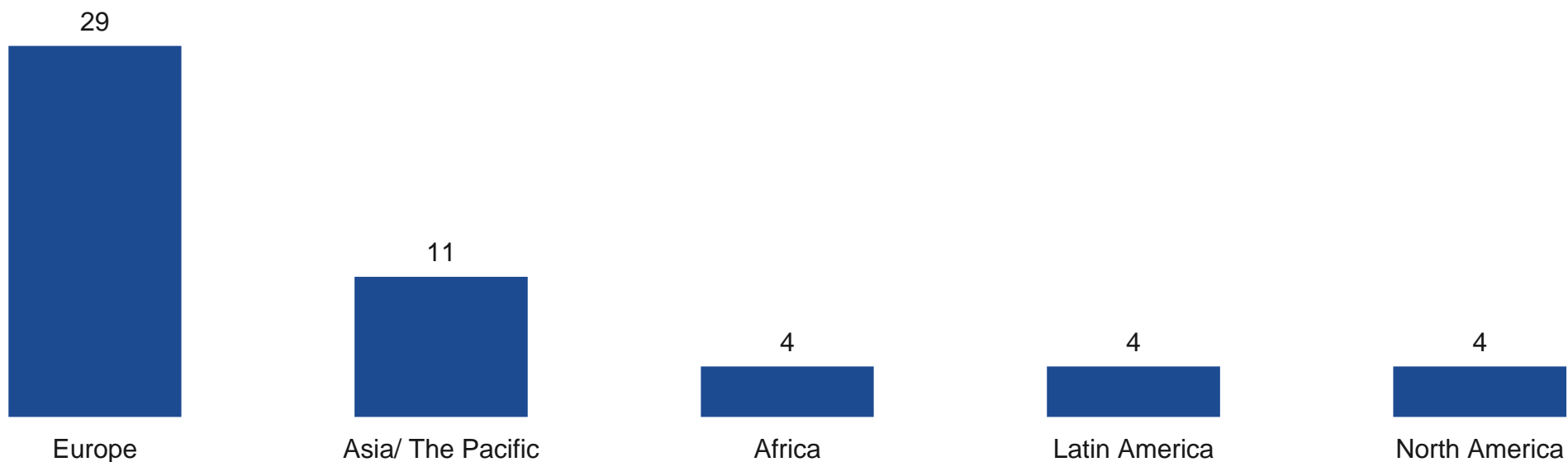# Background

The World Lottery Association wanted to better understand risk management maturity across the current Membership base, and to refresh the Risk Universe and target risk management support offerings for Members.

The survey was sent to Members on the 26th of May and closed on the 16th of June.

A total 52 members completed the survey
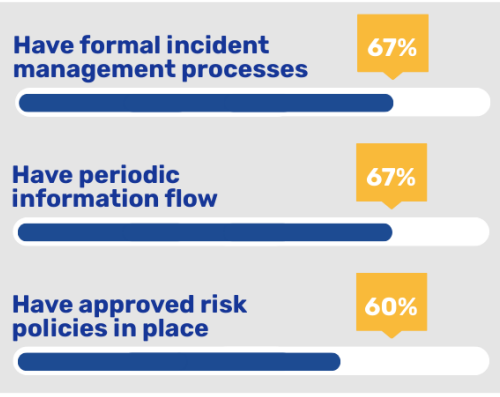
SURVEY INSIGHTS SUMMARY

58% have a dedicated risk team

23% Have 1–2 team members

27% Have 3–5 team members

30% Have 6–9 team members

10% have 10+ members and 10% said 'Other'

Have formal incident management processes — 67%

Have periodic information flow — 67%

Have approved risk policies in place — 60%

COLLABORATION AND EDUCATION
are two key areas Members would like WLA to focus on in the future

Assistance by providing best practices and enterprise risk management tool kits in addition to regular updates and webinars

Education

Collaborate with colleagues from different Lotteries to gain a holistic understanding of lottery risks and potential interdependencies

