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RESILIENCE THROUGH PUBLIC HEALTH UNCERTAINTY

BUSINESS CONTINUITY PLANNING FOR ASIA-PACIFIC FIRMS



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This report is an [adaptation of a US publication](#) by Peter Dugas and Leah Robinson. We have updated the content for businesses based in the Asia Pacific region.

RESILIENCE THROUGH PUBLIC HEALTH UNCERTAINTY

If coronavirus has demonstrated any key learnings so far, it is that we all must expect the unexpected. Who would have predicted that so many would befall the virus? At the time of writing this, worldwide cases have already surpassed 5.5 million (as of 26 May 2020).¹ The impact on the global economy has been additionally grave, with The Dow and the FTSE recently seeing their biggest one day decline since 1987.² As financial institutions adjust, it has become imperative that they have the latest information on the potential economic and operational impacts of pandemic diseases to stay resilient, and then put a strong business continuity plan (BCP) in place.

Firms which were operational during the outbreak of Severe Acute Respiratory Syndrome (SARS) in 2003 may have already established some form of BCP, and some say Asian economies could find themselves better placed to deal with COVID-19 than the rest of the world because of this.³ However, given the increased severity of COVID-19, and the evolution of digital, regulatory, client and customer demands, it's definitely time for firms to review and upgrade any existing BCPs.

Indeed, BCPs must explicitly address pandemic planning using more modern tools to help them prepare for disruption in all aspects of business operations and people protection. It is also critical for institutions that suffer damages and loss, or have clients which have, to take the right steps to bounce back quickly, safely and securely. In this paper, which has been tailored for Asia-based banks, we will be outlining just how to do that.


THE CURRENT SITUATION IN ASIA

Asian governments and regulatory authorities have been trying to counter the impact of the coronavirus crisis using a variety of measures, from incentives such as loans and grants, to deterrents including fines, quarantines and travel restrictions:

 **HONG KONG:** On 18 April 2020, the government increased its low-interest loans for SMEs to a maximum of HK\$4 million per enterprise.⁴ Back in February, the Hong Kong Monetary Authority (HKMA) requested all authorized institutions to adopt a sympathetic stance in dealing with customers facing financial stress due to the epidemic.⁵ Under the Anti-


pandemic fund, the government has already launched three rounds of relief measures totaling HK \$287.5 billion to help industries and the public during the crisis.⁶

 **INDONESIA:** On 30 March 2020, the Indonesian government granted 5 trillion Rupiah (\$24.65bn) of additional spending to cushion the effect of coronavirus on Southeast Asia's biggest economy, thus expanding the 2020 fiscal deficit to 5.07 percent of GDP.⁷

 **JAPAN:** On 24 March 2020, the Japanese government and the International Olympic Committee announced that the Olympic and Paralympic Games Tokyo 2020 would be postponed to the summer of 2021.⁸

In April 2020, Japan declared a nationwide state of emergency after being hit by a second wave of the pandemic. However, following a drop in infection numbers, Japan is ending its state of emergency and considering a stimulus package worth more than \$900 billion.⁹

 **MALAYSIA:** On 6 April 2020, the Malaysian government announced its third economic stimulus package, bringing the government's total support outlay to 260 billion ringgit (US\$59.6 billion).¹⁰ The government previously asked financial institutions to provide financial relief to borrowers by rescheduling or restructuring loans, as well as offering payment moratoriums. The stimulus package comprises special allowances for healthcare providers, one-off cash aid and microcredit scheme for small- and medium-size enterprises (SME).

 **THE PHILIPPINES:** On 16 March 2020, President Rodrigo Duterte's economic team announced a P27.1-billion package to help frontliners fight coronavirus and provide economic relief to affected sectors.¹¹ On April 10, it was reported that The World Bank and the Philippine's Department of Finance signed a

\$500-million (P25.2-billion) loan to the Philippines to boost the country's response to the pandemic.¹²



SINGAPORE: On 6 April 2020, the Singaporean government unveiled its third stimulus package in two months. The fiscal injection to deal with the crisis is worth S\$59.9 billion (US\$42 billion) – amounting to 12 per cent of GDP. The government had previously approved a nine-month offset of 25 per cent of wages for most workers up to S\$4,600.¹³



SOUTH KOREA: In May 2020, Seoul's government ordered all bars, clubs and other nightlife establishments in the city to close with immediate effect after new infections in the bustling neighborhood of Itaewon put health authorities on alert over a possibly bigger outbreak.¹⁴



THAILAND: On 7 April 2020, Thailand's government announced a third economic stimulus package worth 1.9 trillion baht (US\$58 billion)¹⁵, to provide financial assistance to both businesses and individuals and to ensure liquidity in the financial sector. Tax relief measures have also been enacted by the Ministry of Finance of Thailand to counterfeit the burden of individuals and businesses.¹⁶

TRAVEL BANS, QUARANTINES & SANCTIONS: To contain the spread of the pandemic, most Asian countries have imposed travel restrictions along with mandatory quarantines. Travel constraints were implemented by degrees and varies from country to country and region to region.

