

# ENTERPRISE RISK



**06** **IRM viewpoint**  
Advancing risk management standards in Asia-Pacific

**08** **2026 outlook**  
Anastasija Rackovska guides us through what to expect in risk

**16** **Broking**  
Rohit Boda highlights the accelerating changes in India

## FINANCIAL SERVICES ORGANISATIONS

*How financial services organisations are rethinking risk management to meet the demands of a rapidly changing world*

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# Contents

THIS ISSUE: FINANCIAL SERVICES

08

## Regulars

### 05 Introduction

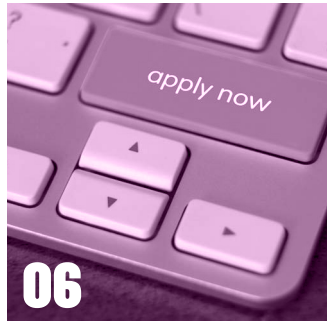
Andrew Demetriou welcomes you to the latest issue of *Enterprise Risk* magazine, covering all things financial services risk

### 06 IRM viewpoint

The latest news from the Institute of Risk Management: discover our new award qualifications and what is happening at the IRM this season

### 20 Directory

The *Enterprise Risk* magazine directory of sponsors and contact information



06



07



06



16

## Features

### 08 2026 outlook

Anastasija Rackovska draws on her many years of experience in the financial services industry, and guides us through an outlook of what we can expect from the world of finance in 2026

### 16 The anatomy of broking M&A

Rohit Boda highlights how mergers and acquisitions are accelerating in the Indian insurance market alongside new capital entering the economy

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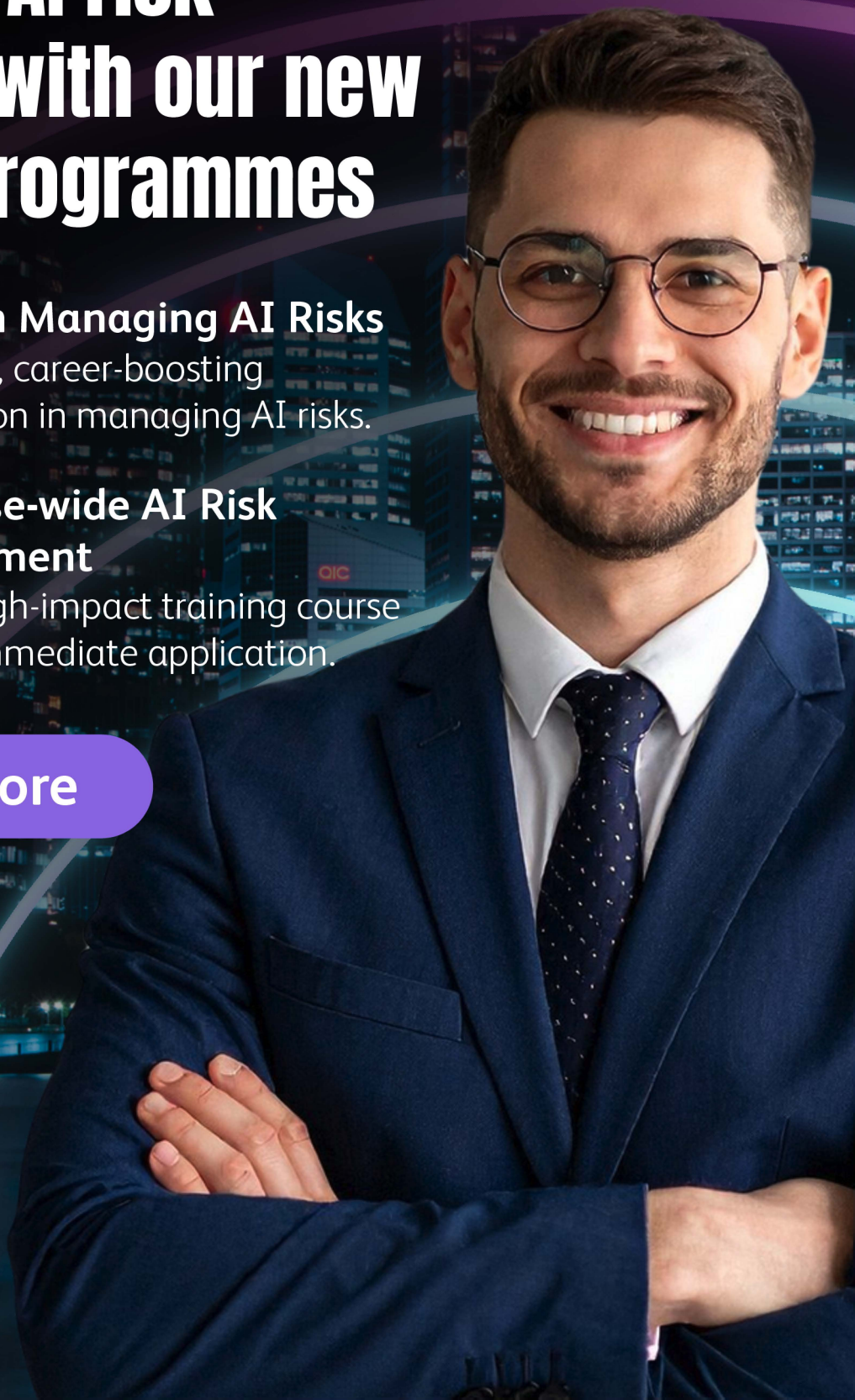
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### About the IRM

