



White Paper

Mastering market uncertainty

Unlock the new era of risk management with
a modern framework



Markets are moving faster than ever. For financial institutions, this means navigating an environment defined by volatile interest rates, tighter margins and heavier compliance demands. These forces are creating unprecedented challenges and requiring leaders to fundamentally rethink their approach to risk and balance sheet management. The old models are no longer enough to keep money at work; survival and growth now depend on your ability to anticipate, adapt and act with confidence in the face of constant change.

So, how can your institution not only weather this storm but emerge stronger? This guide provides a clear path forward, with actionable insights and expert strategies to help you centralize key insights, improve resilience and make the best use of advanced modern technology. As new threats continue to emerge, it's time to transform risk management from a compliance exercise into a strategic driver of success that helps your money work harder.

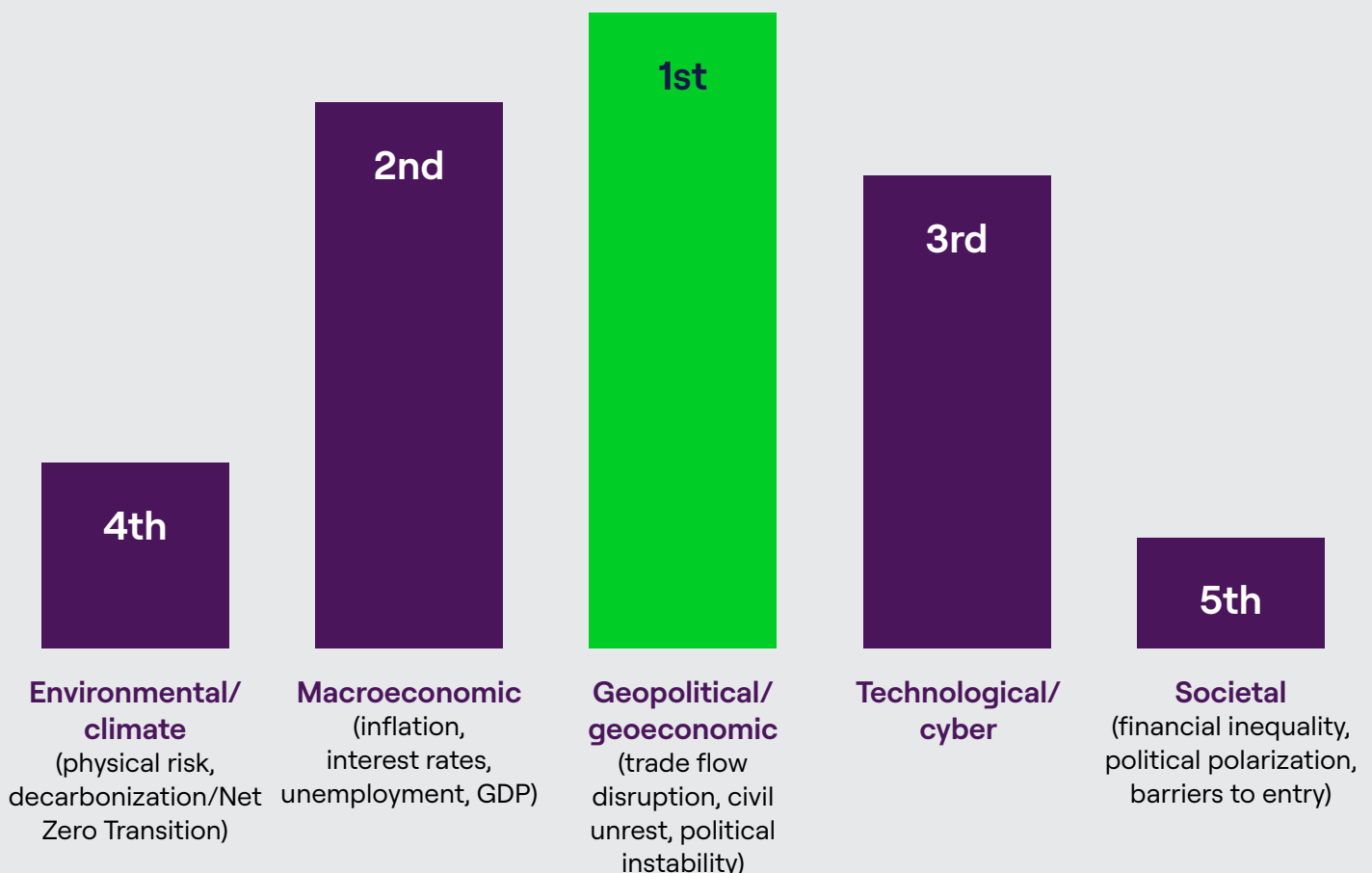
Emerging risks shaping the future

The landscape of risk is now in constant flux, driven by forces that extend far beyond traditional market fluctuations. In a new survey by CeFPro® and FIS®, 72% of financial institutions say they expect either moderate instability or significant disruption over the next three to five years.¹

While macroeconomic shifts remain a top concern for every financial institution, three distinct, powerful trends are becoming significant risks in their own right, with tangible impacts on your customers, your operations, and ultimately, your balance sheet.

1. CeFPro and FIS, The State of Systemic Risk, September 2025

In your view, what are the most pressing risks your institution faces in the short to medium term (next 2-5 years)?



So, how will these critical risks shape your strategy in the coming years – and help you take the first step toward building true resilience?

1. Geopolitical tensions: A new global reality

Financial institutions can no longer operate under the assumption of stable, predictable global markets. In the CeFPro and FIS survey, nearly half of financial institutions (49%) placed geopolitical instability at the top of their risk list, compared to 32% for macroeconomic concerns.²

A fundamental shift is underway, defined by new and unpredictable trade barriers, shifting alliances and secondary tariffs that create a complex and often volatile environment. These geopolitical tensions have a direct ripple effect on your customers and, by extension, your institution.