Compulsory quarantines for inbound travelers apply in many Asian destinations. India mandated quarantine for citizens returning from specific countries, whereas Hong Kong mandated a 14-day self-quarantine that is required for all inbound travelers. However, only Hong Kong's permanent residents are allowed to enter the city¹⁷. Non-compliance sanctions, including imprisonment of a maximum of six months and a fine of HKD 25,000¹⁸ have been put in place.

Financial institutions should address the threat of a pandemic outbreak in their business continuity plans (BCP) and assess its potential impact on the delivery of critical financial services. We believe in order to address the unique challenges a pandemic pose, a BCP should include:

1. **A preventive program** to lower the chances of significant operational disruption from a pandemic event
2. **A documented strategy** to scale efforts consistent with the effects of a stage of a pandemic outbreak, and for reentering personnel into the workplace
3. **A comprehensive framework** of facilities and systems that provide business continuity if large numbers of the institution's staff are unavailable for extended periods
4. **A testing program** to ensure that the institution's pandemic planning practices and capabilities are effective and will allow critical operations to continue
5. **An ongoing oversight strategy** to ensure pandemic policies include the most recent, relevant information from governmental sources and the institution's monitoring program affected institutions to minimize disruption and burden in exam or inspection scheduling

PANDEMIC VERSUS TRADITIONAL BCPS

Pandemic planning differs from traditional business continuity planning in several distinct ways. Firstly, a pandemic's potential impact, including its scale and duration, is much more difficult to determine than other events such as natural disasters, which a traditional BCP would cover. A pandemic event can be global and often occurs in multiple waves, rather than all at once. It is important to note that not all infectious disease outbreaks escalate to a pandemic. Nonetheless, planning for a pandemic may help institutions navigate other outbreaks or public health crises.

KNOW YOUR RISKS

In evaluating your institution's risk in the case of a pandemic or any other health crisis event, it is crucial to conduct a pandemic risk assessment and examine all aspects of the business, from physical locations and personnel functionality to third-party vendor risk and cybersecurity. Identify your country's legal and regulatory requirements and ensure that you incorporate guidance into your pandemic plan and that the institution's BCP reflects the latest information from your country healthcare officials.

An organization's board of directors should oversee the senior management team's pandemic response plan development. In fact, all areas of the financial institution should be involved in the planning process (e.g. legal, human resources, information technology, business, and product areas), and there should be enough resources to implement, monitor, and test the plan.

for coming in contact with the virus or to limit potential exposure. It is also important to plan for how certain foreign and local jurisdictions may react to a pandemic outbreak, including potential communication or travel limitations, or even complete travel bans.

THIRD-PARTY RISK: When working with a third party, especially one that is essential to business-critical functions, such as a data management provider, it is vital to understand their risks in the case of an infectious disease outbreak. It may be prudent to examine partners' resiliency programs. If there is an indication that systems or processes may not be secure or accessible in the case of staffing issues, your institution could decide to ask the third party to address the problem and provide a written supplemental contingency plan.

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Here are some areas many institutions need to consider more thoroughly when performing this risk assessment:

GEOGRAPHIC RISK: Though it may seem like an obvious step, a firm needs to understand not only the location of each of its branches but also track the emerging risk in those areas, including monitoring employee travel (both work and personal). In areas with higher health risks, it is critically important to understand what temporarily shutting down an entire office or branch may look like, or how employees in these areas might be able to work remotely.