The IRM is the leading professional body for Enterprise Risk Management (ERM). We drive excellence in managing risk to ensure organisations are ready for the opportunities and threats of the future. We do this by providing internationally recognised qualifications and training, publishing research and guidance, and setting professional standards.

For over 30 years our qualifications have been the global choice of qualification for risk professionals and their employers. We are a not-for-profit body, with members working in all industries, in all risk disciplines and in all sectors around the world.

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# A NOTE FROM THE EDITORIAL DESK. THE EVOLUTION OF FINANCIAL SERVICES RISK



**T**he convergence of digital innovation, geopolitical uncertainty, regulatory evolution and shifting customer expectations is redefining how financial institutions operate, compete and create value. In this environment, risk is no longer a peripheral concern to be managed in isolation – it is a central strategic driver shaping the future of the sector. Financial services firms in 2026 face a risk landscape that is broader, faster-moving and more interconnected than ever before. Macroeconomic volatility, persistent inflationary pressures, climate-related financial risks, cyber threats and the rapid adoption of artificial intelligence and advanced analytics are testing the resilience of banks, insurers, asset managers and fintechs alike. At the same time, regulators across jurisdictions are demanding greater transparency, accountability and foresight from industry leaders.

Against this backdrop, risk management is undergoing a fundamental evolution. Traditional, compliance-driven approaches are giving way to more integrated, data driven and forward-looking risk frameworks. In 2026, effective risk management is not simply about protecting balance sheets or meeting regulatory requirements – it is about enabling confident decision-making, supporting innovation and safeguarding long-term trust in the financial system.

This fourth issue of *Enterprise Risk* explores how financial services organisations are rethinking risk management to meet the demands of a rapidly changing world. We examine how institutions are strengthening financial resilience, embedding risk culture and aligning risk strategies with growth and sustainability objectives.

As financial services continue to play a critical role in global economic development, the ability to anticipate, understand and manage risk will be a defining factor in determining which organisations thrive in 2026 and beyond. This issue invites readers to consider risk not as a constraint, but as a powerful enabler of stability, innovation and sustainable progress in the financial services sector.

**Andrew Demetriou**

**Content Manager | The Institute of Risk Management**

# Viewpoint

## RISK MANAGEMENT TRAINER – APPLICATIONS OPEN



### We are recruiting

an experienced Risk Management Trainer to help shape and deliver high-quality learning for individual learners and corporate clients.

This position focuses on designing and delivering clear, engaging learning experiences for both individual learners and corporate clients, supported by sound knowledge of training methods and enterprise risk management practice.

The successful candidate will contribute to the development of course content, assess learner needs and play an active part in maintaining the high standards associated with IRM training.

[Find out more here >>](#)

### AWARDS

## IRM launches Financial Services Risk Management Short Award



The IRM is pleased to announce the roll out of a portfolio of short, self-led Awards. These new Awards reflect how risk learning needs are changing. As risk responsibilities are now shared more widely across organisations, professionals at all stages of their career need flexible ways to build, refresh and extend their risk knowledge.

One of the awards is our 90-hour Award in Financial Services Risk Management, designed specifically for the realities of financial services. Across three modules, learners will develop an understanding of how risk supports strategic objectives, informs decision making and contributes to organisational

resilience. This makes the award particularly valuable for individuals and team leaders alike, seeking to strengthen risk culture and capability in a consistent and practical way.

Organisations across banking, insurance, investment management and fintech are expected not only to identify and manage risk, but to demonstrate clear accountability, sound judgement and informed decision making at every level. Against this backdrop, the Award in Financial Services Risk Management provides a focused and practical route into professional risk capability for the sector.



A key strength of the Award is its accessibility. It is suitable for those already in the finance industry, professionals working in adjacent functions such as compliance or internal audit, and managers who need a clearer understanding of risk within their business area.

As financial services continues to evolve, the need for skilled and credible risk professionals will only increase. The Award in Financial Services Risk Management offers a clear starting point for individuals and organisations looking to build robust, future-ready risk expertise within the sector.