Collaboration

Just over 5-in-10
Members have identified emerging risks over the last 12 months

54% Mentioned Cyber security risks

38% Mentioned Political risks

67%
65%
48%

Failure to win new or retain existing lottery licenses

Cyber attack & privacy breach

Regulatory changes

TOP 3 MOST CRITICAL RISK EVENTS

77%
65%
62%

Risk identification

Risk assessment to determine materiality

Controls assessment
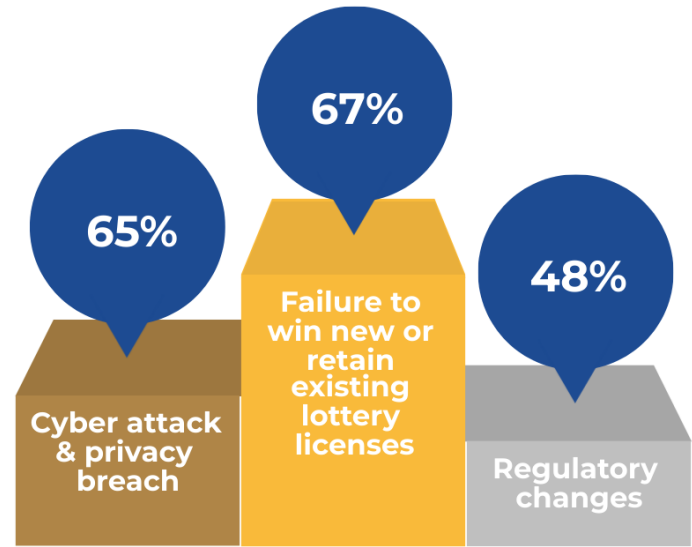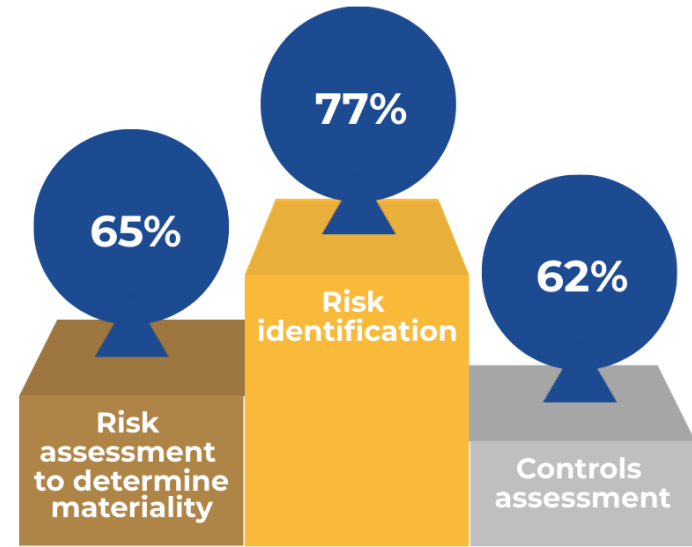
TOP 3 MOST CRITICAL AREAS FOR WLA TO SUPPORT MEMBERS IN

Overall, in their roles Members tend to be responsible for monitoring, assessing and managing risk within their organisation

"This specific role is responsible for continuous monitoring, management and reporting of the Company's risks. Responsible for monitoring, coordination of implementation and effectiveness of defined measures for managing identified risks, as well as providing support for defining risks to which the Company is exposed in various projects."

"My role is to be a facilitator to help people to have identified, evaluated, and mitigated the risk of their processes. As well, monitoring and detecting potential emerging risks or changes in the process risk."

"By identifying, assessing, mitigating and responding to risk, thereby protecting the organisation's assets, reputation and continuity of operation."

"My role is to support the organisation in identifying and understanding the strategic risks the organisation is exposed to and ensure that appropriate mitigating actions are in place to reduce the risk where needed. Furthermore, my role is to monitor internal operational risks, and support the organisation in managing these."

"We conduct risk assessment on new projects, initiatives and changes as part of a change management procedure. We also investigate and document security events and incidents."

"By identifying potential risks than could negatively impact business objectives and by recommending solutions to mitigate those risks."

Q2: How does your role support risk management in your organisation? | Total sample n=52

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Just over half of WLA Members have a dedicated risk team with most having a risk team that ranges between 1-6 members

Do you have a dedicated risk team?

- 58% Yes
- 42% No

How many risk team members do you have?

