



HAMLYN WILLIAMS

**RISK MANAGEMENT
REPORT 2021**

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ABOUT HW



The momentum is here; now is the time for Risk Management professionals to add even more value to the organisation. The pandemic has led to a realisation that Risk Managers must move closer towards the analysis of strategic, emerging and disruptive risks, actively engaging the wider C-Level audience.

- Charlie Morris, pg.20



HAMLYN WILLIAMS INTRODUCTION



Gareth Carpenter

Director of Financial Services & Client Engagement
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Hamlyn Williams are an established and expert provider of Risk Management talent that makes a difference. We have ten years' experience in the U.S. Financial Services market hiring across Market, Credit, Operational and Model Risk disciplines. From our key office locations in New York, Dallas and San Diego our candidate and client networks span the whole of North America. Our global presence includes Europe and APAC regions which gives us a unique insight into global trends, using our localized knowledge to provide an educated and well-rounded view of your Risk Management hiring.

This report aims to provide our clients and candidates within the Risk space data-driven insights and commentary informed by our consultants' day-to-day front-line recruitment activity, accompanied by interviews with Risk leaders who provide a real-time snapshot of opportunities and challenges in the current market. We are grateful to **Susan Crawford, Head of Risk & Compliance for Lloyds USA**, and **Devon Brooks, Head of Risk Practices & Strategy for New York Life**, who share their experience of the past year in our Q&A section.

Thanks also to **Charlie Morris, Principal Consultant for Risk** in our **Amsterdam Office** who shares a global perspective on the past year through the lens of his experience as a search professional.

We hope you enjoy this report. If you would like to discuss our findings in more detail please do not hesitate to reach out to me directly at g.carpenter@hamlynwilliams.com.



Listen to everyone and learn. Seek to understand from others before seeking to be understood; open your mind to other possibilities.

- Devon E. Brooks, pg.14

2020/2021 US KEY RISK MANAGEMENT TRENDS



Hiring activities have started to pick up during H1 2021 and are intensifying.

As a result, the market has once again shifted back from a **client-led market back to a candidate-led one.**



Candidates desire greater workplace **flexibility** and **remote working**. This is now an unavoidable and challenging part of the recruitment conversation.



Diversity & Inclusion is on the rise.

Clients are seeking creative and progressive solutions to a lack of diverse workforces.



Time to hire has decreased. Scheduling flexibility offered by remote working has allowed for quicker interview processes.

Pressure to consider **internal transfers** before hiring externally is increasing, especially at the Director level and above.



For Risk Management vacancies, **demand will remain steady throughout 2021** and certainly into the first half of 2022, creating increasing opportunities as companies begin to return to the office.

