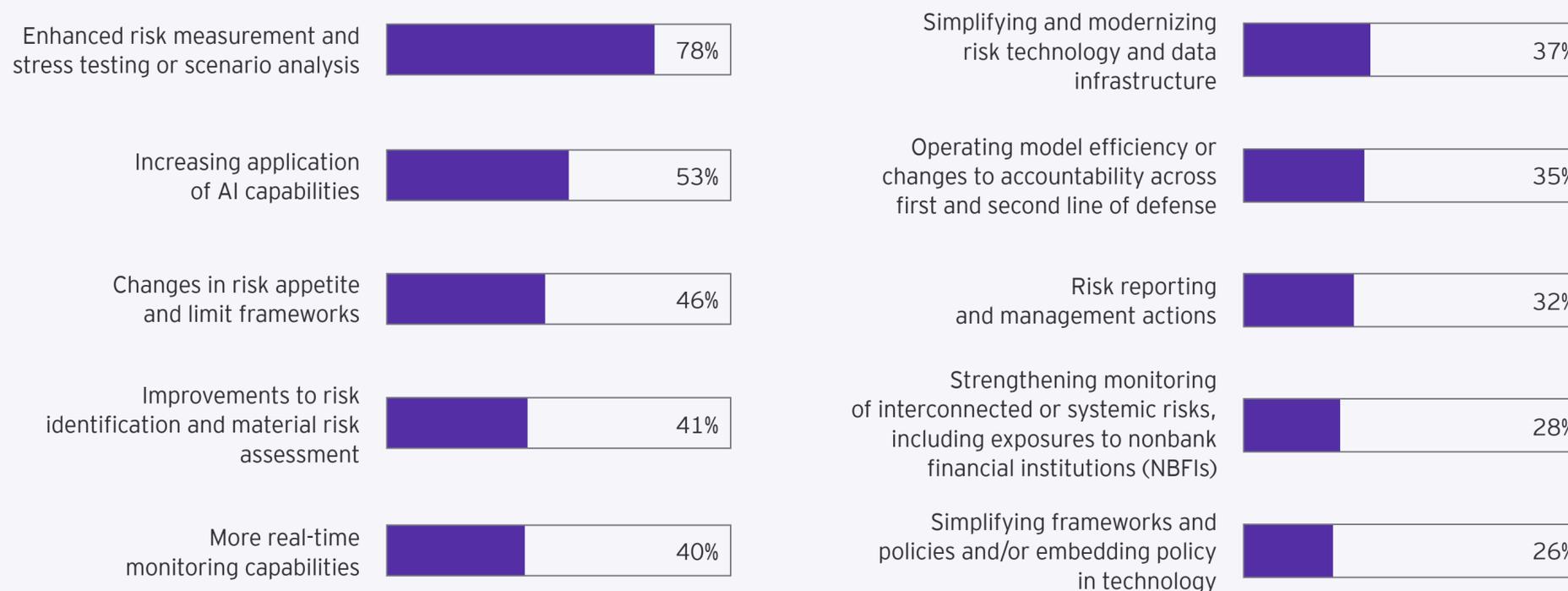
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What CROs say:

People are the greater vulnerability when it comes to financial crime. It’s always your weakest link that will be the problem.

To combat the full range of financial risks, CROs are taking an “all-of-the-above” approach. Enhanced stress testing and scenario planning, refinements of the risk appetite and AI deployments are all key components of financial risk management strategies.

**Figure 9: Planned enhancements to BAU financial risk management capabilities over the next 12 months**



# Chapter 3

## AI and disruptive technology – balancing risk and opportunity

CROs are balancing the upside opportunities and downside risks of AI and other emerging technologies. Agentic AI has the potential to transform processes both within risk management and the business. As it's adopted, CROs will need to devise strategies for monitoring how AI agents analyze data, generate outputs and make decisions. Such capabilities will be critical for rolling out AI at scale and instilling responsible practices at every level of the organization.

Lessons learned from AI can be applied to the next wave of disruptive tech. Relative to quantum computing, the near-term priority for CROs is likely to be monitoring business adoption. CROs will need to remain in close consultation with business leaders as banks seek the right answer to the question of how these technologies can drive better outcomes for customers, society and their own bottom lines.

**AI expansion and acceleration:** relative to AI, risk leaders are increasingly focused on the business case – that is, driving tangible returns on the huge investments most banks are making. Nearly three-quarters (72%) of CROs say AI adoption within risk management is currently limited, though there is extensive experimentation with fraud prevention and other applications. Only 12% of respondents say they are already seeing and measuring the benefits after implementing AI strategies, governance frameworks, policies and use cases within risk management. Those CROs seeing benefits within risk management point to stronger fraud detection (e.g., fewer false positives) and transaction monitoring.

CROs at G-SIBs report greater uptake of AI uses in risk management, with only 50% saying adoption is limited (compared with 72% of all respondents) and 33% are already realizing the benefits (compared

with only 12% of all respondents). CROs from the largest banks (>1 trillion in assets) are also more likely to say they are already seeing the benefits.

Other research about AI usage in financial services – including the annual study conducted by EY/IIF (see sidebar) – confirms that the business has seen more value than those in risk management in initial AI deployments. Because our CRO survey includes a greater proportion of smaller institutions and focuses only on risk management, it's not surprising that our AI survey, which features larger banks and all use cases across the business, shows both greater adoption and greater value realization.

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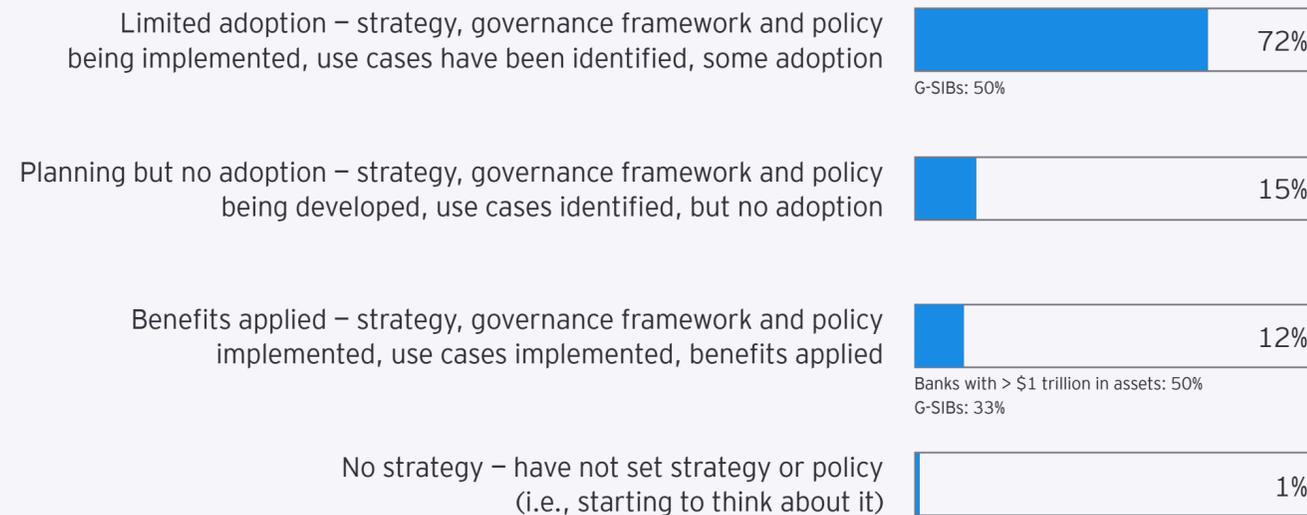
What CROs say:

We see AI as efficiency in the near term, with strong capabilities coming later.

AI is everywhere except for the P&L right now. It provides a huge uplift in productivity and the operational side.

Within risk management operations, chatbots (67%) and detection of digital fraud and financial crime (61%) are the most common initial use cases. AI tools for cyber and operational risk management (41%), credit and market risk modeling (33%) and legal and document analysis (30%) are also in place at significant percentages of banks.

