



# 2023 Risk and Control Self-Assessment Survey



# Executive Summary

Financial institutions have been executing RCSA programs for nearly two decades. The practice has evolved to the point where a robust RCSA capability is considered a cornerstone of a mature enterprise risk management framework for non-financial risk. Historically, financial institutions designed their RCSA programs to meet regulatory expectations such as the [Sound Practices for the Management and Supervision of Operational Risk \(February 2003\)](#), but many institutions are now building sustainable programs that provide them business value and insights.

The Risk Management Association (RMA) conducted a Risk and Control Self-Assessment (RCSA) Survey between July and August 2023. Most of the questions were multiple choice format with opportunities to provide supporting comments. Some questions were open text and designed to provide insight into challenges and leading practices for RCSA.

Anecdotally, RMA has heard from members that RCSA was a topic of increasing focus industry wide. The large number of financial institutions participating in this survey— RMA collected responses from 59 financial institutions of seven asset sizes—supports this view, while highlighting the evolving nature of many banks' RCSA initiatives and underscoring many of the challenges banks are facing.

Several themes emerged from the survey results. Most notably: Many financial institutions are currently revisiting and enhancing their RCSA methodologies and approaches. But they are also facing headwinds in their attempt to achieve intended outcomes because of challenges related to resourcing, adoption, and sustainability. In many cases, opportunities and challenges varied depending upon the size of the institution and maturity of its RCSA program.

**Diagram 1:**  
Breakdown of Participants by Asset Size

Asset Size	# of Participants	% of Participants
<\$10B	3	5%
\$10-50B	17	29%
\$50-100B	12	20%
\$100-250B	13	22%
\$250-500B	3	5%
\$500-750B	3	5%
>\$750B	8	14%
<b>TOTAL</b>	<b>59</b>	<b>1</b>

**The main takeaways include:**

- **Financial institutions are reassessing aspects of their RCSA programs to enhance methodologies, add greater business value to their organization, and build sustainable and tech-enabled RCSA programs. These institutions are:**
  - **Enhancing fundamental aspects of their RCSA programs.** Smaller financial institutions continue to focus on changes to their methodology, such as enhancements to risk rating approach and guidance, to meet day-to-day implementation challenges and address regulatory feedback. Larger institutions, meanwhile, seek to enhance methodology, execution, and use of technology to improve RCSA quality and create efficiencies.
  - **Enabling through technology.** The importance of enabling technology becomes critical as financial institutions grow and seek to better leverage data as part of their RCSA programs. System connectivity and tech-enabled workflows are an industry priority.
- **Financial institutions should address staffing and organizational culture challenges to continue to drive their RCSA programs and improve objectives around sustainability and risk culture. They seek to:**
  - **Improve staffing and capability.** Certain financial institutions' RCSA programs may be understaffed, under-skilled, or lack the right balance of resources between the first and second lines of defense. Finding skilled staff continues to be a challenge and is impacting the ability to sustainably execute at the desired pace and quality, despite many financial institutions making RCSA a strategic priority.
  - **Drive risk culture.** Financial institutions have opportunities to structurally enhance and integrate their RCSA programs, as well as upskill and educate first-line staff on the value that the RCSA brings. Respondents indicated that risk culture was one of their biggest challenges. They noted a lack of first-line understanding of RCSA program value, saying in the survey commentary that it is perceived as a check-the-box exercise and the “[first line does] not understand the value proposition.” Enhancing how RCSA data is used day to day and integrating that into other risk programs can change this narrative and improve risk culture overall.





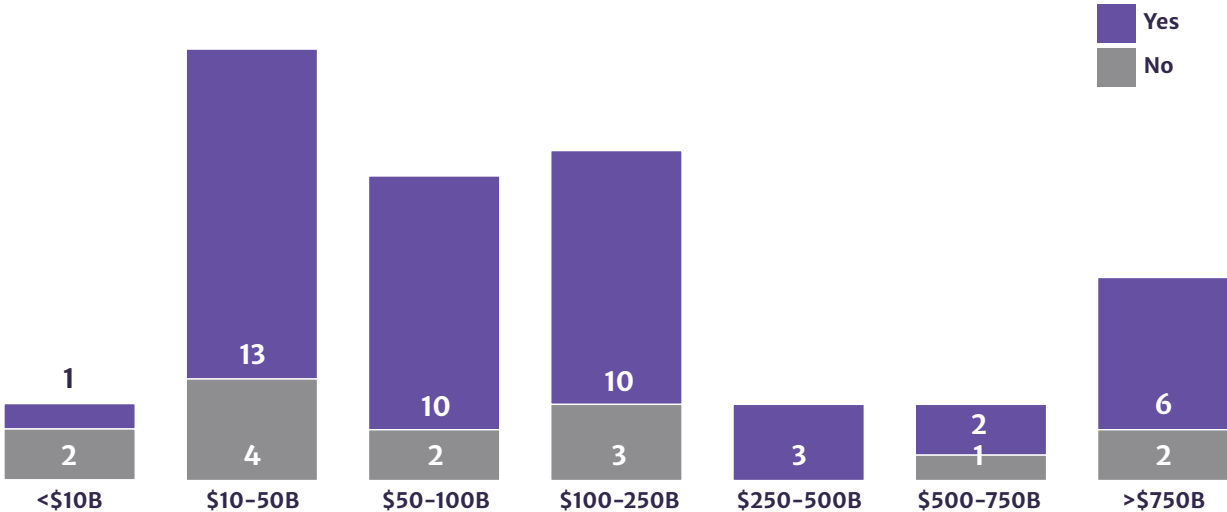
# Enhancing Fundamental Aspects of the RCSA Program