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HIRING UPDATE

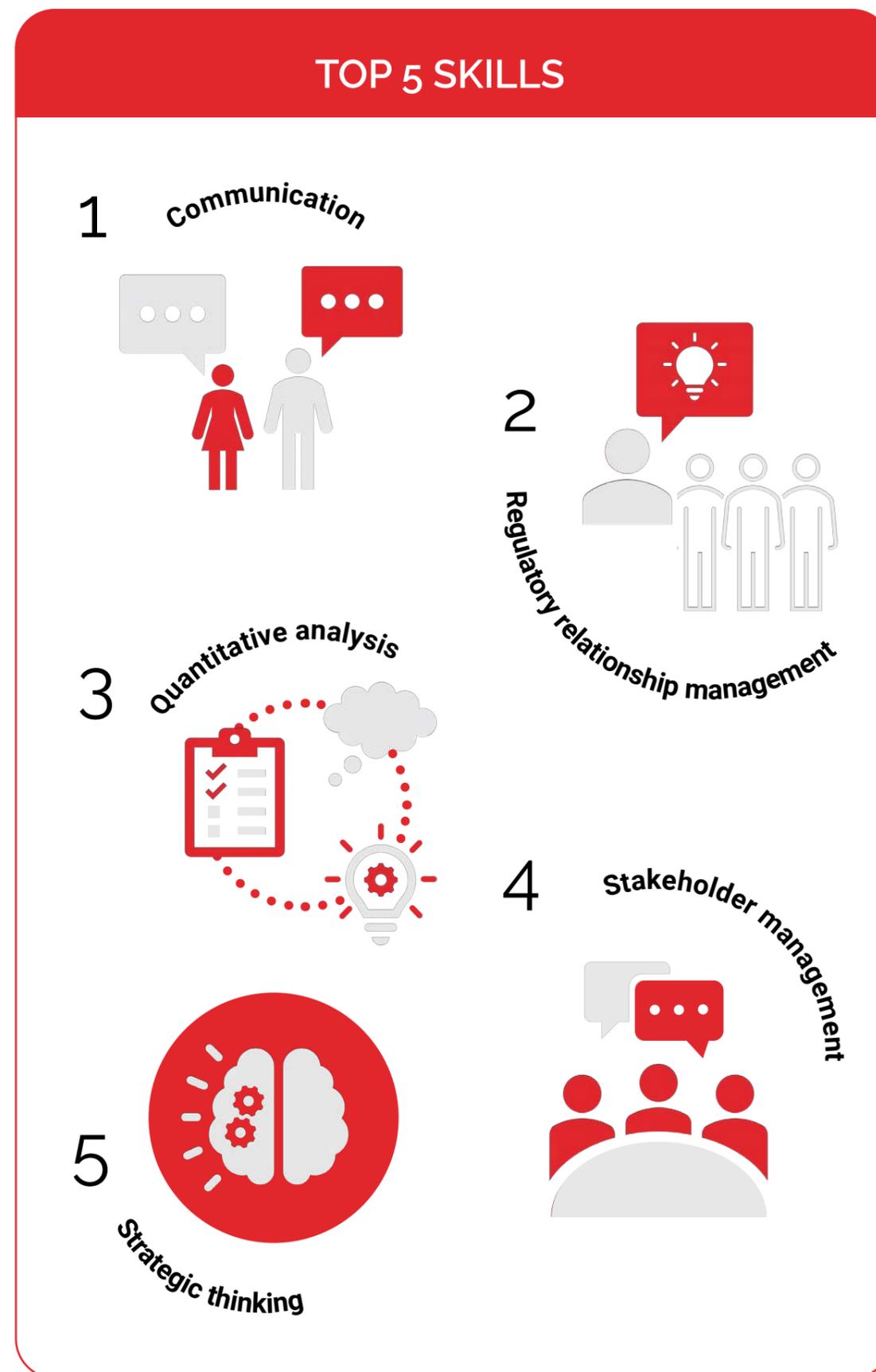
For Risk executives, the immediate challenge in 2020 was to ensure their teams were set up to work safely and effectively from home. But what of hiring plans for this year?

Despite a sharp decline in hiring in Q2 2020 the risk market began a rapid recovery later in the year, which carried over into 2021 as the economy re-opened. Financial Services firms across the U.S. are now struggling to fill open vacancies within the 2nd line of defense, and there is a recognizable shortage of talent as the industry looks to keep up with technological advances in addition to the new working environment.

With candidates in high demand across multiple risk disciplines, hiring teams must be able to provide a rapid, high-touch interview process to compete for talent. Risk professionals tend to be cautious when considering new opportunities, and we have seen COVID-19 exacerbate this mindset.

Organizational hierarchy, career progression, level of stakeholder interaction, work-from-home flexibility, company culture and business model – these are all factors hiring managers and HR professionals alike must be able to clearly articulate to navigate a successful recruitment process. That said, we have seen candidates become increasingly open to exploring opportunities in 2021 as they look to develop their technical skills in a workforce that is becoming ever reliant on new technologies and data.

For the risk management profession, most roads continue to lead to more cost-effective locations. The major U.S. institutions have continued to build new hubs outside of New York, and instead have increased their focus in areas such as Dallas, Phoenix, Tampa, Montreal, and Charlotte. Candidates already in major metropolitan hubs are entirely cognizant of this and have started seeking roles with organizations who instead intend to remain in cities such as New York and New Jersey. Fully remote positions are becoming more prevalent as well, with firms hoping to reach a broader and more diverse candidate pool.



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FUTURE OUTLOOK

COVID-19 has drastically changed the global economic landscape. Disruption was the theme for 2020, and the pandemic has tested the financial sector's operational resilience beyond the scope of anyone's imagination. Despite the economy opening back up as the vaccine rollout continues, the Financial Services industry (alongside many others) remains hard hit as firms look to understand the new working environment and the risks involved.