Experts believe staffing shortages may be one of the most damaging aspects of a pandemic, with outbreaks occurring in waves typically lasting between two to three months at a time. It could be problematic to have all staff who work on a particular business function to be based in the same area. In this scenario, it is not only that a large number of employees could contract the disease, but the threat that many employees could be quarantined

SUPPLY CHAIN RISK: In pandemic planning, it is essential to understand that entire countries or regions might require quarantining. Among other issues, this means disruptions to supply chains. Physical goods from quarantined areas will likely be detained, limited in supply, or production may halt. This could prove problematic for business continuity for an institution that relies upon parts or complete systems from suppliers under quarantine. For example, if your institution uses hard tokens for dual-factor authentication, and these tokens are manufactured in another part of the world, there could be a delay in or even an impossibility of receiving these parts.

Institutions should also identify essential business functions, essential jobs or roles, and critical elements within your supply chains (e.g. raw materials, suppliers, subcontractor services or products, ATM locations, and logistics) required to maintain business operations. Plan for how your business will operate if there is increasing absenteeism, or these supply chains are interrupted.

This supply chain risk has already proven problematic during the current COVID-19 pandemic, as many companies have relied on China for parts manufacturing or personnel support, such as IT professionals, and Chinese companies have struggled to fulfil their contracts amidst catastrophic health concerns.

DATA PRIVACY RISK: Experts agree that the best way to defend against a cyberattack is to think like a hacker. It is not hard to see that the best time to attack someone is when they are already distracted or managing multiple competing resiliency priorities. A pandemic or health crisis event is the prime opportunity for hackers to infiltrate systems, and it may be necessary for institutions to adjust the tolerance controls on internal and external activity flagging.

One of the most dangerous aspects of this type of attack could be that many hackers in this situation would decide to infiltrate and lay low for a period. Many institutions will be going through several scenarios, including resetting systems, that an institution may not readily identify unusual activities. In these cases, it could take months to notice a breach, as we have seen many times in the past.

Therefore, it is paramount that during and after an infectious disease outbreak, your institution strengthens controls for its systems and data. It could be beneficial to implement another layer of multi-factor authentication during these times, and employees should have a clear understanding of cybersecurity protocols if primary physical locations are inoperable. Additionally, monitoring and surveillance should increase to help detect any inappropriate access.

Another area of concern will be phishing and malware attacks, in which bad actors target companies and their employees with virus-related lures to either steal information or launch malicious attacks. The World Health Organization has already published a warning that these attacks have begun, and included several suggestions on how to detect a fraudulent email¹⁹. All employees must understand these risks and the warning signs, along with how to identify and report a scam.

LEGAL RISK: There are several types of legal risks present in pandemic planning. Among these, are the risks associated with a client's inability to access certain products or services or get the help they need to access these products or services. If your institution needs to limit face-to-face contact, you must be able to provide services through ATMs, online or telephone banking. One factor to consider is waiving additional fees if a client

cannot access the service otherwise. Furthermore, employees who become ill and require sick leave or disability pose specific human resources risks, and it is essential to stay on top of all labor and employment requirements for disability or reasonable accommodation.

If an employee is confirmed to have contracted COVID-19, employers should inform their employees of possible exposure to the virus in the workplace, while also maintaining confidentiality, or as required per country regulations. Employees exposed to a co-worker with confirmed COVID-19 should also refer to their country issued healthcare guidance. Employers should also evaluate and understand their country healthcare guidance on the measures to be implemented and risk assessment of their employees potential exposure.

Institutions should also review their current human resources policies and legal contracts with employees to make sure that policies and practices are consistent with public health recommendations. In addition, they should be consistent with existing workplace laws.



DEVELOPING AND ASSESSING A BCP

Once your institution has thoroughly evaluated all areas for potential risk in the case of a health crisis, and reduced risk as appropriate, it is time to focus on the business continuity plan. An effective BCP considers both short and long-term goals and objectives.

Short-term goals are more tangible and relate to the immediate actions for ensuring that mission-critical functions are operating as usual, so clients do not see any degradation in services. These actions include mitigating problems, designating critical personnel and infrastructure, and recognizing the resources required for support.

Long-term goals focus on more nebulous aspects of the BCP, such as recovery and restoration of facilities and full operations; re-alignment with third parties; consistent communications to personnel, clients, and the press; post-event assessment for lessons learned; and BCP modification. This is especially important in pandemic planning, as this type of disruptive event is often far lengthier and ongoing.

Your institution should update its BCP after any significant changes to business operations, changes to technology infrastructure or third-party vendors, updates to regulatory requirements or other related guidance, gaps or shortcomings revealed through training or testing. The actual threat of a pandemic should be a catalyst for reviewing and updating your institution's BCP, with a focus on pandemic planning.

