Within Reach

A Real-World Guide to Scaling Operational
Resilience in Financial Services

Deliver Your North Star of Resilience

Anticipate. Prepare. Respond. Learn.

Fusion is your framework for powering resilient operations.

Fusion's financial services solution supports the Bank of England / PRA / FCA guidance through a financial services-designed platform that:

- Maps all of your critical business services and identifies priorities of focus
- Automates leading indicators of risk, sets your impact tolerances, and signals the team when change occurs that needs attention
- Fully models scenarios and response plans, helping your team understand dependencies and uncover gaps
- Delivers personalized experiences that help every member of your team mitigate threats, capture opportunities, and manage whatever disruption comes your way

In this guide, we explore the new policy from Bank of England/PRA/FCA as well as the guidance from the OCC and Basel. Based on this foundation, we will provide a real-world blueprint that meets the mandate and emerging best-practice standards. With technology as an essential vehicle for your team's progress, your team will be empowered to go much further, faster.
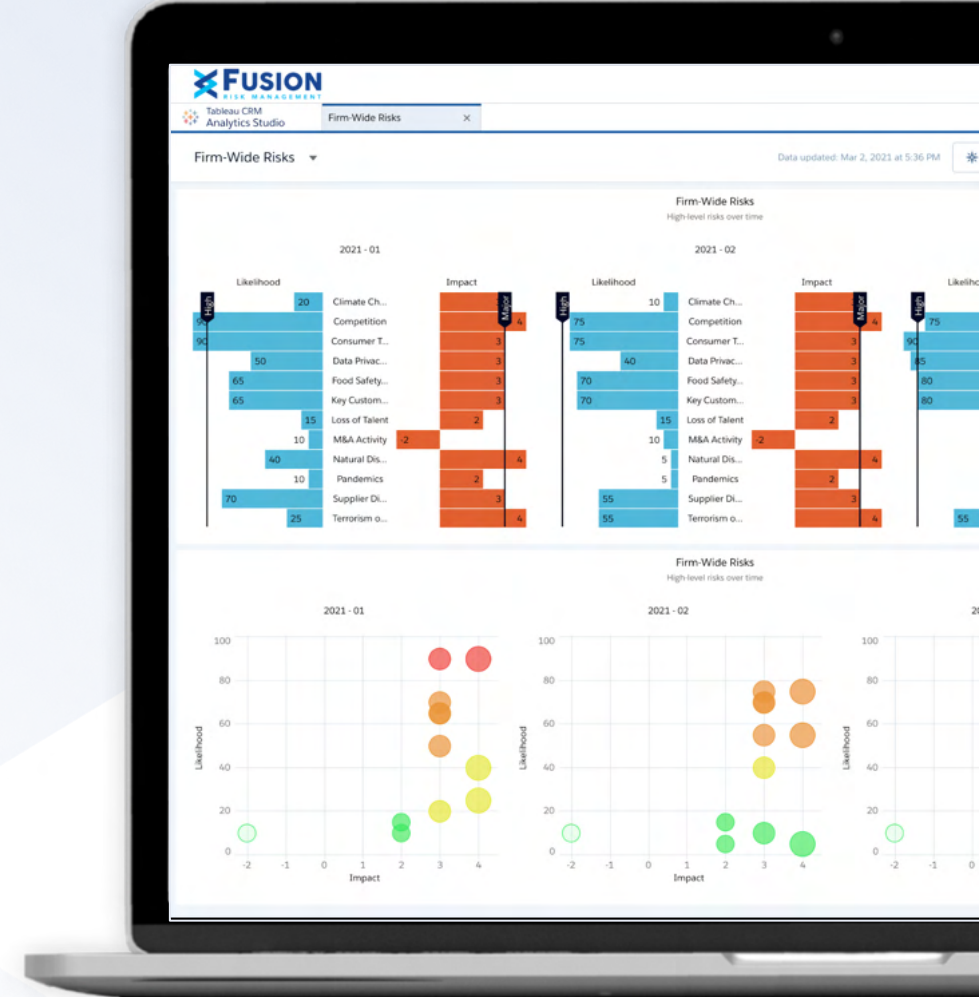
Operational Resilience is the ability to continue to deliver on your customer promise, no matter what.