The risk profile for many financial institutions has changed considerably during the pandemic. Banks small and large must come to grips with heightened credit risk implications considering new regulatory developments for the commercial and consumer lending space in addition to increasing rates of customer insolvency. The lockdown has also created new opportunities for employees everywhere in the form of remote working but also new risks in the form of increased threats to cybersecurity, data governance/protection, and third parties.

While we have seen an increase in vacancies across the risk management discipline, two areas have stood out this year, credit risk and model risk management. A heavier reliance on data, especially with the world on lockdown, remains the core of this as financial institutions look to enhance existing monitoring standards and make changes to current models.

From a model risk management perspective, the pandemic has upended both financial and non-financial models that were created during times of relative economic stability, namely credit risk and stress testing models. To address this, financial institutions have expedited the push to incorporate AI and Machine Learning into new as well as existing models over the past year. Inevitably with new models, new challenges will arise for MRM and Validation teams grappling with the latest regulatory guidelines and standards.

The full impact of COVID-19 is yet to be seen but a familiar message from recessions past remains: a robust risk assessment and management framework is required in order to effectively manoeuvre during an economic downturn.



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SUSAN CRAWFORD

Head of Risk & Compliance

Lloyds Banking Group-US

Historically, risk has been an area driven by compliance and regulations, but we are seeing it become more of a value/performance driven area. How do you measure the value of risk?

I see risk becoming more risk/value driven as risk managers continue to be key partners with the business in decision making and meeting the bank's strategic objectives. This is done by helping the business identify and mitigate its key risks by capturing the benefits of big data, and helping steer the bank as it complies with regulations. This vision requires the risk function to drive the following actions: minimizing manual interventions while making modeling, automation and standardization much more the rule. When in place, risk detection, assessment, and mitigation are part of the daily job of all employees across the entire organization rather than the job of risk professionals only.

With news at our fingertips in real time due to social media, how do you proactively address reputational risk?

I believe reputational risk is the most challenging risk to manage as it is based

on perception so it's difficult to measure and it is subject to changes in the political and social environment. It may also arise even if a bank has a strong risk culture and risk management program in place simply because of association with a bad actor or by inappropriate actions by other banks that taint the whole industry. Management of reputational risk begins with the appropriate tone from the top i.e. the message to all employees that reputation must be actively safeguarded. Critical to managing this risk are the control functions- compliance, legal and risk-and the degree to which they assist businesses in identifying, and resolving reputational risk issues.

What are your up-and-coming risk projects?

Risks, such as climate and cyber risks, are newer risks that are becoming increasingly important to manage at our bank and others. Climate risk management is still in the development phase and US regulators have yet to develop clear guidance in this area. As protection against cyber-attacks has become a top strategic priority among banks, having a strong risk management program in place to manage this risk will continue to be a big focus for us.

Another program the bank is focusing on is holistic risk manager training. Having an integrated perspective on risk is essential for risk professionals as it provides a more consolidated view of risk. Boards, senior management and other stakeholders crave this for more informed and agile decision making.

to be subject matter experts in all domains, but a deep level of awareness and working knowledge of products and technologies will be required for risk managers to be successful in their roles.

Having built and led teams throughout your career, what attributes do you look for in a candidate?

Assuming they have the technical expertise to do the job, the soft skills that I look for are intellectual curiosity; a strong work ethic and resilience. I define resilience as the ability for someone to bounce back from adversity and difficulties encountered during a project or personal setback. The COVID-19 pandemic has accelerated the speed at which risk events occur and the extent to which they spread. Risks that once seemed remote and improbable have also become the norm. Risk professionals who can be resilient during difficult and unpredictable times and can help manage risk and not just measure it will be very valuable to an organization.

What advice would you share with career minded risk professionals during this time?

Talent in the risk function will most likely shift towards analytics with the focus on people who can build and manage new risk models and data sets and less towards manual risk decision making. The ability to be willing to learn to develop these technical skills in analytics will be key. Risk managers are not expected



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DEVON E. BROOKS

Head of Risk Practices & Strategy

New York Life

You've had a diverse career within Financial Services and across multiple lines of defense – what drew you to your current role at New York Life?