## FINANCIAL SERVICES RISK IN NUMBERS



46%

of risk practitioners feel it is difficult to recruit professionals within the financial sector

59%

of FS risk practitioners believe they will see significant regulatory changes in risk management by 2026



70%

of FS risk practitioners believe AI risks will be the biggest emerging risk of 2026



## ADVANCING STANDARDS

## Singapore Group is part of Asia-Pacific expansion

The IRM has announced the formation of its Singapore Regional Group, marking another milestone in its commitment to strengthening risk management capability across Asia-Pacific.

This initiative is part of IRM's wider expansion strategy in the region, including the establishment of our subsidiary in Kuala Lumpur and ongoing collaborations with partners across ASEAN. These efforts are paving the way for the creation of an ASEAN Super Group, designed to connect risk professionals and share best practice across multiple markets and into the IRM's global community.

The Singapore Group will provide a platform for networking, knowledge sharing and professional development, supporting IRM's mission to advance

risk management standards worldwide. A key strength of the Award is its accessibility. It is suitable for those already in the finance industry, professionals working in adjacent functions such as compliance or internal audit, and managers who need a clearer understanding of risk within their business area.

Dr Jenny Tan SIRM, Head Group Internal Audit, Capital Land Group, Chair of the new Singapore Group, said: "Our goal is to build a vibrant community where professionals can exchange insights, develop skills, and contribute to stronger governance and resilience across sectors. I look forward to working with the founding group committee to develop plans to benefit the local risk management community and help promote risk management as a valuable and rewarding career."



## IRM AWARD IN MANAGING AI RISKS

The Institute of Risk Management is proud to introduce the first of its new selection of short, focused qualifications designed to make professional learning more flexible, practical and relevant. The IRM Award in Managing AI Risks mark an exciting step in opening up access to the skills

and knowledge that underpin good risk management across sectors.



The Award in Managing AI Risks addresses one of the most transformative forces in modern business. As AI reshapes industries, this award equips learners to identify, evaluate and manage the new risks and

opportunities it brings. This is a 1-unit award, with an MCQ exam at the end.

Compact, accessible and globally relevant, the IRM Awards demonstrates the institute's ongoing commitment to developing practical, high-quality education for a changing world.

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THE 2026 REGULATORY OUTLOOK

# WHAT TO EXPECT IN THE COMING YEAR



Across 2025 and into 2026, regulators are strengthening the **consumer protection framework** by refining the Consumer Duty, improving complaints processes, and enhancing transparency and accountability in how firms treat customers

2

2026 – the Year of the Fire Horse, which is said to symbolise energy and dynamism – it feels fitting to reflect on the regulatory landscape ahead. Whether or not the symbolism truly applies, one thing is certain: the regulatory environment in financial services remains consistently active, fast-moving and far from quiet.

With that in mind, we turn to the regulatory developments expected in the United Kingdom.

When considering the UK regulatory outlook, there is no better starting point than the FCA's Regulatory Initiatives Grid, which sets out planned regulatory activity not only for the coming year, but across the next 24 months. The Grid brings together key initiatives from the FCA and eight other authorities:

- Bank of England
- Competition and Markets Authority (CMA)
- Financial Reporting Council (FRC)
- His Majesty's Treasury (HMT)
- Information Commissioner's Office (ICO)
- Prudential Regulation Authority (PRA)
- Payment Systems Regulator (PSR)
- The Pensions Regulator (TPR).

The Grid is a comprehensive 70-page publication containing 124 initiatives. The sections below present a concise overview of a personally selected subset of these initiatives. These should not be interpreted as the most important or highest-priority items, rather, they represent areas I have chosen to highlight for their relevance across the financial sector.

The document itself is well worth reviewing in full, as it presents initiatives in a clear, compact format with helpful timelines and cross-references to related developments.

### Putting consumers first – key regulatory developments

#### *Ongoing regulatory reform and clarification*

Across 2025–26, regulators are strengthening the consumer protection framework by refining the Consumer Duty, improving complaints processes, and enhancing transparency and accountability in how firms treat customers.

The FCA is continuing its programme to simplify and clarify Consumer Duty requirements, including targeted updates to rules and guidance, a review of historic non-handbook materials, and further work on scope, distribution chains and the consistency of disclosures and definitions.

Alongside this, the FCA is reviewing consumer credit advertising rules under CONC 3 to make them less prescriptive and more outcomes-focused, ensuring they align with the Consumer Duty's emphasis on consumer understanding. The FCA has also set out its supervisory approach to the Duty and will consult on further updates in mid-2026.