How does this translate to your balance sheet?

- **Customer impact:** Businesses that rely on global supply chains face disruption, increased costs and revenue uncertainty. This directly affects their creditworthiness and ability to meet financial obligations.
- **Strategic assessment:** Banks must now assess risk through a geopolitical lens. This means understanding how international events could impact specific sectors, industries and customer segments within your portfolio. The risk is no longer just economic; it's deeply intertwined with global politics.

To prepare, your institution must begin to model scenarios that account for these new realities. Stress tests should incorporate the potential impact of trade conflicts and shifting political landscapes on your customers' financial health.

2. Cyber and IT risks: The double-edged sword of technology

The rapid adoption of new technologies presents both immense opportunities and significant threats to financial institutions, making technology and cyber risk the third biggest concern in the CeFPro and FIS survey.³

On one hand, tools like artificial intelligence (AI) and cloud computing can lower barriers to entry and streamline operations. On the other, they create new vulnerabilities that are open to exploitation.

The IT risks facing financial institutions today are multifaceted, with three key dimensions:

- **Bad actors:** The same technology that empowers your business can be used to threaten it. AI and sophisticated cloud-based tools are lowering the barrier for entry for cybercriminals, making attacks more frequent and complex.
- **Competitive threats:** New, tech-savvy players can enter markets with lower cost bases, challenging the position of established institutions and putting pressure on margins.
- **Operational resilience:** Your reliance on interconnected digital infrastructure means that any disruption – whether from a targeted attack or a system failure – can have immediate and far-reaching consequences.

Effectively managing this risk involves more than just defensive measures. It requires a proactive strategy that anticipates threats, secures your infrastructure, and uses technology to maintain a competitive edge without unduly increasing your risk exposure.

3. Climate risk: From abstract threat to physical impact

For years, climate risk was often discussed as a future concern. Now, its physical impacts are here, and they're starting to have a dramatic effect on businesses and supply chains. From wildfires and floods in the U.S. to extreme weather events around the world, the intensification of these impacts is creating real financial consequences that financial institutions can't ignore.

So, how is climate risk manifesting on the balance sheet?

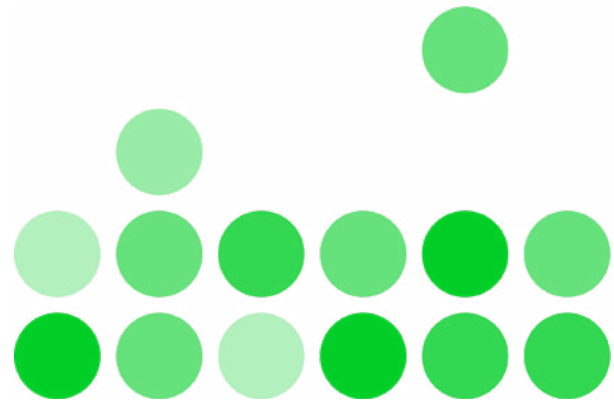
- **Supply chain disruption:** Climate events are hitting supply chains hard, causing delays, increasing costs and impacting the revenue of businesses you serve.
- **Collateral devaluation:** Consider the real estate market. As insurance companies begin to withdraw from high-risk areas, properties can become uninsured. An uninsured asset represents a significant increase in uncovered collateral, transferring the risk directly to the lender. This can dramatically change the loss-given-default on a loan, even if the probability of default remains the same.
- **Regional concentration:** Regional and community banks are particularly vulnerable. Unlike a national insurance company that can diversify its portfolio across geographies, a regional bank's business is inherently tied to a specific area. If that area becomes prone to climate-related events, the bank can't simply diversify away from that risk.

Institutions must start factoring these long-term environmental trends into their lending and investment strategies. The questions are no longer about if climate events will happen, but when, and what the financial fallout will be.

A holistic view: When risks converge

It's crucial to recognize that these three risks do not exist in isolation. Geopolitical tensions and climate effects can work together in unpredictable ways, creating combined impacts on a business' supply chain and revenue streams. So, as a risk leader, you're not just juggling individual factors; you're managing the complex interplay between them.

The path forward, then, requires a unified approach. By understanding how these emerging forces intersect, you can begin to build a more comprehensive and resilient risk management framework – and develop the agility needed to work money harder in this new era of uncertainty.



Centralizing risk insights for better decision-making

In the face of converging threats, managing risk in isolated silos is no longer a viable strategy. Liquidity, credit and market risks are not separate challenges; they are deeply interconnected, each influencing and often amplifying the others. The 2007-2008 financial crisis served as a stark reminder of this reality, exposing the dangers of a fragmented approach where the connectivity between different risk types was dangerously underestimated.

So, how can your institution move beyond a box-ticking compliance exercise and build a truly holistic risk management framework for effective decision-making? The key lies in your ability to centralize key risk insights and create a single, unified view that aligns your governance structures in general – and your risk appetite statement in particular.

The problem with silos: Lessons from the past

For long periods, financial markets can appear stable, and risk management can feel like a routine, even irritating, compliance task – until it isn't. Those "until it isn't" moments, though infrequent, have a significant and lasting impact. The global financial crisis alerted the entire industry to the fact that credit risk and liquidity risk are not just related; they increase one another. A market opportunity can introduce a credit risk, which in turn can strain liquidity, creating a domino effect that siloed departments are ill-equipped to see or manage.

In the immediate aftermath of the crisis, regulators introduced a raft of measures to address these systemic failures. But nearly two decades later, the sense of urgency has faded. For many financial institutions, these regulations have once again become a compliance exercise rather than the foundation of a resilient strategy. It's time to revisit the core lesson: market, credit and liquidity risks are all interlinked. A stress event in one area will inevitably ripple across the others.