1-2	3-5	6-9	10+	Other
23%	27%	30%	10%	10%
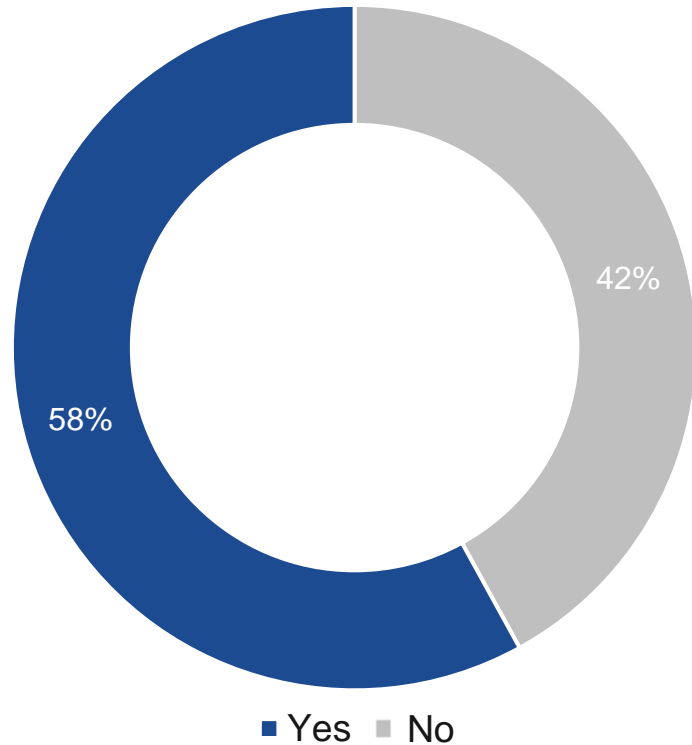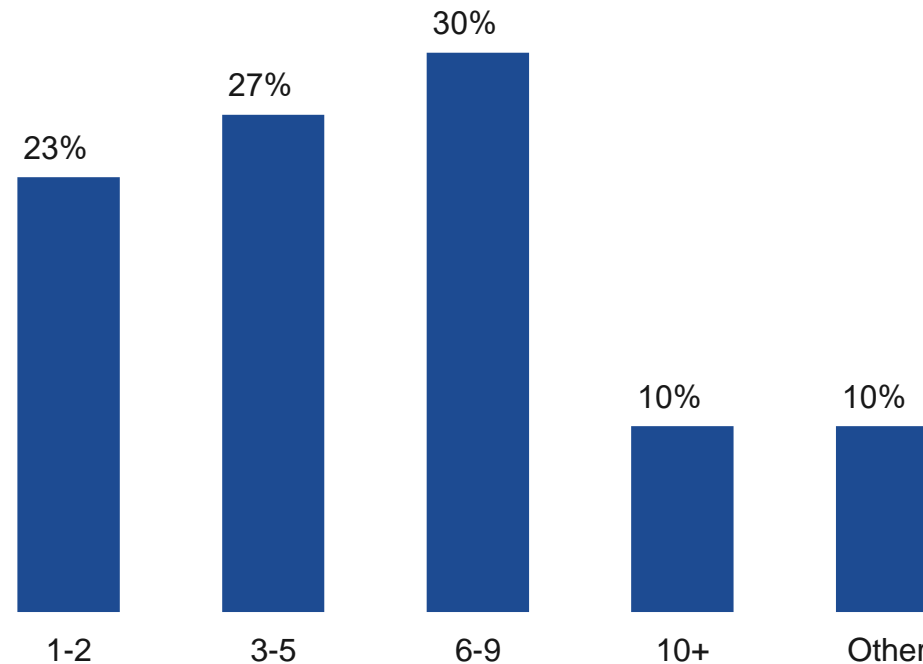
Q3: Do you have a dedicated risk team? | Total sample n=52
Q3A: How many risk team members do you have? | Those who have a dedicated risk team n=30

For Members who have a dedicated risk team, most report into their CEO or CFO

What area of the business does your risk function report into?

(coded)