THE RESPONSIBILITY OF CREATING AND EXECUTING A BCP

Financial institutions have to ensure that their board of directors and senior management are informed of the impact and latest developments of the COVID-19 crisis on their businesses. They must continuously assess the threats and risks on the institution, which includes considering the impact on its customers, suppliers and other contractual counterparties.

The board or a committee thereof should also approve the institution's written plan and ensure that senior management is investing enough resources into planning, monitoring, and testing the final plan. Senior management is responsible for developing the pandemic plan and translating the plan into specific

policies, processes, and procedures. Senior management is also responsible for communicating the plan throughout the institution to ensure consistent understanding of the key elements of the plan and to ensure that employees understand their role and responsibilities in responding to a pandemic event. In addition, they are responsible for ensuring that the plan is regularly tested and remains relevant to the scope and complexity of the institution's operations.

A testing program for your BCP must be in place and it should be updated regularly. A financial institution is recommended to review its BCP at least on an annual basis or earlier in case of any material changes in order to identify new objectives and/or threats. The organization should feel confident that it can recover from detrimental events.

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A BCP that incorporates pandemic planning should include the following areas:

PERSONNEL: An institution needs clear and defined tasks when it comes to its personnel. By identifying which employees are integral to the BCP, an institution and its employees will be more prepared, which can shorten the recovery window. If this is not all identified beforehand, altering a policy during a disaster can be even more difficult. Institutions should share their written plan with employees and explain what human resources policies, workplace/leave flexibilities, and pay/benefits will be available to them.

WE ADVISE COMPANIES TO ALSO:

- 1. Host emergency training** to make sure identified personnel know their overall role in the recovery process. It may be prudent to email this information to all concerned parties, or to host a conference call or video meeting. This emergency training should continue annually.

2. **Have a succession plan**, which include identification of successors, interim personnel and/or shared duties and responsibilities among existing personnel in case someone cannot be reached. Continuity in the management and daily operations has to be ensured, hence back-up plans are vital in case someone is unable or unwilling to return to work.
3. **Identify a team to help employees get up and running at external locations** on predefined critical business functions including to secure external access to critical files and technology. This will likely include more people than merely the IT department, as the need for assistance may be high.
4. **Cross-train personnel to perform essential functions** so that the workplace can operate even if key staff members are absent.
5. **Institutions may want to consider tracking employee's movements and travel history** under legal obligations in respect of the health and safety of their staff and in line with the respective personal data privacy ordinance. With any request for disclosure of travel history, a statement of purposes for the collection of information and to whom such information would be further disclosed would need to be included.
6. Financial institutions with more than one location are encouraged to **provide local managers authority to take appropriate actions outlined in their business infectious disease outbreak response plan** based on the condition in each locality and coordination with regulators.
7. **Ensure there is an escalation plan in place**, and there are clear lines of communication, including appropriate and up-to-date emergency contact numbers and emails.
8. **Monitor the closure of schools, education centers and daycares.** Determine procedures for absenteeism spikes (up to 40-50 percent of the workforce) from increases in sick employees (including pre-cautionary cases), those who stay home to care for sick family members, and those who must stay home to watch their children if dismissed from school. Businesses and other financial institutions should prepare to institute flexible work and leave policies for these employees.

9. **Institutions may consider to set-up flexible workstations at different locations** for individual employees to facilitate their remote working, in case an adequate work environment is not available in private spaces. This is especially relevant in densely populated cities where living space is limited.
10. **Encourage employees to consider cancelling trips and stay in a safe area with low density.** As most Asian countries are banning non-residents from entering, with some exemptions for long-term Visa pass holders, such as students and Alien Resident Certificate (ARC) holders in Taiwan for example. As aforementioned, residents and travelers who have entered another country recently will need to be in quarantine for 14 days; this applies to China²⁰, Hong Kong²¹, Singapore²², Thailand²³, India²⁴ and some other Asian countries.

Air traffic, entry and departure are also restricted in many countries already. In Malaysia for example, the Movement Control Order (MCO) has been extended for the fourth time until 09 June 2020²⁵ and the same for India, all flights will continue to be grounded with a further extended nationwide lockdown until 31 May²⁶. In Hong Kong however, no entry for non-Hong Kong residents from overseas started from 25 March 2020 until further notice²⁷.

COMMUNICATION: Prompt communication is essential, especially when it comes to a corresponding BCP during a pandemic outbreak. It should cover internal communications with employees and communication with external stakeholders, including emergency personnel, regulators, vendors and suppliers, clients and the media.