Out of Crisis, a Shared Set of Regulatory and Business Priorities

Put the customer at the center

Develop a clear perspective of how disruption in your services impacts the safety and soundness of your customer, the economy, the market, and the firm.

Focus on critical services and products

Most traditional risk and resilience programs tend to focus on internal processes. Instead, understand the end-to-end process of delivering critical services and products.

Risk and resilience integrated with the business

Business leadership must take ownership of the integration of anticipating, preparing for, responding to, and learning from risks and events.

Regulators Define a Repeatable Standard for Operational Resilience

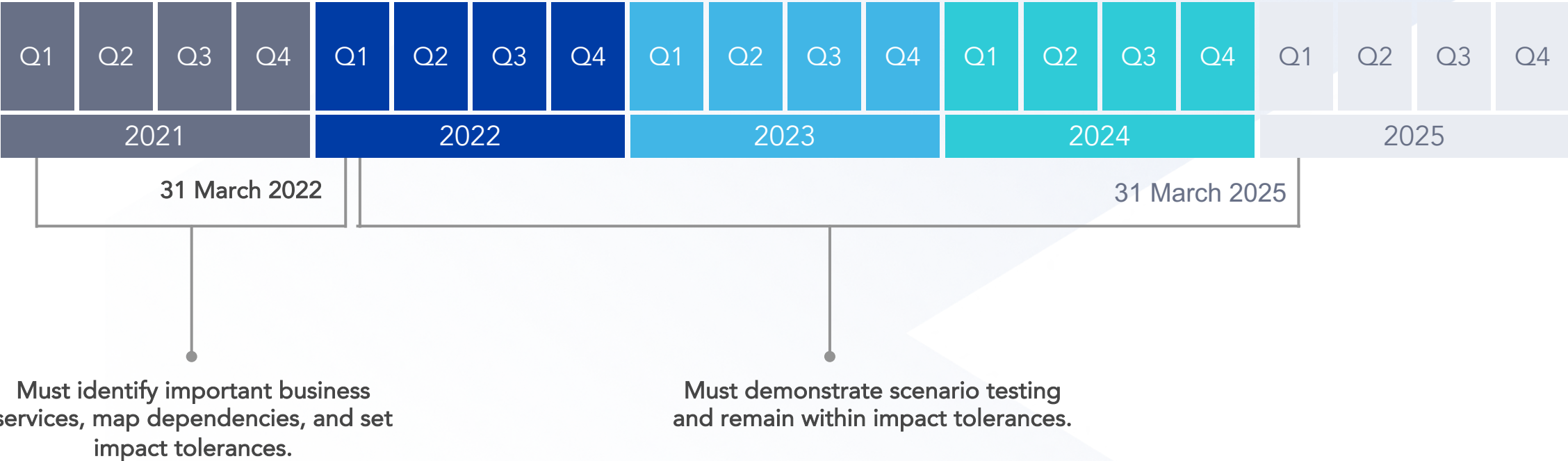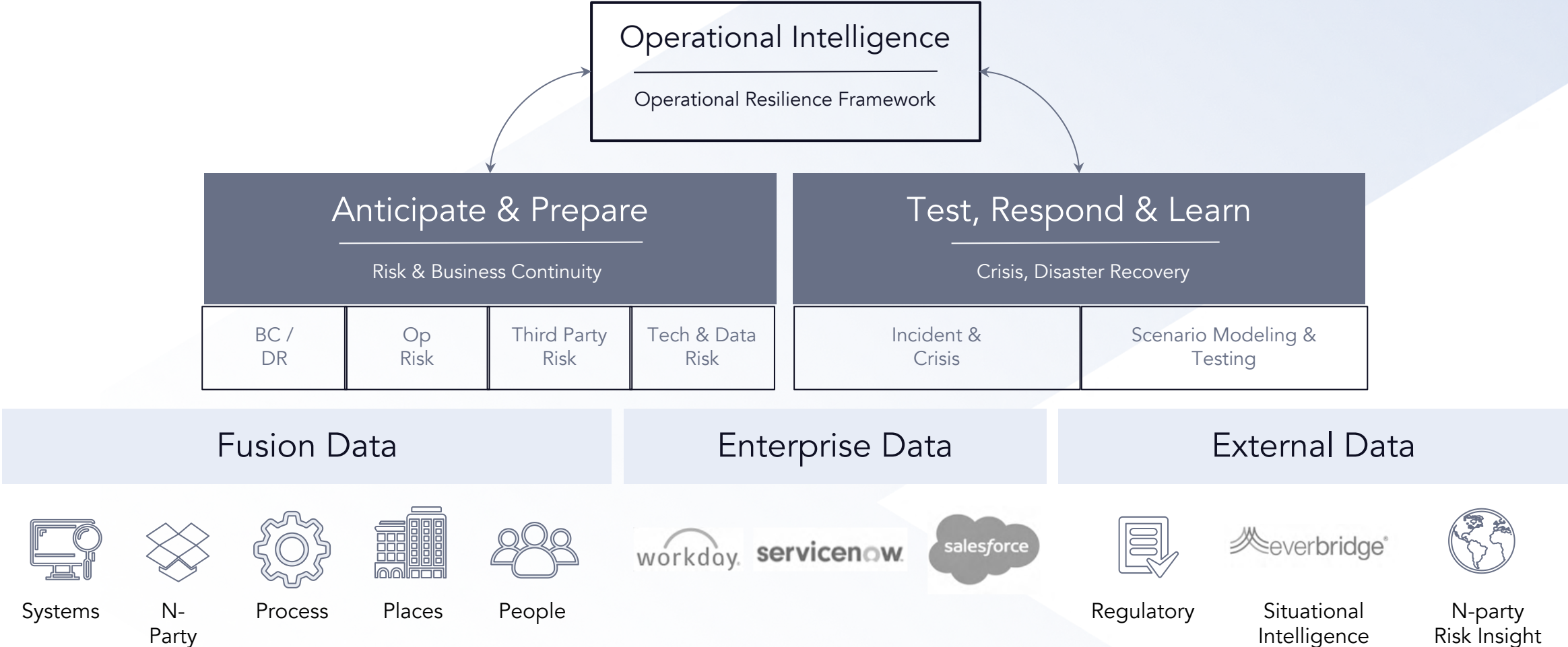| Identify Important Services	Map Important Services	Proactively Mitigate	Set Impact Tolerances	Test and Manage within Tolerance
prioritize the services that, if disrupted, would impact the public	identify the necessary people, processes, technology, and information required to deliver each important business service	identify vulnerabilities in delivery of important business services within an impact tolerance	set maximum amount of time for which disruption to an important business service can be tolerated	test ability to remain within impact tolerances

