Operational Resilience

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BANK OF AMERICA

Background

Summary

A key priority for the Bank of England, Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) is to implement a stronger regulatory framework to promote operational resilience of firms and financial market infrastructures (FMIs).

Regulatory Developments Timeline

July 2018:
FCA, PRA & BOE published a joint Discussion Paper (DP) on Operational Resilience : "Building the UK financial sector's operational resilience"

December 2019:
FCA, PRA & BOE published consultation papers which would embed their approach to operational resilience into policy.

May 2020
Regulators announced an extension to consultations on Operational Resilience until 1 October 2020.

March 2021
Regulators publish the final policy papers.

Consultation Papers and Policies

PRA

PRA Consultation Paper (CP29/19)

https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2019/cp2919.pdf

PRA Policy Statement (PS6/21)

https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/policy-statement/2021/march/ps621.pdf?la=en&hash=A15AE3F7E18CA731ACD30B34DF3A5EA487A9FC11

FCA

FCA Consultation Paper (CP19/32)

https://www.fca.org.uk/publication/consultation/cp19-32.pdf

FCA Policy statement (PS21/3)

https://www.fca.org.uk/publication/policy/ps21-3-operational-resilience.pdf

Our Operational Resilience Journey

As we have developed our approach to implementing the impending regulatory policies we have worked through new circumstances – many of which have been experienced across the industry. We have applied these lessons learnt into the ongoing evolution of our program.

A major challenge was an unexpected live scenario where we had to ensure we remained resilient as we responded to the pandemic. The pandemic highlighted the importance of an Operational Resilience program for the financial services industry.

Operational Resilience
In Action

Turning A Policy
Into A Program

Operational Resilience In Action

At the height of the pandemic we live tested and proved the resiliency of our operating environment. Core to our response was ensuring that critical resources were available and resilient for Services to run as our clients expect.

It highlighted the importance of having strong resumption capabilities for each resource type, and the dependencies these resources have on each other.

| Taking an Obligation | Activity | Activity | Activity | Activity | Activity | Delivery of the Service |

People
We quickly ensured our people could work effectively either from the office or home. HR processes were setup to manage this event and support our people.

Technology
Our technology had to withstand high market volumes. Robust end user technology and remote access infrastructure was vital to support our employees at home.

Facilities
Our offices were enhanced to ensure they were COVID safe. Data centres were closely monitored and network capacity was increased where needed.

Processes
Heightened monitoring at the executive level was put into place to monitor performance. Non-critical processes were deprioritised to manage capacity.

Information
Confidential data within our technology systems had to be kept accessible, whilst also remaining safe, as people operated from remote locations.

Third Parties
We partnered with our third parties on their resiliency plans and their ability to operate in a remote working posture. A key focus area was planning for any unavailability of critical national infrastructure, for example the impact an outage of home broadband could have on the majority of the workforce operating from home.

Turning A Policy Into A Program

The concepts within the Operational Resilience policies prompt healthy dialogue and debate on where to focus our program.

A critical step was creating a cross-functional working group with representation from the business, support functions, and risk partners.

What is an Important Business Service?

How granular should your Service map be?

What should an Impact Tolerance look like?

What is intolerable harm to the client, firm or market?

How and what do we communicate to Board?

What is a 'severe, but plausible' scenario?