

**SINGAPORE RISK SURVEY**  
**REPORT 2017**  
***RISK PRACTITIONERS' PERSPECTIVES***

Dear RIMAS member,

2016 was an eventful year with a number of shocking waves such as BREXIT, the unexpected result in the US elections, and shift in terrorism threats with the Berlin lorry attack and at home, the terrorist plot of a rocket attack against Marina Bay from Batam, Indonesia. Owing to the vigilance and cooperation of governments, security and intelligence agencies, the planned attack was foiled. Are Singapore-based firms vigilant in tackling their key risks? Or perhaps we should ask if these firms are aware and have their key risks on their radar?

Risk & Insurance Management Association of Singapore (RIMAS) recognises the need to raise the level of awareness and instill the importance of risk management amongst corporations in Singapore. Therefore we are pleased to launch our inaugural Singapore Risk Report Survey 2017: Risk Practitioners' Perspectives. This report sets out insightful views of specialists and experts on the risk landscape of Singapore firms for 2017.

Key risks may be shared or differ across companies and industries. The common theme observed were market volatility, regulatory and technological changes that inevitably shape a company's strategic focus and operational evolution to stay ahead. This survey aims to set the right path to thinking of 2017's risk landscape, emphasizes the criticality of a proactive response and to find the right balance in resources deployment to manage interconnected risks.

As a RIMAS member, you have the privilege of accessing these insights first before it goes out to the general public at a later stage.

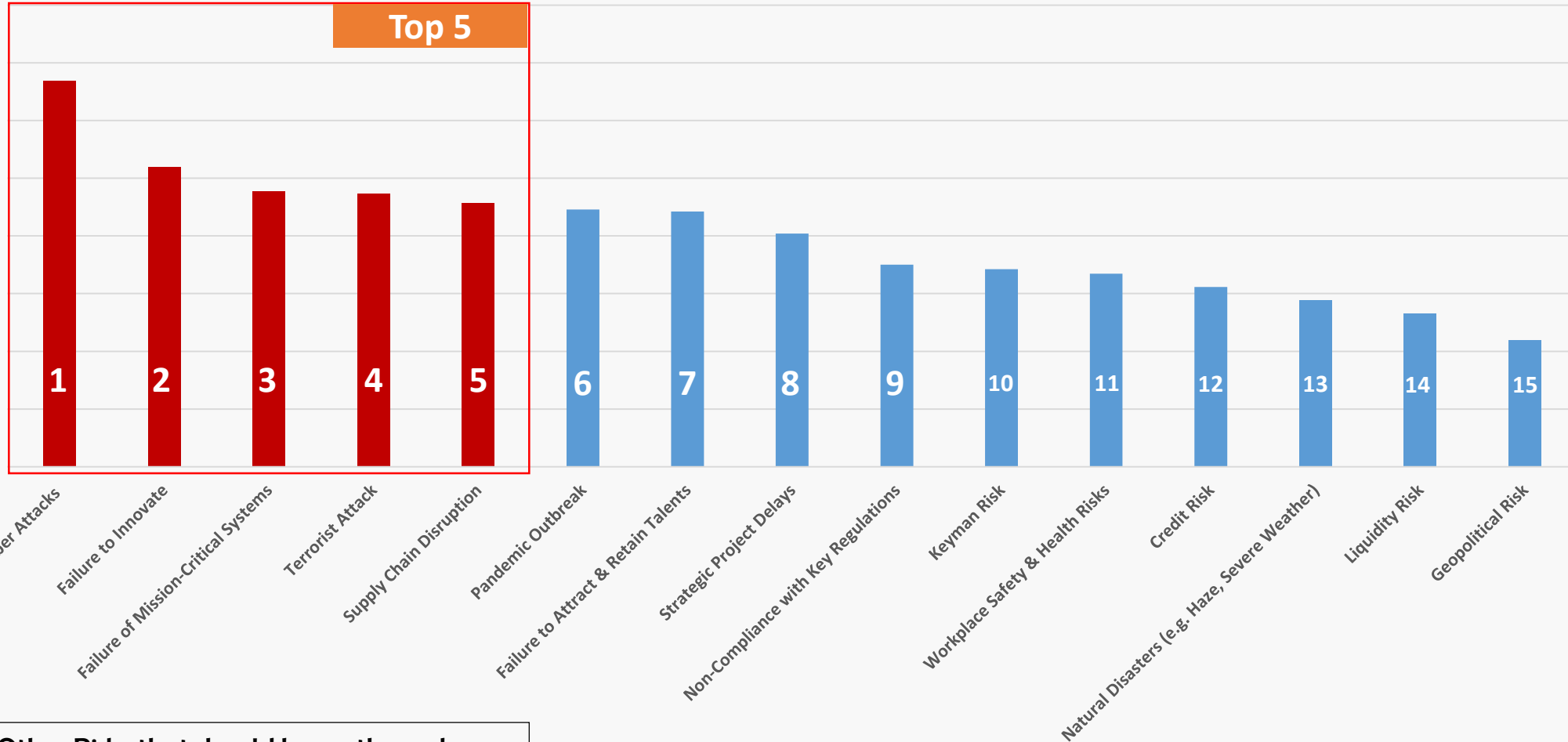
We trust you find this report useful and wish you a prosperous and effective risk management year ahead. Thank you.



