

A Pragmatic Approach to

UK Regulations & Operational Resiliency

The Rising Tide of Resiliency Regulation

Business ecosystems are complex — Disruptions will occur

Organisations across the United Kingdom (UK) and European Union (EU) have felt disruptive impacts from the global financial crisis, COVID-19, Brexit and more. Most have relied on traditional business recovery, but COVID-19 has shown that disruption can be prolonged and evolving, so organisations must adapt. The paradigm has also shifted from not 'if' disruption will occur, but 'when'.

Disruption takes many forms, such as business impacts from sending an entire workforce to work from home, sudden impacts from an unforeseeable cyber event, loss of market share to a stronger competitor, or a drastic change in an industry business model.

The EU Commission, Basel Committee on Banking Supervision, UK Prudential Regulation Authority (PRA) and Financial Conduct Authority have issued guidance related to the need for financial services firms and the financial sector to become more operationally resilient - which is the ability to prevent, adapt, respond to, recover and learn from operational disruptions. This is sound advice for any organisation.

Organisations are searching for answers to questions, such as: How does our organisation become more resilient? Where do we start and what are the steps needed to build resilience? There are no quick or easy answers, but there are ways and means to build resilience. Read this eBook for some ideas that can help your organisation get on the right track.

A Tata Consulting Services COVID-19 Business Impact Survey revealed that most organisations were caught off guard and ill-prepared to adapt their operational model to continue serving their customers

FCA Policy Statement:
By 31 March 2022, firms must have identified their important business services, set impact tolerances for the maximum tolerant disruption and carried out mapping and testing

Step 1:

Identify Important Business Services



Building resilience starts with identifying the products and services most important to your customers and business. A business impact analysis (BIA) helps determine their criticality, as well as your tolerance to impact tolerances and recovery objectives.

The BIA is also used to identify the business processes, systems, data, people, locations and third parties so that you can make them a priority in your resilience planning. This focus helps prioritize your efforts and resources to build resilience in where it matter most.

Step 2:

Know Your Risks and Threats



Building resilience is contingent on understanding and managing the impacts of risks and threats to your organisation. The events from the recent past have taught that anything can happen – and probably will.

So many of today's risks are inter-related and can have a 'domino effect' on complex organisations, so risk management must be approached in an integrated way. For example, a third-party breach could impact your customer data, leaving your organisation exposed to a compliance violation, cyber threats, reputation risk and financial loss. Therefore, you must understand and approach the risks, threats and disruptive scenarios that could occur like they will – and mitigate the potential impacts.

Step 3:

Mitigate and Respond



Addressing threats and risks needs to occur on an ongoing basis - before, during and after the crisis. Risk and threat identification, performing scenario analysis of what could occur, and addressing gaps in resiliency are proactive, mitigating steps that are vital to managing negative impacts to the organisation.

However, things can still go wrong. A supply chain disruption. A customer who falls on a slippery floor. A disgruntled employee on social media – are kinds of incidents that occur often enough inside companies to merit standard procedures for handling them efficiently and effectively.

But what happens when an incident develops into a crisis? This 'perfect storm' can require the ability to manage the crisis from growing, respond in many ways, recover disrupted areas of the organisation and deal effectively with the fallout. Preventive and reactive steps are vital to managing the threats, risks and scenarios and reducing the impact to the organisation.

Step 4:

Build Operational Resiliency



Resilient organisations are adaptable, integrated, risk-driven. They not only implement plans to recover from different types of disruption; they also build resiliency into the fabric of their business – processes, systems and infrastructure. For example, that means identifying concentration risk – like over-reliance on one customer segment, or single points of failure — such as using only one facility that manufactures a key part for your product and having alternate plans for contingencies that could occur. Then taking action to mitigate the risks.

Successful business resiliency programs enable building resiliency across the organisation by coordinating risk management, business resiliency planning, response activities, and crisis management. However, they also align these activities with business strategies and objectives, and across all three lines of defense to build resiliency into the way the organisation operates and does business. Resilient organisations self-assess to ensure they are continuously improving.

How We Help

Building a resilient organisation doesn't happen overnight and it's a long-term commitment. However, it can be done. It starts at the top with a change in mindset, and a focus on the right strategic priorities. It's founded on the commitment to understand your business, be prepared, become adaptable and always learning. As in the case of the UK financial sector, it's also understanding that your organisation is part of the greater whole, and that the rising tide of resiliency can lift all ships.

Discover More

Archer is a pioneer in risk management delivering solutions for the heroes tasked with helping their organization deal with uncertainty. We enable better decision making with a technology platform to manage all types of risk. With more than 20 years of experience, Archer is solely dedicated to helping organizations manage risk, ensure compliance and meet emerging challenges such as ESG and operational resilience. Working with the largest pure risk management community globally with more than 1,200 customers of all sizes and industries, we help our customers not by building a wall around their business but by building a bridge to their next opportunity.

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