
Operational Resilience: Rewriting the Stars

Rich Cooper

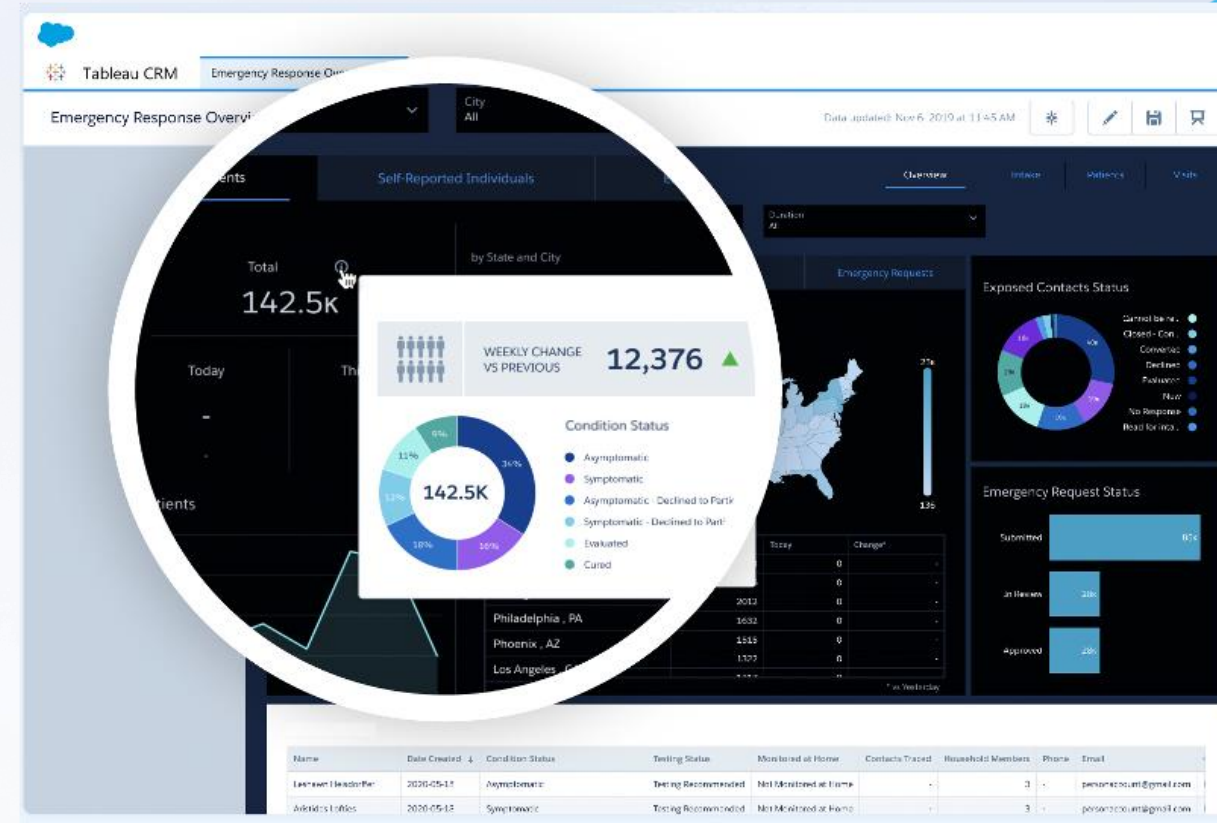
Global Head of Financial Service Go To Market

Fusion Risk Management



Rewriting the Stars

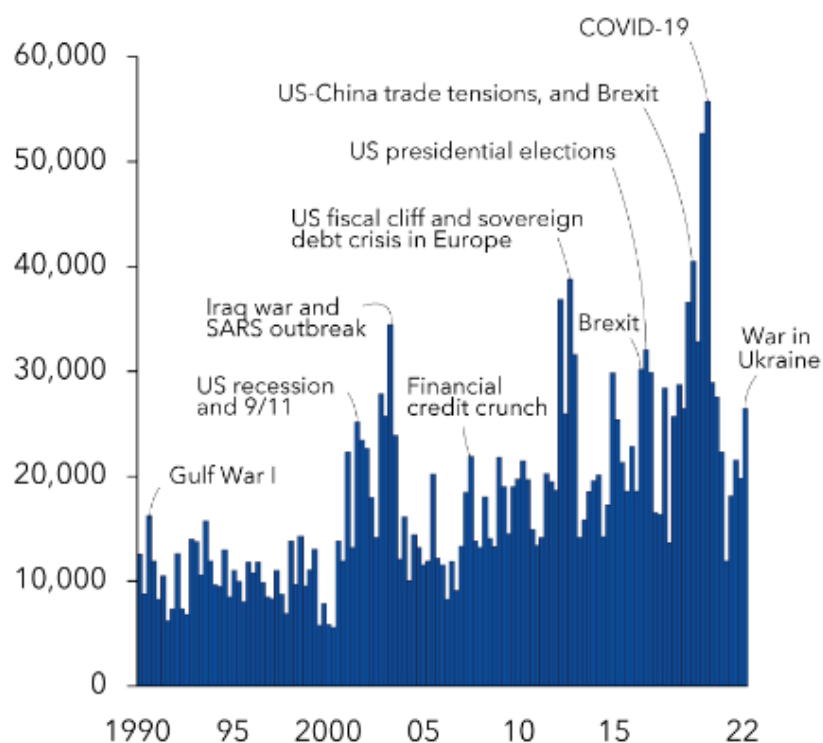
Risk, business continuity, ITDR and resilience have long been part of the operational narrative, but they are not all necessarily on the same page.



