

ABSTRACT

UTILIZING THE COBIT 2019 IT RISK MANAGEMENT FOCUS AREA IN MANAGING DIGITAL TRANSFORMATION RISKS IN REINSURCO

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With the advancement of information technology (IT) in the Indonesian insurance industry, incumbent companies like ReinsurCo need to accelerate digital transformation (DT) to remain competitive. However, DT implementation often fails due to poor IT governance. Namely, more procedures and documentation are needed to manage the company's IT risks. Previous research showed that ReinsurCo still operates 91% of traditional IT governance, which is considered ineffective in overseeing DT. As a company under the supervision of the State-Owned Enterprises (SOE) and the Financial Services Authority (FSA), ReinsurCo must comply with established regulations, namely the Minister of SOE Regulation PER-2/MBU/03/2023, which mandates the implementation of good IT governance by considering risk management aspects and the Master Plan for the Indonesian Financial Services Sector 2021-2025 on DT acceleration. This study uses the five DSR stages: problem explication, requirement specification, design and development, demonstration, and evaluation. Data collection was done using semi-structured interviews and internal and external document triangulation. Subsequently, the data obtained was analyzed based on the COBIT 2019 IT Risk framework by applying design factors, focus areas, and IT governance process mechanisms resulting in priority governance management objectives (GMO), namely APO11 Managed Quality, APO12 Managed Risk, and EDM03 Ensured Risk Optimization. An evaluation was then carried out to identify gaps, then grouped into people, process, and technology aspects that produced essential improvement recommendation designs. These recommendations were then compiled into an implementation roadmap that can be used as a reference by ReinsurCo for prioritization in implementation. These improvements resulted in an average capability increase of 0.3 (12.5%) in the three priority GMOs. It is hoped that this study can contribute to expanding knowledge about the priority concept of IT risk management in supporting DT, with practical benefits especially for ReinsurCo in achieving its strategic planning success and generally for the insurance industry.

Keywords: Digital Transformation, IT Governance, IT Risk Management, COBIT 2019 IT Risk Focus Area, ReinsurCo.