

# Operational Resilience for Financial Services Institutions

Building operational resilience helps organizations better prepare, become more proactive, and reduce the impacts of disruptions. Financial services institutions should be taking steps now to build operational resilience.

For the last decade or more, regulators have been focused on the resilience (or lack thereof) of financial services institutions (FSIs) and with good reason. The global, regional, and personal impacts created by disruptions to this sector – including financial crises, the COVID-19 pandemic, geopolitical unrest, supply chain issues, competition, technology and cyberattacks – have been substantial. Disruptions have cost organizations billions of dollars and impacted entire regions, countries, and industries.

Regulators around the world are issuing guidance on operational resilience. In some regions, particularly Europe, it has been formalized and FSIs doing business there must be taking specific and immediate action now to comply. The guidance is clear that building resilience is not another ‘check the box’ activity. It is a clarion call for organizations to make the changes necessary to adjust, adapt, withstand, and emerge from disruptions.

## Operational Resilience is not just for FSIs

If the past few years have taught anything it is that any company, organization, region, or industry can and probably will be disrupted. FSIs are not the only companies looking to improve their resilience. For example, an energy utility company in the U.S., recognizing the part they play as critical infrastructure, is expanding on their Archer business resiliency solution to build operational resilience across the organization. A major cloud computing company that has used the Archer business resiliency solution since 2017 is moving to an operational resilience model due to some very high-profile system outages. They are transitioning from a very distributed model, where individual departments focused on their own recovery, to an enterprise-level approach which includes aligning on common resiliency goals across business and IT recovery, operational risk, and third-party management teams.

Archer has proven to be a vital part of an organization’s approach to build resilience. In fact, an April 2022 study by analyst firm IDC showed that of the eight companies interviewed, using Archer helped reduce the number of outages to their company by 51%.

## The Building Blocks & Regulatory Guidance

Regulatory guidance for the financial services industry suggests steps that provide a good foundation for building operational resilience. This methodology can be adapted for any organization to use, and the Archer Operational Resilience solution is aligned with this guidance, which includes:

- **Identify your important business services** – focusing on what is most important to make resilient to continue to serve your customers.
- **Map interconnections and interdependencies** – interrelate the supporting processes, locations, systems and third parties that support your important business services.
- **Set impact tolerances** – understand the organization’s true tolerance to disruptive impacts in quantifiable terms.
- **Operational risk management** – align on one approach across your organization to identify, track, assess, and mitigate risks.
- **Scenario analysis** – identify plausible disruptive scenarios that could adversely impact your organization’s ability to provide your most important business services to customers.
- **Third-party risk management** – include your third-party ecosystem in your analysis and actions to manage risks and build resilience.
- **Incident management** – identify and mitigate the impacts of incidents early and effectively so they do not escalate to crises.
- **Business continuity planning and testing** – continuously improve your organization’s continuity plans for the business and IT and test them regularly, vigorously, and progressively.
- **Conduct ‘lessons learned’ exercises** – regularly reflect on what is working well and what could be improved, particularly after scenario analysis and plan testing.
- **Reporting and monitoring** – produce insights that can be used at each level – from tactical to executive – to monitor, manage, and report on your organization’s resilience status.

One global wealth management company took a practical approach to these steps by first inventorying where the processes mentioned above were already occurring and by which teams across the organization. This is a good example of leveraging existing practices versus creating new processes on top of existing ones.

Operational resilience should not be implemented as a new program. Rather, it should build upon current practices for business continuity, operational risk management, third-party risk management and other disciplines that play a role in building resilience across the organization.

*“Operational resilience is strong risk management and risk management done well.”*

Risk systems manager,  
Global wealth management platform company

## Starting with the End in Mind

The global wealth management company is using Archer to build operational resilience by “starting with the end in mind.” To ultimately build a resilient organization, they realized they would need to be able to track the progress and success of their efforts. To do that, they also understood they needed supporting metrics and reporting. In turn, they would need the information and data that feeds those metrics, and that data would need to come from various systems, processes, and initiatives across the organization.

They also realized they needed to ‘divide and conquer’, so they organized the company into “pillars” – such as cyber, IT, people, premises, and suppliers -- that would be made resilient. This would allow them to approach each “pillar” individually as well as in the context of the holistic goal of building resilience across the company. They broke out each pillar into categories – such as an anti-malware category in the cyber pillar -- that enabled them to better organize their efforts. They identified owners for pillars, categories, and metrics, with distributed ownership coordinated and rolled up to working groups and, ultimately, the executive leader.

This wealth management firm said one of the keys to their success in building their operational resilience program was a strong program manager that understood their business needs and translated those requirements into functionality delivered via their Archer implementation.

As another example, a prominent bank in Australia created a one-page operational resilience dashboard to allow executives and team members to proactively view the status of their initiatives, including impact tolerance scenario exercises, self-assessments, dependency mapping projects, and current resilience ratings. Creating simplicity out of complexity is an important theme for companies who are successfully building resilience in their organizations.

## Resilience for FSIs and Beyond

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## Conclusion

Building operational resilience can be complex and daunting, but as this study illustrates, organizations are making progress. Two important themes emerged across the companies we interviewed. First, leverage existing business continuity, risk, and third-party programs to build upon. Second, unified approaches, goals, teams, and Integrated Risk Management (IRM) are the foundation to building operational resilience.

For more about how Archer's Operational Resiliency solution, [www.ArcherIRM.com/Operational Resilience](http://www.ArcherIRM.com/Operational%20Resilience).

## About Archer

*Archer is a leader in providing integrated risk management solutions that enable customers to improve strategic decision making and operational resiliency. As true pioneers in GRC software, Archer remains solely dedicated to helping customers understand risk holistically by engaging stakeholders, leveraging a modern platform that spans key domains of risk and supports analysis driven by both business and IT impacts.*

*The Archer customer base represents one of the largest pure risk management communities globally, with over 1,500 deployments including more than half of the Fortune 100.*

[www.ArcherIRM.com](http://www.ArcherIRM.com)