Across the industry, RCSA programs continue to evolve to meet heightened regulatory expectations and to support enhanced risk capabilities. In particular, 76% of survey respondents indicated that over the past 12 months they have made enhancements to their RCSA programs either through methodology changes or by streamlining execution processes through greater adoption of tools and technology.

**Smaller banks tend to focus on enhancements to RCSA methodologies, while larger banks are more focused on improving execution processes.**

The survey data suggests that smaller to mid-sized financial institutions (<\$250B) have largely made methodology enhancements to their programs, whereas larger institutions (>\$250B) have prioritized efforts related to technology and execution, in addition to methodology enhancements. This indicates larger organizations are not only focused on improving quality but are also investing in more efficient ways to execute their RCSA programs.

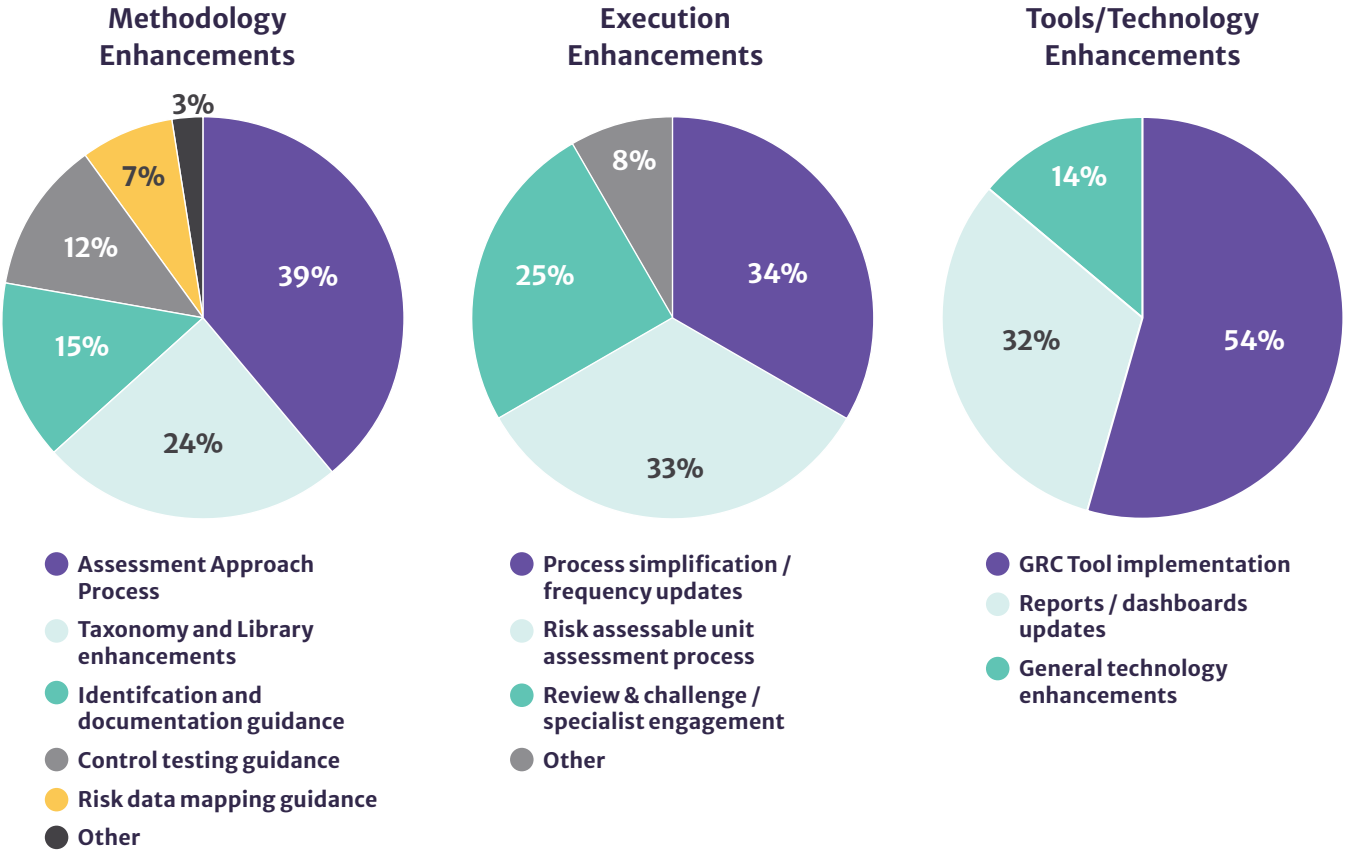
**Diagram 2:** Organizations that made RCSA program enhancements in the past 12 months



