

Behavioural Risk Management

Introducing the basics



Dr. Mirea Raaijmakers

Introduction

Mirea Raaijmakers



Mirea was born in 1974. She is married, has two children and lives with her family in Amsterdam.

Mirea studied organizational psychology and received her PhD in 2008.

Mirea worked as Global Head Behavioural Risk at ING for 5 years. At ING she was responsible for the identification and assessment of behavioural risks and steer the business towards effective mitigation of these risks.

She build this capability which is now an integrated part of ING's risk function and strategic decision making.

Prior to ING she worked for the Dutch Central Bank (DNB). She was the first psychologist ever appointed by a central bank in supervision to use her specific skillset in supervision.

Globally DNB's supervision of Behaviour & Culture is known as one of the most successful post-financial crisis innovations in supervision.

Introduction

What is behavioural risk?

An introduction



The story of the Vasa shipwreck



Examples of BR issues

Behavioural risk occurs when behavioural patterns are (part of) the root cause of financial and non-financial risks in organisations.

Behavioural patterns are recurring behaviours that are performed automatically and unconsciously.

For example:

- Dominant, pushy leader(s)
- Strong, edgy ambitions that push the bar higher than ever
- Doubts and worries that are left unspoken or only expressed at the watercooler
- Distrust between key-people, teams or leaders
- Distant and absent leader(s)

Overview presentation

Basic steps to start managing behavioural risk

There are some basic steps to take

How to investigate behavioural risk?

How to mitigate behavioural risk?