To build resilience, you must think horizontally across all facets of risk. One stress test should be able to run across multiple different parts of the business, revealing the full picture of your exposure.

From horizontal views to vertical alignment: The role of governance

Creating a unified view of risk is only half the battle. A horizontal integration must be connected vertically to your institution's governance framework and, most importantly, its risk appetite statement. For a long time, the focus has been on capital management alone. But today, leading institutions are shifting their attention to a more fundamental question: does our governance structure truly reflect the risks we face?

Is your institution reassessing its Risk Appetite Statement (RAS) in light of the current environment across areas like capital, liquidity, non-financial risk, and earnings?

*Data may not add up to 100% due to rounding

Yes, we are actively reviewing and updating our RAS

48%

We are considering changes but haven't taken action yet

18%

No, our RAS remains unchanged

11%

No opinion

23%

A risk appetite statement should be more than a document that sits on a shelf. It should be a living guide that informs day-to-day decisions. As 48% of financial institutions say they are actively reviewing and updating their risk appetite statement, the critical questions for leadership are:

- **Does our risk appetite statement address the C-suite's top concerns?**
- **Can we answer strategic "what if" questions within the context of this statement?**
- **Is our governance framework effective at passing limits and controls down to the first line of defense?**

Your risk appetite statement should not be seen as a barrier to avoid but as an ambition to get close to. It defines the optimal zone where your institution can make money while managing risk effectively. To operate near that edge confidently, you need sharp, real-time insights into what's contributing to your risk profile – and what could push you past your defined limits.

Actionable steps to centralize your risk insights

Bringing together disparate risk functions into a cohesive, centralized framework is a significant undertaking, but it doesn't have to mean a total operational overhaul. Modern technology and a strategic mindset can help you achieve this unified view.

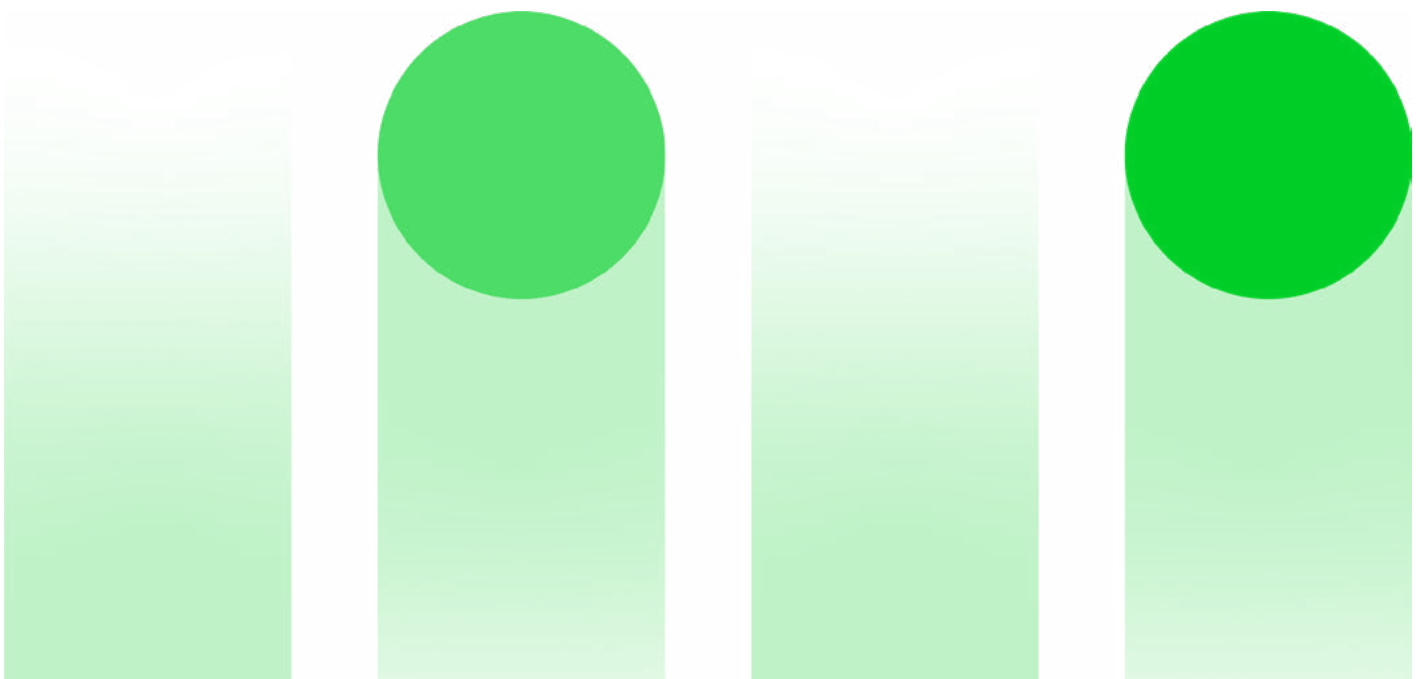
1. **Harmonize your view of risk:** The goal is to move away from having separate views for liquidity, capital and credit. Instead, strive for one view of your risk, driven by common components and data. This allows you to understand how pulling on one thread affects the entire business.

2. **Run consistent stresses:** Technology now allows you to run the same or similar stress tests across different risk areas with much greater frequency. This provides a consistent measure of how a single event would affect your entire balance sheet, from liquidity to counterparty credit.

3. **Connect risk appetite to reporting:** Ensure that your reporting systems directly map to your risk appetite statement. The C-suite should be able to see in real time how the institution is performing against its stated risk tolerance. This creates a clear line of sight from top-level governance to front-line activity.

4. **Communicate in business language:** The output from your risk systems needs to be translated from quantitative metrics into clear business language. When the C-suite asks, "What happens to our business if this event occurs?" the answer can't be a series of pie charts that obscure meaning. The risk system itself must become part of a conversation that the entire organization understands, from the trading floor to the boardroom.