Bank of England / PRA / FCA
Operational Resilience Regulatory Timelines

2021				2022				2023				2024				2025			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4

31 March 2022

31 March 2025

Must identify important business services, map dependencies, and set impact tolerances.

Must demonstrate scenario testing and remain within impact tolerances.

Imagine Having a Full Picture of Your Business Operations

Operational Intelligence

Operational Resilience Framework

Anticipate & Prepare				Test, Respond & Learn	
Risk & Business Continuity				Crisis, Disaster Recovery	
BC / DR	Op Risk	Third Party Risk	Tech & Data Risk	Incident & Crisis	Scenario Modeling & Testing

Fusion Data	Enterprise Data	External Data

Systems N-Party Process Places People

workday. servicenow. salesforce

Regulatory Situational Intelligence N-party Risk Insight

Define Your North Star

Identify Important Services

Map Important Services

Set Impact Tolerances

Proactively Mitigate Risk

Scenario Model, Test, and Improve

Monitor and Anticipate

Learn and Adapt

Define and prioritize services

Set proactive limits

Model, test, anticipate, and adapt capability

Step 1: Set Benchmark
Define Your North Star

Knowing where you stand today is an important part of your journey. Following a year that saw firms' operational resilience put to the test, the FCA, the PRA and the Bank of England published their final policy on operational resilience on 29 March 2021.

Firms and FMIs must identify their important business services and set impact tolerances by 31 March 2022 and must be able to remain within their impact tolerances no later than 31 March 2025.