1

**Model of
behavioural
risk**

2

**Bank wide view
on the hot
spots**

3

**A targeted
assessment of
the issues &
root causes**

4

**Connect the
dots & make
the case**

5

**Call for action
& steer the
organization to
make the right
choices**

**Step 1 - define & target
Behavioural Risk**

Model of behavioural risk

Bring focus, dare to choose and be specific

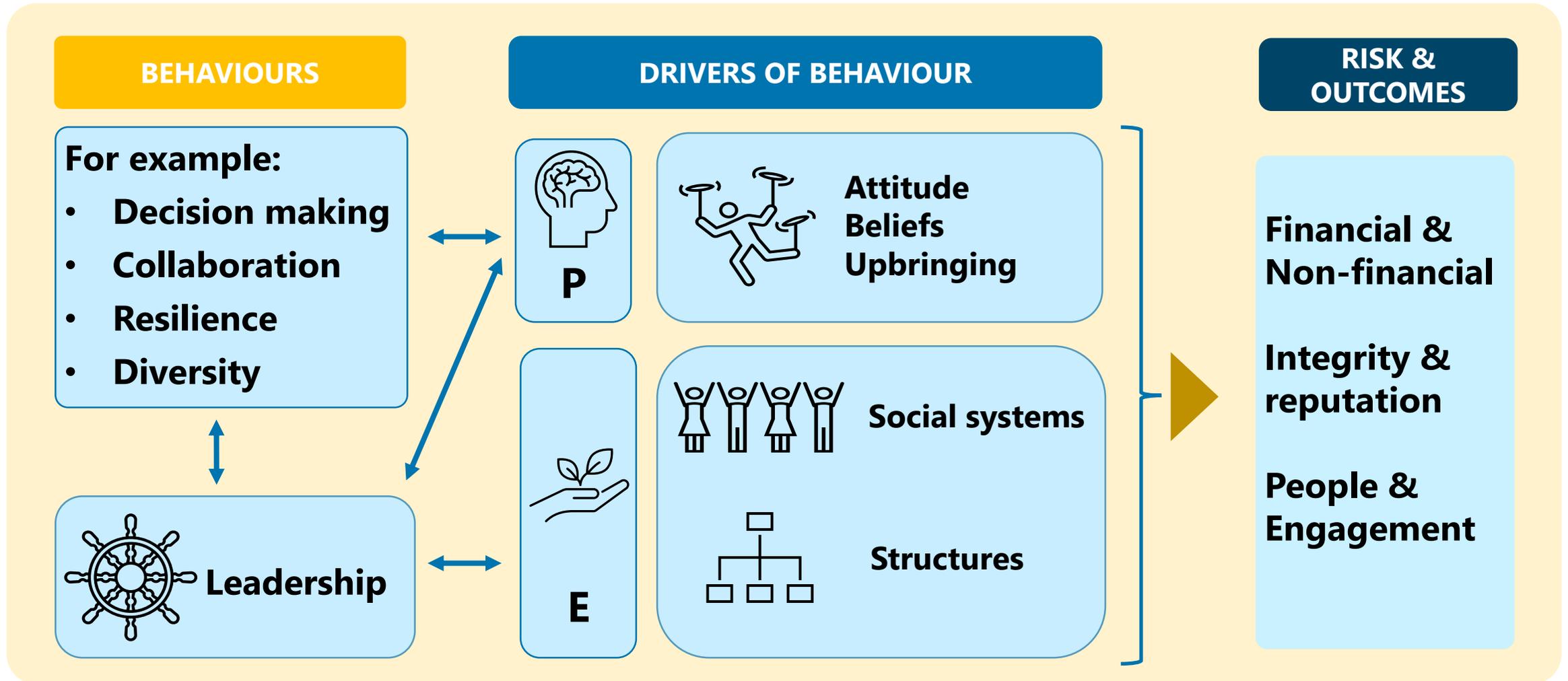


“B = f(P,E).”

The **Behaviour Equation** by Kurt Lewin (1936)
– a simple model of human behaviour

Drivers of Behaviour

$$B = f(P,E) \text{ and } B \Rightarrow R\&O$$

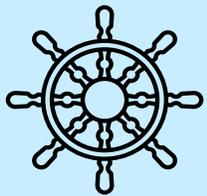


Examples of behavioural patterns and their drivers

BEHAVIOURS



- No sound decision making incl:**
- **Strong, edgy ambitions that push the bar higher than ever**
 - **Silence of doubts**



- Pushy leadership behaviour incl:**
- **inadequate listening,**
 - **No inquiry and support**
 - **No reflection**

DRIVERS OF BEHAVIOUR



- Personal interests**
Survival mode



Distrust



Emotional immaturity



Lack of challenge



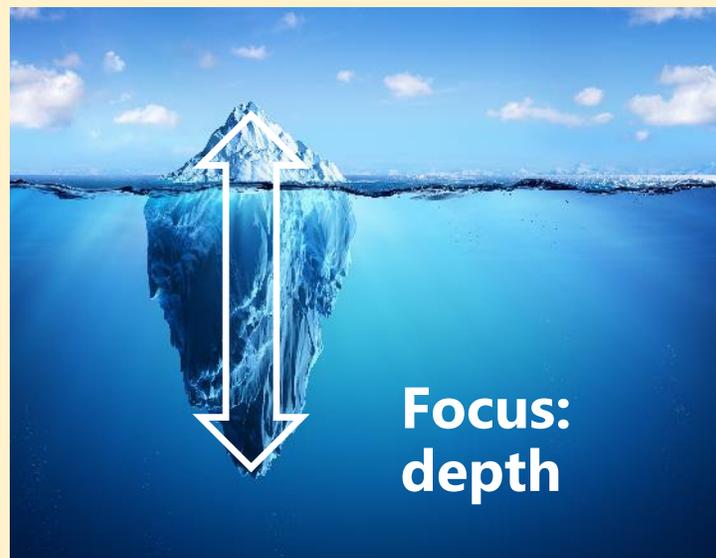
Step 2 and 3 - How to investigate?

How to investigate behavioural risk?

