


# Sound Practices for Business Continuity




Regional Manager/Examiner

FEDERAL RESERVE BANK OF KANSAS CITY  
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# Sound Practices for Business Continuity

- Purpose: to enable the bank to continue offering critical services in the event of a disruption
  - It is not just about information technology
  - Critical customer services
- Business resiliency

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## Sound Practices for Business Continuity

- Shift in focus from disaster recovery to business resiliency
  - 1980's - disaster recovery
  - 1990's to early 2000's - business continuity
  - Current - business resiliency

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## Sound Practices for Business Continuity

- Business resiliency
  - Disaster
    - Natural
    - Man-made
  - Systems disruptions
  - Pandemics

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### ■ Policy

- Business impact analysis
  - Identify and classify critical activities
  - Document your plan
  - Training and awareness
  - Maintenance

## Sound Practices for Business Continuity


### ■ Business impact analysis

- Internal and customer service processes, not just information technology
  - Alternate locations
  - Customer service
  - Internal operations

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### ■ Documentation


- Identify critical applications/business processes
  - Identify time frames for recovery
- Identify single points of failure
  - Staff, hardware, telecommunications, application

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### ■ Documentation (Cont'd)


- Staffing will be critical
  - What would you do if one-half of your staff was missing
  - Emergency preparedness at home
  - What about relocation
  - Safety is key
- Communication plan
  - Set priorities
  - Calling trees
  - Internal and external communication

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### ■ Testing


- Table top exercises
  - Weather related
  - Flooding
  - Loss of infrastructure
- Partial recovery testing
- Document “normal” events
  - Document what you did and how you did it

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### ■ Emergency preparedness

- Training and awareness
- Emergency procedures
- Communication

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- Non information technology issues
  - Payment methods
    - ATMs
    - Cash
    - Provisional credit for deposits
  - Credit issues
    - Consumer repayment flexibility
    - Small business repayment/recovery

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- Non information technology issues (Cont'd)
  - Vendors/supply chain
    - Identify critical vendors
    - Hardware
    - Telecommunication support
    - Supplies
    - Critical government services
  - Communication to customers

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## The Discount Window

- Benefits of including in contingency planning
  - Provides backup funding source
  - Will be there when other sources may not
- Prepare and test discount window access
  - File documents with the Reserve Bank
  - Pledge collateral
  - Test your borrowing line

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- Pandemic awareness
  - SR 06-05 - Influenza Pandemic Preparedness
    - Raise awareness
    - Potential impacts
    - Provide references

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- Pandemic awareness (Cont'd)
  - Primary impact will be on staffing levels
    - Illness
    - Employee caring for family
    - Employees feeling safer at home
    - Staff volunteering in community
    - Staff stress and decreased efficiency

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- Pandemic awareness (Cont'd)
  - Other possible impacts
    - Supply chain disruptions
    - Closure of “public area” businesses
    - Closure of schools and government offices
    - Significant layoffs due to manufacturing and retail consumer disruption

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### ■ Pandemic awareness (Cont'd)


- Things to consider
  - Business Continuity Plan includes pandemic response
  - Consider interruptions to essential services
  - Identify critical staff and “knowledge” single points of failure
  - Plan for 25-40 percent staff shortages
  - Coordinate with local businesses and government agencies
  - Remote work environments
  - Promote staff awareness

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### ■ Information sources

- [www.ffiec.gov](http://www.ffiec.gov)
- [www.fema.gov](http://www.fema.gov)
- [www.continuitycentral.com](http://www.continuitycentral.com)
- [www.pandemicflu.gov](http://www.pandemicflu.gov)

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- Discount window information sources
  - SR 03-15 - Interagency advisory on the use of the Federal Reserve's primary credit program in effective liquidity management
  - [www.frbdiscountwindow.org](http://www.frbdiscountwindow.org)
  - Kansas City Credit and Risk Management Department (800) 333-2987

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## Conclusion

- Business resiliency is beyond information technology
- Identify single points of failure
- Staffing will be critical
- Consider non information technology issues

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## Questions?