Your institution should be able to reach all employees, including those in isolated or quarantined areas. Management should be aware of each employee's travel plans too (including work and personal trips, and in some cases, daily commuting). One of the most significant challenges is ensuring accurate contact information for all employees. It is critical to validate multiple points of contact information for each employee promptly, should the need to communicate urgent information arise.

Institutions should consider sharing best practices and prepare a communications plan with other businesses in their communities (especially those in their supply chain), chambers of commerce and associations to improve community response efforts.

In the event of a pandemic, coordination with local health officials is strongly encouraged for all businesses so timely and accurate information can guide appropriate responses in each location where their operations reside. Since the intensity of an outbreak may differ according to geographic location, and occur in multiple waves, local health officials will be issuing guidance specific to their communities.

Establish a process to communicate information to employees and business partners on infectious disease outbreak response plans and actual pandemic information. Anticipate employee fear, anxiety, rumors, and misinformation, and plan communications accordingly.

Some useful models for employee notifications include:

- Two-way polling phone systems for confirming contact and message delivery.
- Providing remote access to employees, including secure measures, like virtual private networks (VPNs).
- An ultra-forward service that allows you to reroute incoming calls to a predetermined alternate location.

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A strong BCP will enable an institution to facilitate conference calls and meetings between financial sector trade associations, financial authority working groups, emergency response groups, public health agencies and international exchange organizations to help with the recovery process. Determining the impact and operational disruptions across an institution's regionalized industry are imperative.

COMMUNICATING WITH CUSTOMERS AND THE MEDIA

DURING AN OUTBREAK: While making sure that your people are safe and that your business-critical objectives are operational during and in the recovery phase of an outbreak, it is also hugely important to have a plan in place for communicating with your customers and the media through multiple mediums. This is especially true in cases where business functionality has been disrupted or delayed enough to impact clients, or where clients believe these disruptions will occur.

When an institution contacts its customers and the media first, it has the upper hand in reassuring clients in a way that inspires trust and loyalty rather than fear and frustration. Letting your customers know what the plan is, and how you are handling setbacks could be the difference between losing your customers to competition and creating long-lasting relationships. It is advisable to have pre-developed statements to provide to the press (ensure that these statements are coordinated internally and cleared by legal), as well as focused communications prepared and ensure the language treats customers fairly and equally.

CYBER-RESILIENCE: When a pandemic event occurs, all critical business unit data must be secure. Most institutions today rely on back-up servers or the cloud, so in many cases, there should be continued access to data. But it is critical to ensure that the systems are always working correctly and that there are policies and monitoring processes in place for continuous information back-up and records storage, as well as contingency plans and/or extra precaution for servers or data housed by third parties.

Your institution must decide whether employees may work on personal computers during an infectious disease outbreak if they do not have a work-issued laptop or do not have access to something similar to a VPN. If you intend for employees to work remotely, and you expect them to access data, it may be prudent to require a multi-factor authentication system. Further, when identifying 'critical' and 'non-critical assets,' an institution should pay attention to how they label their mobile, internet and telephone banking tools, as well as email capabilities.

In the event of a disruption, your institution's access to ATMs may be limited, and using telecommunications and online access bank accounts may become paramount. For telecommunications and online functions, your institution should define automated tasks that employees can perform manually if systems are inoperable, as well as identify the most straightforward and functional workarounds. The pandemic focused BCP should outline things such as what duties employees can fulfill, the distribution of hard copy documents and reconciling general ledger accounts once systems are operational.

RECOVERY FACILITIES AND OPERATIONAL BOUNCE-BACK:

Your institution must consider expectations based on size and complexity, and your impact on the overall financial system. Institutions need to ensure that the conditions for the activation of BCP and authorized individuals empowered to declare a disaster and grant permission to execute recovery processes and that

procedures are in place to be followed in response to a major operational disruption.

