

GUIDE

Understanding Your Real Technology Risk: A Board-Level Guide for Regulated Firms



Chapman Technology Partners



Who this guide is for

This guide is written for directors, partners, compliance leaders and senior management within regulated firms who carry accountability for technology, cyber security and operational resilience, even if they are not technical themselves.

Why this guide exists

Many regulated firms believe their technology risk is under control.

They have:

- An IT provider
- Cyber security tools in place
- Policies written and filed
- No major incidents to date

Yet when we speak to boards, a consistent gap appears. There is confidence, but not always clarity.

Technology risk is often assumed to be “handled by IT”, rather than understood, challenged and governed at leadership level. Regulators see this differently.

Under FCA expectations, accountability for technology risk sits firmly with senior management.

This guide exists to help boards understand:

- What technology risk actually means in practice
- Where false confidence often creeps in
- What regulators expect leaders to know, ask and evidence

No jargon. No scare tactics. Just clear oversight.

What “technology risk” really means

Technology risk is not just about cyber attacks.

It includes:

- The risk of system outages disrupting clients
- The risk of data loss or unauthorised access
- The risk of suppliers failing or being compromised
- The risk of systems no longer supporting how the business operates

In regulatory terms, it directly links to:

- Operational resilience
- Data protection
- Client harm
- Business continuity

A firm does not need to suffer a breach to be exposed.

Risk exists **long before something goes wrong**.

The confidence gap we see at board level

One of the most common issues we encounter is what we call assumed assurance.

Boards often believe:

- “Our IT provider has this covered”
- “We passed our last audit”
- “Nothing serious has happened yet”

The problem is that these statements do not demonstrate ongoing oversight.

Regulators are not just interested in outcomes.

They care about:

- Decision-making
- Challenge
- Evidence of control

A lack of visibility can quickly become a governance issue.

What regulators expect senior leaders to understand

Boards are not expected to configure firewalls or manage backups.

They are expected to be able to answer questions such as:

- What are our biggest technology risks today?
- Which systems are business-critical and why?
- How would a serious IT failure affect clients?
- How do we know our controls are still effective?
- What has changed in the last 12 months?

If those answers rely entirely on assumptions, that is where exposure grows.

Technology risk changes as your business changes

Risk is not static.

It increases when:

- The business grows
- New systems are introduced
- Staff roles change
- Remote working expands
- Suppliers and platforms are added

Many firms still rely on controls designed for a much smaller, simpler operation.

From a regulatory perspective, **unchanged controls in a changed business is a red flag.**

What good board-level oversight looks like

Effective governance does not mean more paperwork.

It means:

- Clear ownership of technology risk
- Regular, plain-English reporting
- Independent validation, not just reassurance
- Evidence that risks are reviewed and addressed

Boards that do this well are not more technical.

They are simply better informed.

A practical next step

Understanding risk is the foundation of reducing it.

A structured technology or cyber risk assessment provides:

- Independent visibility
- Clear prioritisation
- Evidence for regulators
- Confidence for leadership

It turns uncertainty into clarity.

If you want a clear, board-level view of your firm's real technology risk, a structured **Cyber Risk Assessment** is a sensible place to start.



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