In parallel, both the FCA and ICO are placing greater emphasis on how firms handle customer concerns and complaints. The ICO is introducing new requirements for organisations to have a clear process for managing personal data complaints by June 2026, supported by practical guidance to help firms respond effectively and build trust. The FCA is reforming complaints reporting to gain better insight into whether firms are resolving issues appropriately, identify potential harm earlier and support more assertive intervention, with further consultation under way and a new reporting framework scheduled to go live from 2027.

Collectively, these initiatives aim to strengthen consumer outcomes, improve accountability and ensure firms' behaviours, communications and systems are aligned with the expectations of the Consumer Duty.

### **What this could mean in practice**

The regulators are raising expectations on how firms treat customers – not just in theory, but in day-to-day operations. By refining the Consumer Duty and clarifying the rules, the FCA wants firms to focus less on compliance as a box-ticking exercise and more on delivering genuinely fair outcomes, with clearer communications, better-designed products and stronger accountability for decisions that affect customers.

From a consumer perspective, the intention is that customers receive clearer information, fairer treatment, faster issue resolution and greater confidence that firms are acting in their interests.

Overall, these initiatives signal a shift toward a more proactive, outcomes-focused regulatory environment, where firms must demonstrate not only that they comply with the rules, but that they can evidence good outcomes and responsible behaviour toward customers in practice.

### **Let's talk about the data – data security and data protection**

#### ***Guidance update and operationalisation of principles***

The ICO is updating and expanding its guidance to reflect changes introduced by the Data (Use and Access) Act, with a particular focus on strengthening protections for individuals and ensuring responsible use of personal data in digital and automated environments.

One strand of this work is the update to the Data Protection by Design and Default guidance, which will place greater emphasis on services likely to be accessed by children. Providers of online services

## **SMART DATA AND OPEN BANKING – KEY REGULATORY DEVELOPMENTS**

### **Future regulatory framework in development**

Regulators are progressing work to establish a long-term, sustainable framework for Open Banking and future Smart Data initiatives across financial services. The Data (Use and Access) Act gives the Treasury powers to introduce secondary legislation enabling Smart Data schemes, allowing the FCA to design the enduring regulatory regime for Open Banking and potentially extend this model into wider Open Finance.

An FCA Open Finance roadmap will be published before March 2026, followed by secondary legislation for Open Banking expected in Q4 2026 and consultation on the new long-term regulatory framework shortly afterwards.

At the same time, responsibility for delivering the Open Banking roadmap has shifted from the former Joint Regulatory Oversight Committee to the FCA, reflecting priorities set out in the National Payments Vision. The FCA is now leading the development of a sustainable regulatory regime, while the PSR focuses on delivering Phase 1 of Variable Recurring Payments. The FCA will report on progress of the inherited JROC workstreams in late 2025, alongside VRP capabilities going live in the market.

### **What this could mean in practice**

Together, these initiatives aim to accelerate innovation, improve consumer access and data sharing, and ensure that the future Open Banking ecosystem operates within a clear, resilient, and pro-competition regulatory framework.

For customers, these reforms are designed to provide better value, stronger protection, and more control over how their financial data is used. They should make it easier to compare services, switch providers, and access products more closely tailored to individual needs. At the same time, firms will need to ensure that communications are clear, consent is handled appropriately, and products remain fair, in line with the Consumer Duty.

Overall, this marks a shift from Open Banking as a developmental initiative to a fully regulated, long-term ecosystem. Firms will need to invest in systems, governance, and compliance – but the changes will also create opportunities for innovation, partnerships, and product growth.





**Customers should receive clearer information, fairer treatment, faster issue resolution and greater confidence that firms are acting in their interests**

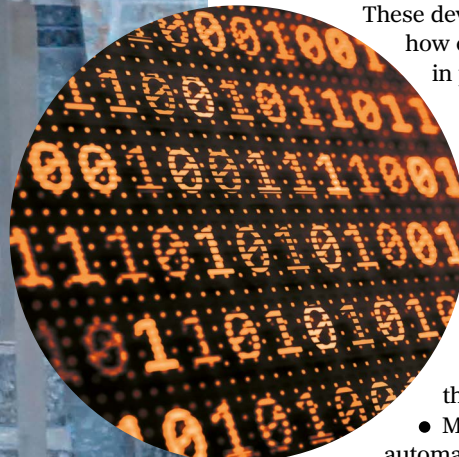
will be expected to design systems that actively support and protect children, taking account of their age, understanding and vulnerability. This reflects the principle that children require specific safeguards because they may be less aware of risks, consequences, or their rights over personal data. The updated guidance is expected to be published in winter 2025–26.

In parallel, the ICO is developing new guidance on automated decision-making and profiling, explaining how UK data protection law applies when organisations use personal data to make automated decisions – for example, approving or declining access to a financial product. The guidance incorporates amendments from the Data (Use and Access) Act and is intended to help firms identify when automated decision-making is taking place, what governance is required and what rights individuals have under UK GDPR. A public consultation was launched in autumn 2025, with updates to follow.