**Figure 10: Current state of AI adoption in risk management**



**Figure 11: Most significant areas of AI use in risk management**



**IIF-EY research on AI:**

The latest IIF-EY Annual Survey Report on AI Use in Financial Services shows how banks are adopting this revolutionary technology across all parts of the business, complementing our annual risk management survey. It's clear that deployments in different functions are outpacing those in risk management.

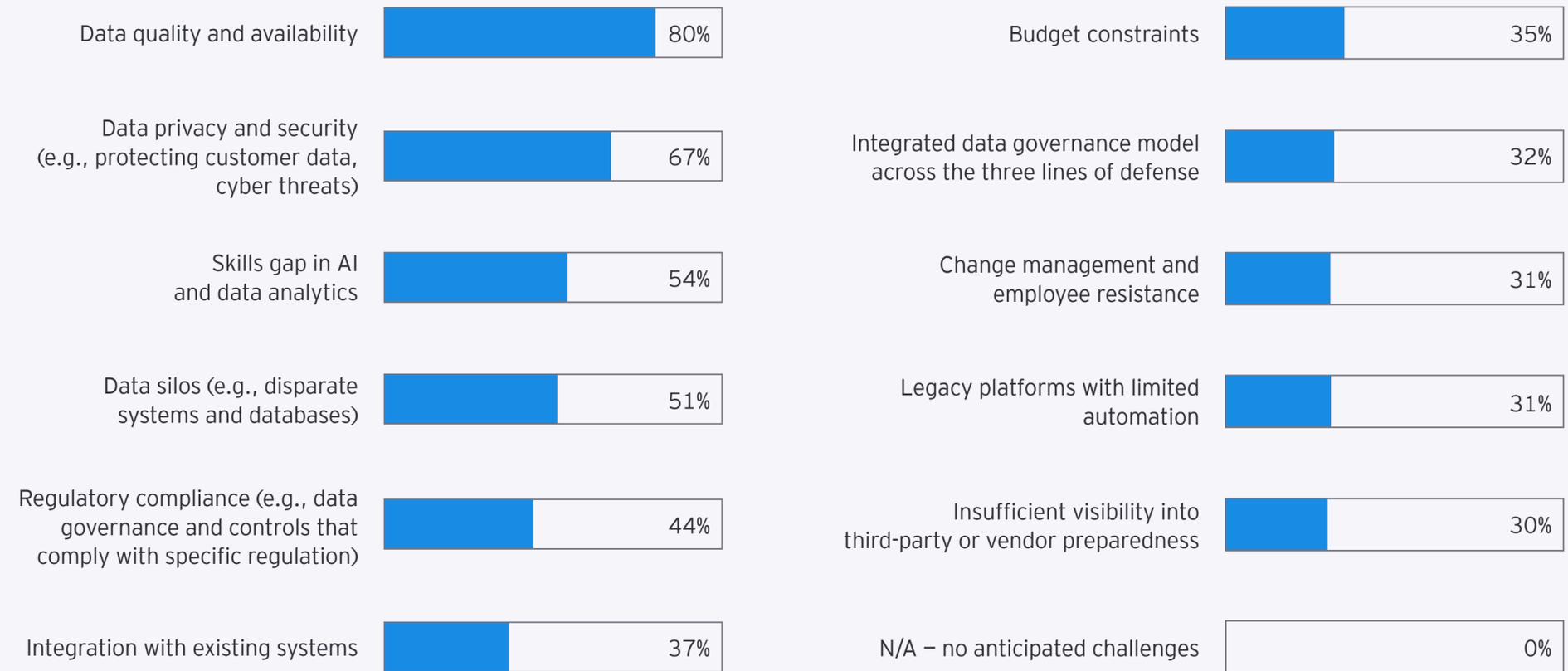
**Among this year's highlights:**

- 100% of institutions planning changes in their AI investments are looking to increase them, with 36% of G-SIBs planning increases of 100% or more.
- 83% reported some level of work on agentic AI – 23% are in production, 34% are piloting and 26% are still planning.
- 79% of all institutions and 100% of G-SIBs said data quality was the top challenge for AI development, with data availability a very close second.
- 77% use third-party platforms to address challenges (e.g., data preparation, access to training data and AI talent) and bring AI into production.

Read the full report [here](#).

The top challenges to AI adoption in risk are primarily data-related, but skill gaps also feature prominently. AI is expected to address talent shortages, though primarily in roles focused on manual tasks (e.g., data gathering, basic analysis). At the same time, it drives the need for specialized jobs and skill sets (e.g., governance leads, AI ethicists, model owners, agent supervisors). See more about AI talent in chapter 5. Talent and roles are other areas where CROs must carefully weigh both the upside and downside impacts of AI. Looking ahead, it's likely that data quality and security issues will remain top of mind for CROs relative to AI, even as concerns about monitoring AI agents and preventing hallucinations rise in urgency.

**Figure 12: Top challenges in implementing AI within risk management**



**80%**

of CROs identify data quality and availability as a major challenge to AI adoption in risk.

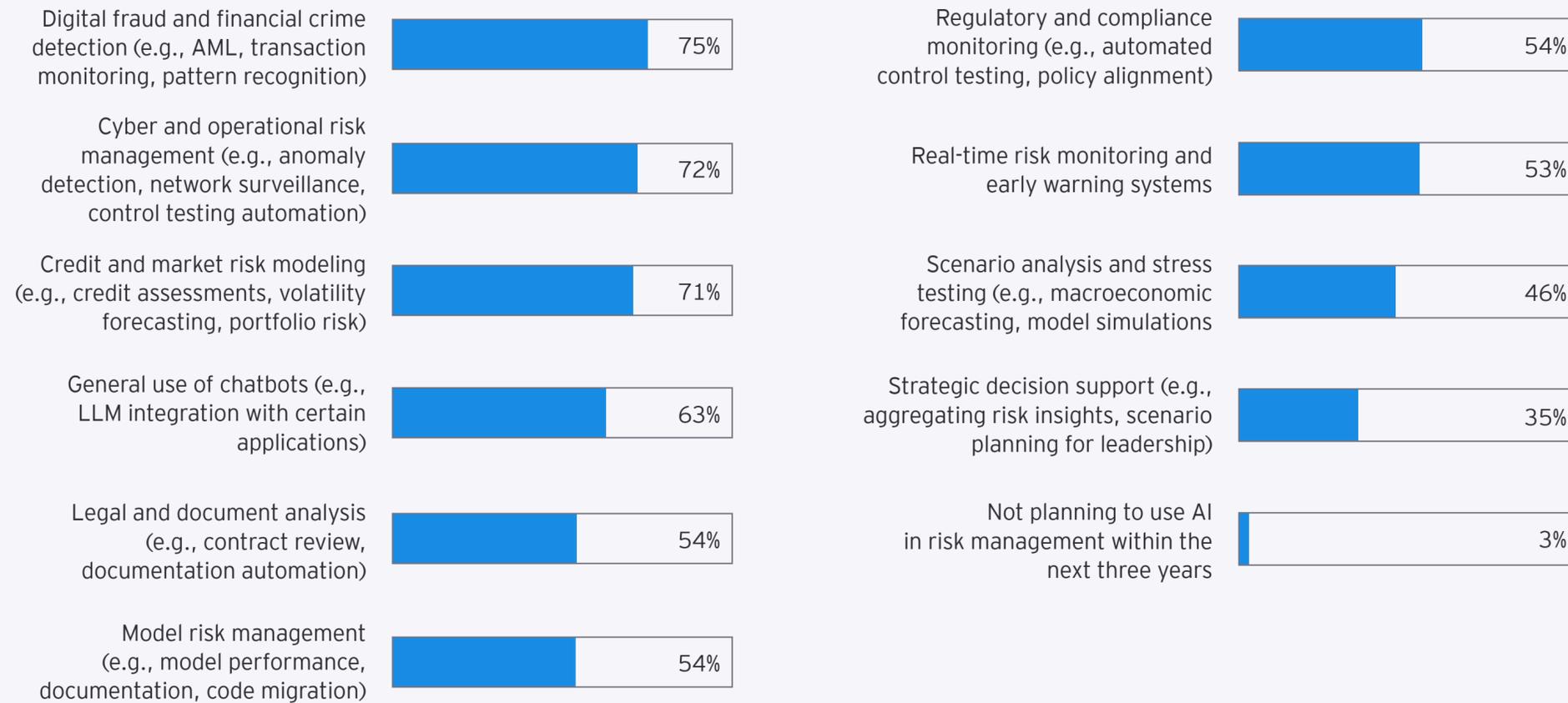
Future plans call for increased use in all of those areas, with notably large jumps in AI-powered credit and market risk modeling and model risk management. These results largely track last year's research, where fraud, compliance, financial crimes, credit, operational and model risk were the main priorities for using AI.