**Mr. Sean Chan**  
(President, RIMAS)

# Presenting the survey outcome

## Top 15 Risks Impacting S'pore-based Firms in 2017



### Other Risks that should be on the radar:

1. Lack of Focus & Priority on ERM
2. Conduct Risks
3. Misuse of Social Media & Online Scams
4. Economic Stagnation & Downturn

### Methodology

RIMAS Governing Council & Advisory Panel members (respondents from diverse industries) were asked to prioritize and rank 15 different risks that they will focus on in 2017. Diverse industries include Banking, Insurance, Healthcare, Consultancy, IT services, Government, Hospitality, etc.

## #1 Risk in 2017: Cyber Attacks

Almost all the respondents had the general consensus that 'Cyber Attacks' is **No 1** risk that Singapore-based firms should look out for in 2017. This is somewhat unsurprising given the fact that 2016 witnessed some high-profile cyber attacks globally and in Singapore. In some cases, the scale and complexity of attacks were unprecedented such as the massive Distributed Denial of Service (DDoS) attack on a Domain Name Server (DNS) in October 2016. Scores of machines 'summoned' to bring world destruction similar to the story plot from the movie Terminator 3 struck a chord then. What was surreal before, became real!

RIMAS' opinion is that it is highly improbable Cyber Attacks will abate in an environment where nearly everything is connected - welcome to the world of Internet of Things (IoT) where "even a new Barbie has the ability to spy on you."<sup>1</sup> Thus, adequate cyber security measures and defence plans are recommended to be up and running in 2017, if not already done so.

"Cyber attacks should be first on the risk radar especially for industries dependent upon critical or prominent infrastructures such as power plants, large shopping centers, airports, buildings in the Central Business District, so that resources are adequately allocated to address the risk"

- Sean Chan, President, RIMAS

"Singapore in the past 10 years has become heavily reliant on technology, shared data bases, e-services & e-transactions, social media – hence increasing the risk of cyber attacks"

- Dr. Roy Rimington  
2<sup>nd</sup> Vice-President, RIMAS

<sup>1</sup> John Meagher, 'Even a Barbie has the ability to spy on you' - cybersecurity expert", *Independent.ie*, 30 October 2016 at <http://www.independent.ie/infosec2016/even-a-barbie-has-the-ability-to-spy-on-you-cybersecurity-expert-35167943.html>

## #2 Risk in 2017: Failure to Innovate

This risk is increasingly getting 'popular' to manage and it is RIMAS' opinion that 'Failure to Innovate' needs to be featured in a Singapore-based firm's risk universe. This is especially so in the wake of disruptive innovations upsetting the 'traditional way' of doing things across several industries. As we get deeper and deeper into the digital age, new revolutionary products & services have already appeared to challenge long-standing 'old' companies and provide credible alternatives to customers – the list is too long to pen down here! 'Old' companies should not rest on its laurels & need to examine this risk thoughtfully and strategically. As University of Southern California business school professor Gerard Tellis in his book, *Unrelenting Innovation*, explains:

*“Success leads to lethargy and overconfidence. It leads a firm to protect the causes of its success — mainly its current products. But nothing lasts forever. Current products are doomed to obsolescence. There are still a few old companies in old markets, like Coke and soap, where the old product lasts decades, but in the high-tech world, change is constant, so you just cannot stand still. Protecting your current product is a formula for disaster. It's the incumbent's curse.”<sup>2</sup>*

To sum up, RIMAS' key message: **Innovate or Evaporate!**

“Business models have changed dramatically with the advent of e-commerce, social media, robotics to solve manpower crunch. The national drive toward higher productivity is forcing local firms to innovate, if not become irrelevant. This is probably why this is now a bigger risk than before.

- Samuel Chee, RIMAS  
Secretary

<sup>2</sup> Gerard Tellis in an interview with Anita Hamilton, “Innovate or Die: Wisdom from Apple, Google and Toyota”, *Time*, 29 Jan 2013 at <http://business.time.com/2013/01/29/innovate-or-die-wisdom-from-apple-google-and-toyota/>

## #3 Risk in 2017: Failure of Mission-Critical Systems

All companies are dependent on key systems that support business objectives and goals. If these fail, the impact on the firm's ability to serve their customers could be catastrophic! To put it simply, mission critical systems are systems that are essential to the survival of an organization. This goes beyond just IT systems, but extend to systems like power, water, air-conditioning, as well as equipment – depending on the nature of business.

A typical scenario would be the failure of a bank's internet banking or ATM system disrupting the core services to its customers. While this example may sound like a simple one, but do consider the reputational damage to the bank besides operational and business losses. There have been prominent 'failure of mission-critical systems' related incidents in Singapore that have made headlines in 2016. RIMAS is of the view that it is time to review those systems, risk prevention, mitigation controls and contingency plans in 2017! But hold on! "Has your firm even identified this risk in the first place?"

"Failure of systems may be due to high internal vulnerability to external threats. Spear-phishing campaigns targeting employees increased 55% last year, according to Symantec's Internet Security Threat Report. Furthermore, these campaigns are more selective than ever"

- RIMAS IT Committee Chairman

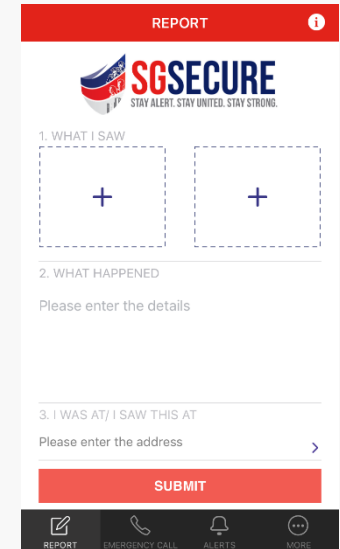
"With the notable rise in Cyber attacks, this gives rise to a logical co-relation with the prominence of 'failure of mission-critical systems' as a top risk on the 2017 risk radar, especially if these systems have connectivity capabilities."

- RIMAS Governing Council Member in Healthcare

## #4 Risk in 2017: Terrorist Attack

Singapore has not had a significant terrorist attack in the past 20 years, although a number of major plans were thwarted due to its close monitoring and high alert of government intelligence and security agencies. In his National Day Rally speech in August 2016, Prime Minister Lee Hsien Loong revealed that the plot to attack Singapore with rockets from Batam was not the only definite plan by terrorists. There have been other plans to attack targets locally, and the authorities have quietly acted on the information and taken precautions.<sup>3</sup>

