

February 2024

# RMA Risk Watch:

## Notes and Resources on Today's Top and Emerging Risks

Each Risk Watch makes it easy to find RMA resources on today's most pressing risks. Scan Risk Watch for informative and practical articles, papers, and webinars on top and emerging risks—and for RMA events and resources that will help you dig deeper. *All resources marked with an asterisk (\*) are of particular interest to community banks.* Please contact your [RMA Relationship Manager](#) if you have questions about any RMA offering.



# Top Risks

## Interest Rate/Liquidity/ALM Risk

Interest rate risk is a crucial topic for banks to monitor, especially in light of recent bank failures and the current high-interest-rate environment. Robust interest rate, liquidity, and asset-liability management programs are critical to ensuring that banks can withstand adverse market conditions and continue to operate safely and profitably. RMA resources include:

### Articles and Papers

RMA Journal Article – [The Increasing Importance of Understanding Deposit Betas](#)

RMA Journal Article – [Thoughts on Managing Deposit Stability](#)

RMA Journal Article – [Rising Rates and Banks: Robust Scenarios, Updated Platforms Help To Manage Uncertainty\\*](#)

RMA Journal Article – [Lessons Learned From the Liquidity Crisis\\*](#)

RMA Insider Article – [How To Prevent Digital Bank Runs](#)

RMA Thought Leadership – [Managing Liquidity Risk](#)

### On-Demand Webcasts

[Performance Management: A Focus on the Balance Sheet](#)

[Legal and Regulatory Requirements for Bank Liquidity](#)

### Upcoming Events

A comprehensive list of RMA events and courses is available at our [Event Calendar](#).

## Cyber Risk

With the rise of digital banking, cyber threats have become more sophisticated and can cause significant financial losses. Banks must be proactive in implementing a comprehensive cyber risk management program to protect their assets, customers, and reputation. RMA resources include:

### Articles and Papers

RMA Journal Article – [FBI Tips To Help Community Banks Tackle Cyber Risk\\*](#)

RMA Journal Article – [A Holistic Approach to Cyber Preparedness in Banking](#)

RMA Journal Article – [Hey You, Get on That Cloud](#)

RMA Journal Article – [Cybersecurity Readiness as a Business Value](#)

RMA Insider Article – [The Cyber Threat Has Changed. Have Banks?](#)

RMA Insider Article – [To Fight Fraud, Banks Betting on Big Tech](#)

RMA Insider Article – [Frankenstein Fraud and What It Means for Banks](#)

RMA Thought Leadership – [The RMA Cyber Insurance Checklist](#)

RMA Thought Leadership – [RMA Guidelines To Prepare for and Respond to a Ransomware Attack](#)

### On-Demand Webcast

[AI and Modeling: Building Another Cyber Risk?](#)

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## Rising Credit Risk

Credit risk is building in auto and commercial real estate portfolios, as higher car prices and interest rates bring higher payments, remote work continues to cause office space vacancies, and stress builds in multi-family CRE. Student loan delinquencies are spiking too. RMA resources include:

### Articles and Papers

RMA Journal Article – [Concentration Risk: How Community Bankers Can Balance Opportunity and Downsides\\*](#)

RMA Journal Article – [7 Key Takeaways From the RMA and Oliver Wyman 2024 CRO Outlook Survey](#)

RMA Journal Article – [How To Structure Owner-Occupied Commercial Real Estate Loans](#)

RMA Journal Article – [Community Bank Stress Testing in Challenging Times: Preparing for ‘The Next Thing’](#)

RMA Journal Article – [Sizing Up Office Space Risk](#)

RMA Journal Article – [The Not-So-Happy Story of the HappyJoy Church](#)

RMA Journal Article – [The Economic Outlook and What It Means for Banks: An Interview With Moody’s Analytics Chief Economist Mark Zandi](#)

RMA Journal Article – [How To Structure Commercial and Industrial \(C&I\) Credits](#)

RMA Journal Article – [A Banker’s Guide to the Bankruptcy Code’s New Subchapter V](#)

RMA Journal Article – [Building and Boosting Your Bank’s Workout Team and Capabilities](#)

RMA Journal Article – [Early Warning Signs: Harbingers of Loan Distress and Default](#)

RMA Insider Article – [Is Office Real Estate the Next Systemic Risk?](#)

RMA Insider Article – [Banks Are Taking Action To Avoid Office Space Worst Case](#)

RMA Insider Article – [Eyes Are on Rising Multi-Family Lending Risk](#)

## **On-Demand Webinars**

[Credit Risk of Interest Rate Hedging](#)

[Formulate a New CRE Risk Management Strategy in the Next Recession](#)

[Measuring and Monitoring CRE Credit Risk](#)

## **Upcoming Events**

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## Compliance Risk

The ever-changing and increasingly stringent regulatory environment makes compliance risk management a top priority. Banks must ensure that they are up to date with the latest standards and mandates or face fines, reputational damage, and other penalties. RMA resources include:

### Articles and Papers

RMA Journal Article – [Regulatory Wrap: OCC Releases Bank Supervision Operating Plan for Fiscal Year 2024](#)

RMA Journal Article – [Regulatory Wrap: Agencies Propose Guidance to Enhance Resolution Planning at Large Banks](#)

RMA Journal Article – [Implementing Section 1071: What Banks Need To Know About the New Data Collection Requirement](#)

RMA Journal Article – [The OCC's View on Climate Risk Management: An Update From Acting Comptroller Michael Hsu and OCC Chief Climate Risk Officer Yue Chen](#)

RMA Insider Article – [The Clock Is Running To Comply With Quicker Securities Settlement Rule](#)

RMA Insider Article – [FDIC Expands Appraisal Examinations To Identify, Eliminate Bias](#)

RMA Thought Leadership – [Securities Finance & T + 1: Preparing for the Upcoming Settlement Cycle Change](#)

RMA Thought Leadership – [U.S. Climate Regulatory Guide for Banking Organizations](#)

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## Model Risk

Financial risk models may malfunction, be misused, or become obsolete, leading to flawed conclusions. Increased reliance on models, a lack of diversity in model creation methodologies, and the complexity of model designs compound the problem, making it more crucial than ever for banks to manage this risk effectively. RMA resources include:

### Articles and Papers

RMA Journal Article – [Five Steps To Improve Your Model Risk Management](#)

RMA Journal Article – [Voices in Risk Management: Kiyomi Carbone](#)

RMA Journal Article – [The Challenges of Model Risk Management Oversight of Cybersecurity](#)

RMA Journal Article – [Highlights and Analysis From RMA’s Second Model Risk Management Survey\\*](#)

RMA Journal Article – [Establishing an End User Computing \(EUC\) Governance Framework\\*](#)

RMA Journal Article – [Economic Extremes Are Putting the Spotlight on Model Overlays: Here’s a Primer](#)

RMA Journal Article – [Efficient Model Lifecycle Management](#)

RMA Journal Article – [Voices in Risk Management: Liming Brotcke, Model Validation Executive, Ally Bank](#)

RMA Thought Leadership – [Model Risk Management Framework for Medium-Size and Small Banks\\*](#)

### On-Demand Webcast

[AI and Modeling: Building Another Cyber Risk?](#)

### Upcoming Events

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## Talent Risk

Talent risk is a critical concern for banks in today's market. Losing key employees can negatively impact work culture, productivity, and financial performance. Strategies such as succession planning, staff training, and retention incentives can mitigate this risk. RMA resources include:

### Articles and Papers

RMA Journal Article - [Latest Round of RMA Scholarships Helping Students Pursue Passion for Banking](#)

RMA Journal Article - [Recruit. Retrain. Reward: How Banks Are Navigating a Perfect Storm of People Risks](#)

RMA Journal Article - [Culture Matters: Strong Performance Depends on Getting Risk and Work Cultures Right](#)

RMA Journal Article - [Talent Development Tips From RMA's Learning & Development Council](#)

RMA Journal Article - [Imagining the Future of Work, Part I of II](#)

RMA Journal Article - [Imagining the Future of Work, Part II of II](#)

RMA Thought Leadership - [Incentive Compensation: Employee Scorecard Assessment Whitepaper](#)

### On-Demand Webcasts

RMA Webinar - [Women in Risk Presents: Congrats, You're a Professional! Now What?](#)

RMA Webinar - [Building Trust and Culture in an Era of "Quiet Quitting"](#)

### Upcoming Events

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## Geopolitical/Political Risk

Banks must be aware of the potential risks posed by geopolitical and political changes. Global pandemics, trade wars, political instability, and social tensions can all have a significant impact on bank operations, investments, and portfolios. Effective risk management strategies are essential to mitigate these risks and protect against adverse consequences. RMA resources include:

### Articles and Papers

RMA Journal Article - [Mauro Guillén on How Generational, Technological, and Other Trends Are Shaping Banking and the World](#)

RMA Journal Article - [Keep Yourself Humble: Monitoring and Managing Geopolitical Risk](#)

RMA Journal Article - [The Board's Role in Navigating Emerging Risks](#)

RMA Journal Article - [How To Manage Risk in an Increasingly Volatile World](#)

RMA Thought Leadership - [RMA's Emerging Risk Model](#)

### Upcoming Events

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## Third-Party Risk

Increasing dependence on third-party relationships exposes financial institutions to new and serious risk and compliance issues. Minimizing exposure to financial, legal, regulatory, operational, and reputational risk that could be introduced by vendors and other third parties is more critical than ever. RMA resources include:

### Articles and Papers

RMA Journal Article - [A High Bar for Third-Party Risk Management](#)

RMA Insider Article - [Regulators Update Third-Party Guidance](#)

RMA Journal Article - [The Expanding Universe of Third-Party Risk](#)

