

Business Continuity in the Banking & Finance Industry and the need to meet regulatory requirements for compliance

Newsletter

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EARLIER this month, the World Bank predicted in its address to the Group 20 finance ministers and central bank chiefs that the global economy will shrink during 2009, for the first time since World War II. With world economies now in turmoil, growth for 2009 in the Middle East and North African (MENA) regions is predicted to be less than four percent as the global financial crisis and decline in oil prices continue to bite. This situation however, appears to be far less severe in the Middle East than other regions such as Europe, United States and Asia where organisations including many large banks have been severely impacted by the recession.

So how is it that the banking industry, especially in Europe and the US, got into such bad shape that they had to seek government assistance to prop them up? And what of the Banks and other financial institutions that have already succumbed to the recession? Was enough done to protect these banks and their customers from their losses? What happened to the regulations set out under the BASAL II Accord? Introduced in 2004 by the Basal Committee on Banking Supervision, the Accord was written specifically to create regulations about how much capital banks need to keep aside to guard against the types of financial and operational risks they may face while promoting soundness and stability within the international banking

system.

We could all pontificate on the whys and wherefores, but there is one aspect Standby believes to be at the crux of the matter. Financial institutions need to look past all the doom and gloom and realise that the current global financial crisis signifies the importance of good risk management to ensure prolonged business survival. An integral part of that risk management is business continuity, which is now a regulatory requirement for compliance in the MENA region.

In his opening speech to MEFTEC in February 2008, H.E. Rasheed M. Al Maraj, Governor, Central Bank of Bahrain highlighted that all banks in Bahrain are required to maintain proactive business continuity planning to ensure delivery of critical services or products are maintained even during a disruption. The theme to this year's MEFTEC conference was "leveraging technology through turbulent times." Without a doubt, these are turbulent times. However, the financial sector is becoming more reliant on technology, so the issue of maintaining business continuity in the face of any kind of disruption is essential from a business and reputational perspective.

Standby had a trade stand at the MEFTEC Conference in February this year and going by the response we received, business continuity and disaster

recovery is high on the agenda for many banks and financial institutions in the MENA Region. It was obvious from the many delegates who visited our stand that there was a huge interest in obtaining assistance right across the board, from developing the business continuity plans through to implementation, training, testing and auditing. These are all services that Standby can offer and to date we have already completed a number of projects for clients in the financial sector in the Middle East.

To conclude, business continuity within the banking and financial industry is no longer a discretionary activity. Regulatory authorities are now clamping down making business continuity planning compulsory. One can expect that as time goes by, the regulatory authorities will insist on better plans. In our experience, just writing a plan so you can tick the boxes to meet regulatory requirements is not suffice. It is a living document that evolves as your organisation changes. Therefore it is important that there is a continuous focus on testing and updates to improve resilience within your organisation.

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Quote of the Month

IT takes fifteen times the amount of money to recover from a disaster than it would have taken to carry on operating with a properly executed recovery plan.

Source: US Federal Emergency Management Agency



STANDBY had an exhibit trade stand at the prestigious Middle East Financial Technology Exhibition and Conference held on the 10-11 February 2009. During the 2 day event our stand was visited by many delegates from Asia through to the Middle East and North Africa.

Disaster Recovery and Business Continuity Planning is now a requirement from Central Banks and Investors. As Business Continuity and Disaster Recovery specialists,

Standby met with a large number of organisation delegates who were looking for viable recovery solutions.

It is obvious organisations can find plan writing, embedding and testing a daunting task. Frequently delegates mentioned they don't know where to begin with plan creation. Others had plans, but they had not been embedded or tested, and their current plans needed auditing. These are all common but rectifiable problems Standby specialises in.

Emergency Management



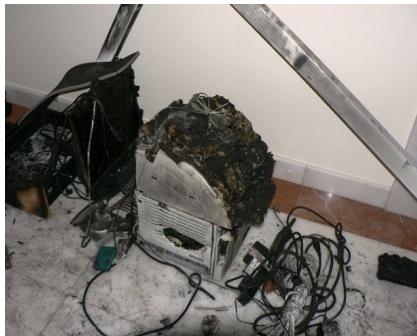
EFFICIENT and effective emergency management will assist your organisation to continue to operate in situations of potential and real risk.

During periods of critical disruption weather it is caused by environment, terrorism or simply an internal process, emergency risk management is critical to avoid disruption to operations.

Standby has added emergency management, fire service management and civil defence operations. Our consultants bring with them international experience complaint with British and American standards.

A Small Fire.....

STANDBY was recently asked to inspect and advise on what a tenant first thought to be a seemingly small event. A fire. Initially reported as 'not a lot of damage.' The situation quickly went from bad to worse.



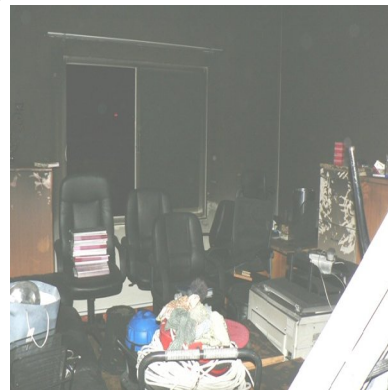
On entering the offices a completely different scenario unfolded. The fire itself was contained to the reception area, which burnt out the fax machine, printer, office chair, the desk and a computer.

The smoke damage to the entire office premises was disastrous. The burning office chair had caused the most damage, smothering the office from floor to ceiling in a thick layer of black soot.

It was right throughout the office, in drawers and filing cabinets, the air conditioning units, the kitchen area and bathrooms.

A team of cleaners was called in, then the entire premises had to be repainted. Still thinking it wasn't so bad? Well matters just got worse when it was discovered that:

- The fire alarms had been switched off
- There was no insurance. (The Landlord can also expect his insurance company not to pay due to deactivated fire alarms)
- The main computer was destroyed and had not been backed up
- Key Customer lists were burnt and not backed up
- There was no BCP or DRP planning
- Other offices in the building turned on their air conditioning units, and were covered in thick black soot
- Office premises were unusable for a week.



Standby recognises that there is often a chain of events that can have dire consequences for your organisation. 'In Hindsight' is not an option to keep your business operating.

Could your business recover? Contact us for more Emergency Management

Health Safety & Environment



Recently, Standby added "Health Safety & Environment" to our available services. We recognised the need for efficient and effective control of accidents and protection to the environment.

Worldwide, companies and employees are being made liable for harm of people and the environment caused during in the event of an accident.

Standby has experts skilled in this specialist field who will analyse the risk management processes and current procedures in your organisation and develop reports and action plans that adhere to international best practice standards.

They can assist in implementing effective risk control methods that can reduce the risk of company exposure to liability. Standby also can offer training workshops for departments or individuals responsible in your organisation for Health & Safety.

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