“

What CROs say:

We think there is huge potential in leveraging AI, but upscaling in house is tricky. There is a lot of excitement, and it's easy to buy or access a lot of tools. The real cost is in change management, underlying infrastructure, people and the time to do it right.

**Figure 13: Most significant plans for future AI use in risk management**

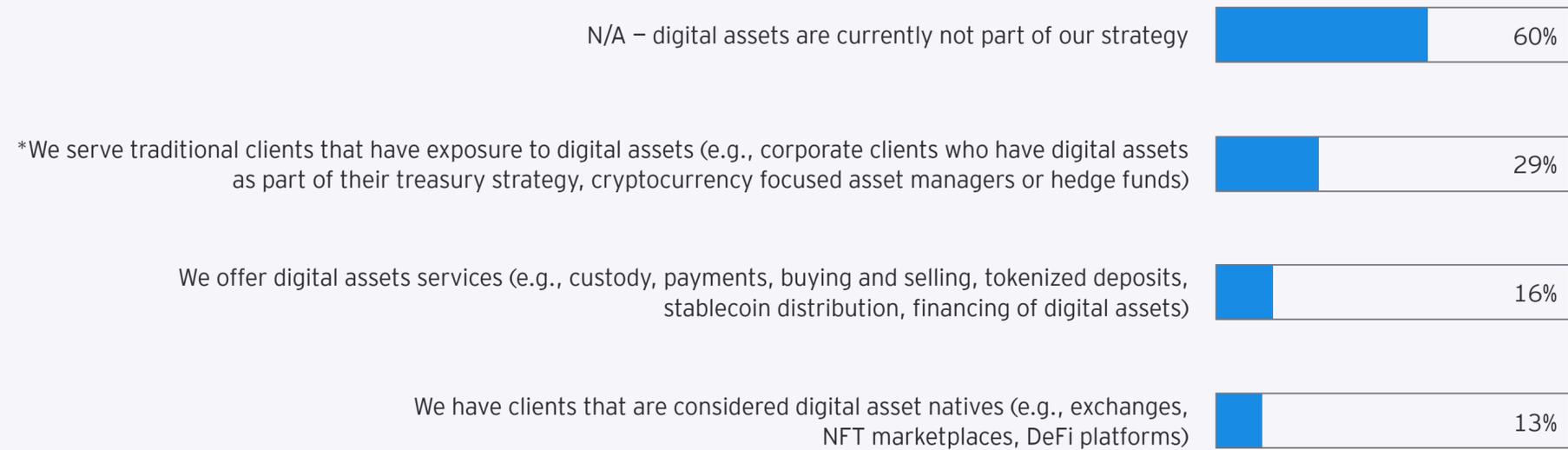


**Digital assets:** tokenization, smart contracts and digital currencies continue to gain traction in the market, particularly with G-SIBs and the largest institutions. Our engagement with business and tech leaders across the industry suggests that banks will continue to accelerate strategic planning for digital assets. Those institutions that are active in the space today are focused on traditional clients with digital asset exposures (29%) and providing digital asset services (16%).

All G-SIBs participating in our survey have a digital asset strategy, with 83% serving clients with digital asset exposure and 58% offering digital asset services. . Among banks with assets of US\$1 trillion or more, 70% have a digital asset strategy. They reported increases in digital asset activities, including a 35% increase in digital services offerings. However, among all CRO respondents, 60% say their banks don't have a digital asset strategy. Latin American CROs are most likely (86%) to say their institution lacks a digital asset strategy and North American CROs are least likely (48%).

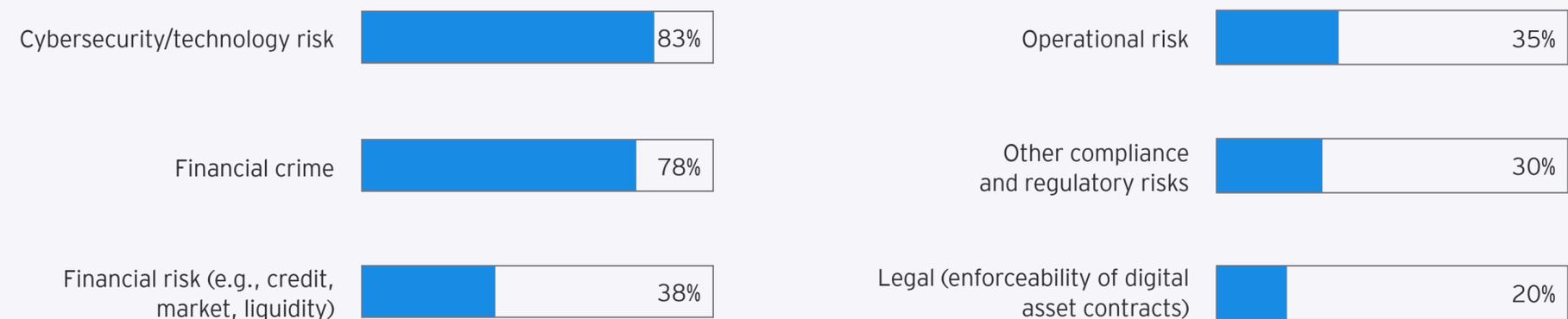
CROs see cybersecurity/technology risk (82%) and financial crime (78%) as by far the biggest risk exposures relative to digital assets, with consistency across regions and types of banks. Asia-Pacific CROs see financial risk as a much greater concern (63% vs. 38% among all respondents).

**Figure 14: Current digital assets strategy and/or activity**



\*When disaggregated by size of institution, the results vary interestingly.

