

# Operational resilience response to COVID-19

How to withstand, respond and recover your business through the COVID-19 crisis



The spread of the COVID-19 coronavirus could impact more than five million businesses worldwide and the most severely affected countries represent nearly 40 percent of the global economy.<sup>1, 2</sup>

Financial institutions and other sectors face an evolving set of challenges to their operations from the pandemic.

## Common challenges faced by firms regarding operational resilience

### Technology

- ▶ Does your firm have sufficient technology capabilities to support remote working of the entire workforce over a prolonged period of time (including IT hardware and software licences)?
- ▶ Can your firm manage security and privacy requirements with a remote workforce?
- ▶ Can your firm deliver transformations and changes in a controlled and efficient manner?

### People

- ▶ Are measures in place to promote employee and client health safety and prevent community outbreaks through the workforce?
- ▶ How does your senior management maintain engagement with the workforce?
- ▶ Can your firm support employees through alternative working arrangements, e.g., flexible working?

### Processes

- ▶ Do you have clarity on what business processes and services to prioritise in terms of resource allocation?
- ▶ How easily can your delivery model be adjusted to new ways of customer interaction, e.g. digital channels?
- ▶ Is your firm able to monitor key external as well as internal sourcing providers to ensure business continuity?

**79%** Board members state that their organizations are **not very well prepared** to deal with a crisis event.<sup>3</sup>

**94%** of the Fortune 1000 are seeing Corona Virus supply chain disruptions.<sup>4</sup>

Fear of the consequences of the global Corona Virus epidemic has caused the **international stock markets** to experience the **worst week since** the 2008 **financial crisis**.<sup>5</sup>

## Regulatory expectations regarding operational resilience

### Business continuity and customer assistance

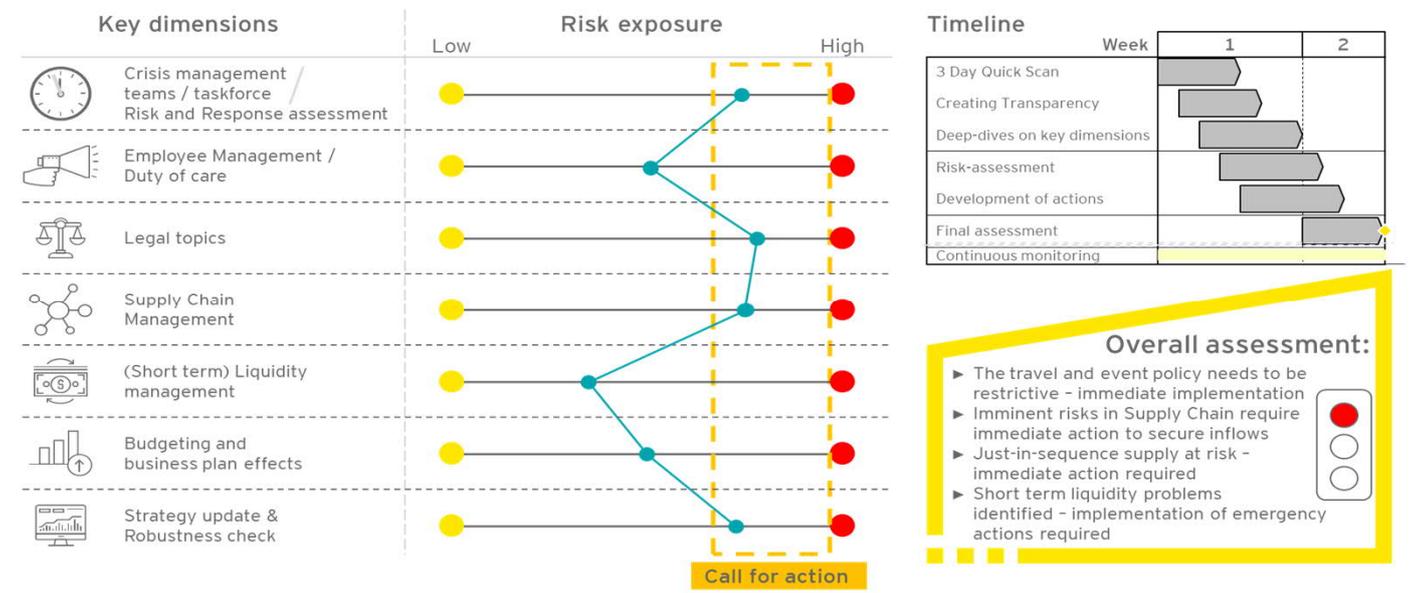
- ▶ Does your firm have confirmation that operational risk and business continuity processes have commenced and are operating as expected?
- ### Operational resilience and financial impact
- ▶ How is your firm collaborating with regulators to gather data on the impact on services you provide?
  - ▶ Will current contingency arrangements last the expected lifetime of the pandemic and will it expose your firm to any other potential resilience issues?