### **What this could mean in practice**

These developments tighten and clarify how existing principles must be applied in practice. Firms should expect:

- Stronger expectations for services accessed by children, including clearer explanations and design choices that minimise risk
- A greater need to evidence “data protection by design”, meaning privacy must be embedded from the outset rather than applied retrospectively
- More rigorous governance around automated decisions and profiling,



including clarity on when human review is required and how fairness, bias and transparency risks are managed

- Updates to policies, consent flows, user interfaces and record-keeping, particularly where AI, analytics, or automated eligibility tools are used
- Increased scrutiny of whether customers understand how their data is used and how decisions affecting them are made.

For customers, the intention is to provide greater protection, transparency and stronger rights, particularly in contexts where technology influences access to services, pricing, or outcomes.

Overall, these initiatives move data protection toward a more proactive, design-led and risk-aware model, where firms must show that digital products are not only compliant – but safe, fair and responsible in how they handle personal data.

### ESG Ratings and Sustainable Investment – Key Developments

#### ***New regulatory regime being introduced***

The FCA has already introduced the Sustainability Disclosure Requirements (SDR) and investment labels regime, which provides a standardised system for classifying and labelling sustainable investment products to help consumers understand and compare sustainability claims. Firms have been able to use the labels since July 2024, and the FCA continues to support implementation of the regime, although plans to extend SDR to portfolio managers have been paused following industry feedback.

In parallel, the UK is moving to bring ESG ratings providers into formal FCA regulation. Draft legislation was laid before Parliament in October 2025 and, once approved, ESG ratings will fall within the FCA's regulatory perimeter. The FCA is consulting on the proposed regulatory framework, focusing on transparency of methodologies, governance standards, management of conflicts of interest, and stronger systems and controls. A Policy Statement is expected in H2 2026, alongside continued rollout of the SDR regime and the introduction of the Stewardship Code 2026, which takes effect from January 2026.

#### **What this could mean in practice**

These developments tighten and formalise expectations around how sustainability information



is presented, assessed and used in financial markets. For firms offering sustainable products, SDR means greater discipline in how sustainability characteristics are described and evidenced, reducing the scope for vague or unproven claims. Marketing, disclosures and product governance processes will need to align more closely with label criteria and the anti-greenwashing rule.

For ESG ratings providers, and firms relying on their outputs, the regime will bring greater transparency and accountability. Users of ratings should gain clearer insight into methodologies, assumptions and limitations, while providers will face stronger governance, conflict-management and oversight expectations. This is intended to improve confidence in ESG assessments and reduce the risk of inconsistent or misleading signals influencing investment decisions.

Overall, the direction of travel is toward a more credible, transparent and evidence-based sustainable investment ecosystem, where firms must substantiate sustainability claims and ESG ratings operate within a clearer and more reliable regulatory framework. These developments may also benefit firms with genuinely robust sustainability practices, as improved transparency may help investors allocate capital toward organisations with credible environmental and sustainability performance.

### Buy now pay later – regulation of interest-free credit products

#### ***Sector brought into regulation (from 2026)***

The Government has legislated to bring interest-free Buy Now Pay Later (BNPL) products provided by third-party lenders within the FCA's regulatory perimeter, with BNPL becoming a regulated activity from 15 July 2026. A separate statutory instrument will exempt certain domestic premises suppliers who broker BNPL agreements. In July 2025, the FCA published a Consultation Paper setting out proposed rules and guidance for



**For the wider market, the objective is to reduce financial-crime risk and improve system integrity**





the BNPL sector, including expectations around disclosures, affordability assessments and the treatment of customers in financial difficulty. The consultation closed in September 2025 and the FCA is now reviewing stakeholder feedback ahead of publishing a Policy Statement.

### What this could mean in practice

If implemented, the new rules would bring BNPL much closer to other regulated forms of consumer credit. Providers would need to carry out stronger affordability checks, give clearer information about terms and repayment risks, and offer better support for vulnerable or struggling customers. Firms may also need to tighten marketing, complaints handling and product governance.

For consumers, the intention is that BNPL becomes safer, more transparent and more consistent, reducing the risk of people taking on debt they cannot afford.

### Operational resilience – incident, outsourcing and third-party reporting

#### Consultation phase – rules pending

The FCA, PRA and Bank of England are progressing proposals to introduce a more consistent and structured approach to the reporting of operational incidents

and the monitoring of outsourcing and third-party arrangements.