Category	Percentage
Chief Executive Officer	27%
Chief Financial Office	23%
Management / Board / Committee	20%
IT / Security	13%
Risk & compliance	10%
Chief Operations Officer	7%
Other	13%
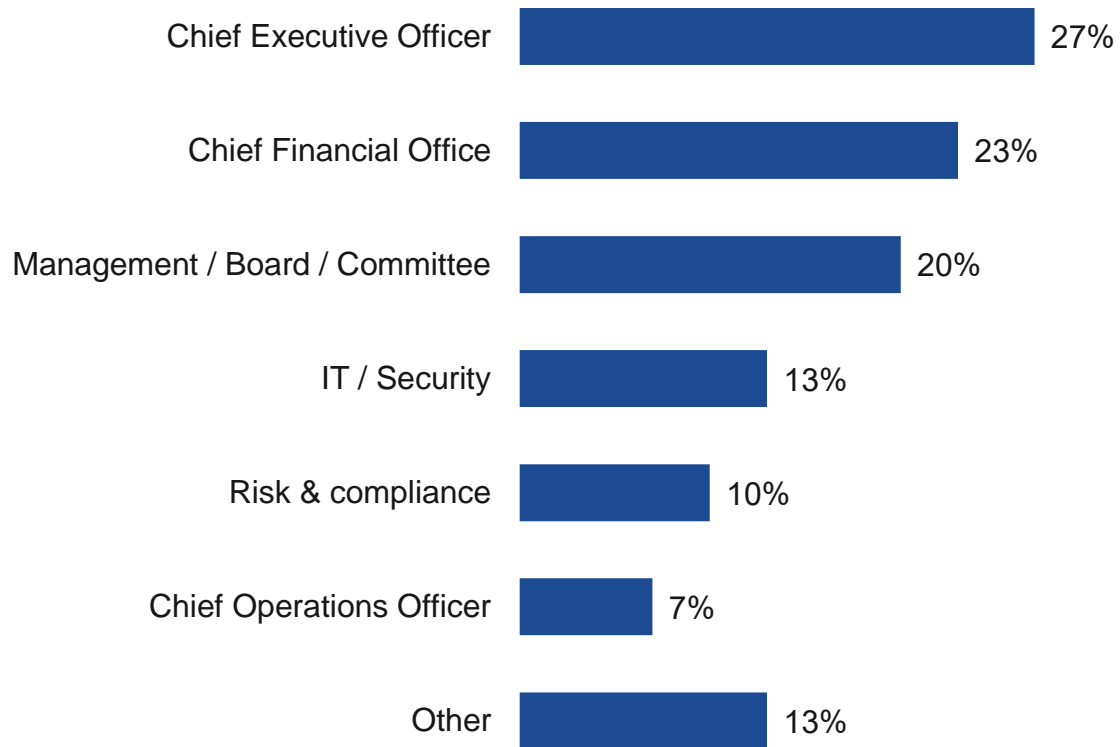
"Risk Management is part of Business Assurance which reports through the Chief Financial Officer."

"CFO, and dotted lines to the CEO and Board."

"My risk function reports to CEO level. CEO is also a member of the Information Security Management Forum."

Q3B: What area of the business does your risk function report into? | Those who have a dedicated risk team n=30

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Approximately two thirds (67%) of Members have formal incident management process in place along with periodic information flow to a Risk and Security Committee/Senior Management/Board

Please select which of the following statements apply to your organisation.

Statement	Percentage
You have formal incident management processes in place	67%
You have a periodic information flow to a Risk and Security Committee/senior management/Board	67%
You have formal senior management/ Board approved risk policies in place	60%
You utilise a governance, risk and compliance system to assess and report your risks	52%
Your risk management framework/methodology follows standards (e.g., ISO31000:2016, NIST framework)	50%
You have formal risk appetite statements in place	50%
Your risk and assurance activities are organised according to the Three Lines of Defence Model	44%

However, just over two in five (44%) organise their risk and assurance activities according to the Three Lines of Defence Model.

Q4: Please select which of the following statements apply to your organisation. *Please select all that apply* | Total sample n=52

Failure to win new or retain existing lottery licenses along with cyber attack and privacy breach are the most critical risk events Members are facing. Political risk was the next highest ranked event

Please rank the risk events below from 1 to 10, with 1 being the most critical and 10 being the least critical.

% Rank in top three

Risk Event	Chart	% Rank in top three
Failure to win new or retain existing lottery licenses	33% / 33% / 33%	**67%**
Cyber attack & privacy breach	6% / 13% / 10% / 13% / 21% / 31%	**65%**
Regulatory changes impacting business operations	6% / 8% / 8% / 15% / 15% / 19% / 23% / 6%	**48%**
Failure to deliver by a supplier	8% / 13% / 15% / 8% / 10% / 15% / 10% / 13%	**38%**
Non-compliance with laws and regulations	6% / 8% / 10% / 12% / 15% / 13% / 10% / 15% / 10%	**35%**
Major change or event impacting business profitability	8% / 17% / 6% / 12% / 17% / 10% / 13% / 10%	**27%**
Political Risks	29% / 8% / 6% / 13% / 12% / 19%	**25%**
Illegal lottery operators	8% / 23% / 13% / 8% / 8% / 8% / 10% / 6% / 8% / 10%	**23%**
Money laundering	8% / 8% / 17% / 13% / 13% / 10% / 10% / 15%	**21%**
Failure of Corporate Social Responsibility/Environmental Social Governance program	13% / 25% / 6% / 27% / 12% / 8% / 6%	**6%**