**Financial institutions are improving their risk assessment approaches, improving guidance, and increasing RCSA execution frequency.**

For financial institutions that have made changes to their RCSA methodology, the most common enhancements included updates to the risk/control assessment process, taxonomy, and documentation requirements. The most common execution improvements included updating RCSA execution frequency and clarifying the scope of risk assessment units. Tool enhancements included Governance, Risk, and Compliance (GRC) tool implementation, RCSA report updates, and supporting technology upgrades.

**Diagram 3: Summary of Enhancement Types**

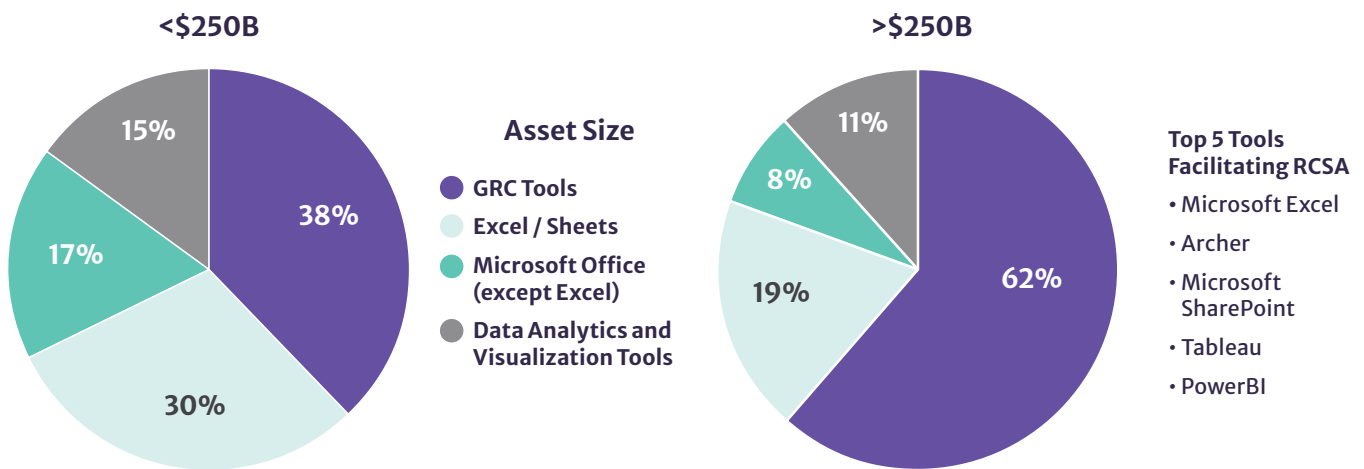


# Enabling Through Technology

Financial institutions are increasingly adopting tools and technology and shifting toward purpose-built tools such as GRC platforms and data analysis and visualization tools to support quality and efficiency as well as derive risk insights from their RCSA programs. Responses from the survey suggest financial institutions are utilizing a suite of tools and technology to enable their RCSA programs.

**The importance of enabling technology becomes critical as financial institutions grow and seek to better leverage data in their RCSA programs.**

**Diagram 4: Technology Usage Within RCSA Program by FIs**

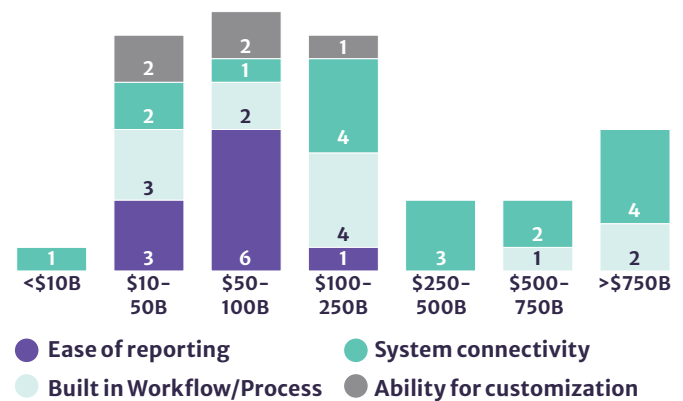


Institutions across the industry are using similar tools. However, survey data indicated a greater reliance among smaller to mid-sized banks (<math>< \\$250B</math>) on Microsoft applications and Excel spreadsheets, whereas larger banks (<math>> \\$250B</math>) reported greater adoption of enterprise GRC platforms and analytical tools. While Archer was the most commonly used GRC tool among financial institutions that responded to the survey, other notable tools included ServiceNow and IBM OpenPages.