In a Sunday Times poll conducted in March 2016 of 500 people across all ages and demographics (who were surveyed at various locations across the island), **three in four** Singaporeans believe that it is only a matter of time before the country comes under a terror attack.<sup>4</sup> RIMAS concurs with this viewpoint that this risk is not a matter of 'if', but 'when' – thus featuring as one of the Top 5 risks in 2017 for Singapore-based firms. As part of SG Secure's initiatives, firms here should encourage all employees across all levels to "be vigilant, look out for security threats and know how to respond." For more information, see the SG Secure's website at <https://www.sgsecure.sg/Pages/default.aspx>



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**"In 1972, Black September brought about modern terrorism & has since changed our lives forever. As law enforcement & other government apparatus cannot be everywhere all the time, we all have our own part to play. Salmon Rushdie famously said, "How to defeat terrorism? Don't be terrorized. Don't let fear rule your life. Even if you are scared."**

*- Danny Chan, RIMAS Advisory Panel Committee Member in Hospitality*

<sup>3</sup> "Foiled Batam plot targeting MBS was not the only plan to attack targets in S'pore: PM Lee", *TODAY*, 22 August 2016 at <http://www.todayonline.com/singapore/foiled-batam-plot-targeting-mbs-was-not-only-plan-attack-targets-spore-pm-lee>

<sup>4</sup> Danson Cheong, Benjamin Tan & Rebecca Tan Hui Qing, "3 in 4 Singaporeans believe terror strike here only a matter of time", *The Straits Times*, 27 March 2016 at <http://www.straitstimes.com/singapore/3-in-4-singaporeans-believe-terror-strike-here-only-a-matter-of-time>

## #5 Risk in 2017: Supply Chain Disruption

In an increasingly interconnected world, supply chain disruption should always be a prevailing concern for all companies including Singapore-based firms, especially if critical functions are outsourced. The risk is intensified when these functions are outsourced to service providers location in other countries as it creates considerable exposure to major disrupting elements such as extreme weather conditions/natural disasters, political instability, industrial strikes, which Singapore-based firms have little control over. Moreover, the burgeoning trend in e-commerce transactions and numerous e-commerce firms in Singapore establishing partnerships with logistics providers to fulfill customers' orders has further amplified the level of exposure.

Reflecting this as one of the top risks for 2017, insurers have already launched supply chain insurance products in the Asia Pacific region to provide risk assessment services and protect businesses against the risks associated with supply chain management disruptions, delays or failures.

**“Third party relationships pose significant risk yet many organisations do not devote sufficient time and resources to managing this risk.”**

*- Geetha Kanagasingham, RIMAS Governing Council Member in Financial Services*



## Summary

The Top 5 risks should be, if not already, on your company's-risk radar. It is timely to conduct a review and refresh your company's risk registers with the 2017 risk landscape in perspective. While emphasis may be placed on the Top 5, please also do not neglect the remaining 10 risks, especially the last few - namely Natural Disasters, Liquidity & Geopolitical Risks. Although they may not appear as prominent due to intrinsic business environmental circumstances, RIMAS opines that these risks may hold the wildcard to be your Top 5, based on your business dependency and geographical. Some food for thought:

- Will Geopolitical risks move up drastically alongside the Top 5 risks to impact Singapore-based firms, considering major 2016 global and regional events?
- How will the Trump presidency in 2017 affect Singapore-based firms competing in global markets, given his public negative stance towards the Trans-Pacific Partnership?
- How will the 19<sup>th</sup> National Congress of the Communist Party in China slated for 2017 impact the Southeast Asian region?
- How will the long-drawn South China Sea territorial tensions play out in 2017, especially with the recent build-up of military activities by China?
- Will North Korea's testing of ballistic missiles eventually become a real unprovoked attack in the Asia-pacific region in 2017?
- Will there be a global or regional economic slowdown impacting Singapore-based firms?
- Will there be another earthquake or tsunami or flood in places you are least protected? Global disasters alone cost insurers multiple billions of dollars!



 **Asia Risk & Resilience  
Conference 2017**

**23rd - 25th August 2017  
Singapore**

Save the Date!

For highlights of ARRC 2016, click on the video link at <http://www.rimas.org.sg/>