Legend: ■ 10 - Least Critical ■ 9 ■ 8 ■ 7 ■ 6 ■ 5 ■ 4 ■ 3 ■ 2 ■ 1 - Most Critical

Q5: Please rank the risk events below from 1 to 10, with 1 being the most critical risk you're currently facing and 10 being the least critical | Total sample n=52
Note: Percentages <5% are not displayed in the above chart

Many Members were willing to provide further insight into their risk management approaches and appear to be taking varying approaches towards mitigating risk

"We use ADAPTO solution. ADAPTO is a GRC corporate management system which enables you to both identify and manage the risks which threaten your business' objectives and the causes why these arise, and to facilitate compliance with legislation, regulations and standards, and preparation for and efficient conduct of auditing activities."

"We strive to be data-driven in our risk management approach as much as we possibly can to ensure that risks are measured using the same method, and to ensure we understand the materiality of each risk."

"I think as an ethics officer also, EO 505, we need to include whistle blower policy to risk management framework."
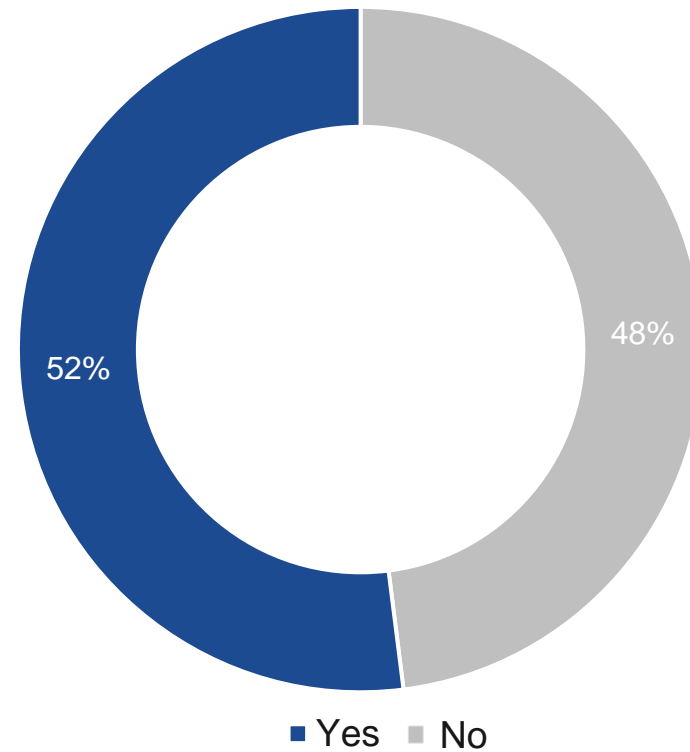
"Other than potential cyber-attacks, like all businesses, we do not currently face any of the above issues to a point of concern. Our Office of Security would be the initial area contacted about a security related concern. All other issues would be brought up to Senior Management by the area where the concern was first discovered or originated."

"All processes and related risks are reviewed annually, in a process known as the "Annual Risk Management Cycle", as well as whenever necessary, especially when new threats or opportunities are identified. It is important to highlight that there is a Vice-Presidency responsible for acculturation and improvement of risk management processes in the institution."

"We have regular quarterly Risk Reviews, discussion and reporting to Risk Management Committee."