RMA Journal Article - [How ESG Risk Management Capabilities Impact Third-Party Risk](#)

RMA Journal Article - [Third-Party Risk Management, Regulation, and Your Overall ERM Framework](#)

RMA Journal Article - [Third-Party Risk Management: Asset Management or Compliance Exercise?](#)

RMA Insider Article - [Regulators Update Third-Party Guidance](#)

RMA Thought Leadership - [Third-Party Concentration Risk](#)

RMA Whitepaper - [2023 RMA Third-Party Non-Vendor Risk Management Survey](#)

### RMA Book

[Third-Party Risk Management: Driving Enterprise Value](#)

### Upcoming Events

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# Emerging Risks

## Innovation Risk

Banks are benefiting from technology that allows them to not only satisfy customer demands for quick and convenient transactions but also to spot fraud and increase efficiency. At the same time, new technologies and other disruptions bring a host of operational, commercial, reputation, and other risks. RMA resources include:

### Articles and Papers

RMA Journal Article – [The Risks and Rewards of Providing Banking as a Service\\*](#)

RMA Journal Article – [Quantum Computing Is a Boardroom Priority](#)

RMA Journal Article – [Pros, Cons, and Other Bank Considerations for a US Central Bank Digital Currency](#) 10-1-22

RMA Journal Article – [Shepherding Exponential Technologies and AI in the Boardroom](#)

RMA Journal Article – [Innovation Risk](#)

RMA Journal Article – [Community Banks and Fintech: A Complex Relationship\\*](#)

RMA Insider Article – [7 Steps To Cut Your Institution’s Chat GPT Risk](#)

RMA Thought Leadership – [Technology Risk Framework: Key Indicators](#)

### On-Demand Webcast

[The Digital Dollar Is Gaining Momentum: What You Need to Know](#)

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# Climate/ESG Risk

## Climate Risk

Higher temperatures and extreme weather events—and measures taken to adapt to them—represent growing risk for banks. From the impact of sea level rise on coastal real estate to shifts in the products people buy and how they live, banks are working to understand how physical and transition risks will affect their portfolios. RMA resources include:

### Articles and Papers

RMA Journal Article - [How Banks Can Quantify Physical Climate Risk](#)

RMA Journal Article - [Solar Power's Star Is Rising, but Beware the Risks](#)

RMA Journal Article - [Progress and Challenges as the Financial Industry Views Net Zero](#)

RMA Journal Article - [How Banks Should Take Action on Climate Now](#)

RMA Insider Article - [Banks Caught in the Middle Over Climate](#)

RMA Insider Article - [How Unpriced Climate Risk May Affect the US Housing Market](#)

RMA Insider Article - [Insurers Are Calling It Quits in California](#)

RMA Thought Leadership - [Getting Going: Accelerating Climate Risk Analytics](#)

RMA Thought Leadership - [Operationalize Your Climate Risk Framework\\*](#)

### On-Demand Webcast

[Climate Metrics: Impact on Operations, Strategy, and Regulatory Reporting](#)

### Upcoming Events

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## ESG Risk

ESG risks can include climate-related issues but also encompass other risks related to the environment, social equity, and governance. Through ESG strategies, banks pursue ways to have a more positive impact on society and the world around them. How a bank addresses ESG can also be related to reputation risk. RMA resources include:

### Articles and Papers

RMA Journal Article – [Managing ESG Risk, Now and Into the Future](#)

RMA Journal Article – [Bumps on the Important ESG Path](#)

RMA Journal Article – [Audit Teams Ramp Up Reporting on ESG](#)

RMA Journal Article – [How To Approach Your Institution’s ESG Journey](#)

RMA Journal Article – [Advancing DEI in the Workplace and the Industry](#)

RMA Thought Leadership – [Integrating ESG Considerations Into Securities Lending](#)

### On-Demand Webcasts

[Embedding ESG Into ERM and the Three Lines of Defense](#)

[ESG Series: Governance and Regulation](#)

[ESG Series: Forging New Roles and Responsibilities](#)

[ESG Series: Addressing the Hot Buttons](#)

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## About RMA

For more than 100 years, RMA has been laser focused on one thing: helping its members in the world's financial institutions better understand and address risk. As a trusted partner, RMA has weathered the many economic ups and downs of the last century alongside its members, which now number 1,600+ financial institutions of all sizes, from multi-nationals to local community banks. These institutions are represented by over 51,000 individual RMA members located throughout North America, Europe, Australia, and Asia.

Our members rely on us to keep them abreast of important industry trends and prepare them to face new challenges head-on. Our sound risk management principles are developed for members, by members, and help to build safer, stronger financial institutions, impacting local communities and the global economy.

All of this makes RMA unique—we are the only comprehensive source of risk management tools and education that has spanned the last 100 years. And we look forward to the next 100 as we help the industry come together on the transformative issues of climate, cyber, culture, technology, and more.