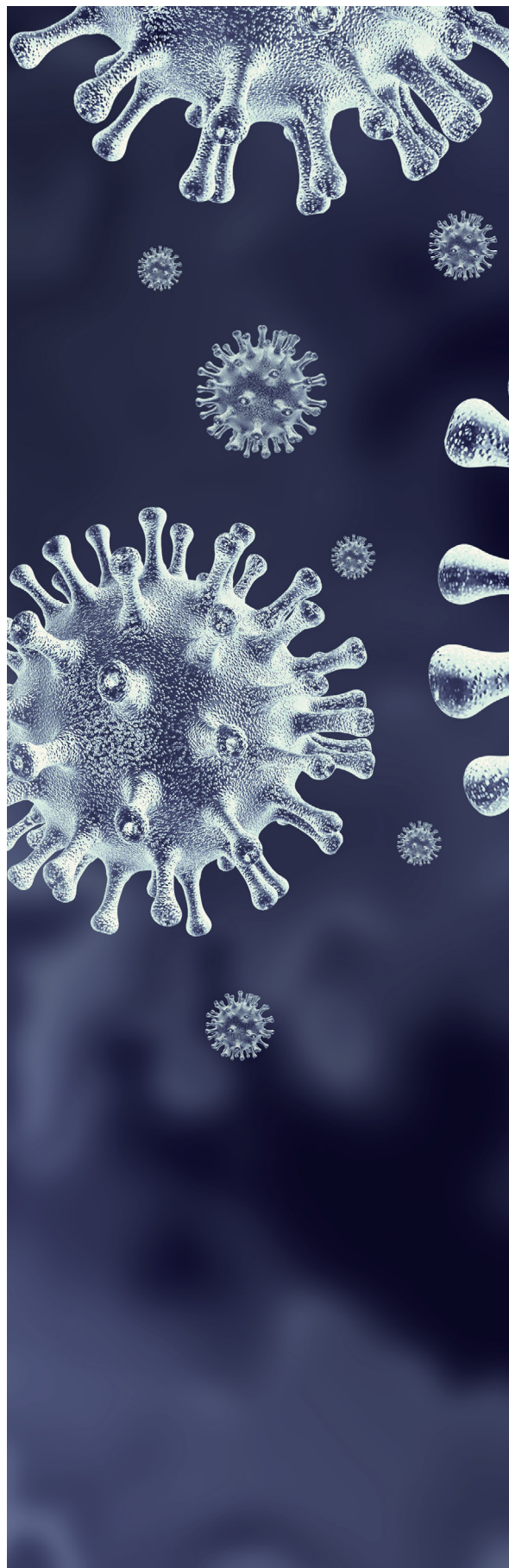
Some institutions may require 100 percent business continuity. However, there may be circumstances allowing other financial institutions to have some downtime between solutions. A critical aspect of this is your institution's level of reliance on third parties for access to data. Many institutions partner with vendors to house and secure data, so it is critical, when going through service level agreements, to make sure you assess what level the third party's pandemic preparedness is, and exactly what their back-up and resilience plans are.

Regardless of a disruptive event, your institution can continue business-critical operations. The question is: how does the institution operate on a day-to-day basis, and how can you support that regardless of personnel location and other related problems? While the infrastructure of an institution — including physical branches, machinery, operations, procedures, and more — is important in an infectious disease crisis, the essential piece becomes the data and how quickly and effectively you can access it.

One is reminded here of the quick thinking of Alibaba's Jack Ma during the SARS epidemic, which became known as a 'watershed moment for China's economy.' Indeed, by having Jack Ma encourage his staff to work from home, Alibaba helped prevent the spread of the disease²⁸.

REGULATORY CHANGE MANAGEMENT (RCM): During an infectious disease outbreak, tracking regulatory change will be critical. A disease-specific RCM program, in addition to your institution's regular RCM program, is necessary. Like a typical RCM program, this will include tracking all relevant agencies and regulators (which in the case of a health crisis will consist of more localized agencies than usual). Also, comparing and cross-referencing multiple sources to ensure the most up-to-date information, monitoring for a change in a more real-time manner, and coordinating with all affected business units, as well as legal and compliance departments, to implement necessary changes quickly. Institutions should also remember to document all tracking and decision-making and be prepared to provide records for when, how, and why any changes to policies and procedures were implemented.

TASK FORCES AND WAR ROOMS: Because there are so many moving parts to consider during an infectious disease outbreak, it is necessary to create a dedicated, specific task force to handle and coordinate all aspects of the institution's plan management.



Though the physical 'war room' has proven successful in the past, the current concerns regarding physical proximity should compel institutions to consider virtual setups or rotating staff. Having one dedicated headquarters (virtual or physical) is essential to ensure you can execute all components of a plan congruously. Every aspect needs to be captured, documented and tracked so that applicable key stakeholders can contribute to planning, solutions and execution of new or amended policies and procedures.