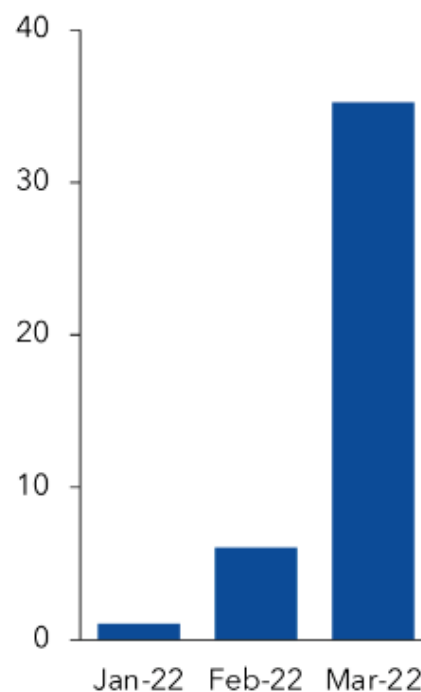
When disruption is business as usual, how can you plan for an unpredictable world?

Global uncertainty has multiplied and operational threats are increasing

Overall uncertainty
(Index, GDP weighted average)



Uncertainty related to the war in Ukraine as a share of overall uncertainty



Cyber incidents have risen 24% since 2013

Trend in the number of natural disasters, 1900 to 2019



The frequency of natural disasters is growing

Regulations & Acts

Resilience Policies and Legal Requirements














 International	 Horizontal (not FinServ exclusive)
 Discussion / Consultation Paper	 Legally Binding
	 FinServ Only

Organisational and Operational Risk and Resilience

Cyber Resilience and IT Recovery

3rd Party and Supply Chain

ESG, GRC, Other

<p>APRA CPS 230 Operational Risk Management (~2023)</p> 	<p>OSFI Guideline E-21: Operational Risk Management (DP released in July 2021, CP expected H1 2023)</p> 	<p>Directive 10/2021 (D10/2021)</p> 	<p>OSFI B-13 Guideline on Technology and Cyber Risk Management</p>  	<p>EU DORA Digital Operational Resilience Act</p>  	<p>EBA Guidelines on ICT & Security Risk Mgmt.</p>  	<p>FCA / PRA (BoE) OpRes: critical third parties to the UK financial sector (DP22/3)</p>  	<p>EBA Guide-lines on Outsourcing Arrangements (EBA/GL/2019/02)</p>  	<p>General Data Protection Regulation (GDPR) 2016</p>   
<p>FCA / PRA (BoE) Operational resilience: Impact tolerances for important business services</p>  	<p>CBI Cross Industry Guidance on Operational Resilience 2021</p> 	<p>HKMA SPM module OR-2 on "Operational Resilience" 2022</p> 	<p>BaFin BAIT 2021</p> 	<p>EU Cyber Resilience Act Proposed Rules for cybersecurity requirements</p> 	<p>USA Cyber Incident Reporting for Critical Infrastructure Act</p> 	<p>PRA Outsourcing and 3rd Party Risk Mgmt.</p> 	<p>OSFI Guideline B-10 Third Party Risk Management (CP – publishing ~2023)</p>   	<p>OSFI Guideline B-15 Climate Risk Management (CP – publishing ~2023)</p>   
<p>PRA Operational Continuity in Resolution</p> 	<p>OSFI E-21 Guideline on Operational Risk Management</p>  	<h3>Business Continuity and Crisis Management</h3>		<p>SEC Proposed Rules for Cyber Security Disclosure</p> 	<p>FFIEC IT Handbook – Business Continuity Management Booklet</p> 	<p>Circular CSSF 22/806 Luxembourg</p> 		<p>BaFin MaRisk 2021</p> 
		<p>HKMA SPM module TM-G-2 on "Business Continuity Planning" (Hong Kong) 2022</p> 						

*The DORA has generally been supported by the Netherlands (DNB), France (AMF and ACPR), Germany (BaFin), Luxembourg (CSSF), with more European countries expected to adopt it imminently.

** This list is not exhaustive and is only designed to illustrate the spectrum and extent of complimentary regulations and requirements.