The initiative aims to clarify the information that firms are expected to submit when incidents occur and to improve visibility of critical third-party dependencies, particularly where these may create resilience, concentration or competition risks. The consultation also extends to Financial Market Infrastructure (FMI) firms. Consultation Papers were published in December 2024, with final rules and a Policy Statement expected in H1 2026, followed by a 12-month implementation period.

### What this could mean in practice

At this stage, the criteria for reporting operational incidents remain high-level and largely dependent on firm-level judgement, based on whether an incident is considered to breach broad thresholds such as consumer harm, market integrity, or safety and soundness, rather than any specific numerical triggers. Since both the concept of an “operational incident” and these thresholds are defined in general terms, firms



**The intention is that BNPL becomes safer, more transparent and more consistent**



retain significant discretion over what is reported – creating a risk that some material incidents may go unreported if assessed as falling outside scope. Regulators plan to publish final rules in H1 2026, which may provide further clarification or examples to support greater consistency.

If implemented, the proposals aim to introduce a more structured and standardised approach to incident reporting and third-party risk visibility, helping supervisors identify emerging patterns and concentration risks across the system.

### **AML: improving the effectiveness of the Money Laundering Regulations**

#### ***Legislative reform in progress***

The Government has reviewed the UK's Money Laundering Regulations following concerns about loopholes, unclear requirements and inconsistencies in how firms apply customer due diligence. A consultation carried out in 2024 focused on ways to strengthen the framework, ensure checks are better targeted at high-risk activity and improve clarity for firms. Following the consultation, the Treasury has announced a package of forthcoming legislative changes, while some issues will instead be addressed through updated supervisory guidance to promote a more consistent, risk-based approach across the industry. A statutory instrument setting out legislative changes is expected to be laid in Q1 2026 following technical consultation.

### **What this could mean in practice**

These reforms aim to make the AML regime tighter, clearer and more risk-focused. For firms, this is likely to mean:

- Clearer expectations on when enhanced due diligence is required
- Fewer grey areas and inconsistencies across sectors
- Stronger focus on higher-risk customers, transactions and business models
- Updates to policies, procedures, controls and staff training
- Potential changes to CDD workflows, data collection, screening and monitoring.

Supervisors will also have a clearer framework for assessing whether firms are applying AML controls proportionately and effectively.

For the wider market, the objective is to reduce financial-crime risk



## **The UK is progressing work to create a new financial services regulatory regime for cryptoassets**

and improve system integrity, while avoiding unnecessary friction for low-risk customers.

Overall, the reforms signal a move toward a more practical and consistent AML regime, where firms are expected to demonstrate sound judgement, evidence risk-based decisions and close gaps that could enable abuse of the financial system.

### **Cryptoassets and stablecoins – emerging regulatory framework**

#### ***New regulatory regime under development***

The UK is progressing work to create a new financial services regulatory regime for cryptoassets, including stablecoins. Following Treasury legislation, new activities will be brought into scope under the Regulated Activities Order (RAO), alongside the development of admissions, disclosure and market-abuse regimes for cryptoasset markets. The FCA's Cryptoasset Roadmap sets out a staged programme of consultations and rulemaking to implement these requirements, with feedback being sought on proposed conduct, governance and market-integrity expectations.

Draft legislation setting out the core elements of the wider regime was published in April 2025, with the Government intending to bring forward final legislation by year-end. In parallel, the Bank of England and the FCA are consulting on rules for stablecoin issuance and payments, as required under FSMA 2023 and forthcoming secondary legislation.

### **What this could mean in practice**

If implemented, these developments would move cryptoassets and stablecoins closer to the regulatory standards applied to traditional financial markets and broadly in line with





“““

The updates to data protection guidance emphasise safer digital environments, stronger safeguards for children, and systems that are built with privacy and protection ‘by design’ rather than applied after the fact

international approaches such as the EU’s MiCA framework. Firms operating in crypto markets may need to strengthen governance, disclosure, market-abuse controls and risk management, while stablecoin issuers and payment firms could face clearer expectations around reserves, operational resilience and consumer protection.

For the market as a whole, the direction of travel points toward a more structured, supervised and accountability-driven crypto ecosystem, with the aim of improving trust, transparency and financial-stability outcomes – while still supporting innovation.

### **Closing reflections – a regulatory agenda centred on the consumer**

Across these initiatives, a consistent theme emerges: the regulatory direction for 2025–2026 is strongly centred on consumer outcomes, fairness and protection. Many of the developments, from the refinement of the Consumer Duty and clearer expectations around credit advertising, to improvements in complaints handling and transparency, are aimed at ensuring that firms not only comply with rules, but actively design products and services that work in the interests of customers.

This focus extends beyond traditional conduct regulation. The updates to data protection guidance emphasise safer digital environments, stronger safeguards for children and systems that are built with privacy and protection “by design” rather than applied after the fact. The proposed BNPL regime follows the same direction of travel, seeking to reduce the risk of customers taking on borrowing they may not fully understand or be able to repay.