I learned quite a bit from great leaders at prior companies and in different roles, but what sticks with me the most is that every company has a different amount and pace of change it can absorb. I learned to always be mindful of how my approach might need to be adjusted in alignment with a company's culture. Change might happen faster or slower, but it is most important to help a company continue moving in the right direction.

At New York Life, I saw an exciting opportunity to work with a company looking to take risk management to the next level in alignment with taking its overall business to the next level. I facilitate company-wide execution of an integrated risk management approach to enhance risk-informed decision making.

As the Head of Risk Practices & Strategy at New York Life, you have a holistic view – what has been the biggest challenge your department has faced this past year?

The global pandemic has had a significant impact. As a risk management function, we needed to reprioritize our strategic initiatives to focus on helping business leaders with risk response, including managing the risks associated with moving a vast majority of the company's employees to remote working.

How has the role of Risk Management evolved in light of the pandemic? What do you think is keeping Chief Risk Officers awake at night right now?

The profile of Risk Management has increased as a result of the role we played in coordinating New York Life's pandemic response. I have heard similar sentiments from peers at other companies.

One example of value-added risk management activities during the pandemic is in the third-party risk management (TPRM) space. The TPRM team worked with business leaders to identify and mitigate the scenarios of "what could happen". Real-life events with COVID-19 have brought this to life and help demonstrate the value of Risk Management programs across the enterprise. Business lines worked with our teams as trusted advisors in the

early days of the pandemic, and we are continuing to support the organization as the event continues through the prolonged response and future recovery phases.

From a governance perspective, an Executive COVID-19 Steering Committee, led by our Chairman and CEO and comprised of executive leadership, was formed and served as a clearinghouse for key decisions across the company. We also formed an Operational Task Force led by a senior executive, which included senior leaders from Human Resources, Operational Risk, Technology, Agency, the Office of the General Counsel, Corporate Compliance and the Office of Governmental Affairs, Business Lines, Operations and others. This task force leveraged the structure of an existing Operational Risk Committee and addressed the operational impacts of COVID-19. In addition, a Financial and Interest Rate Task Force was formed and led by another senior executive and included senior leaders from Investments, Finance, and Financial Risk Management. This task force identified and triaged financial and business management issues. The committee and task forces were formed for the COVID-19 pandemic to provide leadership and timely decision making forums that complemented the existing crisis and incident management process.

New York Life's Corporate Resilience Team sits within Risk Management and oversees the company's crisis and incident management, business continuity and disaster recovery programs. The team supports each business unit and continues to ensure readiness to sustain operations and mitigate the impact on consumers, agents, employees and vendors in the face of disruptions like



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COVID-19. The Corporate Resilience team played a critical role in the immediate pandemic response. Corporate Resilience started coordinating the Incident Management Team in January 2020 with preparatory actions to support leadership and the potential activation of the Crisis Management Team. Corporate Resilience continues to monitor and disseminate information from local health departments, CDC and WHO, COVID-19 statistic data sources, industry groups such as the Securities Industry and Financial Markets Association, and other operational risk forums, along with national and global news sources.

Throughout the pandemic, we have learned quite a bit about the resilience of New York Life operations and how we can continue strengthening and defending the company. Three areas of particular focus right now are business continuity/resiliency, cybersecurity, and third-party risk.

Having built and led teams throughout your own career, what attributes do you look for when hiring?

I consider the following attributes critical for success in risk management:

Professional curiosity – question until you get to the root cause, which creates a solid foundation for preventing problems by building holistic and lasting solutions.

Professional skepticism – risk professionals see business challenges through a unique lens; sometimes our greatest value to the business is the ability to provide insight regarding how processes are actually working compared to how others believe they are working. Reaching conclusions based on verifiable evidence is critical.

Ability to work equally well in a team and independently – even if we are highly technically proficient, there is too much going on and the business environment is too dynamic for any one individual to stay on top of it all by themselves. We are better when we work together.

What advice would you share with career-minded Risk Management professionals during this time?

Have a development mindset. I am continually developing myself and enabling the development of others. I want to empower people to do their best work. Ultimately, it's about helping the team succeed and being better today than I was yesterday.

