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Can you afford not to?

The Banking Industry continues with its beautifully spiralling decline in reputation since 2008. Firstly the ICT (Information, Communications and Technology) software upgrade failed and secondly the rigging of the critical 'London Interbank offered rate' (LIBOR).

The list of misdemeanours, mismanagement and miss-selling continues at a pace, with significant consequences. As of early July, billions will be paid out in compensation for miss-selling of PPI, billions wiped off Bank's share values, billions paid out in compensation for the software glitch and millions in fines to Barclays for their part in the rigging scandal. If similar losses were inflicted to businesses in other industries in the UK, most would go bust.

Let's not forget the customer. Many were left homeless, left in prisons, left without money and left without a life for a short while. If that's not enough Top Management failed to inform and failed to manage people's expectations. In fact it was Ulster Bank's customers that informed the Bank they had a problem!

To use a U2 music analogy the Banking Industry is 'Stuck in a moment that you can't get out of'.....or could you?

In Business Continuity Management (BCM) there are several key stages, two elements of which provide the processes that enable Top Management to better prepare for incidents. These two elements are Incident Management Planning and Exercising/Testing.

Incident Management Planning

Incident Management procedures are vital, enabling the ability to mobilise a predetermined Management Team, who head up various departments (HR, Communications, Operations, Facilities, and ICT etc), to manage the Incident, no matter what the scenario is affecting them. This team's Incident Management Plan should be exercised regularly, using varying scenarios that are likely to cause the organisation a disruptive incident.

Besides the priorities surrounding people during an incident, reputation comes a close second. Therefore, standing in front of the cameras after several days, as the boss of RBS did, saying the computer system has had a problem is not good enough.

Contained within any Incident Management Plan must be specific communications plans designed, prepared and fully exercised in order to rapidly respond and communicate to all stakeholders, in doing so help protect the company's reputation. Not long ago businesses had an hour to respond and start to gain control of the situation, nowadays, with the emergence of social media, you have minutes before your dilemma is exposed across the world.

Exercising/Testing

Financial institutions devote considerable resources to ICT Continuity, yet, when risk assessed, could fail over. Organisations have the capability on paper; however, when challenged as to when the full system was last tested, our friends from 'Treacle' (My nickname for ICT) confirm there has never been a full load test as management are not prepared to take the risk!

The financial sector has a recognised ICT change management process, referred to as the IT Information Library (ITIL) dealing with problem management; change, trends, escalation and data management. Why then did inadequacies exist in the implementation planning for the testing of the RBS software upgrade? One wonders if a fall back and or the scope of the testing had been thoroughly thought through.

The RBS software failure was eventually dealt with, however, my suspicion is that 'Treacle' firstly might have given Top Management a shorter time scale for recovery and secondly may have endeavoured to deal with the incident without immediately escalating the issue to a Group Incident Management Team.

Robust, BCM can be seen to many as costing time, effort, money and commitment, all of which could be seen as frivolous in this age of prudent fiscal management. To avoid a spectacular failure of ICT or Incident Management Communications the likes we have witnessed in recent months you need to have confidence in your preparedness for a disruptive incident and evidence that your plans work.

By applying and embedding the principles of BCM in the day to day management of an organisation, I guarantee a considerable return on investment compared to the losses facing the British Banking Industry in 2012.

Can you afford not to? If you would like us to help we can. Visit our website www.2bcontinued.co.uk or e-mail us direct at trevor.partridge@2bcontinued.co.uk. Full contact details are below.

Thank you once again for taking the time to read our newsletters. We hope you find them informative.

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