## System connectivity and tech-enabled workflows are an industry priority.

Seventy-six percent of financial institutions have made enhancements to their RCSA tools and technology. According to respondents, the most useful technological enhancements to improve the functionality and user experience of GRC tools provide the ability to: improve system connectivity, such as enabling a single platform for RCSA, issues management, and operational losses (39%); build workflows (27%); and report easily (23%). Financial institutions with an asset size greater than \$500B were predominately

**Diagram 5: Enhancements of GRC Tools to Improve Functionality**

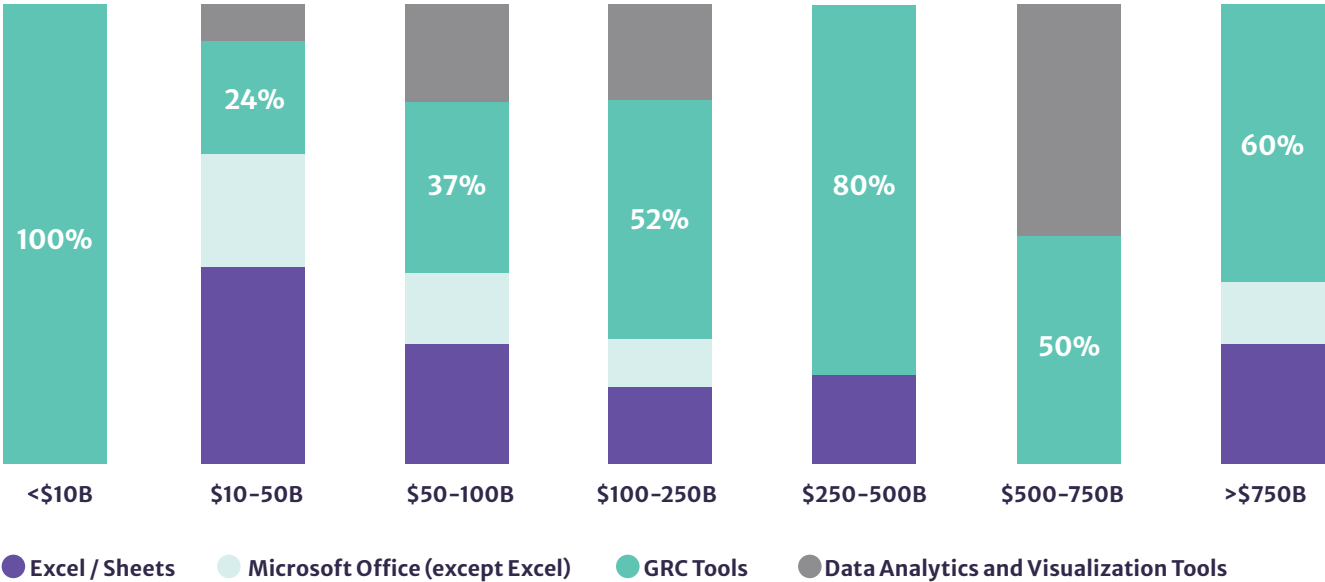


focused on driving enhancements around workflows and system connectivity. By contrast, institutions with assets below \$250B were focused equally on ease of reporting and tool customizations.

Survey results indicate opportunities still exist to enhance existing technology and use it across the RCSA lifecycle/workflow to minimize manual processes and improve data quality, user experience, and sustainability. Moreover, technology and tool enhancements offer institutions an opportunity to overcome adoption challenges and reduce first-line fatigue driven by manual processes, inconsistent reporting practices, lack of system integrations, and an inability to customize tools to support business needs.

While financial institutions indicate the adoption of advanced technologies (e.g., artificial intelligence and machine learning) is currently limited (5% of respondents), an opportunity exists to use advanced technologies at different points in the RCSA process to further reduce manual activities and perform processes at scale (e.g., control rationalization and testing).