Even in areas that may appear more technical or market-focused, such as ESG disclosures, operational resilience, AML reform and crypto regulation, there is a clear link back to trust, transparency, accountability and reducing harm. Together, these initiatives point toward a financial system where firms are expected to demonstrate responsibility not only through governance and controls, but through the real-world outcomes experienced by their customers.

The regulatory horizon for 2026 therefore reflects an environment that is increasingly outcomes-driven, consumer-aware and risk-sensitive, encouraging firms to place customer interests, clarity and fairness at the core of how financial products and services are designed, delivered and managed.

■ **Anastasija Rackovska** is Head of Enterprise Risk Management at Paynt Group

# THE ANATOMY OF BROKING M&A: INTEGRATING PEOPLE, DATA & LIABILITY

Mergers and acquisitions in the (re)insurance broking industry are accelerating as India's insurance and reinsurance market scales newer heights and as virgin capital enters the ecosystem

**E**very broking merger brings with it a restructuring far deeper than the commercial headlines suggest, and a lot more complex. On the surface, these deals appear to be about acquiring portfolios, expanding industry verticals or unlocking distribution synergies. But beneath lies the commercial narrative with a more complex reality. It is the convergence of risks, liabilities, governance, advisory philosophies, and technical and technological systems that govern how brokers operate.

## **Broking M&A as a restructuring of risk, capital and technical DNA**

A broking merger adds scale, but it fundamentally reshapes the organisation's risk profile. Legacy advisory decisions, PI exposures, data structures and cultures are reassembled into a new operating reality. It is within this structural reset that financial risk begins to take form.

These risks are frequently underestimated in B2B broking, where advisory decisions play out over long





cycles and small execution gaps can surface years later with material consequences. Broking M&A is therefore never just commercial consolidation; it is risk consolidation. And unless handled with discipline and strategy, it alters the economics of the deal in ways that are visible years after.

### **The underestimated tail of professional indemnity exposure**

Professional Indemnity risk is one of the most misunderstood dimensions of broking M&A in India. Brokers purchase PI insurance to protect themselves from errors such as incorrect placements, gaps in coverage, mismatched limits, flawed reinsurance submissions, misrepresented exposures, or claim mishandling. The complexity lies in the fact that PI claims do not emerge immediately. They appear years later, often triggered by something as small as a mismatched endorsement or an incomplete renewal file discovered during a claim investigation. When two brokers merge, their historical errors merge with them. Integration phases often introduce

data friction, mismatched client files, corrupted loss histories or missing endorsements and even a minor inconsistency can trigger a PI claim long after the merger is complete. India's PI limits for brokers are already thin in the context of post-merger exposure, and reinsurers have begun noticing error spikes that appear specifically after integrations. This alone makes PI risk a critical financial lever in M&A.

### **Tech & data integration: the silent financial risk in broking M&A**

Amongst all the risks in a broking merger, data integration is the quietest yet most consequential. CRM systems, policy administration tools, claims platforms, data warehouse and reinsurance submission systems rarely share a unified architecture. When two brokers combine these systems, the gaps that emerge often remain hidden at first. Data misalignment can quickly lead to pricing disputes, client issues and weakened confidence from insurers and reinsurers. Cyber vulnerabilities and confidentiality breaches intensify during integration windows, putting client data at risk precisely as systems transition. These gaps can manifest as PI claims, cyber events and even client attrition. While financial models often



focus on revenue uplift, working capital flow or cost synergy, the real destabiliser is usually buried inside the data architecture. Broking M&A depends heavily on data clarity, and any disturbance in that clarity carries long-term consequences.

In B2C broking and digital aggregator mergers, this risk is amplified, because respective digital portals are designed around distinct customer journeys and insurer integrations, merging them can hamper core processes. Even small breaks in journey logic or insurer routing can create outsized operational costs and customer drop-offs.

Beyond data integration, broking M&A increasingly carries technology evolution risk. Firms often operate on different software platforms built for distinct operating models, while simultaneously upgrading to meet rising client service standards, regulatory expectations and market competition. When technology adoption accelerates faster than operational alignment, brokers face risk of fragmented workflows, uneven service delivery and internal strain. In such environments, technology ceases to be a competitive enabler and becomes a source of execution risk, affecting both advisory consistency and client experience.

## The time horizon mismatch in private equity-driven deals

India is entering a phase where private equity interest in broking is rising. While this brings capital, structure and scale ambition, it also introduces a time horizon that does not always align with the broking business model. PE funds typically operate on four to seven-year cycles, pushing aggressively for revenue growth, EBITDA expansion and cost optimisation. Broking, in contrast, is a long-cycle, advisory-heavy industry built on trust, technical depth and relationship maturity.