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Q6: Is there anything else you would like to tell us about your risk management approach?| Those who have a dedicated risk team n=30
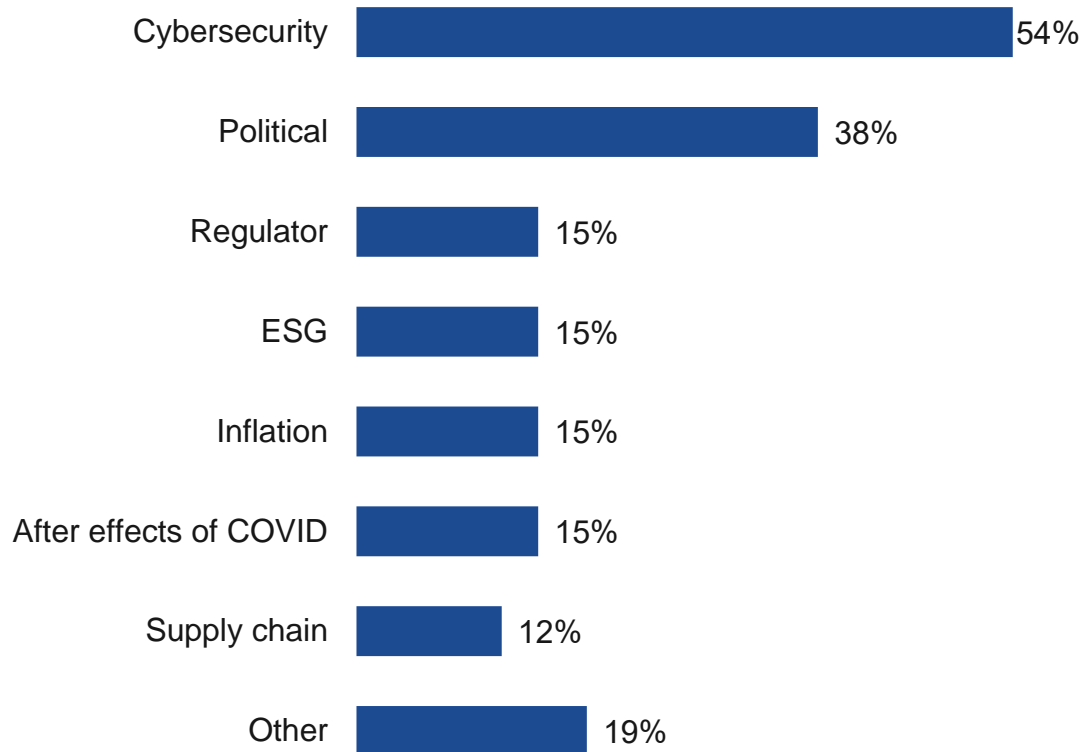
Just over half of WLA Members say they have identified emerging risks over the last 12 months

Have your identified any emerging risks over the last 12 months?

52%

48%

■ Yes   ■ No

Over half (54%) of those who said they had identified emerging risks over the last 12 months mentioned Cybersecurity

What are they?

(coded)

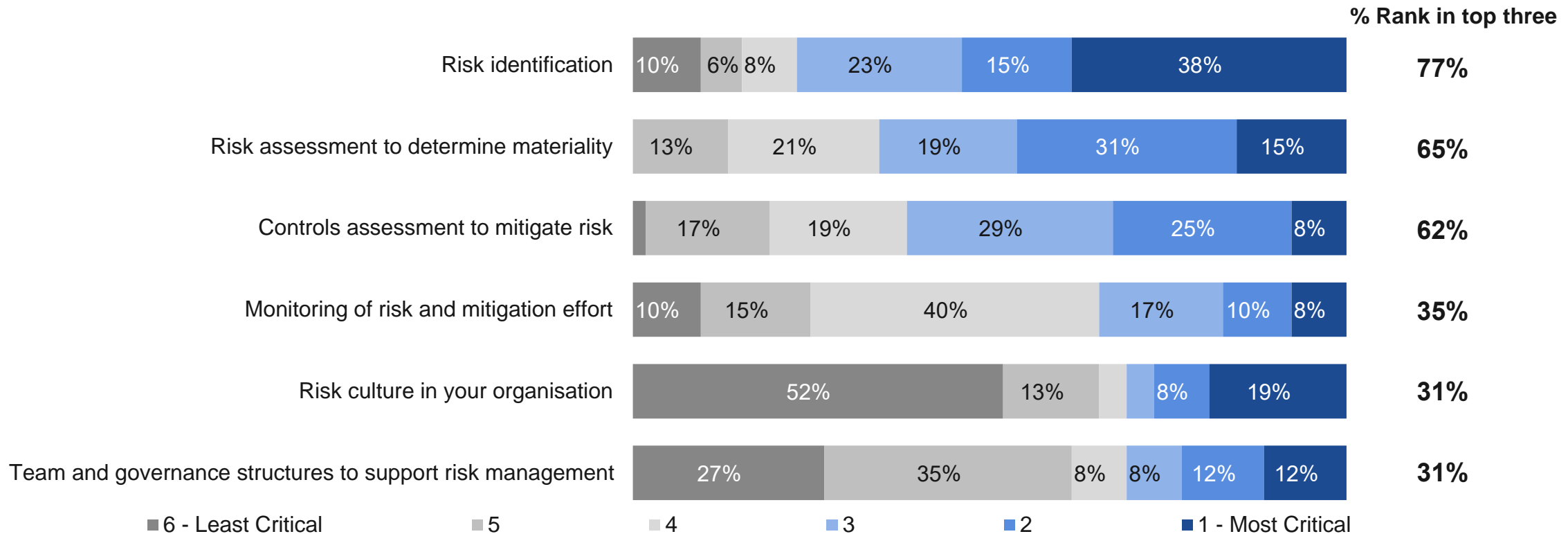| Category	Percentage
Cybersecurity	54%
Political	38%
Regulator	15%
ESG	15%
Inflation	15%
After effects of COVID	15%
Supply chain	12%
Other	19%