Businesses face increased regulatory attention and evolving requirements

£48.65m

fine by FCA and PRA for TSB
Bank's operational resilience
failings

FCA, December 2022

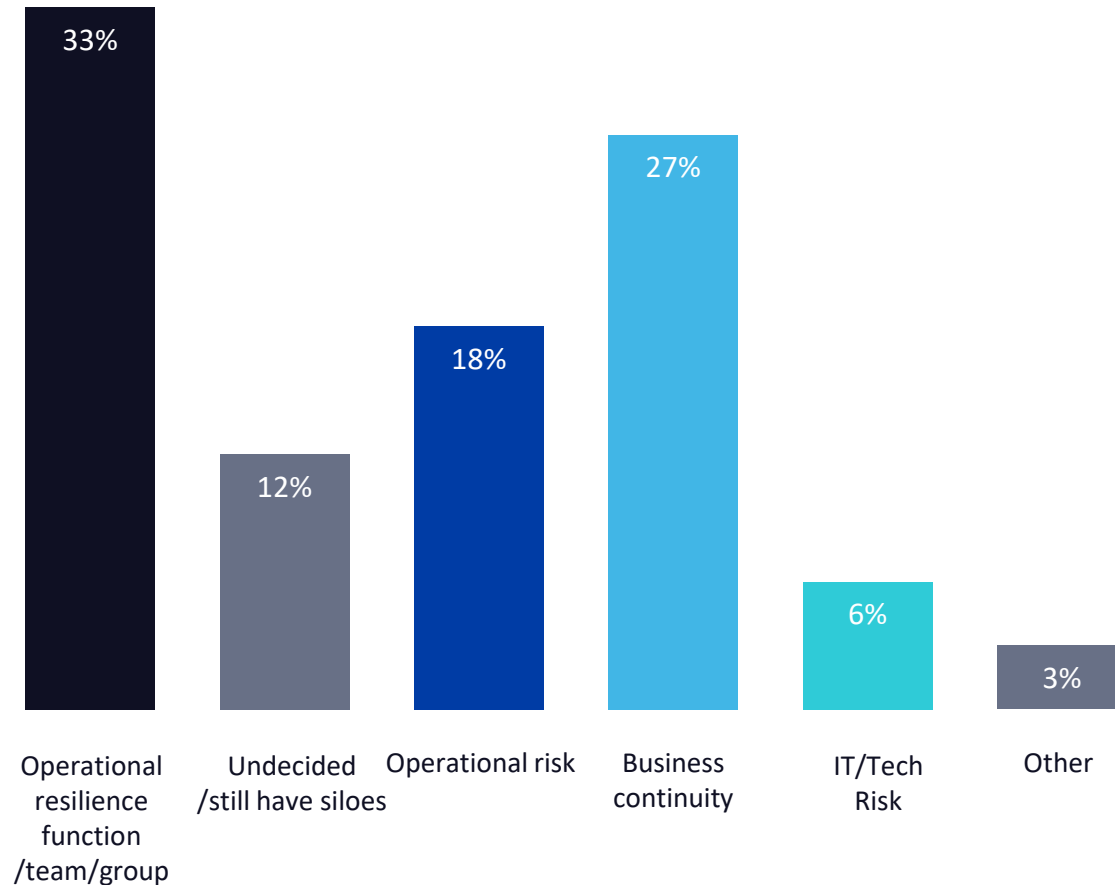
Organisations that embrace risk and resilience as a strategic capability, engage and align the business, and have a holistic view are

5X

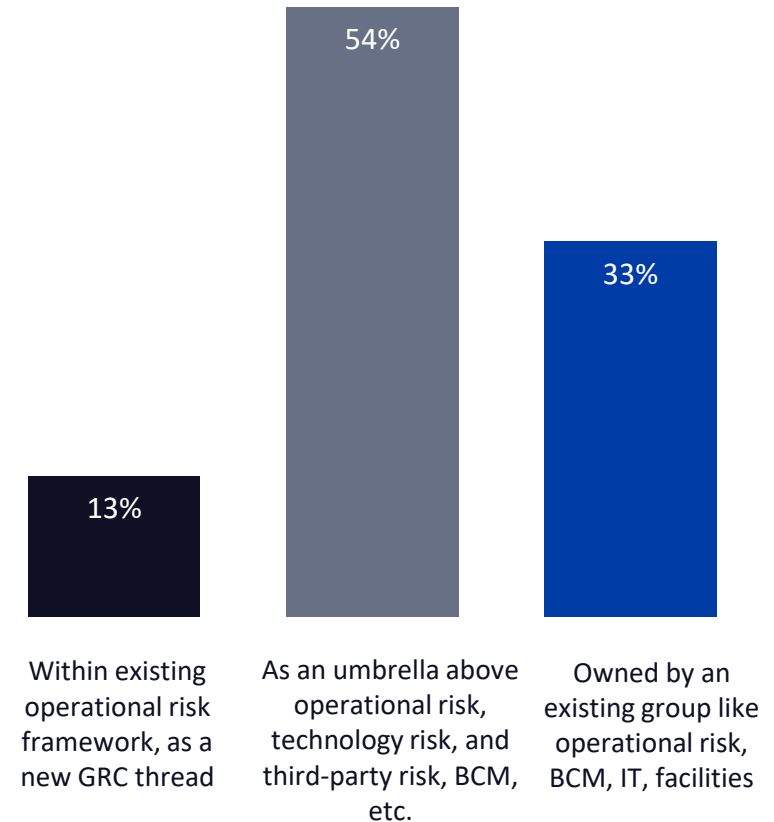
more confident in their ability to improve business outcomes, stakeholder confidence, and organisational resilience