By centralizing your risk insights and aligning them with a clear, ambitious governance framework, you can empower leaders to act faster and with greater confidence. This integrated approach transforms risk management from a defensive function into a strategic enabler, providing the clarity you need to navigate chaos, seize opportunity and keep money working at the peak of its powers.



Fighting market volatility with risk resilience

In a market characterized by rapid change, resilience is not just a defensive posture – it's a strategic necessity. The ability to withstand shocks and adapt quickly is what separates leaders from laggards.

But how can your organization build resilience when volatility is the new norm? The answer is to move beyond theoretical frameworks and embrace practical, technology-driven strategies that provide real-time clarity and control. Above all, you need a risk function that is not just reactive but predictive, agile and deeply integrated into the fabric of your business.

From silos to a single source of truth

The first and most critical step toward resilience is to harmonize your view of risk. For too long, institutions have operated with separate views for liquidity risk, balance sheet capital measures and counterparty credit risk. This fragmented approach creates blind spots, making it impossible to see how a stress event in one area will impact the entire organization.

To build true resilience, you need one unified view of your risk, driven by common data and shared components. But what does this look like in practice?

- **A unified perspective:** There should not be a "liquidity view," a "capital view" and a "credit view." There should be your view of risk, which incorporates all these elements.
- **Common stress scenarios:** Your organization should have the ability to run the same stress tests across all risk silos simultaneously. Pulling on a single thread – like a sudden market shock or a geopolitical event – should reveal its combined risk impact, from liquidity to credit to capital.

This unified approach answers the fundamental question the C-suite is asking: "What happens to my business if this happens?" It shifts the conversation from technical risk metrics to tangible business outcomes.

Gaining on-demand insight with technology

Achieving a harmonized view of risk was once a monumental task, requiring massive investments in on-premise infrastructure. Today, technology has changed the game. Cloud-native solutions, microservices and flexible architectures empower institutions to build resilience in ways that were previously out of reach.

One of the most powerful tools in this new arsenal is "burst-to-cloud" technology. Instead of maintaining vast, expensive server farms that sit idle much of the time, you can now access immense computational power on demand. When a question is asked or a stress test is needed, the system instantly scales up in the cloud to run intricate calculations and then scales back down when it's done.

Now you can transform stress testing from a periodic, backward-looking exercise into a real-time, forward-looking strategic tool that enables:

- **Intraday liquidity stress testing:** In the past, liquidity analysis was often a backward-looking, end-of-day process. Now, you can answer critical intraday questions. For instance, in a scenario like the one faced by Silicon Valley Bank, you could ask: "What does my intraday liquidity look like right now?" or "If market conditions deteriorate, at what point do I need to activate my contingency funding plan?"
- **Flexible, responsive analysis:** The front end of your risk system must be flexible enough to respond to today's questions. A risk manager should be able to design and run a new stress test on the fly in response to an emerging market event and get an answer that same day. The analysis is no longer limited by computational bottlenecks.

So, with advanced technology, you can not only move at the speed of the market but also turn your risk function into a dynamic decision-making engine.



Connecting the dots: From governance to the front line

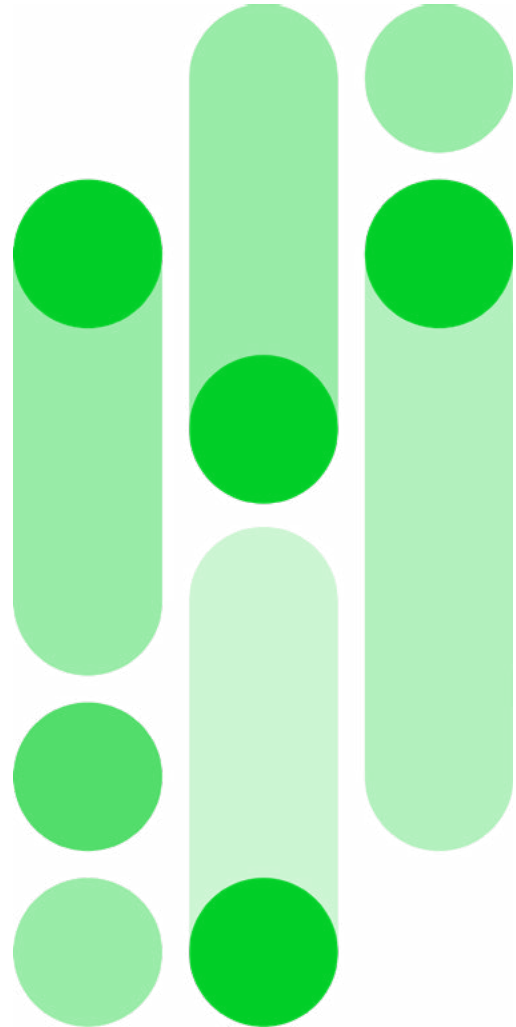
Technology provides the “how,” but a resilient strategy requires a clear “what.” You need to connect your top-level governance and risk appetite statement directly to front-line activities, with a platform where all these elements sit together.

Consider your contingency funding plan. It should not be a static document, but a dynamic tool integrated into your risk system. When you run a stress test, you should be able to see on the screen, in plain language, exactly how the stress scenario consumes your contingency funding. This makes the consequences of risk-taking tangible and understandable for everyone, from the risk committee to the trading desk.

The goal is to create a system that facilitates a conversation across the entire organization. The questions from the C-suite are not targeted at a pure liquidity or credit answer; they are about the health of the business. By using common platforms and reporting tools that speak in business terms, you ensure that everyone is working from the same script. This alignment empowers your teams to make confident, coordinated decisions, even in the most volatile conditions.

Building resilience is an active, ongoing process. By harmonizing your risk views, embracing on-demand technology and connecting governance to daily operations, you can create a framework that not only withstands chaos but helps you find opportunities within it.

