# Risk Manager interview questions

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## What to expect

Risk manager interviews test three things at once: whether you understand how frameworks and controls actually work, whether you can hold your ground with senior stakeholders on a risk position, and whether you can communicate exposure to people without a risk background. Expect a mix of process questions, judgement scenarios and behavioural questions, often with at least one interviewer from outside the risk function.

- **Process:** How you'd approach building, running or improving a risk framework, control set or reporting cycle.
- **Scenario / judgement:** A live-feeling situation, often an incident or a conflict between commercial pressure and risk appetite, testing what you'd actually do.
- **Behavioural:** Past examples of identifying risk, pushing back on a decision, or influencing risk culture, usually asked as STAR-style prompts.
- **Technical / regulatory:** Questions on risk concepts, standards and regulatory obligations relevant to the industry (APRA, ASIC, AUSTRAC depending on sector).
- **Stakeholder communication:** How you'd explain a risk position to a non-technical audience, particularly a board or executive committee.

Most processes start with a recruiter or HR screen on background and salary expectations, then a first-round interview with the hiring manager covering framework and technical knowledge, then a panel round with a CRO, head of risk or board committee member focused on judgement scenarios and stakeholder handling. Larger financial services employers sometimes add a written case study or a presentation on a sample risk report.

## 1. Walk me through how you'd build a risk framework for a business unit that currently doesn't have a formal one.

**Why they ask**

Tests whether you understand the mechanics of a framework rather than just the vocabulary around risk management.

**How to structure your answer**

Walk through the steps in order: understand the business and its objectives, identify and categorise risks, assess likelihood and consequence, set controls and risk appetite, then set up ongoing monitoring and reporting.

**Example answer**

*“I'd start by understanding what the business unit is actually trying to achieve, because risk only makes sense against objectives. Then I'd run workshops with the team to identify risks across financial, operational and compliance categories, and assess each one for likelihood and consequence using a consistent scale. From there I'd agree a risk appetite with the business owner, map existing controls against each risk, and flag where controls are missing or weak. The framework only earns its keep once it's embedded into a reporting cycle, so I'd set up a regular cadence of updates to management and, where the risk is material, to the board risk committee.”*

## 2. Tell me about a time you identified a risk that others in the business hadn't picked up on.

**Why they ask**

Behavioural question checking for genuine risk instinct and the confidence to raise something before it's obvious.

**How to structure your answer**
STAR: situation, task, action, result, with emphasis on how you noticed the risk and how you got it taken seriously.

**Example answer**
*“I was reviewing a process change that operations had already signed off as low risk because it looked like a minor workflow tweak. Looking at it from a controls angle, I noticed it removed a segregation of duties check that had been in place for a reason. I raised it with the process owner, walked through the specific control gap rather than just flagging a general concern, and we agreed to add a compensating check before rollout. It didn't stop the change going ahead, it just meant it went ahead with the control intact.”*

## 3. A near-miss incident lands on your desk late on a Friday, and it looks like it could touch on a breach of a prudential standard. What do you do?

**Why they ask**
Scenario question testing judgement under time pressure and understanding of escalation obligations.

**How to structure your answer**
Judgement-under-pressure structure: state your immediate priority, describe how you'd triage and verify facts before escalating, and explain who you'd involve and when.

**Example answer**
*“My first priority is establishing the facts, not the headline. I'd get whatever detail is available immediately, including who's aware of it and whether it's ongoing or contained. If there's a real possibility it touches a prudential standard, I wouldn't sit on it over the weekend waiting for full certainty. I'd escalate early to my manager or the relevant compliance lead with what I know and what I don't, flag it as preliminary, and keep gathering detail so a fuller assessment is ready for Monday. Getting the timing of escalation right matters more than having a complete picture on day one.”*

## 4. How do you think about the difference between risk appetite and risk tolerance, and how do you use that distinction in practice?

**Why they ask**
Technical question checking whether foundational risk concepts are understood, not just repeated.

**How to structure your answer**
Technical explanation: define both terms clearly, then give a concrete example of how the distinction changes a decision.

**Example answer**
*“Risk appetite is the level of risk the organisation is willing to accept in pursuit of its objectives, usually set at board level. Risk tolerance is the specific variation around that appetite that's acceptable for a given risk category, often expressed as a threshold or limit. In practice, appetite tells you the direction, tolerance tells you when to act. If a credit risk metric drifts within tolerance, that's monitored. If it breaches tolerance, that triggers a defined response, even though the overall appetite statement hasn't changed.”*

## 5. How would you explain a serious risk exposure to a board member who has no technical risk background?

**Why they ask**
Tests communication skill, since risk reporting is wasted if the audience can't act on it.

**How to structure your answer**

Communication approach: describe how you'd strip out jargon, lead with impact and options, and check understanding before moving to detail.

**Example answer**

*“I'd lead with what it means for the organisation, not the mechanics of how the risk arose. So rather than opening with the technical cause, I'd start with the potential impact and the options available to respond, then work backwards into detail only if they ask for it. I'd also avoid burying the actual ask in a wall of context. If I need a decision from the board, I'll say so directly and give them the two or three factors that matter most to that decision.”*

## 6. Describe a time you had to push back on a business decision because of the risk involved, especially where there was commercial pressure to proceed.

**Why they ask**

Behavioural question testing whether you can hold a position under pressure without becoming obstructive.

**How to structure your answer**

STAR, with particular attention to how you balanced the commercial argument against the risk position and how the relationship held up afterwards.

**Example answer**

*“A business unit wanted to launch a product change ahead of a deadline that had already been communicated externally. I flagged that the control testing hadn't been completed and the residual risk hadn't been assessed. Rather than just saying no, I set out what specifically was untested and what the exposure looked like if it went wrong, and proposed a shortened but still adequate testing window. The launch was delayed by a short period rather than pushed through untested, and the relationship with that business unit was fine afterwards because the pushback was specific and came with an alternative, not just an objection.”*