A poll of Financial Service Operational Resilience Leaders

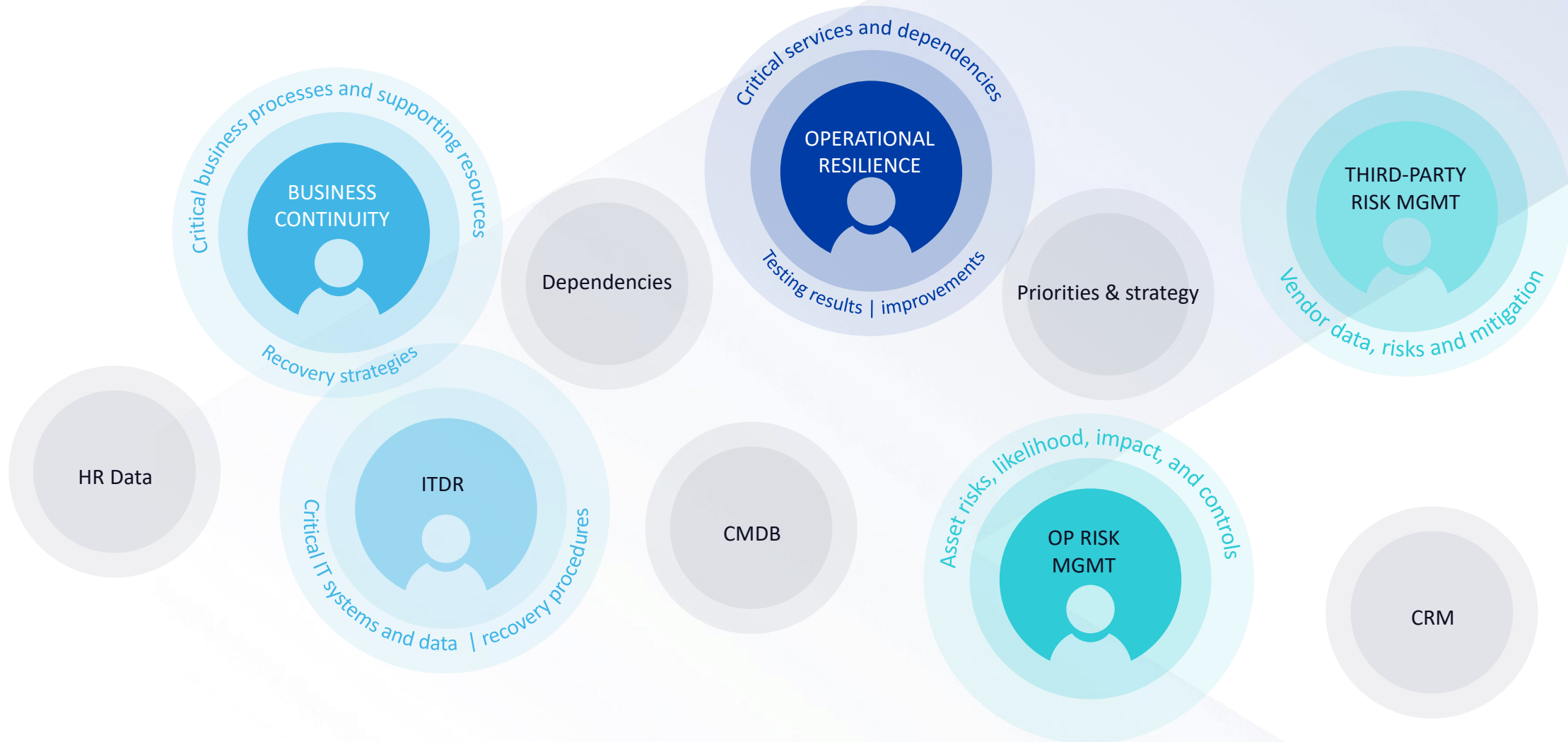
Where does operational resilience reside in your firm today?



In the next two years, where do you see operational resilience in your firm?