Listen to everyone and learn. Seek to understand from others before seeking to be understood; open your mind to other possibilities.

Think strategically. The best decisions are those that align the interests of the company with the interests of teams and individuals so that everyone can see benefits from their perspective. When trade-offs are necessary, the needs of the many outweigh the needs of the few.

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HAMLYN WILLIAMS SALARY GUIDE

Risk Banking*	Base Salary Range	Total Compensation Range
Managing Director/Partner (15+years)	\$300,000 - \$500,000	\$400,000 - \$800,000+
Director (10+years)	\$200,000 - \$300,000	\$270,000 - \$400,000
Vice President (7-10years)	\$150,000 - \$200,000	\$180,000 - \$270,000
Assistant Vice President (5-7years)	\$125,000 - \$145,000	\$150,000 - \$180,000
Senior Associate (3-5years)	\$100,000 - \$125,000	\$120,000 - \$150,000

Operational Risk*	Base Salary Range	Total Compensation Range
Managing Director/Partner (15+years)	\$250,000 - \$400,000	\$350,000 - \$600,000+
Director (10+years)	\$180,000 - \$250,000	\$250,000 - \$350,000
Vice President (7-10years)	\$150,000 - \$200,000	\$180,000 - \$250,000
Assistant Vice President (5-7years)	\$110,000 - \$150,000	\$125,000 - \$180,000
Senior Associate (3-5years)	\$90,000 - \$125,000k	\$100,000 - \$150,000

Model Risk*	Base Salary Range	Total Compensation Range
Managing Director/Partner (15+years)	\$300,000 - \$500,000	\$400,000 - \$800,000+
Director (10+years)	\$200,000 - \$300,000	\$270,000 - \$400,000
Vice President (7-10years)	\$160,000 - \$200,000	\$190,000 - \$270,000
Assistant Vice President (5-7years)	\$120,000 - \$150,000	\$140,000 - \$180,000
Senior Associate (3-5years)	\$100,000 - \$125,000	\$120,000 - \$150,000

“ For Risk Management vacancies, demand will remain steady throughout 2021 and certainly into the first half of 2022, creating increasing opportunities as companies begin to return to the office. ”

- US Key Risk Management Trends, pg.5



HAMLYN WILLIAMS

SALARY GUIDE

Credit Risk*	Base Salary Range	Total Compensation Range
Managing Director/Partner (15+years)	\$275,000 - \$400,000	\$500,000 - \$800,000+
Director (10+years)	\$200,000 - \$275,000	\$300,000 - \$400,000
Vice President (7-10years)	\$150,000 - \$190,000	\$200,000 - \$230,000
Assistant Vice President (5-7years)	\$120,000 - \$145,000	\$150,000 - \$175,000
Senior Associate (3-5years)	\$95,000 - \$120,000	\$120,000 - \$150,000

Technology Risk*	Base Salary Range	Total Compensation Range
Managing Director/Partner (15+years)	\$400,000 - \$450,000	\$600,000+
Director (10+years)	\$200,000 - \$400,000	\$300,000 - \$500,000
Vice President (7-10years)	\$145,000 - \$190,000	\$175,000 - \$250,000
Assistant Vice President (5-7years)	\$110,000 - \$140,000	\$135,000 - \$170,000
Senior Associate (3-5years)	\$80,000 - \$105,000	\$90,000 - \$130,000

*Please note, these salary bandings are primarily based on data from the New York market. Please contact the Risk team at Hamlyn Williams directly for more location-specific bandings, and cost-of-living adjustments.



Financial Services firms across the U.S. are now struggling to fill open vacancies within the 2nd line of defense, and there is a recognizable shortage of talent as the industry looks to keep up with technological advances in addition to the new working environment.

- Hiring Update, pg.6

HAMLYN WILLIAMS GLOBAL OUTLOOK



Charlie Morris

Principal Consultant - Risk & Quantitative Analytics
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Globally, is the appetite for Risk Management changing? If so, why?

I think it would be impossible to answer this question without mentioning COVID-19. The world economics have changed and it became clear that politics and business had to reconsider their priorities. Supply chains, business models and jobs of people around the world have completely transformed and many of these changes will remain after COVID-19 has passed.

