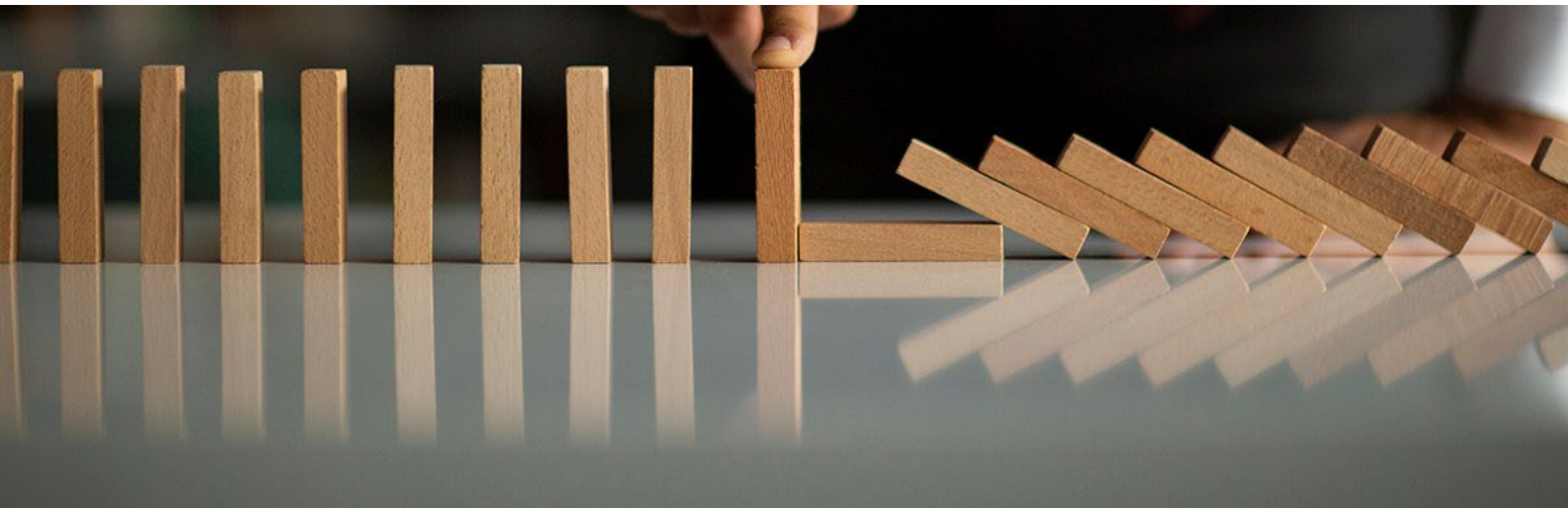




Business continuity management for Financial Institutions in Singapore

Mazars financial services offerings

Background

The COVID-19 pandemic has underscored the critical importance of Business Continuity Management (BCM) for organisations across the globe. The unprecedented challenges and disruptions caused by the pandemic have highlighted the need for robust BCM practices to ensure the uninterrupted provision of financial services and safeguard the stability of the financial system.

The Monetary Authority of Singapore (MAS) recognises this need and released the revised BCM Guidelines for Financial Institutions (FIs) on 6 June 2022, to provide new insights on measures that FIs can take to better manage the increasingly complex operating environment and threat landscape to enable the continuous delivery of services to their customers.

This document provides an overview of the requirements of the revised guidelines along with a list of frequently asked questions (“FAQs”) about how an institution should prepare for a BCM audit.

1. Who is impacted?

The revised guidelines apply to all FIs regulated by the MAS, including banks, insurers, capital market intermediaries, and financial market infrastructures. The MAS has expanded the scope to include digital-only banks and technology companies that provide financial services, acknowledging the evolving landscape of the industry.

2. What are the key changes?

The revised guidelines supersede the previous version that was published in June 2003, as well as the circular titled “Further Guidance on BCM” that was issued in January 2006 to emphasise the following.