Source: <sup>1</sup>Coronavirus could impact more than five million businesses worldwide, new research show. CNBC.17.02.2020. © 2020 CNBC LLC. <sup>2</sup>COVID-19: Implications for business. McKinsey&Company. March 2020. © 2020 McKinsey & Company. <sup>3</sup>EY-IIF Bank Risk Management survey <sup>4</sup>fortune.com <sup>5</sup>Handelsblatt.de

# EY clients have to execute now, and prepare for the "next" and "beyond" as a result of COVID-19 challenges

<h2 style="margin: 0;">1 Now</h2> <p style="margin: 0; color: white;">Solve the now</p>	<h2 style="margin: 0;">2 Next</h2> <p style="margin: 0; color: white;">Manage this year</p>	<h2 style="margin: 0;">3 Beyond</h2> <p style="margin: 0; color: white;">The current crisis</p>
<p>Manage the immediate resilience challenges faced by the firm:</p> <ul style="list-style-type: none"> <li>▶ How long can your firm operate under significant stress before vulnerabilities materialize?</li> <li>▶ How can processing standards and customer focus be maintained?</li> <li>▶ Does your firm have the necessary technology and culture to enable a remote workforce?</li> <li>▶ Do your third parties still fulfill their SLA obligations, including service KPIs?</li> </ul>	<p>Analyse the evolving scenario and design the risk and resilience response strategy:</p> <ul style="list-style-type: none"> <li>▶ How does the control environment around information security need to evolve to address prolonged remote working?</li> <li>▶ How to maintain (remote and onsite) workforce productivity and collaboration?</li> <li>▶ How to prioritize transformation and change initiatives?</li> </ul>	<p>The post pandemic environment gives firms an opportunity to define a 'new normal':</p> <ul style="list-style-type: none"> <li>▶ What are the customer and workforce expectations of your service offerings and delivery mode?</li> <li>▶ When should you maintain your new operating 'norms' and when should you return to pre-pandemic BAU?</li> <li>▶ How do you define 'core business services' and how can you ensure their resilience to further disruptions?</li> </ul>

## EY Quick Check „Corona“ can provide transparency on potential business risks and give clear recommendations for action



## Contacts

<p style="margin: 5px 0;"> <b>André Dylan Kohler</b>                  Partner                  Head Financial Services                  Risk Management                  andre-dylan.kohler@ch.ey.com             </p>	<p style="margin: 5px 0;"> <b>Andreas Toggwyler</b>                  Partner                  Head IT Risk Assurance                  andreas.toggwyler@ch.ey.com             </p>	<p style="margin: 5px 0;"> <b>Dr. René A. Wettstein</b>                  Director                  Financial Services Risk Management                  rene.wettstein@ch.ey.com             </p>
<p style="margin: 5px 0;"> <b>Raffael Schweitzer</b>                  Associate Partner                  IT Risk Assurance                  raffael.schweitzer@ch.ey.com             </p>	<p style="margin: 5px 0;"> <b>Tom Schmidt</b>                  Partner                  Cybersecurity Leader FSO                  tom.schmidt@ch.ey.com             </p>	<p style="margin: 5px 0;"> <b>Nicole Kaspar</b>                  Director                  IT Risk Assurance                  nicole.kaspar@ch.ey.com             </p>