

## THIRD-PARTY RISK WORKSHEET

Use this checklist to learn the basics of third-party and vendor management risk for your financial institution!

Banks, credit unions, and mortgage companies all have to consider the risks posed by their vendors. Here are a few of the most important ones to know.



1

### COMPLIANCE RISK

The regulators have said that any compliance risk in a third-party vendor's products, policies, or procedures will be viewed as the risk of the financial institution. Their compliance risk is your compliance risk - and that can be costly!

2

### CYBERSECURITY RISK

Cybersecurity is one area of risk that could probably use a little more focus. Your cybersecurity risk management should identify high-risk activities, include controls, ensure data security, detail incident response, and more.

3

### CLOUD RISK

The cloud provides lots of valuable opportunities for financial institutions, but it also presents risks. As it becomes more prevalent, we're expecting regulators to pay even more attention to cloud-based solutions.

4

### REPUTATIONAL RISK

Reputational risk is all about how a relationship with a third-party provider or vendor could impact your financial institution's reputation. Don't overlook the impact of vendor relationships to your brand, marketing, and sales.

5

### TRANSACTION RISK

Transaction risk is the risk that a third-party won't provide the expected products or services, and that this failure to meet expectations will negatively impact your institution and/or your customers.

6

### CREDIT RISK

Credit risk is the risk that a third-party vendor won't stay in business; in general, a best practice is to avoid doing business with financially unstable partners. Your Board will be particularly helpful in evaluating the credit risk of your institution's vendors.

7

### OPERATIONAL RISK

A broad category, operational risk is all about the potential financial loss when processes, partners, employees, or systems fail. To manage it, comprehensive, ongoing risk management is key.

**WANT HELP WITH VENDOR RISK MANAGEMENT?**

Learn how Ncontracts can help you improve your vendor risk management with powerful software! Call or email us today.

**888.370.5552 or [info@ncontracts.com](mailto:info@ncontracts.com)**