

Operational resilience response to COVID-19

How to withstand, respond and recover your business through the COVID-19 crisis



The spread of COVID-19 has already resulted in much of the world's population living under some form of lockdown. The resulting economic impact is only just beginning to be felt across the financial services sector, but governments and central banks have responded by dropping interest rates and providing huge stimulus packages.

Financial institutions and other sectors face an evolving set of challenges and regulatory expectations to their operations from the pandemic.

Common challenges

Technology

- ▶ Does the firm have sufficient technology capability to support remote working of their entire workforce over a prolonged period of time (including IT hardware and licences)?
- ▶ Can the firm manage the security and privacy requirements with a remote workforce?
- ▶ Can the firm deliver transformations and changes in a controlled and organized manner?

People

- ▶ Are there mechanisms to promote employee and client health safety and prevent community outbreak through the workforce?
- ▶ How does senior management maintain engagement with the workforce?
- ▶ Can the firm support our workforce through alternative working arrangements, e.g., flexible working?

Processes

- ▶ Is there clarity on what business processes and services should prioritize resources towards?
- ▶ How easily can the delivery model be adjusted to new ways customers and clients may transact, e.g., digital channels?
- ▶ How will the impact of market and transaction volatility on key processes such as fraud monitoring be managed?
- ▶ Are suppliers able to meet their operating SLAs and for how long?

Regulatory expectations

Business continuity and customer assistance

- ▶ Confirmation that operational risk and business continuity processes have commenced and are operating as expected.
- ▶ Considerations to promote employee and client health and safety and prevent community outbreak.
- ▶ Identification of any significant control failures and description of exposures to the virus and how they are being managed.

Operational resilience and financial impact

- ▶ How the firm is working with regulators to gather data on the impact to any end-to-end services they provide.
- ▶ Whether current contingency arrangements will last the expected lifetime of the pandemic and whether the situation exposes the firm to any other potential resilience issues.

Regulatory relief

- ▶ Supervisors have now begun to grant targeted regulatory relief, in addition to indicating areas where some flexibility or relaxation of

expectations may occur due to remote access and home working.

- ▶ There are also adjustments to tighten the application of some requirements, e.g., short selling rules.
- ▶ In the case of financial measures that are designed to alleviate market pressures, firms are also being warned not to take advantage of relaxed conditions by diverting effort and resources towards the improvement of their own financial situation.

The following actions could be considered to help protect your firm

Unlike traditional business interruptions this is having a profound and prolonged impact on business globally. As well as solving the 'Now', businesses need to be planning for what's 'Next' and 'Beyond'.

What to consider in the Now, Next & Beyond

NOW - Solve the now

Manage the immediate resiliency challenges faced by the firm:

- ▶ How long can the firm operate under significant stress before points of vulnerability crystallize?
- ▶ How can processing standards and customer focus be maintained?
- ▶ Does the firm have the required technology and support for a remote workforce?
- ▶ Can third parties meet their SLAs and quality targets?

NEXT - Manage the disruption

Analyze the evolving scenario and design the risk and resilience response strategy:

- ▶ How does the data security control environment need to evolve to reflect prolonged remote working?
- ▶ How to maintain workforce productivity and collaboration?
- ▶ How to prioritize transformation and change initiatives?

BEYOND - Define the new normal

The post-pandemic environment will give firms an opportunity to define a 'new normal':

- ▶ What are the different customer and workforce expectations of what you deliver and how you deliver it?
- ▶ Where should you maintain your new operating 'norms' and where should you return to pre-pandemic BAU?
- ▶ How can you use 'important business services' as a core and work on ways to deliver them and keep them resilient?

How EY can help

EY can assist clients with rapid support on:

- ▶ Governance, compliance and risk
- ▶ Regulatory support
- ▶ Incident and crisis management
- ▶ Communications
- ▶ Third Party assessments
- ▶ Technology infrastructure review
- ▶ Cyber and privacy

EY can support clients with the following longer term resilience solutions:

- ▶ Governance, oversight and culture
- ▶ Risk management and resilience framework
- ▶ Monitoring and reporting
- ▶ Training and awareness
- ▶ Technology and cyber resilience
- ▶ People and workforce resilience
- ▶ Transformation and change management
- ▶ Third party management
- ▶ Business process resilience
- ▶ Service continuity and scenario testing

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