A mixture of numbers & stories

Behavioural Risk Approach

Three ways to investigate behavioural risk:



Source: Auditing risk Culture: A practical guide. IIA, 2021 (p.18)

Focus on breadth

A breadth approach gives insight into hotspots or areas that are prone to behavioural risk

1 Organization wide information sources – such as existing metrics across the 3LoD - that give insight into possible early warnings

2 Define upfront what to look for:

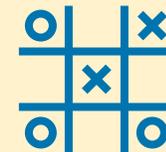
1. Event-based



2. Theme-based



3. Strategy-based



Focus on depth

Targeted Behavioural Risk Reviews - a systematic approach rooted in behavioural science to collect valuable insights & data on behavioural patterns

1



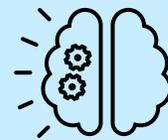
**Thorough
Context
analysis**

2



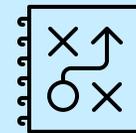
**Multi-
method
approach**

3



**Systematic
Analysis**

4



**Challenge,
Sensemaking
& assessment**

5



**Mitigate
Root-
Causes**



“If you always do what you’ve always done, you’ll always be where you’ve always been.”

T. D. Jakes

**Step 4 and 5 – drive behavioural
change**

How to mitigate behavioural risk and change behaviours?

Focus on root causes to create sustainable impact



"B = MAP."

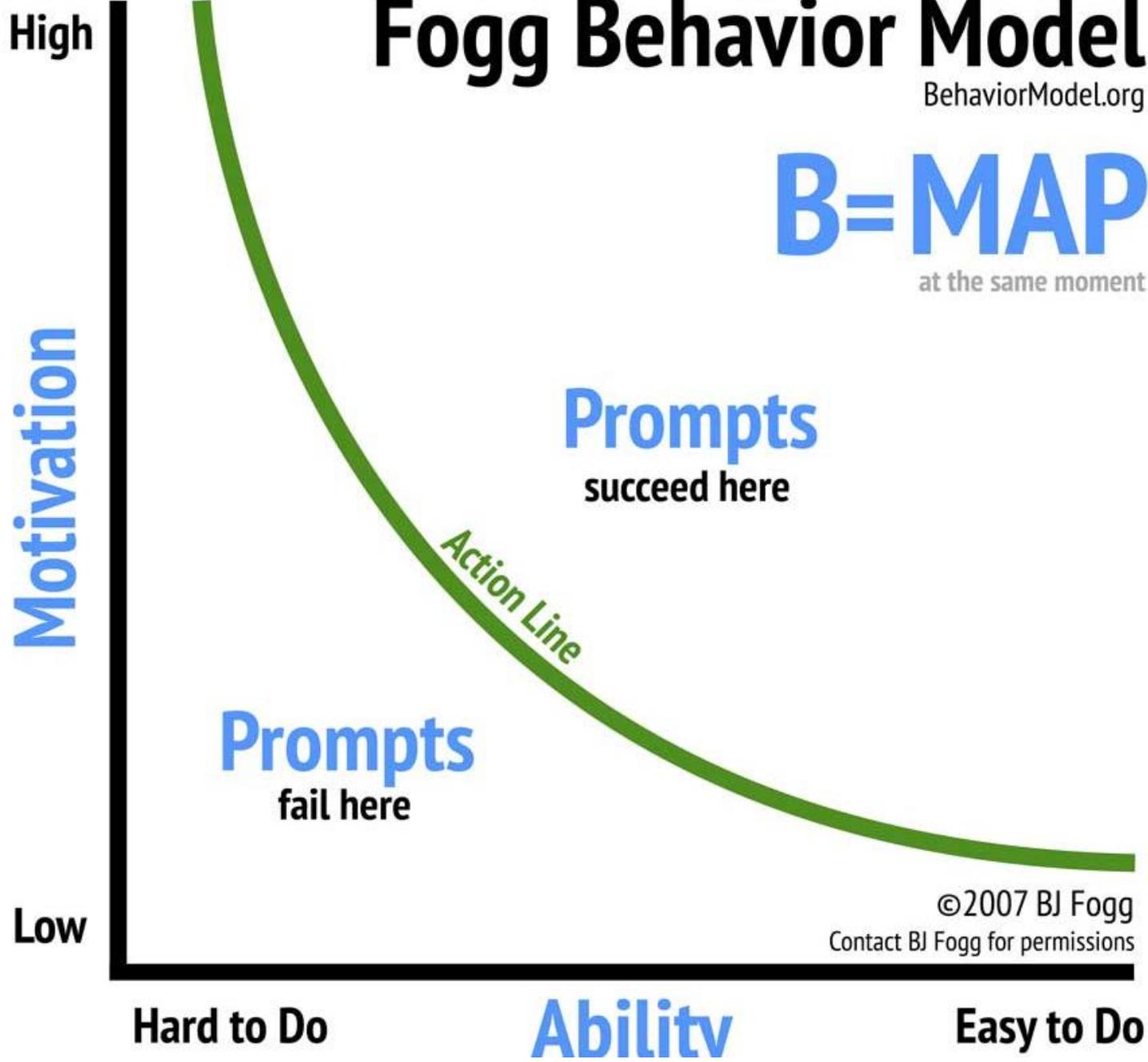
The **FOGG Behaviour Change Model**
– a simple model to behavioural change