"Cybersecurity Risks: the risk of cyber threats, data breaches, ransomware attacks, and hacking continues to grow."

"Potential risk of changes in current laws and regulations."

"Cyber-attacks/Data breach; Cloud Sprawl; Reputation Risk; Increasing inflation/cost of living; 'The Great Resignation / war for talent'; Supply Chain Disruption / Geopolitical risks; Retail Optimisation - Heighted reputational risks; Climate Change."

Q7a: What are they? | Those that said they have identified emerging risks over the last 12 months n=27

Risk identification and assessment are the most critical areas that WLA should be focusing on to support their Members. Risk culture also ranked highly

Thinking about how the World Lottery Association might support your organisation to better identify and manage risks. Please rank the below risks from 1 to 6, with 1 being the most critical and 6 being the least critical.

% Rank in top three

Risk	Distribution	% Rank in top three
Risk identification	10% / 6% / 8% / 23% / 15% / 38%	**77%**
Risk assessment to determine materiality	13% / 21% / 19% / 31% / 15%	**65%**
Controls assessment to mitigate risk	17% / 19% / 29% / 25% / 8%	**62%**
Monitoring of risk and mitigation effort	10% / 15% / 40% / 17% / 10% / 8%	**35%**
Risk culture in your organisation	52% / 13% / 8% / 19%	**31%**
Team and governance structures to support risk management	27% / 35% / 8% / 8% / 12% / 12%	**31%**

■ 6 - Least Critical ■ 5 ■ 4 ■ 3 ■ 2 ■ 1 - Most Critical

Q8: Thinking about how the World Lottery Association might support your organisation to better identify and manage risks, please rank the below areas of support from 1 to 6, with 1 being the most critical and 6 being the least critical. | Total sample n=52
Note: Percentages <5% are not displayed in the above chart

Collaboration and education are two key areas Members would like the WLA to focus on in the future

Education

"Assistance by providing best practices and enterprise risk management tool kits in addition to regular updates and webinars."

It would be great to have a WLA accredited certification for 'risk practitioners' who work in dedicated risk roles within risk teams at lotteries. There is a lack for formal qualifications for risk practitioners.

"Maybe by offering seminars or webinars talking about differents ways or systems of risk management, study cases."

"There are many countries and organizations that sell and operate lottery tickets around the world, but I think that each operating institution has a different risk management method, so I would like you to share a risk management manual that can serve as an example for a proper case study."

Collaboration

"It would be nice to share the high risk in the community so the others can identify what can be relevant for them as well soon."

"Collaborate with colleagues from different Lotteries to gain a holistic understanding of lottery risks and potential interdependencies."

"Since we all share similar risks, it would be helpful to see how other Lotteries assess along with their treatment plan for common things like using (RFID) technology or the ADMs which are sometimes on end-of-life technology."

"Please share the gathered insights from this survey, would be interesting to understand where other countries are on this topic."

Q9: Do you have additional comments on how the World Lottery Association might support your organisation in risk management? | Total sample n=52

How can members be involved?

Access risk management content available on the website and provide feedback via the Wiki.

Contact with WLA/SRMC members via WLA - Security security@world-lotteries.org