The mismatch in these timelines creates burden that can unintentionally weaken the core of the advisory engine. In broking, technical capability is not a support function; it is the product. When integration strategies prioritise speed and cost pressures intensify, the risk-first culture gradually drifts to a more sales-led posture. Client conversations become more transactional, technical scrutiny weakens, and the quality of risk placement erodes. Over time, this undermines client confidence, particularly among large corporates and reinsurance buyers who value

judgement and technical depth over volume-led growth.

Globally, this cycle has played out. India is now beginning to experience the same. The challenge for broking firms will be to balance growth ambitions with the long-term nature of risk advisory, ensuring that short-cycle financial objectives do not undermine the foundations on which sustainable broking franchises are built.

## Cultural and advisory philosophy misalignment: key accounts vs key people?

Insurance broking is a conversation-driven business. It rests on transparent dialogue, honest disclosure, technical accuracy and a shared understanding of the client's risk landscape. When a merger brings together a sales-first culture and a technical-first culture, advisory quality can fracture instantly. Conversations become shallow, disclosures lose consistency and clients begin to sense a shift in tone long before they appear in revenue numbers. This misalignment is one of the fastest indicators of post-merger stress. Clients do not wait for clarity; they move to advisors who preserve technical integrity.





These pressures can get compounded by generational differences within merged organisations. Broking firms often combine leadership teams shaped by distinct phases of the industry. Those who have operated through multiple underwriting cycles tend to prioritise depth, caution and relationship-led advisories. Newer generations which are shaped by faster growth cycles favor swift decision-making, bolder positioning and sharper judgements, giving emphasis to responsiveness and momentum. Both approaches have their own advantages, but when they coexist without alignment, the broker's advisory voice may get inconsistent.

B2B broking has a unique characteristic: clients follow people, not brands. Senior advisors who know the client's history, exposures, insurance buying psychology and risk philosophy are often the real anchors of the account. M&A, however, frequently creates uncertainty amongst key personnel, and this leads to exits that trigger cascading effects.

Key accounts shift, or entire portfolios fragment across competing brokers. This is a financial risk almost never priced adequately into deal structures but still sits at the heart of client retention.

### Quite accumulation risks: exposures across borders

Complexities arise when M&A occurs between cross border entities. Different geographies operate with their own regulatory frameworks, market practices, insurer expectations and risk appetites.

As firms come together, gaps are observed in compliance standards, client servicing approaches and reinsurance market engagement. If global portfolios are not aligned with care, the combined exposures can pose accumulation risks, gradually weakening market confidence. Maintaining value in multi-geography broking M&A requires striking a balance between global oversight and a thorough grasp of local market nuances.

### Where integration tests reinsurance market confidence

Some of the most consequential effects of broking M&A tend to surface in areas where continuity, precision and long-standing relationships matter most. Reinsurance advisory falls squarely in

this category. As it counts on disciplined data flows and a level of trust that is not easily transferred on paper.

Minor reporting inconsistencies often accelerate market distrust. Reinsurance agreements are based on market relations often hinged on retaining senior advisors whose reputations anchor capacity and client loyalty. Markets typically react cautiously to mergers, reevaluating how they interact with the portfolio. This is reflected not in outright withdrawal, but with a higher cost of protection, conservative terms and selective participation.

Post merger, the firm's most relationship-dependent and capital-sensitive functions are impacted if these sensitivities are poorly handled, with cost implications that ripple across the client base.

### When done right, M&A can build the next generation of broking firms

Despite the risks, broking M&A holds extraordinary potential. If carefully integrated with discipline, mergers can create structurally stronger intermediaries with deeper treaty capability, advanced analytics, scalable digital cores and even more resilient governance systems. The opportunity is to transform fragmented mid-sized brokers into institutional-grade risk advisors with the capacity to serve India's rapidly expanding corporate and reinsurance ecosystems. But this requires a mindset that recognises where financial risk truly lives.

### Looking ahead

Broking M&A looks commercial on the surface: more clients, more revenue, more scale. But in reality, it is a restructuring of risk, capital and technical capability. Every merger brings together legacies, liabilities, data architectures, reinsurance relationships, cultures and advisory histories. If these are not integrated with discipline, the deal quietly loses value over time. But when the process is governed with clarity, transparency and technical strength, consolidation becomes a springboard for creating the next generation of tech-led, treaty-strong and globally credible broking firms. India's broking ecosystem is entering a defining decade, and the firms that understand the true nature of M&A, not just the commercial upside, will be the ones that shape the industry's future.

■ **Rohit Boda**, Group Managing Director, J.B. Boda Group

“Insurance broking rests on transparent dialogue, honest disclosure, technical accuracy and understanding of the client's risk landscape”

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