Risk Management Association

Advance your world.

January 2025

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.

About RMA

Founded in 1914, the Risk Management Association is a not-for-profit, member-driven professional association whose sole purpose is to advance the use of sound risk management principles in the financial services industry. RMA promotes an enterprise approach to risk management that focuses on credit risk, market risk, and operational risk. Headquartered in Philadelphia, Pennsylvania, RMA has over 900 institutional members that include banks of all sizes as well as nonbank financial institutions. They are represented in the Association by over 66,000 individuals located throughout North America, Europe, Australia, and Asia/Pacific. In 2024, RMA and BAI merged to form ProSight Financial Association to offer an even greater level of support to the financial services industry, leveraging RMA's deep risk expertise and BAI's strong compliance knowledge.

About ProSight Financial Association

ProSight Financial Association empowers financial services leaders to strengthen and advance our industry. Formed through the merger of BAI and RMA, trusted organizations with rich histories and deep expertise in risk, compliance, retail, and commercial banking, we are here to support you during times of great change, guide you towards new opportunities for growth, and help you act with confidence. As ProSight, we've enhanced our ability to support you at a time when the industry is challenged to meet changing customer needs, adopt new technologies, and manage more complex risk and compliance issues. Our work creates positive ripple effects throughout financial services organizations and our industry—and ultimately helps consumers, businesses, and communities thrive. Learn more at ProSightFA.org.

Top Risks

Interest Rate/Liquidity/ALM Risk

Monitoring interest rate risk is essential, 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 maneuver through adverse market conditions and continue to operate safely and profitably. RMA resources include:

Articles and Papers

Bank Earnings Fuel Optimism, Caution

The Increasing Importance of Understanding Deposit Betas

Rising to the Risks of a Changed Industry:
Seven Themes From the 2025 RMA CRO Outlook Survey

Seven Key Themes From the 2024 RMA Community Bank Survey*

The Increasing Importance of Understanding Deposit Betas

Thoughts on Managing Deposit Stability

On-Demand Webcasts

The 11th Annual RMA Community Bank Survey: Top 10 Takeaways*

Bank Risk Management in the Age of Disruption

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 reputations. RMA resources include:

Articles and Papers

Perspectives - The CrowdStrike Wake-Up Call: A Reminder About the Risks of Critical Third Parties

Why Check Fraud Is Spreading and So Hard for Banks to Prevent

Using Metrics to Manage Technology Complexity

FBI Tips to Help Community Banks Tackle Cyber Risk*

On-Demand Webcasts

Navigating IT Risks in the Digital Age: A Focus on Cybersecurity and Regulatory Compliance

Upcoming Events

A comprehensive list of RMA events and courses is available at our Event Calendar.

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 commercial real estate. Student loan delinquencies are spiking too. RMA resources include:

Articles and Papers

Ask the Workout Window: Facing the Five D's of Financial Distress*

Perspectives: New Contamination Rate Data Could Help Banks Better Assess Environmental Risk*

Three Ways Banks Can Address the Risks of Unaffordable and Unavailable Insurance

Examining the Potential Risks in Lending to Insurance Agencies and Brokers

Ask the Workout Window: When Environmental Risk Surfaces

For Banks, Marijuana's Reclassification Could Clear a Path to Lending

Regulator Focus on Insurance Woes May Help Credit Risk Management

Pausing to Assess Risk in the Multifamily Construction Boom

On-Demand Webcasts

Mission Impossible: Restructuring and Workout of Non-Profit Borrowers*

Key Takeaways from the OCC Semiannual Risk Perspective

Upcoming Events

A comprehensive list of RMA events and courses is available at our Event Calendar.

Compliance Risk

The ever-changing and increasingly stringent regulatory environment makes compliance risk management a top priority. Banks must ensure 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

How the Harris-Trump Election Result Could Affect Banks

The State of Banking Regulation as the Next Supreme Court Term Begins

Basel III and Its Potential Effect on Operational Risk Management

The European Union AI Act—Time to Start Preparing

The EU's Artificial Intelligence Act Has Gone Live: How Will it Affect U.S. Banks?