Legacy approaches to risk and resilience rely on disconnected data



Now is the time to evolve risk and resilience programs to effectively meet the needs of today

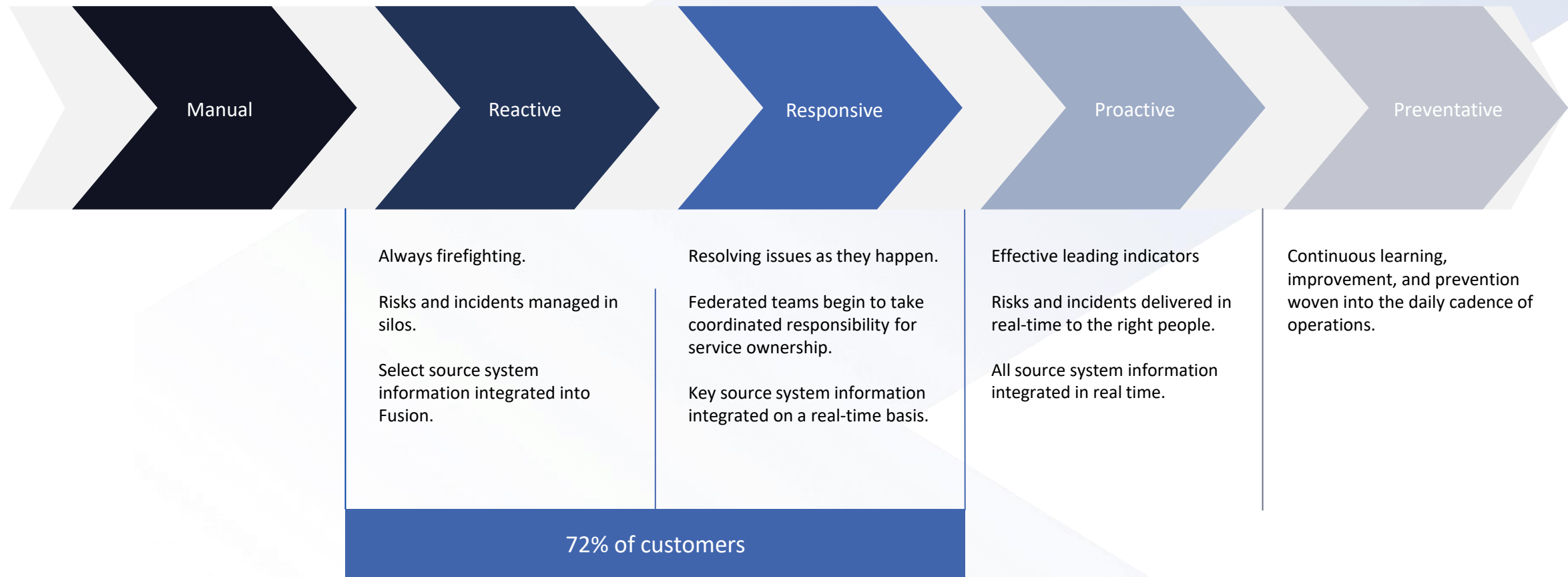