The question is, what specific role can technology play in driving best practices, streamlining risk management and keeping your institution ahead of regulatory shifts?



The role of technology in modern risk management

For years, risk management has been in a constant race to catch up with regulatory demands. But what if you could get ahead of the curve? Done right, technology does more than just help you comply with current regulations – it allows you to front-run future changes by embedding best practices into the core of your operations.

The right technology is both the driver and the enabler of resilience, transforming risk management from a cost center into a strategic advantage. Innovations like cloud computing, microservices and AI are not just buzzwords but also powerful tools that are fundamentally changing the conversation around risk, governance and strategy.



From reactive compliance to proactive best practice

The evolution of risk regulation has always been tied to technological capability, with regulators pushing for what is technically achievable. As technology advances and the cost of implementation drops, what was once a futuristic approach becomes best practice – and eventually, a regulatory requirement. This cycle has been consistent for the last 30 years, from the introduction of Value at Risk (VaR) to the complex stress tests required today.

We are currently in a period of relative regulatory calm, with frameworks like the Basel Endgame focused more on tightening existing screws than introducing radical new concepts. But this doesn't mean the questions your business faces have become any less complex.

Is your institution investing in simulation and scenario analysis capabilities to manage uncertainty and systemic risk?

*Data may not add up to 100% due to rounding

Yes, we are

62%

No we are not, but recognize the need and are exploring potential solutions

24%

No, we are not and have no current plans

15%

In the new era of risk management, the ultimate goal is to deliver:

- **Best-practice frameworks:** Modern risk platforms are designed to be communication layers. They connect top-level governance and risk appetite statements to real-time activity on the front lines.
- **Agile deployments:** The era of monolithic, 18-month upgrade cycles is over. Agile, cloud-based deployments mean your systems are continuously updated. Instead of major overhauls, you receive quarterly or even bi-weekly upgrades that are validated through automated testing, ensuring your risk function is always running on the latest and greatest capabilities.

By adopting these best practices now, you're progressing towards insulating your institution against future regulatory changes and building a framework that's inherently more resilient.

The power of cloud, microservices and AI

The most significant technological shifts in risk management are happening in how systems are built, deployed and used. Cloud computing, microservices and AI are creating new possibilities for speed, flexibility and insight.

Cloud computing: The ability to access scalable computing power on demand has been a game-changer. Burst-to-cloud capabilities mean you can run incredibly complex calculations and stress tests without the cost of maintaining massive on-premise infrastructure. This unlocks the ability to ask more questions, more often, and get answers in minutes or hours, not days or weeks.

Microservices: Instead of a single, rigid risk system, modern architectures are built on microservices – small, independent engines that can be updated and deployed separately. This has profound implications for agility. For years, credit risk was bottlenecked by the aggregation process required before calculations can be run, slowing it down compared to market risk. New microservice-based solutions are solving these problems, allowing credit risk analysis to achieve speeds that were previously impossible.

AI: While AI may not yet be at the point of autonomously designing risk scenarios, it's already a powerful overlay for analysis. Once your risk engines have run the calculations, AI can be used to ask deeper questions of the data, identify hidden patterns, and enhance the conversation between the first, second and third lines of defense. It adds a layer of intelligence that helps you make sense of the vast amounts of data your systems produce.

A system built for conversation

Technology is fundamentally changing the conversation that risk governance committees have with risk management teams and the front-line business units. This is enabled by a new generation of platforms that provide:

- **Shared visibility:** All stakeholders can access the same platform, with different cuts of visibility tailored to their roles. This creates a single source of truth and ensures everyone is speaking the same language.
- **Real-time mapping:** Governance reports and risk appetite statements are not static documents; they're mapped directly to real-time activity. You can see precisely how daily operations are tracking against strategic goals.
- **Hyper-quick analysis:** The speed of modern calculation engines means you can move from a question to an indicative answer in the same day. This empowers leadership to make informed decisions at the speed of the market.

This technology-driven framework ensures that when a question comes down from the C-suite, it can be answered not with a series of siloed, technical reports, but with a clear, holistic view of the business impact. The system itself becomes an active participant in the strategic conversation.

By embracing these technological advancements, your institution can build a risk management function that is not just compliant but truly strategic. It becomes a source of confidence, providing the clarity needed to navigate uncertainty, manage innovation and drive a harder-working balance sheet and profitable growth.



Balancing innovation with strong risk frameworks

Innovation is the lifeblood of financial markets. From new products and pricing models to groundbreaking technologies like AI, the industry thrives on its ability to evolve and find new ways to create value. However, innovation inherently introduces new and often unproven risks. This creates a fundamental tension: how do you balance the drive for progress with the imperative to maintain a strong, stable risk management framework?

The answer is not to stifle innovation but to partner with it. Risk management should not be a roadblock that holds the business back; it should be an ally that helps it foster a culture of responsible innovation, move forward with confidence and become a true profit-enabling center.

Shifting the mindset: From gatekeeper to partner

For too long, risk management has been perceived as a function that says “no.” The challenge for modern risk teams is to transform this perception and become an integral part of the innovation process. Instead of waiting to control a new product or model until it’s fully developed, risk teams must be involved from the beginning, helping to shape and guide innovation in real time.

What does this partnership look like?

- **Embracing progress:** The goal is not to stop new models or ideas but to find ways to incorporate them safely. This means getting comfortable with proxies and approximations while more robust data and controls are developed. Risk management should not let the perfect stand in the way of the good.
- **Proactive engagement:** When a new product is being developed or a new model is introduced with risk factors not yet in your historical data sets, the risk team’s role is to get that data, calibrate it, and make it part of the model. This is a collaborative effort, not a confrontational one.
- **Shared ownership:** When risk is seen as an ally, the business is more willing to embrace innovation. Knowing that the risk team is along for the ride – explaining the potential downsides and helping to navigate them – gives the business the confidence to explore new territory.