**Figure 15: Risk categories requiring the most enhancements to manage risks associated with digital assets**

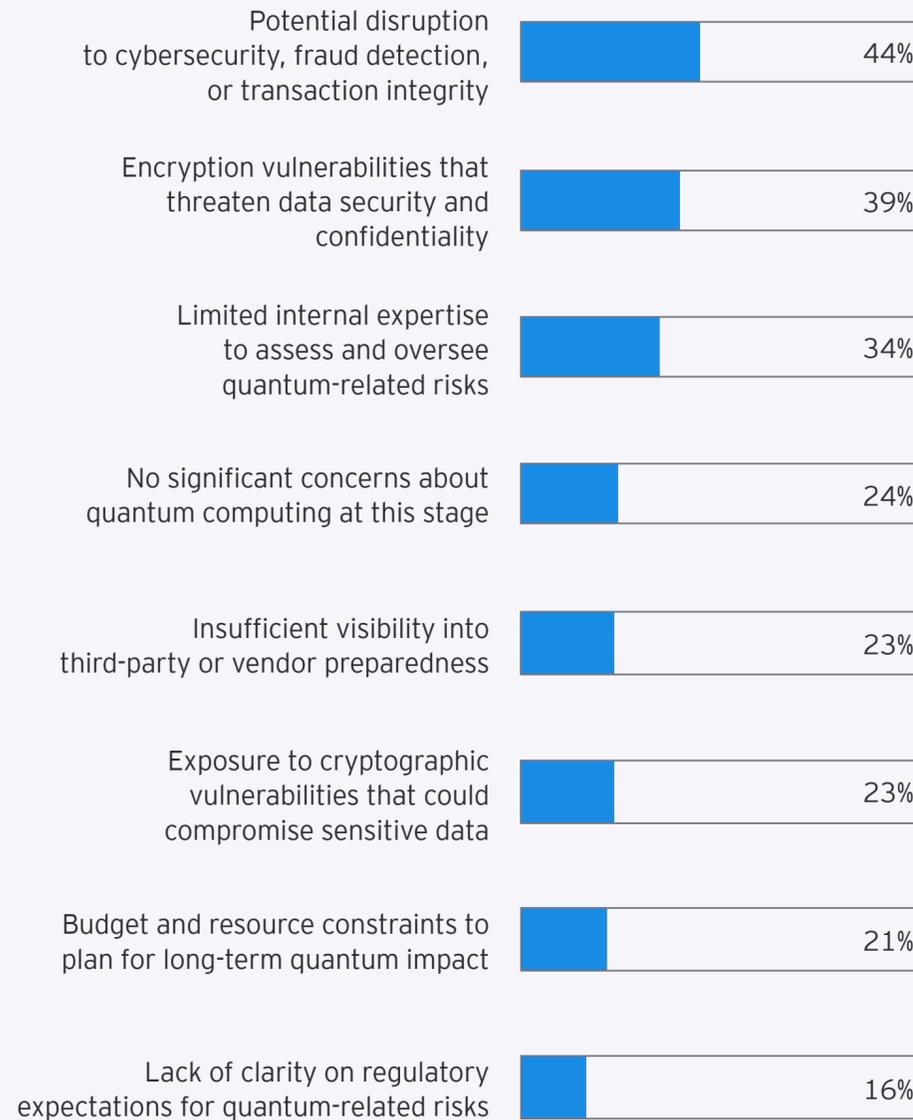


**Quantum computing:** though quantum computing may still seem like a futuristic concept, ambitious start-ups and forward-looking banks are already exploring the possible. Some analysts project widespread adoption as soon as 2028. Thus, CROs must start evaluating the impacts, if they haven't already. That's especially true for risk leaders at G-SIBs and banks with more than US\$500 billion in assets, who say they expect to face more challenges from quantum computing.

When it comes to quantum, CROs see the primary threats as potential disruption to cybersecurity, fraud detection and transaction integrity (44%) and encryption vulnerabilities that threaten data security and confidentiality (39%). A third (34%) cite limited internal expertise to assess and oversee quantum-related risks, while a quarter (24%) say they have no significant concerns about quantum computing at this stage.

Across all of these technologies, it's imperative that CROs closely monitor the development of industry standards and regulatory requirements and educate themselves on both the risks and opportunities for the business. That's the first step to preparing the organizations for the day – likely sooner than it seems today – when these technologies are commonplace in everyday operations.

**Figure 16: Most significant risk challenges from the advancement of quantum computing during the next 12 months**



It's not too soon for CROs to **start thinking about** the risks of **quantum computing.**

# Chapter 4



## Regulatory outlook – navigating the impacts of fragmentation

There is a perception that scrutiny is easing in some markets (the US, most notably). The current US administration is de-emphasizing sustainability and climate matters, pursuing a deregulatory agenda and positioning as innovation-friendly, particularly in the realm of AI and digital assets. Regulators in the UK and EU, as well as major markets in the Asia-Pacific region, are monitoring these developments as they revisit their own priorities. Their responses are factoring in both geostrategic trends and local issues. Equal and opposite reactions to US geopolitical and trade moves seem likely, either to assert local independence or maintain the settlement on financial stability that formed in the wake of the global financial crisis.

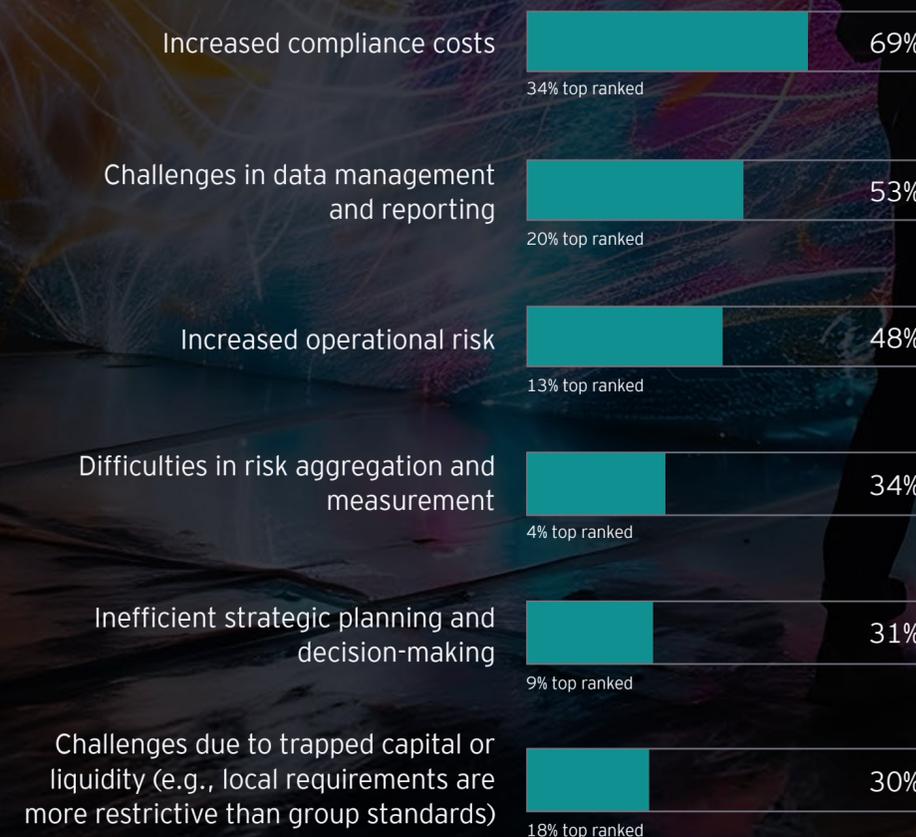
A full 80% of CROs in the Middle East and North Africa view regulatory fragmentation as a powerful force shaping the strategic agenda, compared with 31% of all survey

respondents. CROs in Asia-Pacific (19%) and Latin America (19%) seem least concerned about regulatory fragmentation.

The impact of regulatory fragmentation will take multiple forms, from increased operational risk and higher compliance costs, to trapped capital/liquidity, to greater data management challenges. Not surprisingly, concerns vary across regions:

- 43% of CROs in the Asia-Pacific region say trapped capital will have a big impact from regulatory fragmentation, compared with 30% of all CROs and 21% in North America.
- 66% of North American CROs cite operational risk as a big impact, compared with only 25% in Europe.