Similarly, having one committed war room team helps to build a shared memory of events and tasks so that nothing falls through the cracks. It is essential, however, to not let this centrality be mistaken for group - still appoint individuals with specific tasks to ensure follow-through. Physical war rooms are not applicable in times of pandemic, since physical interaction between colleagues are discouraged. Instead, setup a virtual data storage platform where team members of projects are able to store knowledge and other value-added information in a central location.

PHYSICAL SECURITY AND CASH AVAILABILITY: With a global focus on social distancing, it is easy for institutions to start planning and expanding virtual solutions and offerings immediately. However, in times of crisis, dependence on cash may become critical, and there are several details institutions must consider in their BCP with regards to branches and ATMs. Firstly, it is almost impossible to track branch visitors, and even more impossible to track whether they are affected. For the safety of employees and other clients, it may be prudent to limit how many clients and employees are in one space at a time, which means assessing risk within each branch, and at each ATM location, to decide whether to shut down or implement other safety measures.

Stimulate cashless payments through e-wallets. These are already in use in many Asian countries. Alipay and WeChat are widely used in China, PayMe in Hong Kong, and a number of other cashless payment channels are present in Malaysia and Singapore. Transferring money can be done over distance and users do not therefore have to be exposed to the risk of using public ATMs or any physical contact. However, institutions need to consider that older populations are more vulnerable in a time of pandemic and therefore less likely to adopt digital channels. Banks with a significant client base of older customers must consider alternatives to maintain essential banking services to this group.

Keep in mind that clients may need access to cash, and that in some cases, shutting down certain facilities could devastate those

communities. If the institution determines the need to modify operational rules related to ATMs, the institution must ensure that each ATM location has consistent and uniform procedures across all locations, and that certain areas are not disproportionately impacted. As dependence on ATMs may increase, plan not only for increased disinfection but also for the safety of cash stockers and others who may come in contact with the machine. Consider placing limits on withdrawals or deposits to minimize the risk associated with paper bills and cash reserve concerns.

PANDEMIC RISK BUSINESS IMPACT ANALYSIS

1. Assess and prioritize essential business functions and processes that may be affected by a pandemic.
2. Identify the potential impact of a pandemic on the institution's essential business functions and processes and supporting resources.
3. Identify the potential impact of a pandemic on customers: those that could be most affected and those that could have the greatest impact on the (local) economy.
4. Identify the legal and regulatory requirements for the institution's business functions and processes.
5. Estimate the maximum downtime associated with the institution's business functions and processes that may occur during a pandemic.
6. Assess cross training conducted for key business positions and processes.
7. Evaluate the plans of critical service providers for operating during a pandemic. Financial institutions should evaluate the plans and monitor the servicers to ensure critical services are available. Financial institutions may wish to have back-up arrangements to mitigate any risk. Special attention should be directed at the institution's ability to access leased premises and whether sufficient internet access capacity is available if telecommuting is a key risk mitigation strategy.

BEING THERE FOR YOUR COMMUNITY

As aforementioned, access to money during a crisis can be difficult, so financial institutions should ensure they have plans in place to help people who need cash during an emergency. With an increased reliance on electronic payments, disrupting events can make those systems inoperable. ATMs require systems to help validate withdrawal requests, and a disrupting event could impact electronic funds transfer systems. Financial institutions should therefore consider pre-established withdrawal limits for all customers and alternative solutions, including sending payments to correspondent banks.