This fundamentally changes risk’s relationship with the business. It becomes a profit center by enabling the institution to innovate safely and effectively, maximizing the upside while clearly understanding and managing the potential risks.

Strategies for responsible innovation

Balancing innovation and control requires a practical framework that allows for flexibility without sacrificing stability. Here are actionable strategies your institution can implement to achieve this balance.

1. **Integrate risk into the innovation lifecycle:** Don’t wait until a product is ready for launch to assess its risks. Embed risk management professionals into innovation teams from day one. Their expertise can help identify potential issues early, build controls into the design, and ensure that the innovation aligns with the institution’s overall risk appetite.
2. **Use modern analytical tools:** New or thinly-traded assets often lack deep historical data, making them difficult to model. This is where modern analytical techniques become critical. Tools like principal component analysis (PCA) and advanced regression modeling allow you to break down new risk factors and understand their behavior by relating them to existing, well-understood data. This allows you to incorporate new risks into your framework while a more comprehensive data set is being built.
3. **Run “what if” scenarios for new products:** Before launching an innovative product, use your agile risk platform to run extensive “what if” scenarios. Stress test the new product against a wide range of market conditions to understand its potential behavior and impact on your balance sheet. This proactive analysis helps you identify potential vulnerabilities and set appropriate limits before the product goes live.
4. **Develop a robust model validation process:** As AI and machine learning become more prevalent in pricing and decision-making, model validation is more important than ever. Your risk framework must include a rigorous process for validating these new models, understanding their assumptions, and ensuring their outputs are reliable. This is not about stopping new models but ensuring they are understood and can be trusted.

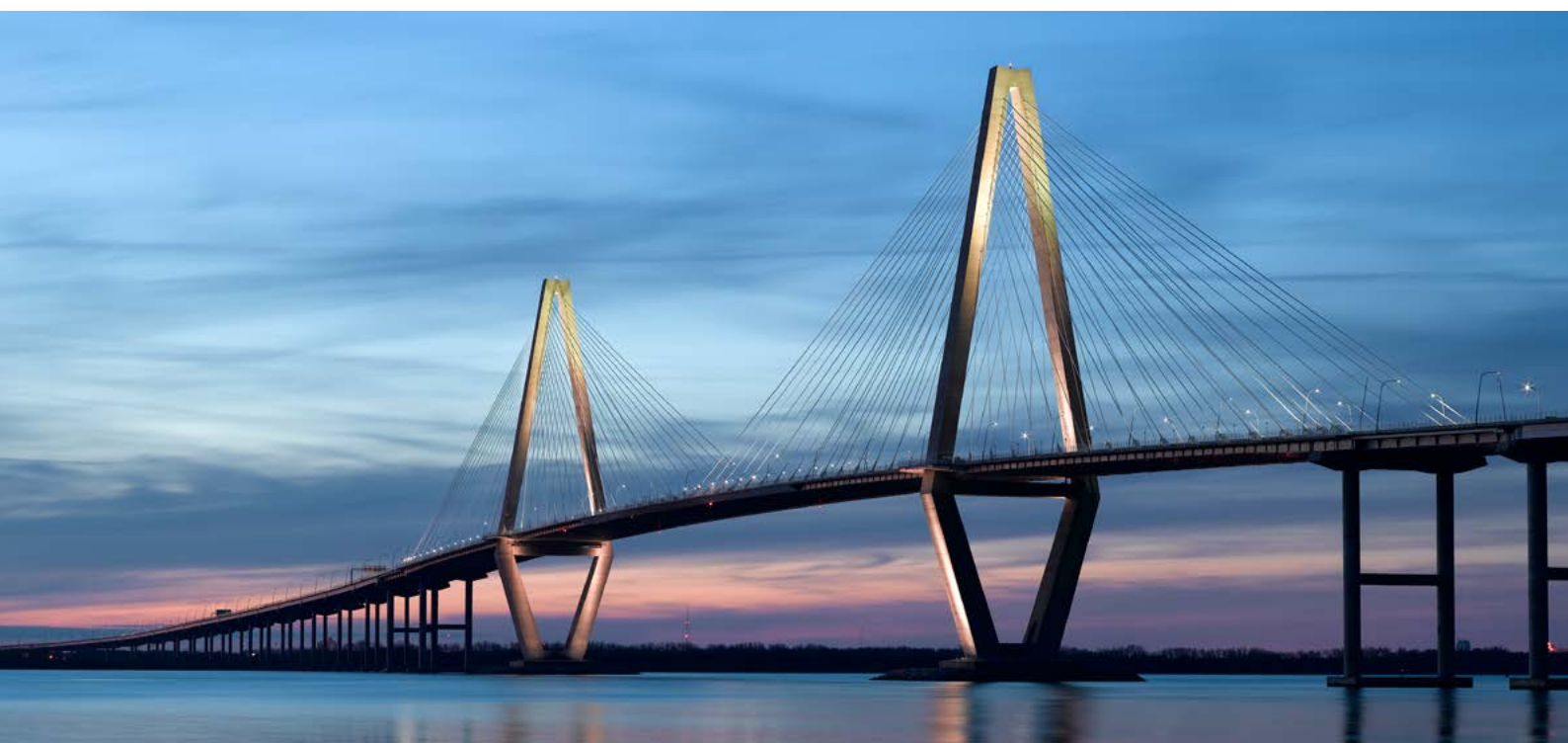
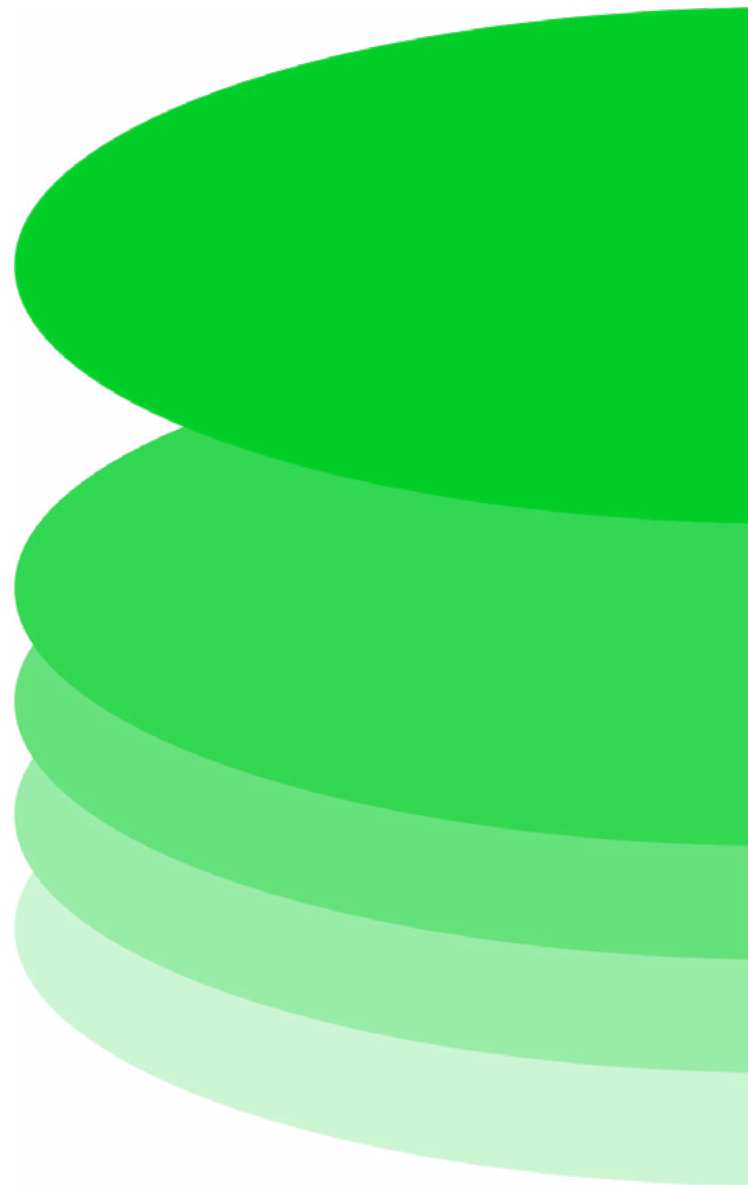
The cycle of innovation and control