Figure 17: Areas of impact from regulatory fragmentation



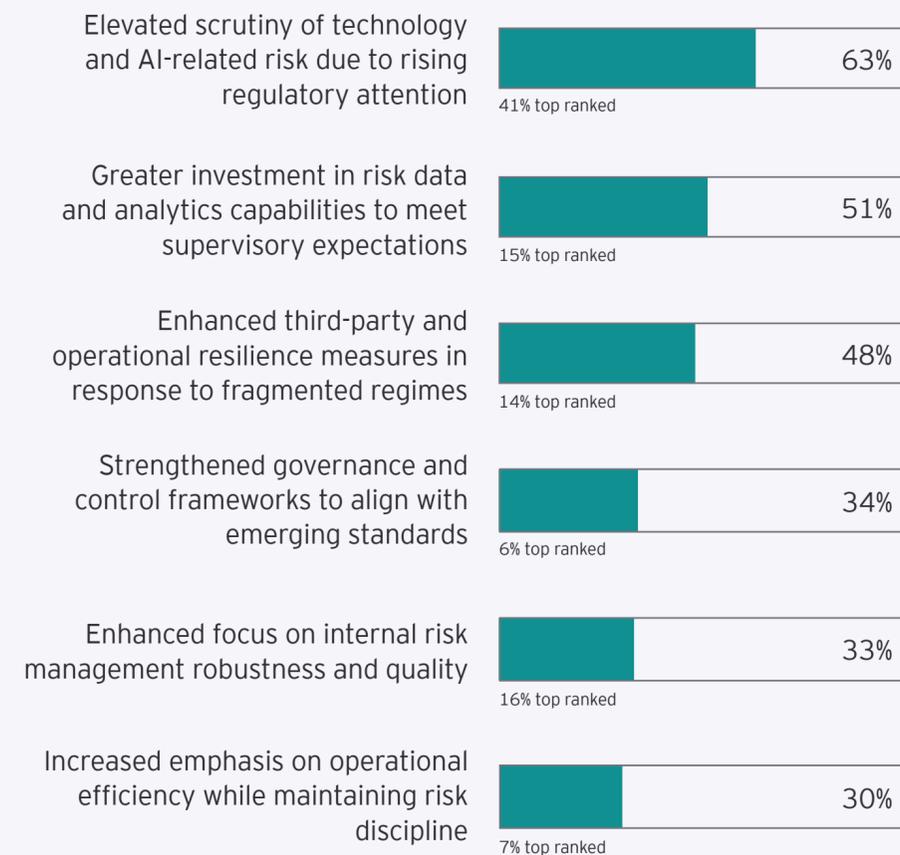
The [EY Global Financial Services Regulatory Outlook 2026](#) highlights what it will take for banks and other firms to succeed in an uncertain environment. Specifically, firms:

- Must be keenly aware of the higher costs and opportunities of doing business in certain countries or regions caused by diverging regulations.
- Must continue to monitor specific risks and regulatory changes in markets where they operate.
- Should use scenario planning and analysis to identify the potential implications for their business of different regulatory outcomes.

Read the full report [here](#).

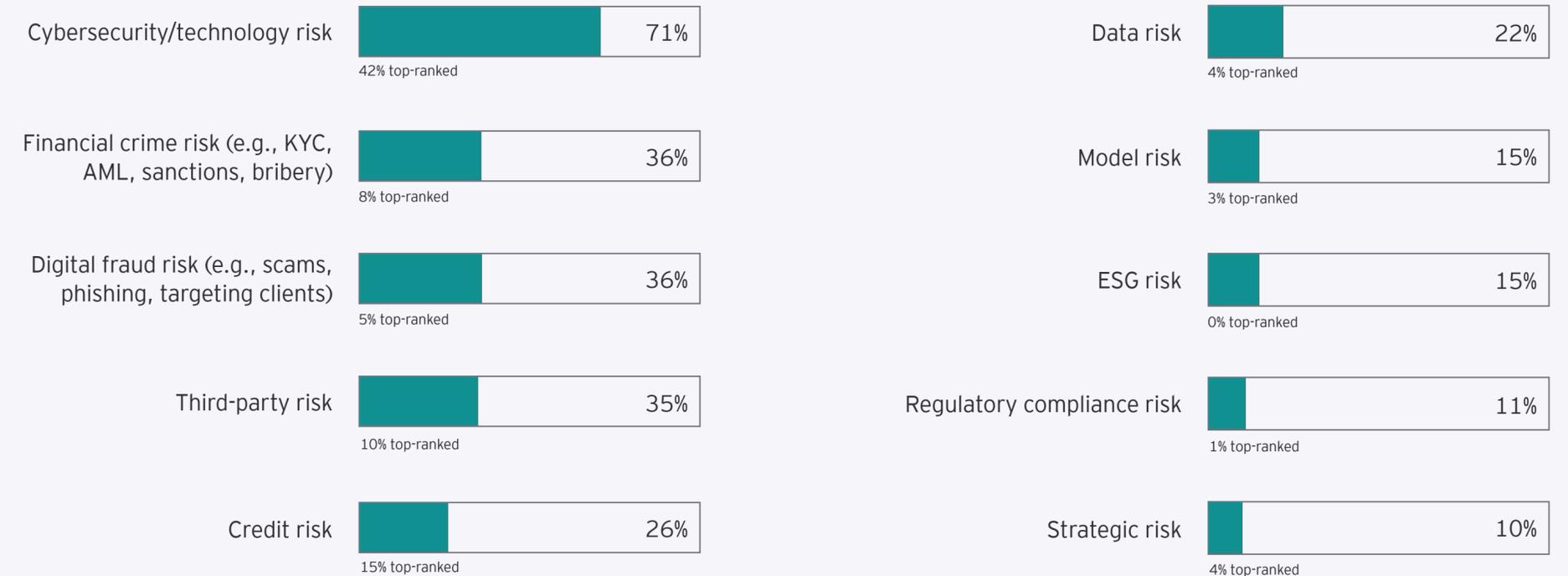
Looking out over the next three years, more scrutiny of tech and AI-related risk (cited by 63% of CROs) and the need for increased investment in risk data and analytics capabilities to meet supervisory expectations (51%) top the list of expected impacts of an evolving regulatory landscape.

**Figure 18: Top three impacts on risk management from evolving global regulation during the next three years**



**Future regulatory priorities:** CROs expect cyber and technology risk (cited by 71% of our survey respondents) to see the greatest increase in supervisory focus, followed by digital fraud (36%), financial crime (36%) and third-party risk (35%). ESG will see less supervisory focus in the future, according to 55% of respondents. Strategic risk (46%) and conduct risk (35%) were also expected to fall as supervisory priorities.

**Figure 19: Risk areas that will see the greatest increase in supervisory focus in the next three years**



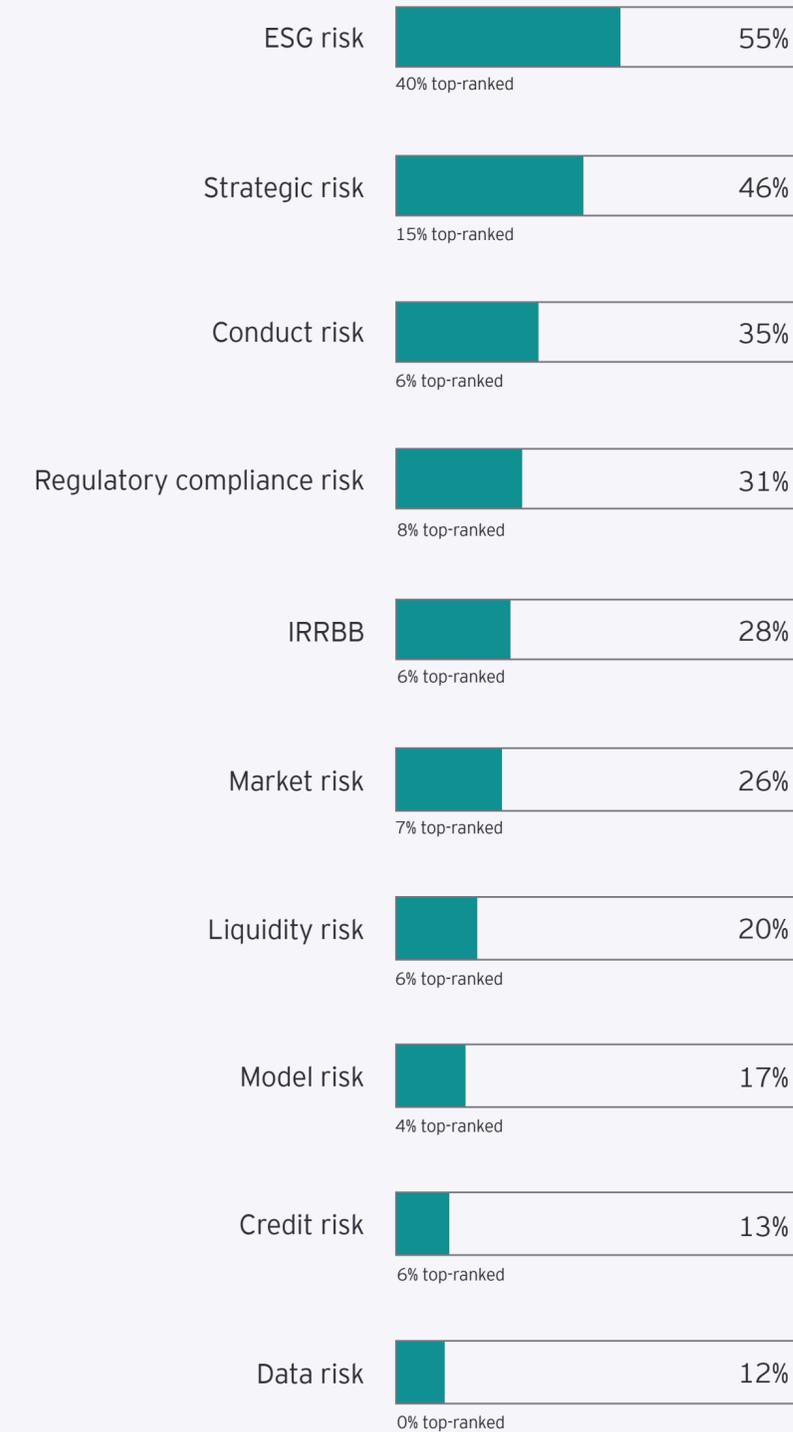


CROs around the world are adjusting to the **reality of regulatory fragmentation.**