Fogg Behavior Model

BehaviorModel.org

$$B = MAP$$

at the same moment



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Examples

Examples of actions to mitigate behavioural risks

BEHAVIOURIAL RISKS



Impaired sound decision making due to focus on personal interests and distrust



Ineffective leadership behaviours

MOTIVATION

Transparent and reflective dialogue session on results targeted deep dive

Transparent and reflective dialogue session on results targeted deep dive

ABILITY

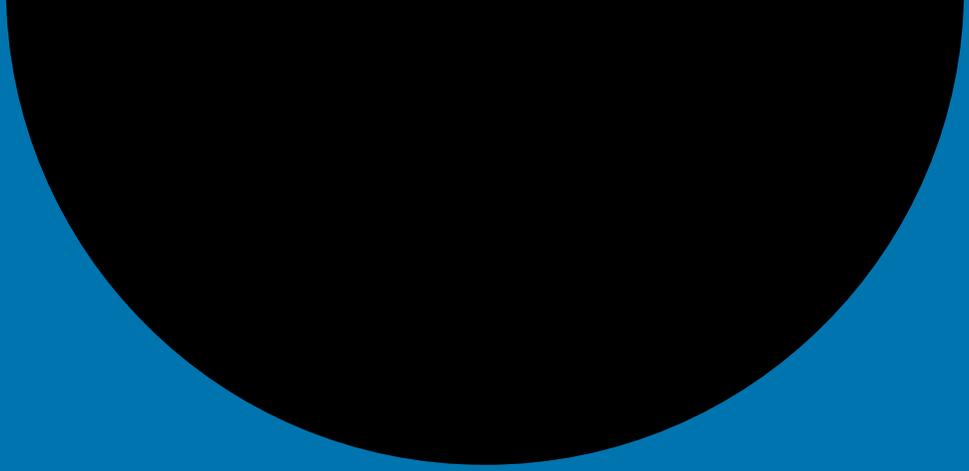
Address distrust in large group interventions such as Whole System in the Room

Train and practice skills such as listening and personal development

PROMPTS

Structured template to substantiate decisions including different interests

Identify listening cues during meetings and bilaterals that remind to listen



**What you can do tomorrow to
manage behavioural risk?**

Take-aways Behavioural Risk Management

What to do to start managing behavioural risk tomorrow:

1. Build awareness & basic skills

- Focus on key behaviours
- Be realistic - it's an expertise!
- Start asking questions about behaviours and why people behave in that way
- Seek repeating impediments and discuss them

2. Build an expert-based capability

- Independent position
- Appoint credible management with expertise and experience
- Diversity in skillset, but a backbone of behavioural science, organizational change skills & data science



Thank You!

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