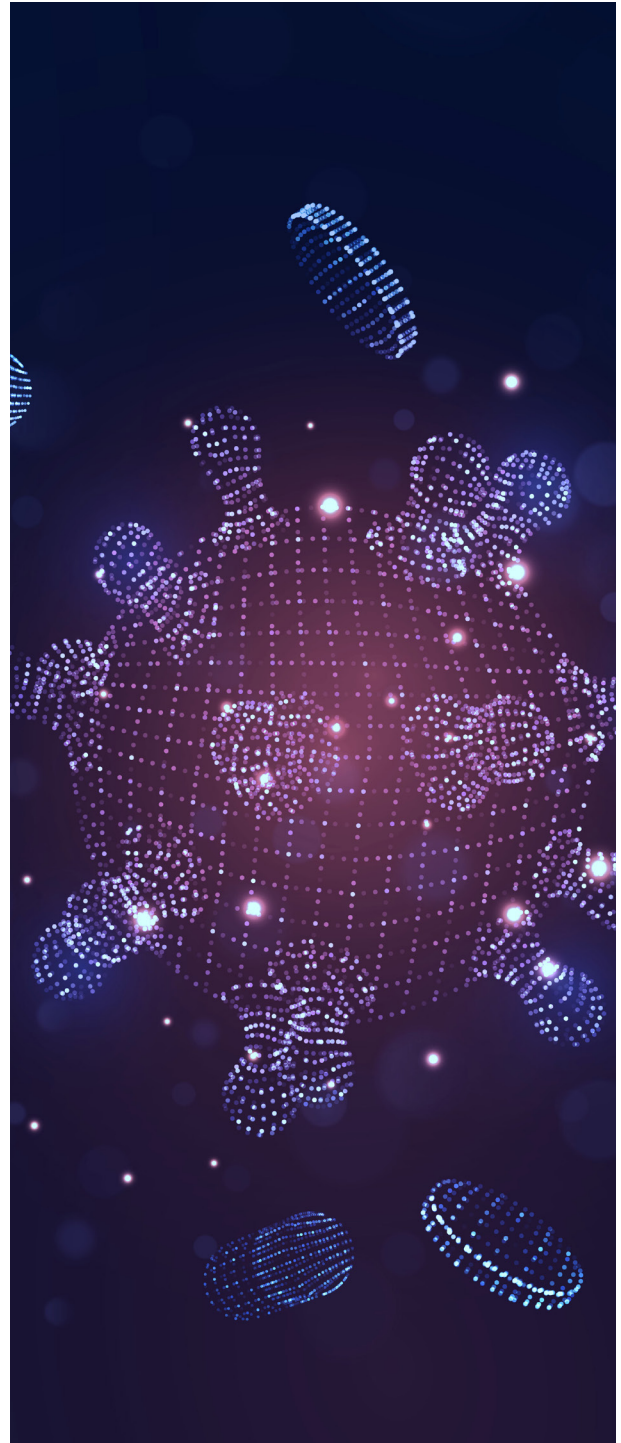
If a disaster could result in long-term or widespread disruption to critical services and affect customers, Asian institutions are encouraged to consider:

- Waiving or reducing ATM fees - several relief measures for SMEs, commercial and retail banking customers affected by the pandemic have already been implemented by local banks in Hong Kong.²⁹
- Temporarily waiving late payment fees or penalties for early withdrawal of savings for affected customers.
- Working with borrowers who have been affected by the event by restructuring borrowers' debt obligations, when appropriate, by altering or adjusting payment terms. expediting lending decisions when possible, consistent with safety and soundness principles.
- Reassessing the current credit needs of the community, and helping meet those needs, by originating or participating in sound loans to rebuild damaged property.
- Contacting agencies and other financial institutions, to help mitigate the effects of the event.

Through these events, your institutions should work with clients and be aware of regulations with requirements that change in the case of a pandemic.

Another perspective to foster an institution's community is to consider measures on social responsibilities aside from measures to their clients, external stakeholders and employees – a major bank is working with an online healthcare start-up WeDoctor, to extend online medical and health advice to staff and customers.

A number of Asian banks are cooperating with schools and community organizations to distribute care packs such as sanitary products and other necessities to disadvantaged families.³⁰



CONCLUSION

An institution has the responsibility to protect the most important aspects of its functionality: its people and its data. Some of this comes from understanding the myriad of risks posed in the event of a pandemic, and mitigating those risks where appropriate.

We believe institutions must therefore:

- 1.** Limit the magnitude of economic loss
- 2.** Minimize the extent of disruption to key business functions
- 3.** Minimize the likelihood of legal action against the organization or its officers and directors.
- 4.** Identify and analyze the customer service and public image implications of extended service interruption
- 5.** Determine exposure to significant service interruption and design preventative measures
- 6.** Determine immediate, intermediate, and extended recovery needs and resource requirements
- 7.** Minimize the number of decisions that need to be made at the time of disaster
- 8.** Facilitate effective coordination of recovery tasks.

Only through proper planning and effective communication can an institution ensure resilience through disruptive events. Just as SARS and the COVID-19 pandemic have demonstrated, it is critical to review business continuity policies and plans to guarantee preparedness in case of any disaster or pandemic. Therefore, we will remain steadfast in our commitment to work with our clients, to help them to continue to thrive, while also protecting the health and well-being of each other. Together working as a team, we are confident that organizations can come out of this crisis with stronger and more resilient strategies than before.

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