These figures vary dramatically by region: 100% of North American CROs expect to see a reduced focus on ESG, versus only 35% of CROs in Europe and 33% in Latin America. Similarly, North American CROs expect less focus on regulatory compliance risk (55%) and conduct risk (52%) than do their counterparts in Europe (15%/20%) and Latin America (24%/33%).

Asia-Pacific CROs expect much greater regulatory focus on cyber and tech risk (86% vs. 71% overall), digital fraud (57% vs. 36%) and third-party risk (52% vs. 35%) than their counterparts in other regions. Among European CROs, the expectation is for increased supervisory focus on credit risk (40% vs. 26%) and data risk (40% vs. 22%).

**Figure 20: Risk areas will see the greatest reduction in supervisory focus in the next three years**

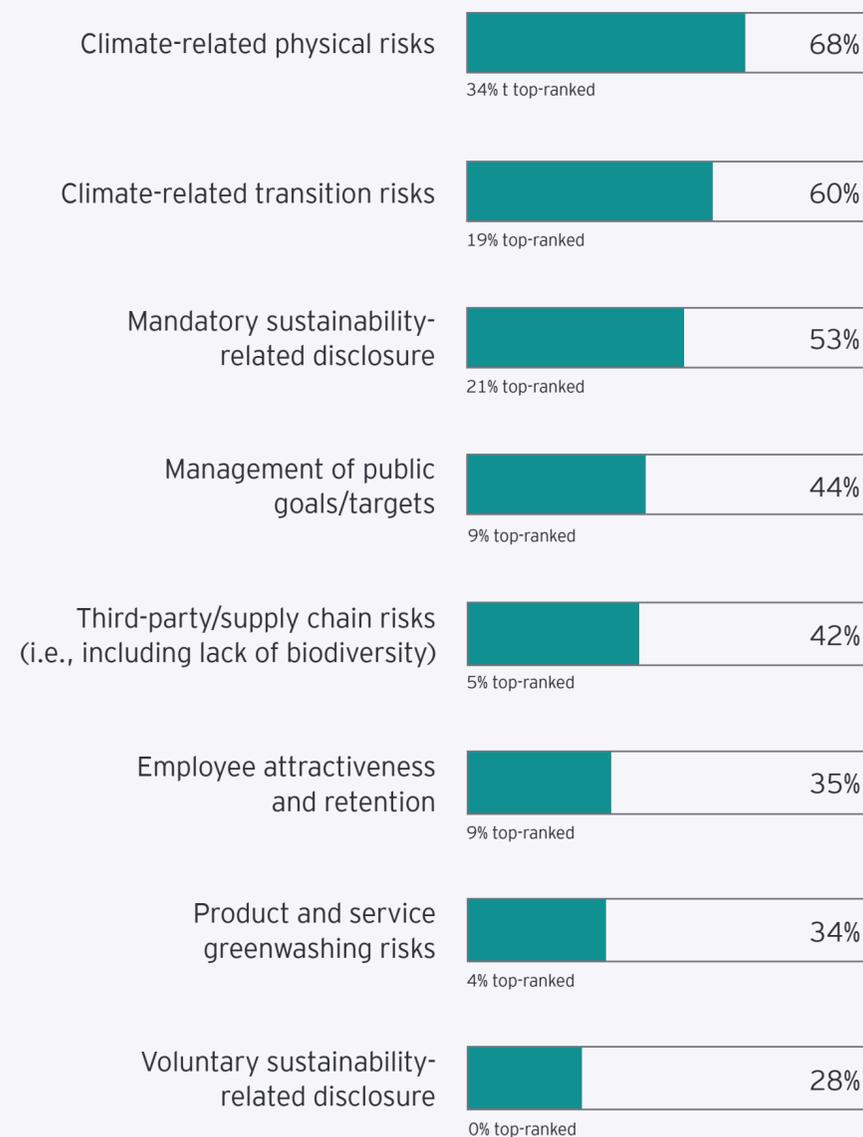


**Views on sustainability:** though the urgency around sustainability is lower than in recent years, CROs have not lost sight of its importance or its near-term impacts. More than a third (68%) of survey respondents cited climate-related physical risks as a significant driver of sustainability-related risk, followed by climate-related transition risks (60%) and mandatory sustainability disclosures (21%). Here again, the management of the risk itself would seem to outweigh the regulatory implications in the eyes of CROs.

**Improving compliance:** CROs are always looking to streamline compliance processes and are looking to data and technology to realize the benefits of improved efficiency. The top priorities include improving data quality, accuracy, aggregation and timelines (cited by 30% of respondents), implementing RegTech solutions to reduce manual workloads (16%), automating processes (15%) and addressing legacy technology limitations and integration issues (13%).

But non-tech actions are similarly important: 15% say they are boosting cross-functional integration by linking business, risk, legal and IT. The same percentage of respondents are clarifying regulatory interpretations across jurisdictions (15%). In the IIF-EY study research on AI adoption across financial services, 81% of respondents said the best regulatory/supervisory approach is a joint exploration of parameters, where financial institutions, AI service providers and other third-parties work with regulators to define responsibilities.

**Figure 21: Most significant drivers of sustainability-related risk**



CROs are always looking to **streamline compliance processes** and are looking to **data and technology** to realize the benefits of **improved efficiency**.