**Diagram 6: Application(s) Used to Facilitate the RCSA\***

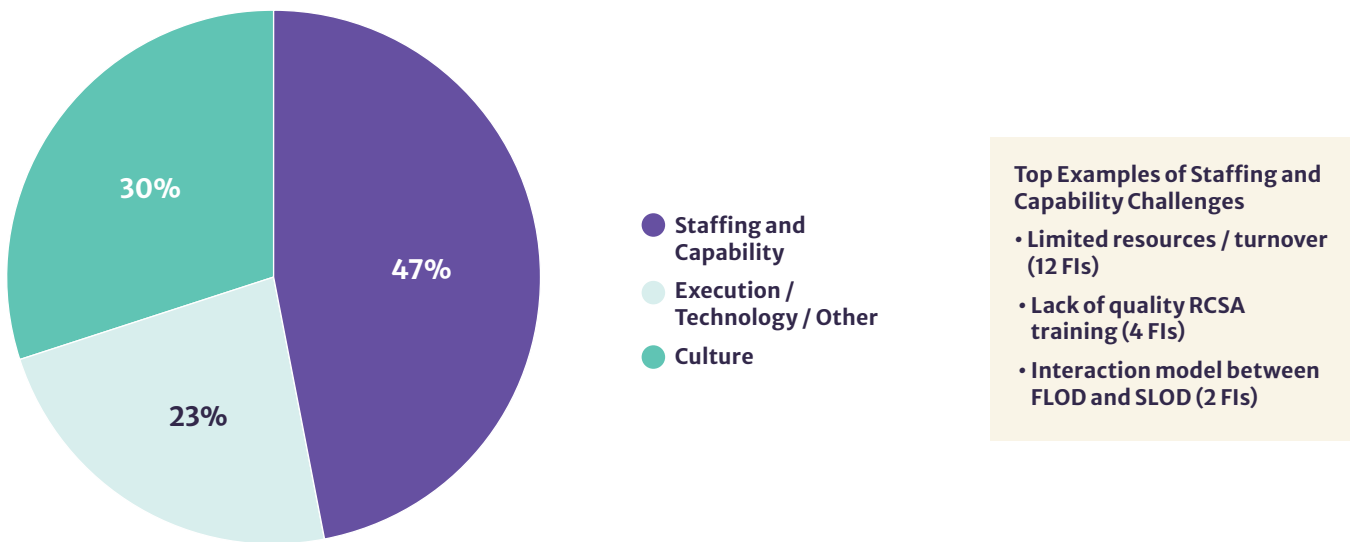


\*FIs included multiple tools on their response which is why the sum of the responses is greater than 59 respondents

# Improving Staffing and Capability

Staffing and having the right skill sets and capabilities are critical when executing RCSA programs. Supporting that view, nearly half of survey respondents indicate that staffing and capability issues are their most significant challenges when executing RCSAs. These headwinds are prevalent among institutions of all asset sizes.

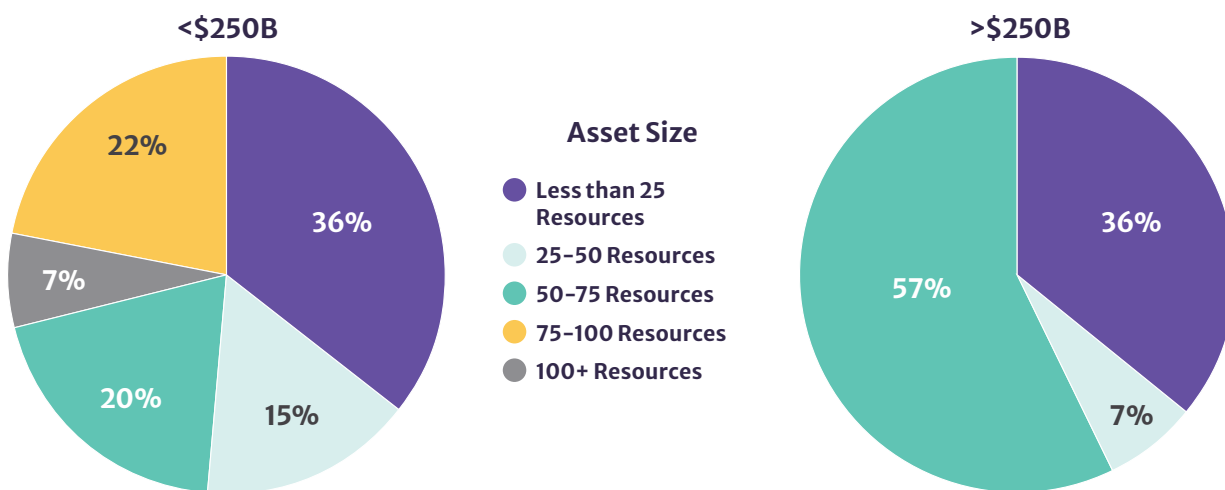
**Diagram 7: Top RCSA Program Challenges Across all FIs + Top Examples of Staffing and Capability Challenges**



**Financial institutions continue to invest in the first line. However, more upskilling is needed.**

Almost 65% of institutions larger than \$250B have first-line RCSA teams (business and process owners) of 75 or more full-time equivalent staff members (FTEs). These are teams conducting RCSAs on behalf of the business, and monitoring execution and results of RCSAs. The remaining 35% have between 25-50 FTEs.