DYNAMIC

INTEGRATED

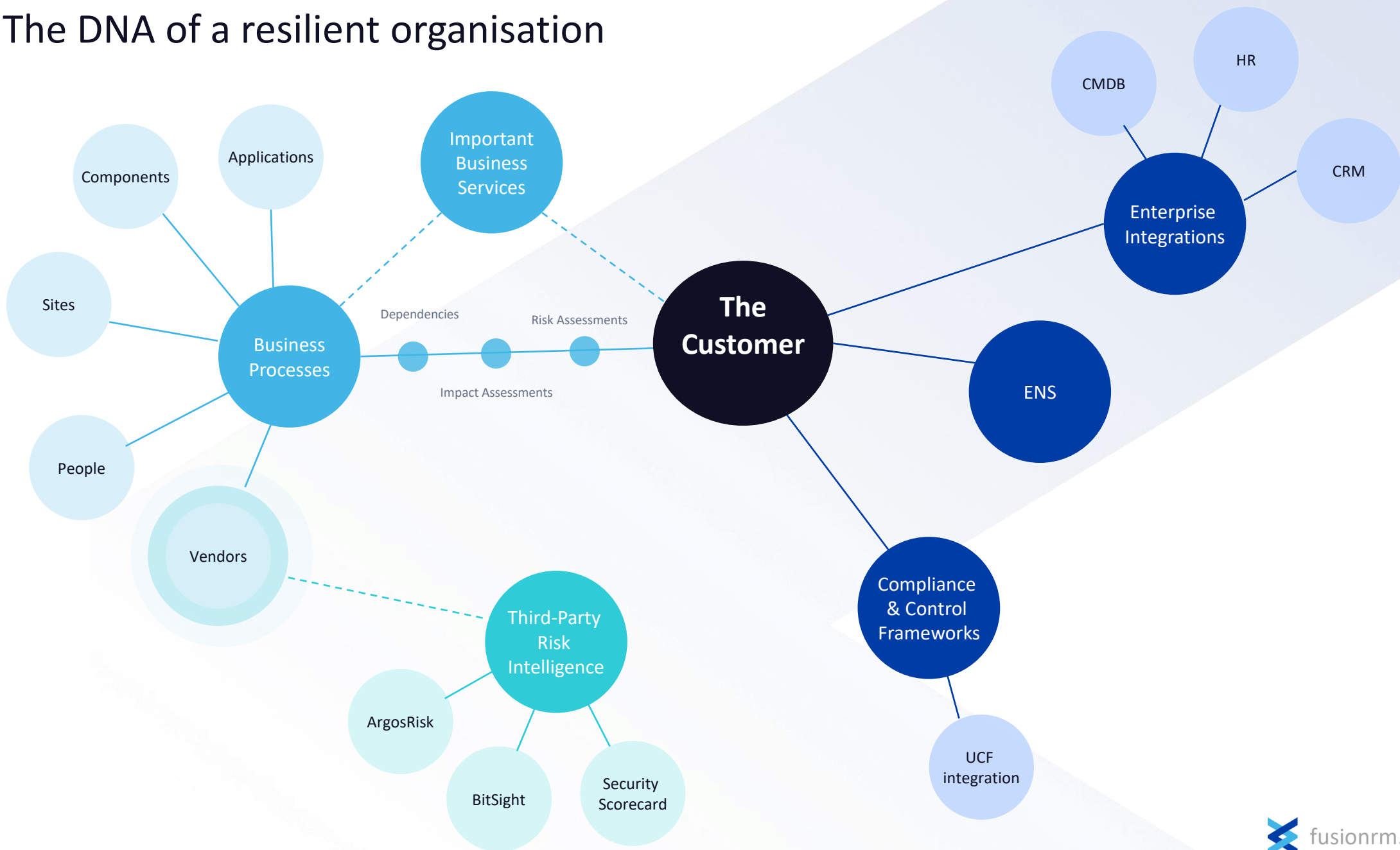
PROACTIVE

ADAPTABLE

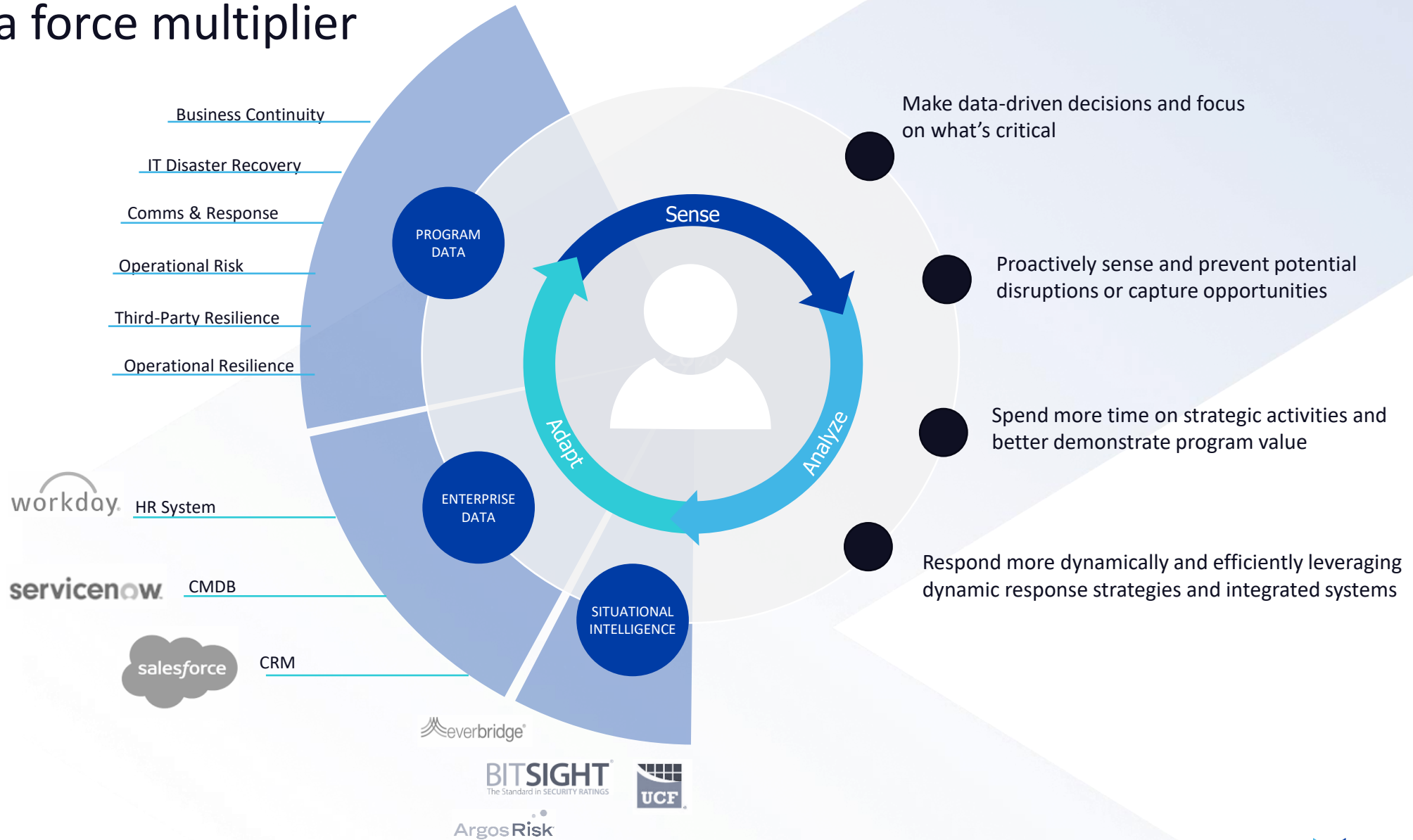
The journey from reactive to proactive resiliency



