



FI Supervision

Continuity management at banks

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Summary

Finansinspektionen's (FI) supervision shows that many banks are working actively with continuity management and have implemented key measures for reducing the risk of serious disruptions in their operations. At the same time, we see a need for the banks to further strengthen their continuity management. FI expects the banks to continue to focus on enhancing the resilience of their critical functions.

This supervision report is being published at the same time as the new coronavirus continues to spread. The impact of the pandemic further emphasises the importance of the banks' continuity management. Some time has passed since the banks activated their crisis management. They are updating relevant scenarios and plans for the current situation on an ongoing basis. This work has largely functioned well, but the banks' ability to sustain this work over time remains to be evaluated. Since this supervision report covers FI's supervision for 2018 and 2019, it does not specifically discuss the banks' continuity management in relation to the impact of the pandemic on the business.

Many of the banks' products and services fulfil critical functions, and a disruption in these services could have a major impact on consumers. Serious, recurring disruptions to the banks' services could also lead to reduced confidence in the financial system and, in a worst-case scenario, threaten financial stability.

The rising penetration of digitalisation and globalisation combined with a change in consumer behaviour has made the infrastructure for the banks' services more complex. Many banks are making comprehensive changes to adapt their business and their service portfolio as the world around them changes. FI takes the position that this, at least in the short term, could lead to higher operational risks in the banks, with a serious disruption as one potential consequence. In 2020, the impact of the new coronavirus has further shown the importance of preparedness for scenarios that may seem improbable not only in all sectors but in the financial sector in particular.

The banks therefore need to have robust continuity management in place that is deeply integrated into their operations and resilient to all types of events that could cause serious disruptions. Our supervision shows that the banks are working actively with their continuity management at the same time as there continues to be a need for improvement. In summary, FI would like to see in general that the banks improve their continuity management as follows:

- Strengthen the internal governance and control of continuity management, including the continuity management strategy, risk appetite for operational risk and independent control functions.

- Further develop the methods of impact analysis to ensure that all critical functions, including their dependencies on one another and on support functions, are identified.
- Clarify content and structure of contingency plans, continuity plans and recovery plans.
- Ensure that appropriate continuity tests are conducted for all key processes and the IT systems that support these processes.
- Increase the detail in reporting of results from completed continuity tests to provide management and boards with relevant and meaningful information.



Finansinspektionen
Box 7821, 103 97 Stockholm
Besöksadress Brunnsgatan 3
Telefon +46 8 408 980 00
Fax +48 8 24 13 35
finansinspektionen@fi.se

www.fi.se