**Diagram 8: First Line of Defense Resources Dedicated to RCSA by FI**



Seventy-one percent of respondents indicated the first line is accountable for RCSA. However, 34% said the first line lacks full understanding of RCSA methodology and value, which may be contributing to quality and execution challenges.

Many financial institutions are investing in training programs, enhanced leadership communications, and process improvement initiatives to upskill first-line staff and improve RCSA quality and execution.

**Second-line teams, particularly among larger financial institutions, may be understaffed.**

Eighty-two percent of respondents have fewer than eight second-line FTEs dedicated to supporting their RCSA programs. Interestingly, only 28% of institutions larger than \$500B have eight or more second-line FTEs dedicated to RCSA. By comparison, 45% of institutions between \$100–500B have eight or more second-line FTEs dedicated to RCSA.

Further, 76% of respondents have eight or fewer dedicated second-line resources performing review and challenge activities within their operational risk management teams. Approximately one-third of institutions with \$500B or more in assets have eight or more second-line resources dedicated to RCSA review and challenge activities, whereas 47% of those with \$100–500B in assets do.

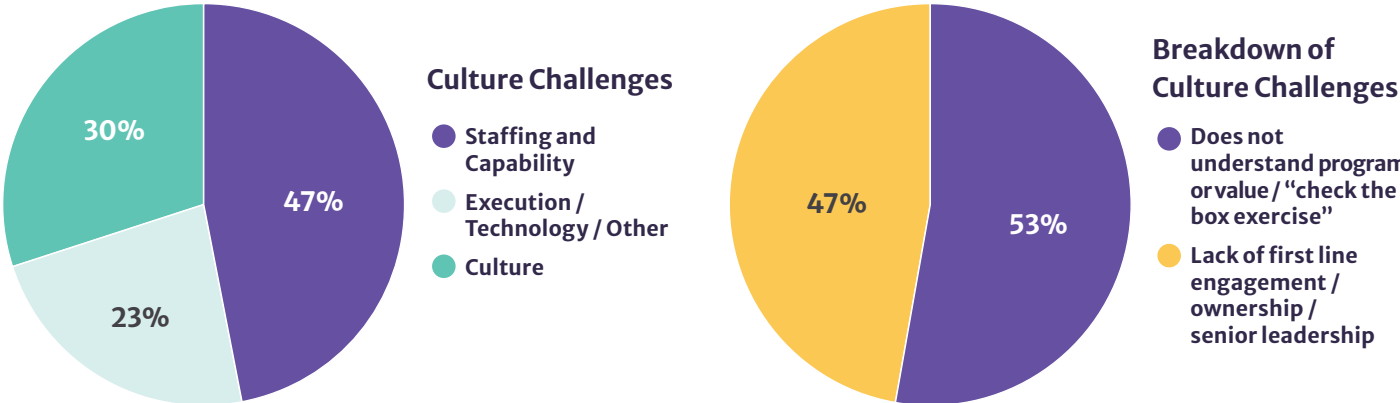
These responses may indicate second-line teams in larger institutions are understaffed.



# Financial Institutions Can Use RCSA to Drive Risk Culture

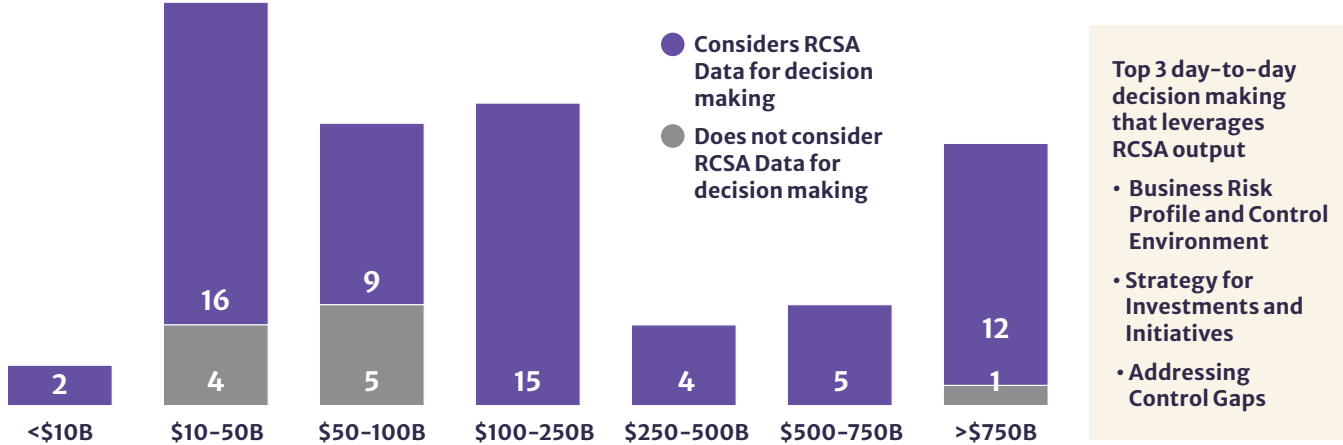
Financial institutions can enhance risk culture by improving how RCSA data is used within the first and second lines.