Even before the COVID-19 crisis, it was evident that Risk Management as a profession was changing. The world quickly became more complex and interconnected, and the rate of change accelerated as trends and structural breaks continued to reshape many industries. Risk Management was lagging behind and forced to change to earn its place within the firm by creating, and reflecting on their ability to contribute to, added value.

What are the major challenges within Risk management and how are companies adapting?

The current COVID-19 pandemic proves that we live in an increasingly uncertain, complex, and interconnected world. The momentum is here; now is the time for Risk Management professionals to add even more value to the organisation. The pandemic has led to a realisation that Risk Managers must move closer towards the analysis of strategic, emerging and disruptive risks, actively engaging the wider C-Level audience. Risk Managers must not only focus on monitoring 'enterprise resilience' towards the crisis, but also on looking forward to achieve the business goals for the 'new normal'.

Besides the repositioning of Risk Management within organisations, the global health crisis has also urged corporations to allocate investments and further accelerate towards digital, remote, and intelligent automation of business processes. As such, the digitisation of processes will help corporations mitigate operational and compliance risks.

Are there new trends?

Cyber Risk Management - In the risk space, a sudden and dramatic increase in online activity was almost immediately matched by steep rises in cybercrime, fraud and a plethora of other online crimes as financial criminals wasted no time in exploiting new opportunities. which added the burden of contending with the repercussions of such attacks. Compliance officers and risk managers must collaborate closely with their IT departments in order to cope with this challenge. Digital transformation will continue apace, driven by a host of interconnected factors, including ever-accelerating fintech innovation and the ongoing impact of COVID-19, which is forcing firms to re-consider their digital offerings to clients.

Risk Management of Supply Chains and Third Party Risk

- In 2020, organizations discovered just how fragile their supply chains are. Regardless of the industry or sector, organizations contended with at least one of the following scenarios: an inability to obtain raw materials, an inability to purchase or import products critical to the business, or a drop in demand for products, causing slow inventory turnovers and liquidity problems. The lesson learned for 2021 is that compliance officers must take a holistic approach to risk management that goes beyond the traditional legal lens (such as risk of bribery or corruption among third parties). Many firms were left scrambling to onboard new suppliers at short notice and against a backdrop of rising third-party risk.

What opportunities are these providing for those working within risk management?

Due to COVID-19 many organisations looked to their Risk Managers to guide the organisation through this crisis. Risk Management was suddenly granted the opportunity to demonstrate its worth and to accelerate many of the developments within their profession. Just like many other changes resulting from COVID-19, it is to be expected that these developments within Risk Management are here to stay.

The function is no longer perceived as a check-the-box activity – it is now an essential and integral part of strategic and business decision making. It is no longer an add-on to the transformation agenda, but rather an essential approach and integral part of the business to continuously monitor and drive the achievement of organisational objectives.



The lesson learned for 2021 is that compliance officers must take a holistic approach to risk management that goes beyond the traditional legal lens.

HAMLYN WILLIAMS CONCLUSION

What has been made clear by COVID-19 is the fact that effective risk management must constantly evolve in order to add value. As the U.S. Financial Services market gradually re-opens, the need for risk management professionals has become increasingly apparent after the initial lull in hiring during the first few months of the pandemic. Opportunities are ample, and we move into 2022 with an optimistic outlook on the market's continued strength.

In today's highly competitive market, priorities have shifted for candidates and clients alike. For the former, employers must be prepared to offer a clear track for progression as well as flexible WFH arrangements. For the latter, candidates must be able to articulate their ability to navigate and build stakeholder relationships remotely and demonstrate their regulatory knowledge.

We hope you found the report useful, whether you are a candidate exploring the market or a hiring manager looking for additional context on recruitment trends. If you have any questions or feedback on the report, please do not hesitate to get in touch with our Risk team.



Risk professionals who can be resilient during difficult and unpredictable times and can help manage risk and not just measure it will be very valuable to an organization.

- Susan Crawford, pg.11



HAMLYN WILLIAMS

ABOUT HW

Hamlyn Williams is a global provider of specialised talent within the Financial Services, Technology and Life Sciences sectors.

Through our global office network we combine localised, niche understanding of our specialist verticals with the scalability to offer rapid delivery to roles across Europe, Asia and the United States.



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