# Chapter 5

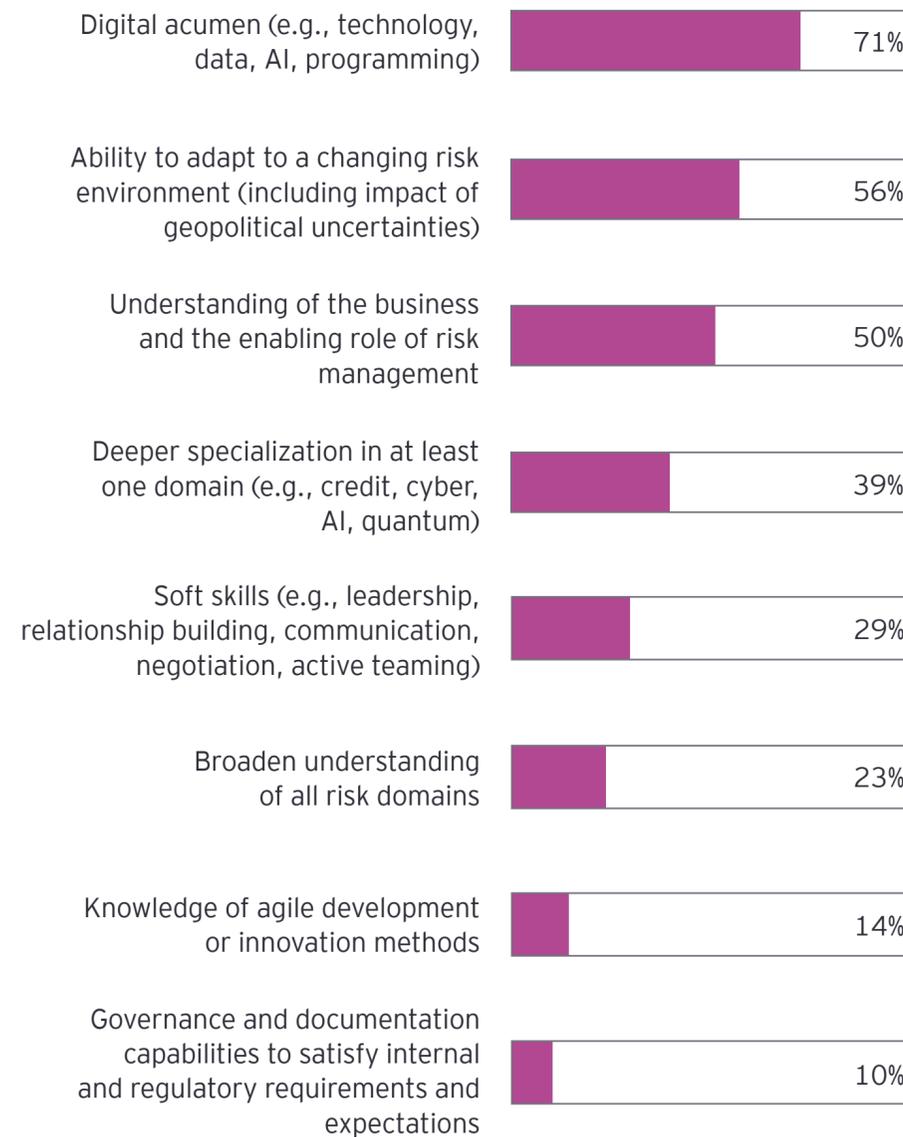
## Risk management operations – new tech, talent and team structures

Steady growth in the size of risk management teams has been a consistent theme in our survey results since its inception. To some degree, that has been a function of the broad-based expansion of risk management capabilities in the years after the global financial crisis. However, this year's results show a significant slowdown in the rate of growth in hiring.

**Focus on a few core skills:** CROs are well attuned to their specific needs, starting with digital acumen (cited

by 71% of survey respondents) and adaptability (56%). The premium on these skills suggests risk management's ongoing evolution to a more strategic and advisory function, and the ongoing drive to automation. More than two-thirds (69%) of North American CROs will prioritize workers with an understanding of the business and the enabling role of risk management and 60% are looking for talent with a broader understanding of all risk domains.

Figure 22: Top skill sets in risk management team to better manage risk in next three years



**71%**  
of CROs say digital acumen is key to better risk management



# 56%

of CROs expect AI to enhance productivity within a stable workforce.



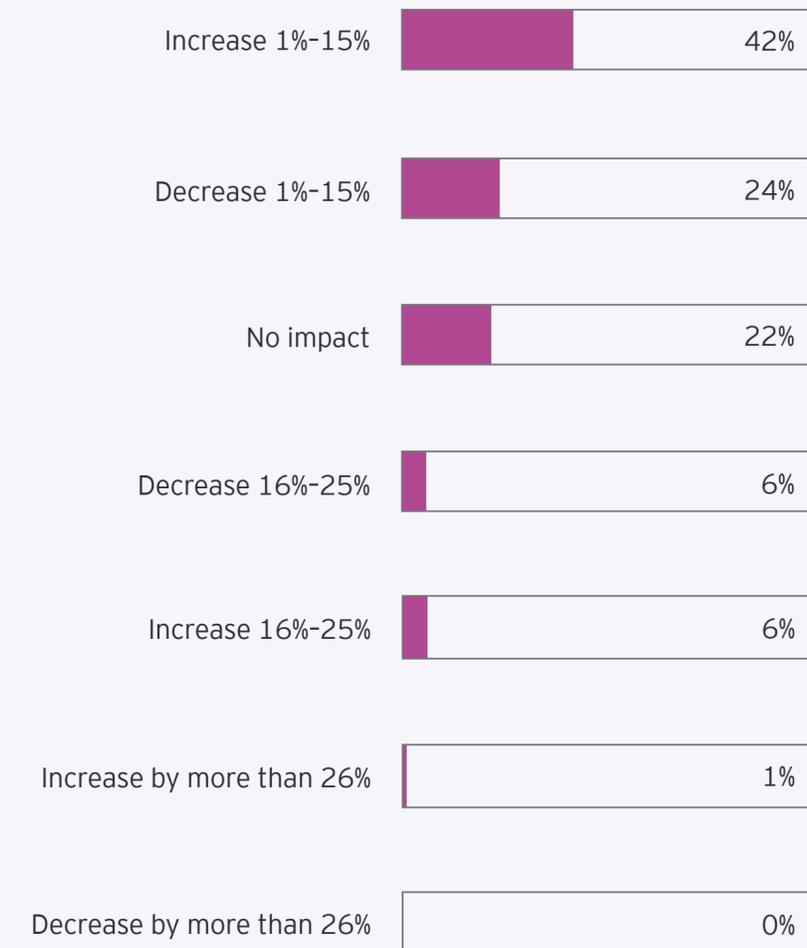
**Hiring slowdown in risk management:** compared with previous years, CROs expect to hire fewer risk management professionals or reduce their risk management staff. Nearly half (49%) of survey respondents say they will increase the number of FTEs on their teams (down from 68% last year), while 30% say they will decrease their FTEs (up from 16% last year). North American CROs are most likely (31%) to expect a modest decrease in staffing (1% - 15% reductions) while CROs at banks in Latin America are least likely (14%). This is the first time we've seen such a clear slowdown in hiring trends.

AI is one reason for smaller risk management teams, though not the only explanation. Indeed, the picture is quite nuanced when it comes to AI's impact on risk management staffing and roles:

- 16% of survey respondents said they expect significant headcount reduction (e.g., due to AI automating repetitive tasks such as data collection, reporting).
- 28% said AI's impact on the size and composition of the risk workforce was still being evaluated.
- 56% of CROs expect AI to enhance productivity within a stable workforce.

In other words, CROs see how it will soon be possible to do more with less (or at least the same number of) staff. As one CRO said, "AI and digital activity allow us to keep headcount stable despite the increase of activity from the clients."

**Figure 23:** Expected change in the number of FTEs in risk management (second line) in next three years



As AI tools meet basic analytical needs and handle more routine tasks relative to traditional risks, risk management teams will shift from today's pyramids (with more workers in junior roles) to tomorrow's diamond shapes (with more senior-level specialists). Half of European CROs expect to see the shift to a diamond-shaped structure, and 81% of Latin American CROs expect to see a reduction in manual roles.

“

What CROs say:

AI use cases are being adopted, and long-term efficiency gains will be available, but it requires an uptick in initial headcount to support the build of those long-term capabilities.

AI is going to be a skill to learn, like spreadsheets.