Diagram 9: Top RCSA program challenges across all FIs



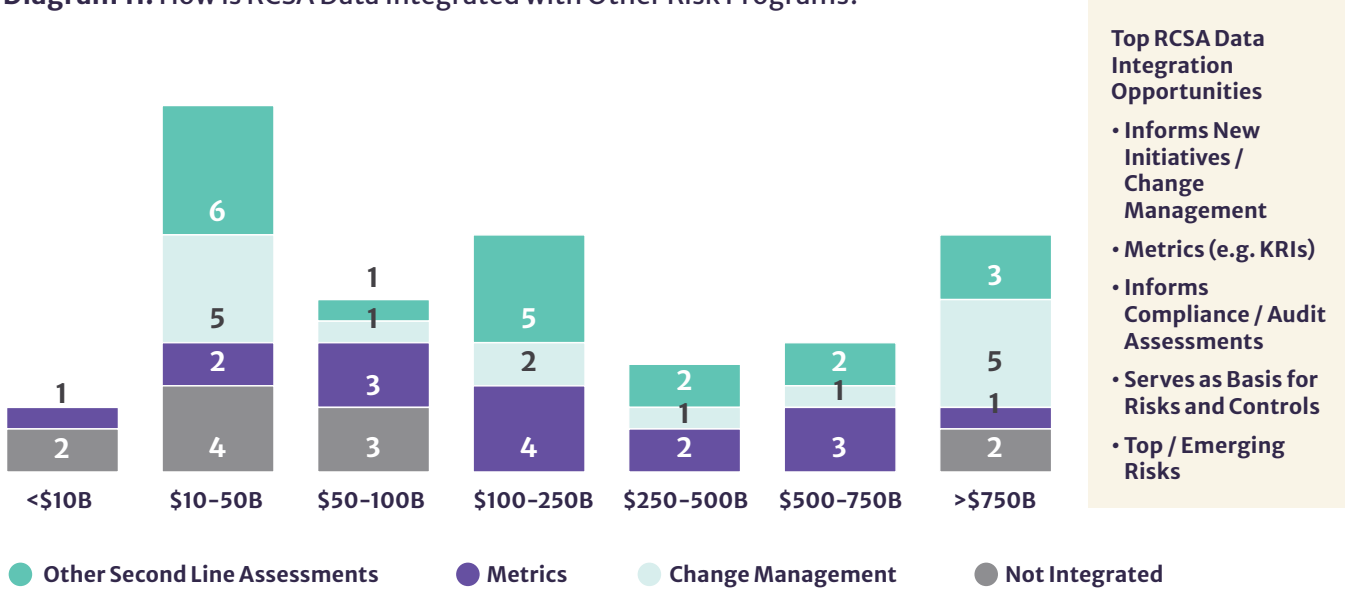
Thirty percent of survey respondents noting challenges indicated that one of the most significant is the first line not understanding the RCSA program and its value, or not having first-line engagement or buy-in. Cultural challenges relating to RCSA are predominantly prevalent in institutions between \$10–250B. Where cultural issues exist for larger institutions, challenges noted include viewing the RCSA as a “check the box” exercise, and a lack of senior sponsorship. This seems to run counter to the fact that 86% of respondents indicated they leverage RCSA outputs to inform a variety of their business decisions, such as risk profile, control environment, issue remediation, strategy, investment, and staffing. These two results may indicate that while financial institutions are integrating RCSA results into risk management activities, more work is needed to help business leaders connect RCSA outputs with their day-to-day risk management activities and decision-making processes.

Diagram 10: RCSA Outputs Used in Day-To-Day Decision Making



Looking at questions relating to how RCSA information is used or integrated into other risk programs, many survey respondents are not creating the structure and processes necessary to consistently demonstrate the RCSA's value. There appears to be a disconnect between businesses wanting to “use” RCSA data and taking the concrete actions and steps necessary to confirm it happens consistently enough to boost the risk culture.