The relationship between market innovation and risk management follows a predictable cycle.

- 1. Market innovation:** A new product, technology or pricing model emerges in the market.
- 2. Risk innovation:** The risk management community develops new techniques and controls to understand and manage the risks associated with that innovation.
- 3. Best practice:** These techniques become widely adopted as best practices within the industry.
- 4. Regulation:** As technology makes the best practices affordable and achievable for more institutions, they are often codified into new regulations.

By staying at the forefront of this cycle – adopting best practices before they become regulatory mandates – your institution can maintain a competitive edge. This proactive stance ensures that your risk framework is always evolving alongside the market, ready for whatever comes next.

Ultimately, the goal is to create an environment where innovation and risk management work hand in hand. When your risk function is seen as a strategic partner that enables growth, your institution is empowered to seize new opportunities with the confidence that comes from a deep and holistic understanding of the risks involved.



Avoiding pitfalls in modernizing risk management

Modernizing your risk management framework is one of the most strategic initiatives your institution can undertake. The promise of greater agility, deeper insight and a stronger competitive edge is compelling. However, the path to modernization is filled with potential pitfalls that can derail projects, waste resources and leave you with a system that fails to meet its objectives. This is truly the million-dollar question: how do you get it right?

Financial institutions face a range of common challenges when updating their risk management approach. By understanding the potential pitfalls, you can develop a thoughtful, phased approach that ensures your modernization efforts deliver real, lasting value.

Pitfall #1: The “big bang” overhaul

The temptation to completely overhaul your entire risk framework in a single, massive project is understandable. It seems efficient to plan everything on a whiteboard and execute a complete transformation. However, this “big bang” approach is incredibly risky. Trying to change everything at once while maintaining business-as-usual is a recipe for conflict, confusion, and ultimately, failure.

- **Operational disruption:** Running a full overhaul in parallel with daily operations creates immense strain. As new models and systems are introduced, you’ll inevitably find differences between the old and new results. Explaining these discrepancies – which are not always errors, but often reflections of different methodologies – consumes valuable time and resources.
- **Loss of momentum:** Large-scale projects are prone to delays and scope creep. The initial rush to get it done can quickly fade, leaving the project stuck in a state of perpetual transition.

Instead of a complete overhaul, a more effective strategy is a phased implementation using agile deployments and microservices. Focus on delivering value incrementally, tackling one part of the framework at a time. This allows you to demonstrate progress, learn from each phase, and adjust your approach without disrupting the entire organization.

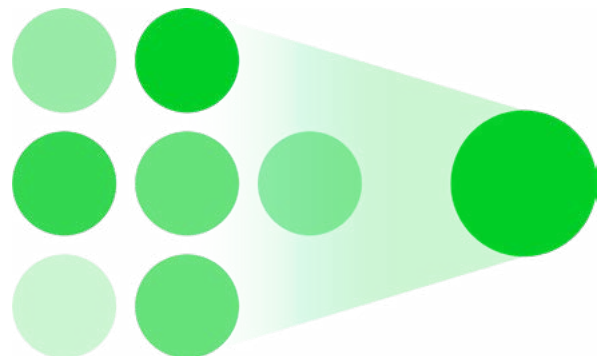
Pitfall #2: Neglecting data quality

The most sophisticated risk engine in the world is useless if it’s fed poor-quality data. In the rush to implement new technology, it’s easy to gloss over the foundational element of any risk system: the data itself. This is especially true when incorporating new models that rely on risk factors you haven’t used before, such as those related to private assets, private credit, or other assets that are not frequently observed.