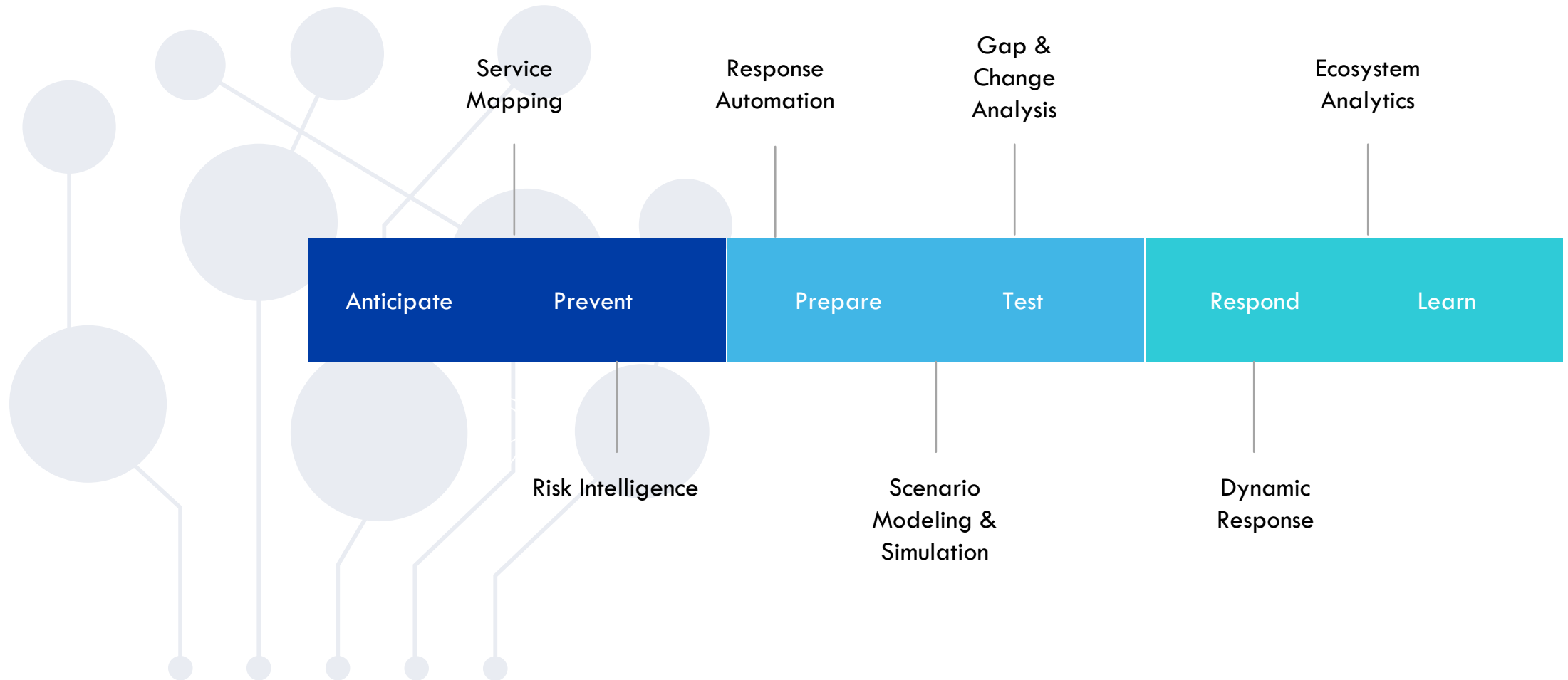
The DNA of a resilient organisation

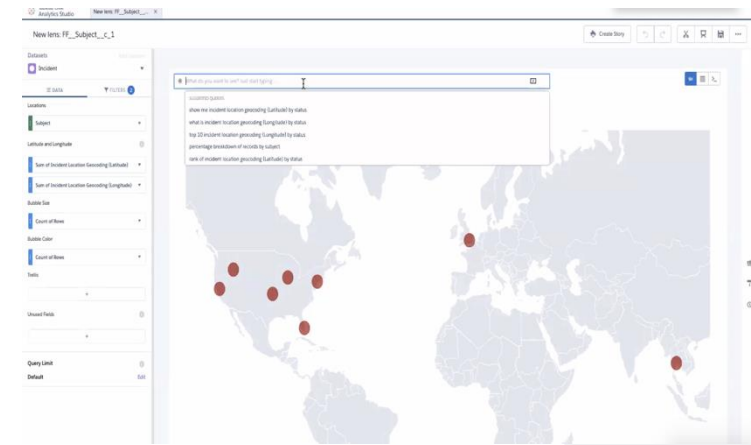


Be a force multiplier



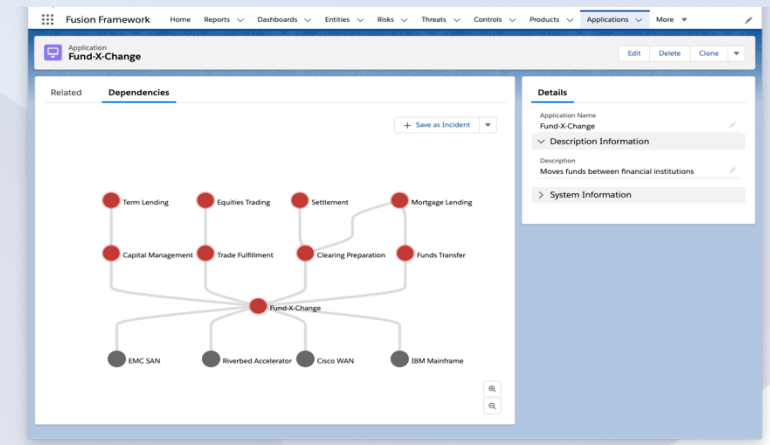
7 key ways firms are using data and technology to make resilience sustainable in a complex and volatile world





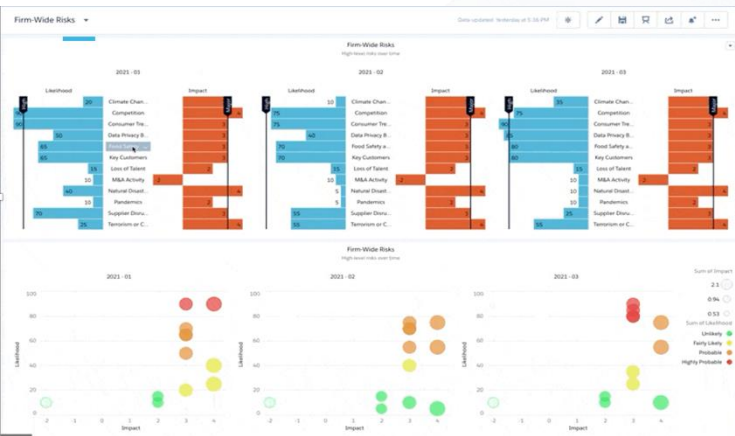
Horizon Scanning

Visualize changes in your operating environment, triangulating operational data with situational intelligence.



Organisational Mapping & Impact Analysis

Understand how your important services and products are delivered and understand the impact of risks and disruption.



Gap & Change Analysis

Spot gaps, single points of failure, vulnerabilities, opportunities, and recommended strategies to adapt.

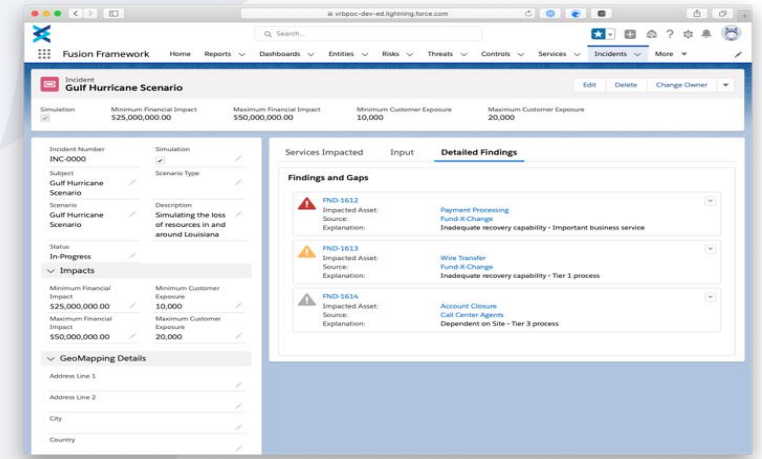
4 key analyses to increase Operational Resilience

Sense

Prevent &
Prepare

Learn

Simulate &
Respond



Scenario Simulation & Dynamic Response

Develop strategic foresight and hone your response strategies in stressed and non-stressed scenarios.

“It is not a tick box exercise or compliance exercise. It is about firms genuinely understanding the need for and responding to the need for strong embedded operational resilience.”

Megan Butler
Director of Supervision for the FCA - 13 March 2020

Customer-focused service model



Flip the model upside down

Visualize your products and services from a customer perspective, creating a map of the day-to-day operations within your business that keep it running smoothly.

Thank you!

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