For Banks, Marijuana's Reclassification Could Clear a Path to Lending*

Regulator Focus on Insurance Woes May Help Credit Risk Management

On-Demand Webcast

Key Takeaways from the OCC Semiannual Risk Perspective

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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

In RMA's Model Risk Management Survey, A Picture of Banks' Diligence and Frustrations

AI at Your Bank: How to Innovate Responsibly*

Using Metrics to Manage Technology Complexity

Five Steps to Improve Your Model Risk Management

The Challenges of Model Risk Management Oversight of Cybersecurity

Model Risk Management Framework for Medium-Size and Small Banks*

On-Demand Webcast

AI and Modeling: Building Another Cyber Risk?

Upcoming Events

A comprehensive list of RMA events and courses is available at our Event Calendar.

Talent Risk

Talent risk is a critical concern for banks in today's market. Losing key employees can negatively affect 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

Fostering a Strong Culture to Better Manage Risk

Bank Training Evolving to Match New Workforce Trends

Culture Matters: Strong Performance Depends on Getting Risk and Work Cultures Right

Talent Development Tips from RMA's Learning & Development Council*

Imagining the Future of Work, Part I of II

Imagining the Future of Work, Part II of II

Upcoming Events

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Geopolitical/Political Risk

Banks must be aware of the potential risks posed by geopolitical and political changes. 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

For Banks, There Is No Escape from Geopolitical Risk*

Geopolitical Risks on the Rise: Practical Advice for Banks

Mauro Guillén on How Generational, Technological, and Other Trends Are Shaping Banking and the World

The Board's Role in Navigating Emerging Risks

How to Manage Risk in an Increasingly Volatile World

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

Perspectives - The CrowdStrike Wake-Up Call: A Reminder About the Risks of Critical Third Parties

Suggestions for Enhancing Third-Party Risk Management at Community Banks*

AI at Your Bank: How to Innovate Responsibly*

In RMA's Model Risk Management Survey, A Picture of Banks' Diligence and Frustrations

Third-Party Relationship Definitions and Non-Vendor Categories

Third-Party Concentration Risk

On-Demand Webcast

Optimizing Third-Party Risk Management at Community Banks*

RMA Book

Third-Party Risk Management: Driving Enterprise Value*

Upcoming Events

A comprehensive list of RMA events and courses is available at our Event Calendar.

Emerging Risks

Emerging risks are considered to be newly developing internal or external risks that have the potential to materialize and affect an institution's top risk or become a top risk. Typically, existing processes and/or taxonomies do not encompass an emerging risk. Emerging risks have the potential to materialize rapidly or over a number of years.

Articles and Papers

Rising to the Risks of a Changed Industry:
Seven Themes From the 2025 RMA CRO Outlook Survey

Navigating Emerging Risk is a Boardroom Priority

Bank Risk Management in the Age of Disruption: An Action Plan for Board Directors and Chief Risk Officers

Quantum Computing Is a Boardroom Priority

Emerging Risk Model | RMA Framework

Upcoming Events

A comprehensive list of RMA events and courses is available at our Event Calendar.

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, reputational, and other risks. RMA resources include:

Articles and Papers

AI at Your Bank: How to Innovate Responsibly*

The European Union AI Act—Time to Start Preparing

You Robot? How to Defeat a Deepfake

The Downside of Digitization

Generative AI: Balancing Potential and Pitfalls

On-Demand Webcast

The Rise of Gen AI and Its Impact on Banking

Upcoming Events

A comprehensive list of RMA events and courses is available at our Event Calendar.

Climate/ESG Risk

Climate Risk

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

Articles and Papers

Determining the Materiality of Climate-Related Financial Risk

Three Ways Banks Can Address the Risks of Unaffordable and Unavailable Insurance

Examining the Potential Risks in Lending to Insurance Agencies and Brokers

Regulator Focus on Insurance Woes May Help Credit Risk Management

Climate Risk Update: The Intersection of Physical Risk and Insurance Industry Developments

Upcoming Events

A comprehensive list of RMA events and courses is available at our Event Calendar.

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

Perspectives: New Contamination Rate Data Could Help Banks Better Assess Environmental Risk*

Ask the Workout Window: When Environmental Risk Surfaces*

How to Identify Less Discriminatory Lending Alternatives and Why the Search Matters

How to Approach Your Institution's ESG Journey*

Advancing DEI in the Workplace and the Industry

Integrating ESG Considerations into Securities Lending

Upcoming Events

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