**Figure 24: Expected impact of AI on the size and composition of risk management workforce in next three years**

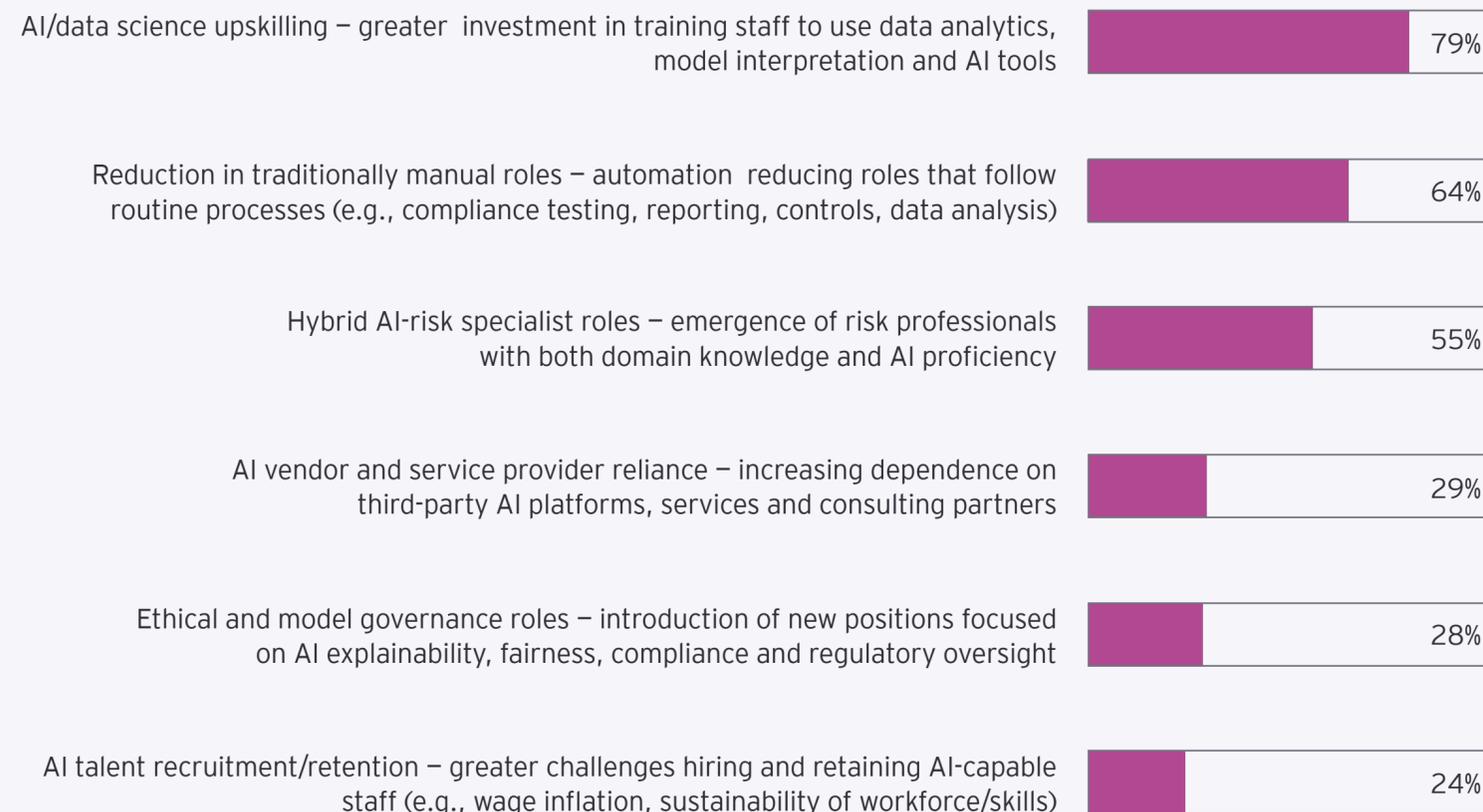


AI has the potential to transform some roles, particularly those with primarily manual workloads (e.g., compliance testing, reporting, controls, data analysis). But it will also create entirely new roles and reshape others, as our results highlight:

- 55% say the creation of hybrid AI-risk specialist roles is a priority.
- 51% of respondents expect to hire more specialists (e.g., cyber, climate, quantum, AI governance).
- 31% believe AI will enable a restructuring of risk resources.

To navigate these shifts, 79% of CROs say they will emphasize upskilling in AI and data science, with more training in data analytics, model interpretation and AI tools.

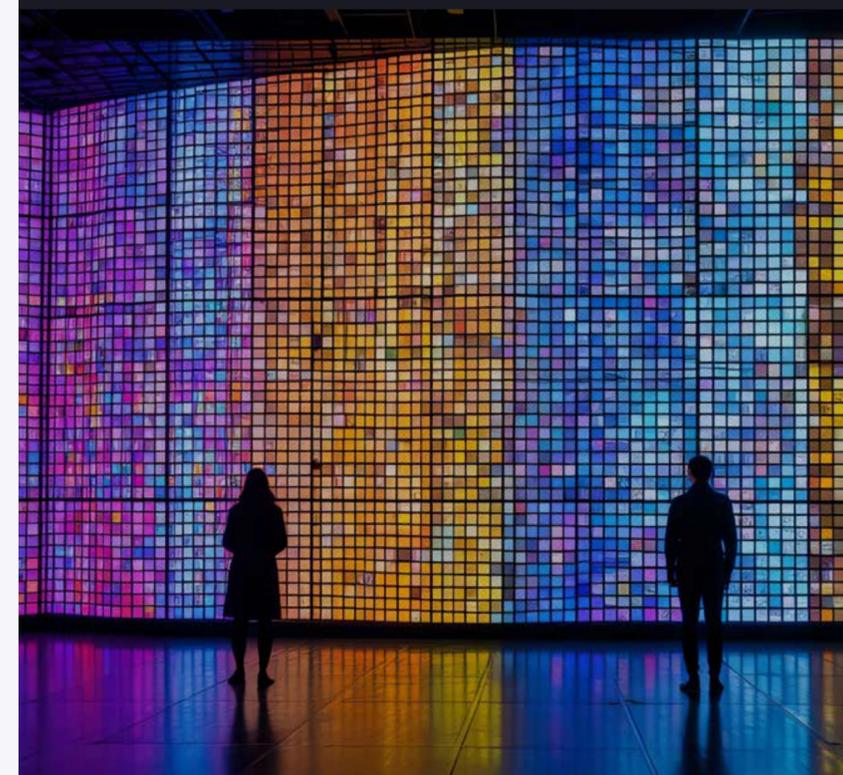
**Figure 25: Expected impact of AI on evolution of risk management roles in next three years**



“

What CROs say:

From a staffing perspective, the trajectory is toward more skilled, highly paid, strategic professionals, with not as many worker bees.



# Looking ahead

The broad range of risks that banks face, and the interconnected nature of those risks, continue to drive rapid evolution of the risk management operating model, affecting everything from talent needs to capability development to technology needs. Transforming the risk management approach is becoming an imperative in banking and other sectors; as other EY research has shown, the risk environment today is nonlinear, accelerated, volatile and interconnected. Firms that take a more strategic and nontraditional approach to risk are more likely to succeed in these uncertain and turbulent times.

As risk leaders contend with proliferating and suddenly emerging threats, it seems that the most promising solutions (e.g., AI, partnerships) complicate other risk categories. Perhaps that's why what we said in our 2008 risk survey remains true more than 15 years later: "the lessons learned from financial upheaval convey an unmistakable message that risk governance must be given an equal seat at the table and be treated as a strategic goal on par with revenue growth ... achieving this parity requires an enterprise-wide framework that supports an integrated approach to risk."

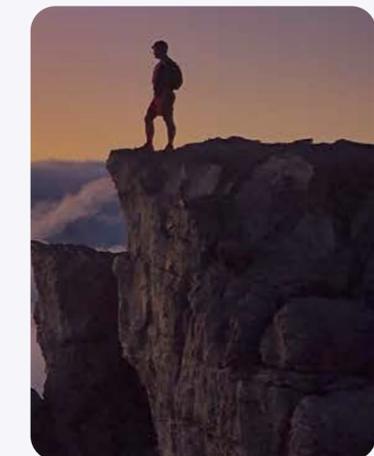
# Further reading



[2025 EY Global Risk Transformation Study](#)



[IIF/EY Annual Report on AI Use in Financial Services](#)



[EY Global Regulatory Outlook 2026](#)

# Research methodology and participants

Our researchers, in conjunction with the IIF, surveyed IIF member firms and other banks in each region globally (including a small number of material subsidiaries that are top-five banks in their home countries) from September 2025 through November 2025.

Participating banks' CROs or other senior risk executives were interviewed, completed

a survey, or both. In total, 101 banks across 31 countries participated. Participating banks were fairly diverse in terms of asset size, geographic reach and type of bank. Regionally, those banks were headquartered in Asia-Pacific (20%), Europe (20%), Latin America (20%), Middle East and Africa (10%) and North America (30%). Of those, 12% are G-SIBs.



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