- **Critical Business Services and Functions:** FIs are required to conduct a thorough assessment to determine the key services and functions that are crucial for their operations and reputation. This ensures that appropriate measures are in place to maintain the continuity of these critical services during disruptions.
- **Service Recovery Time Objective (SRTTO):** The guidelines introduce the concept of SRTTO, which refers to the targeted time within which critical services and functions should be recovered following a disruption. FIs are required to establish SRTTOs based on the impact analysis of different scenarios. SRTTOs help set clear recovery time expectations and enable efficient resource allocation during recovery efforts.
- **Dependency Mapping:** FIs are required to identify and assess dependencies on internal and external systems, processes, and resources. This mapping helps identify potential vulnerabilities and enables the development of strategies to mitigate risks associated with dependencies, ensuring a more resilient BCM framework.
- **Concentration Risk:** The guidelines address the concentration risk associated with dependencies on single points of failure. FIs are required to evaluate and mitigate concentration risks by diversifying their dependencies and establishing alternative arrangements. This helps reduce the impact of disruptions and enhances the resilience of critical services and functions.
- **Continuous Review and Improvement:** FIs are expected to establish mechanisms for regular monitoring, review, and enhancement of their BCM frameworks. This ensures that BCM strategies remain effective and up-to-date, considering the evolving nature of risks and disruptions.
- **Testing:** FIs are required to conduct regular testing, including tabletop exercises, simulations, and live exercises, to validate the effectiveness of their BCM frameworks. Testing helps identify gaps, evaluate response capabilities, and enhance preparedness for various scenarios.
- **Audit:** The revised guidelines highlight the role of independent audits in assessing the adequacy and effectiveness of BCM practices. FIs are to undergo periodic external audits of their BCM frameworks, processes, and controls. Audits provide an objective

evaluation of BCM implementation, help identify areas for improvement, and ensure compliance with regulatory requirements.

- **Incident and Crisis Management:** FIs are required to establish well-defined incident and crisis management frameworks, including clear escalation procedures and communication channels. Effective incident and crisis management ensures timely response, decision-making, and coordination during disruptions, minimizing their impact.
- **Responsibilities of Board and Senior Management:** The revised guidelines emphasise the responsibilities of the board and senior management in overseeing and driving BCM initiatives. FIs are expected to assign a dedicated senior executive responsible for BCM and establish a governance framework. The board and senior management are accountable for setting the strategic direction, providing resources, and ensuring the integration of BCM into the organisation's overall risk management framework.

3. What is the timeline for implementation?

MAS expects firms to meet the requirements of the 2022 BCM Guidelines within 12 months following its issuance. An audit plan should be established by FIs within 12 months and the first BCM audit should be conducted within 24 months.

The following are key dates to action upon:

- Compliance with 2022 BCM Guidelines – June 2023
- Establishment of an audit plan – June 2023
- Completion of the first audit – June 2024

The scope and frequency of audits will depend on the size, nature and complexity of the business and operations. MAS has advised it should take place at least every three years.

How can Mazars help?

At Mazars, we have extensive experience working with the diversity of financial services players. We assist central banks, national regulators, major FIs, and small and mid-size entities in dealing with the implementation of complex issues with multiple impacts, domestic and international.

Depending on the scope, coverage and specifics of your needs, our services are tailored to each client.

A. Advisory and support on BCM

- Perform a gap analysis of your existing BCM framework and policies against the 2022 BCM Guidelines.
 - Risk assessments
 - Business impact analysis
 - Crisis management planning
- Design an appropriate Business Continuity Plan (BCP), policy, procedure and oversight framework and attestation reports.
- Prepare you for the independent audit of your BCM framework and processes (and introduce you to trusted partners who can deliver this).

B. Conducting BCM audits

- Interviews / discussions with management and staff members of the institution to understand the relevant business activities and workflows,
- Reviewing the relevant written policy and procedure documentation which exists within the institution,
- Walkthrough of the key processes and controls relevant to the regulatory inspection to assess the design effectiveness of the relevant internal control procedures, and
- Testing of sampled transactions covering the key processes and controls to assess the operating effectiveness of the relevant internal control procedures.

Contact

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