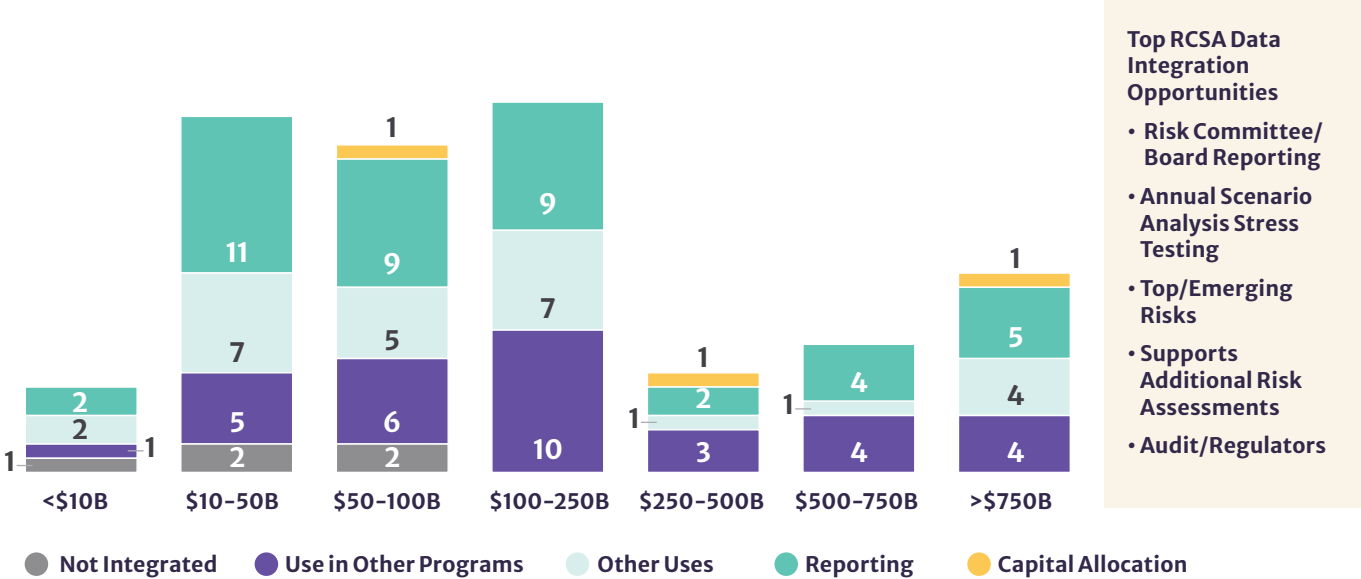
**Diagram 11: How is RCSA Data Integrated with Other Risk Programs?**



Only 26% of survey respondents use RCSA data to perform new initiative and change management assessments, 11% align RCSA data to formal metrics, and 8% indicate that RCSA informs other risk assessments. Less than 1% of respondents said RCSA data was integrated with process improvements or automation opportunities. All financial institutions expect the first line to leverage RCSA data, but not establishing structured processes and programs leads to inconsistent outcomes that have larger impacts on the overall success of RCSA programs.

Another opportunity for many survey respondents is to increase risk integration efforts between RCSA and other risk programs, especially at smaller financial institutions (though noticeably within some very large institutions, as well). Across the industry, benefits of RCSA integration include reduced effort and capacity requirements by the first line, increased consistency in assessment results, and improved reporting. Nineteen percent of respondents noted that their RCSA programs are not explicitly integrated with any other risk or enterprise assessment. Only 7% of respondents indicated that RCSA informs compliance or audit programs. Increasingly, regulators are expecting banks to “connect the dots” among risk assessments as well as related risk activities, including risk identification, issue management, and alignment to risk appetite.

**Diagram 12: How is RCSA Data Integrated with Other Risk Activities/Processes?**



Creating a holistic risk management ecosystem requires cross-functional collaboration, long-term planning, strategic budgeting, and large-scale education initiatives. But the effort can be worth it, and can provide risk-generating businesses the tools and structure needed to effectively manage their risk and enhance their risk culture.



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# Background

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Most of the survey questions were multiple choice with many opportunities to provide comments. Some questions were open text and designed to provide insight into challenges and best practices for RCSA.

RMA collected 59 responses from financial institutions of seven asset sizes: more than \$750 billion, more than \$500 billion to \$750 billion, more than \$250 billion to \$500 billion, more than \$100 billion to \$250 billion, more than \$50 billion to \$100 billion, more than \$10 billion to \$50 billion, and \$10 billion or less, including community, regional, super-regional, and investment banks. The primary functions of each institution included retail, commercial, and broker-dealer, as well as others. Participating institutions were asked to indicate their primary regulator for context and further analysis. As expected, all participating institutions are regulated by one or more of the following: OCC, Federal Reserve, FDIC, a U.S. state, FINRA, and OSFI (Canada).

RMA will use these results for additional analysis by asset size and subject matter in future articles in The RMA Journal.

A final report will provide participants' responses anonymously. Note: Due to rounding, percentages in the tables may not add up to 100.

This report was written by RMA in coordination with PricewaterhouseCoopers.

## Disclaimer

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# Acknowledgments

RMA would like to thank the institutions that contributed to this study. If you would like to learn if your institution participated, please contact Sylwia Czajkowska at [sczajkowska@rmahq.org](mailto:sczajkowska@rmahq.org).

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## About Risk Management Association (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 41,000 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.

RMA Risk and Control Self-Assessment Survey