What are the critical data considerations?

- **Understanding new risk factors:** Before you introduce a new risk factor, you must ensure it’s well-understood. Is it properly represented in your historical data set? Can it be accurately regressed against other factors and reliably forecasted? Skipping this step is like building a house on an unstable foundation.
- **Avoiding “steps” in data:** For assets that are not frequently traded or observed, pricing data can be stale. When new information becomes available, it can create a sudden “step” or jump in value. Your data processes must be designed to handle these situations smoothly to avoid generating misleading risk metrics.

Your modernization plan must include a dedicated workstream focused on data. Spend time on data sourcing, cleansing and calibration. Don’t skimp on this step. Getting the data right from the start will save you countless headaches down the line and make sure that the outputs of your new system are credible and trustworthy.



Pitfall #3: The disconnect between governance and the front line

Perhaps the most damaging pitfall is failing to create a meaningful, functional link between the top-level goals of the risk governance committee and the day-to-day activities of the front-line business units. It's like building a tunnel from opposite sides of a river and just hoping it will meet in the middle.

Too often, institutions end up with a top-level reporting suite that looks impressive but has no tangible connection to the limits and metrics being used on the trading floor or in the lending department. This creates a disconnect where:

Why is this so challenging?

- **Limits are meaningless:** The front office is given limits that do not seem to relate to their actual business activities, making them difficult to manage.
- **Reporting becomes a translation exercise:** Risk management teams are forced to spend their time in weekly or quarterly "translation sessions," trying to explain how front-line activities relate to the C-suite's concerns.

The solution is to build your framework from the middle out. Start by defining the core risk factors that connect the entire system. Then, build outwards, ensuring there is a clear, meaningful link between the governance framework, the limits set for the front line, and the risk factors captured in your data set. When you get this right, your entire risk framework works as a cohesive nervous system for the institution, with every part working in harmony.

By anticipating these common pitfalls, you can design a modernization strategy that's both ambitious and achievable. Focus on incremental progress, prioritize data quality, and build a system that creates a clear, unbroken line of sight from the boardroom to the front line. Do this, and you'll avoid most of the truly damaging mistakes and build a risk function that's ready for the future.

Thriving in chaos: The path forward

We are in a genuinely challenging era for risk management, but it's also a time of immense opportunity. The forces reshaping our world – from geopolitical tensions and climate amplifications to the rapid advance of cyber threats – are not found in historical records. Yet, as we've explored throughout this guide, your institution is better equipped than ever to face them. You have the technology, the analytical power and the strategic frameworks to move beyond mere compliance and turn risk management into a central driver of your success.

The path forward is not about avoiding risk but about understanding it, defining your appetite for it, and driving toward that appetite with confidence. It requires a fundamental shift in mindset:

- **From silos to synthesis:** Unify your view of risk across liquidity, credit and market exposures to see the full picture.
- **From reaction to resilience:** Leverage technology like cloud computing and microservices to run stress tests on demand, transforming risk analysis into a real-time, conversational tool.
- **From gatekeeper to partner:** Embed risk management into the innovation process, enabling your business to grow and adapt while maintaining strong controls.

The winners in this chaotic time will be the institutions that master this new dynamic. They will be the ones who can ask the tough "what if" questions and get meaningful answers quickly. They will use their risk frameworks not as a shield, but as a compass, guiding them to the optimal position where they can benefit from uncertainty and thrive.

The strategies and insights shared in this guide provide a roadmap. Now is the time to put them into practice. Start the conversation, embrace the technology and empower your teams to navigate the chaos and seize opportunities to keep your institution's money at work. Your journey to resilience and strategic advantage begins today.

Unlock more



Money at rest. Money in motion. Money at work.™

FIS helps your money work harder through effective risk management.

Our **technology** powers the global economy across the money lifecycle.

Money at rest

Unlock seamless integration and human-centric digital experiences while ensuring efficiency, stability, and compliance as your business grows.

Money in motion

Unlock liquidity and flow of funds by synchronizing transactions, payment systems, and financial networks without compromising speed or security.

Money at work

Unlock a cohesive financial ecosystem and insights for strategic decisions to expand operations while optimizing performance.

About FIS

FIS is a financial technology company providing solutions to financial institutions, businesses and developers. We unlock financial technology that underpins the world's financial system. Our people are dedicated to advancing the way the world pays, banks and invests, by helping our clients confidently run, grow and protect their businesses. Our expertise comes from decades of experience helping financial institutions and businesses adapt to meet the needs of their customers by harnessing the power that comes when reliability meets innovation in financial technology. Headquartered in Jacksonville, Florida, FIS is a member of the Fortune 500® and the Standard & Poor's 500® Index. To learn more, visit FISGLOBAL.COM. Follow FIS on LinkedIn, Facebook and X (@FISglobal).


 fisglobal.com/contact-us

 linkedin.com/company/fis

 x.com/fisglobal

This material is for information purposes only of the intended recipient. We have taken care in the preparation of this information but will not be responsible for any losses or damages including loss of profits, indirect, special or consequential losses arising as a result of any information in this document or reliance on it (other than in respect of fraud or death or personal injury caused by negligence). Terms and conditions apply to all our services. The content of this material may not be reproduced without prior consent of FIS.

© 2026 FIS.
FIS and the FIS logo are trademarks or registered trademarks of FIS or its subsidiaries in the U.S. and/or other countries. Other parties' marks are the property of their respective owners. 4198134

 **Advancing the way the world pays, banks and invests™**