The role of Boards and senior management is central to the regulators' operational resilience policy. Boards are accountable for the identification of their firm's important business services, impact tolerances, and self-assessment.

Understanding the jurisdictional guidance, how it relates to your firm, your firm's current state, and where the gaps exist, are a precursor to any change initiative or digital transformation program.

Your assessment process becomes the blueprint for your operational resilience change initiative and aligns it to a prescriptive timeline for implementation.

How Fusion helps:

1 Flexible, meets changing objectives and regulatory requirements

2 Purpose-built frameworks create tangible improvements

3 Drive consistent, repeatable, and proven processes across the firm

4 Filter the noise, standardize and automate the routine aspects of the process

5 Engage the entire firm on your resilience initiative from the front line to boardroom

6 Demonstrate resilience status based on a unique matrix of regulatory standards

Step 2: Identify Important Services
Inventory the Services You Provide Your Customer

Determining what constitutes a business service is the first step in meeting the regulatory policy set forth by the UK authorities.

Once you have identified the core business services you provide, you will need to scrutinize which of these is critical to your customer and the aggregate impact of those services to the broader economic function.

What would happen if this service were no longer available to your customer?

Critical questions to ask:

- What would be the impact to an individual consumer?
- What would the impact to be to the broader economy?
- What would be the impact to the stability of the markets?
- What would be the long-term impact of these services being unavailable?

A Business Service is:

- ☑ A service that a firm provides to an external customer or market.

- ☑ Clearly identifiable as a separate service and not a collection of services (e.g., as with traditional business lines).

- ☑ Customer and reputational impacts are the focus.

- ☑ Customer must be clearly identifiable so the impacts of a disruption are clear.

- ☑ Must be capable of having an impact tolerance set against it.
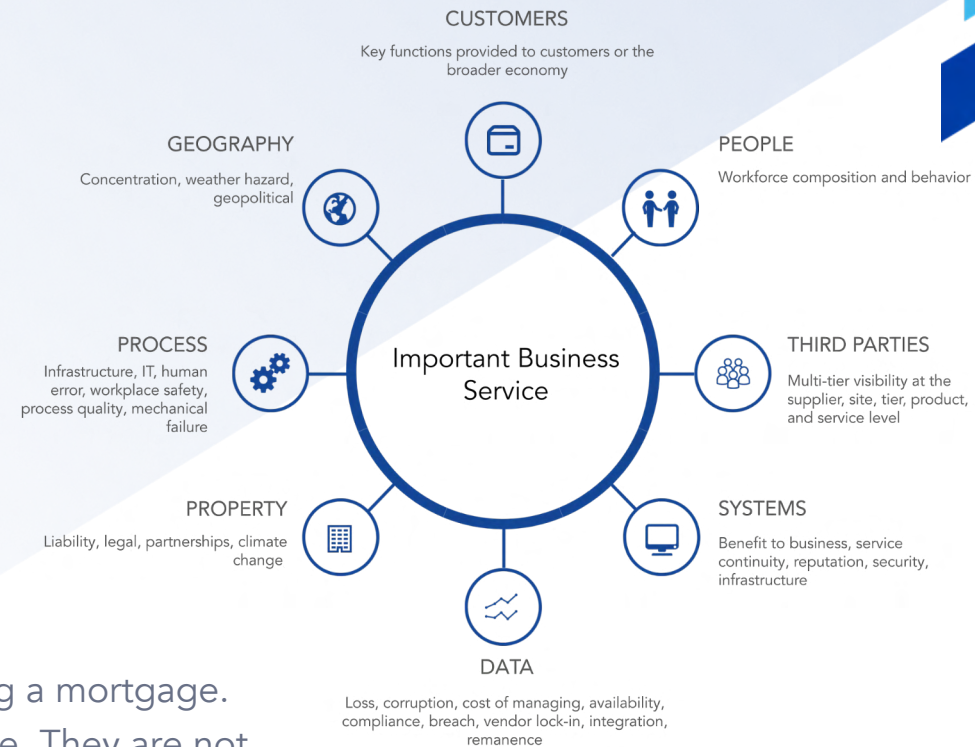
Step 3: Map Important Services
Assess and Map the Journey of Service Delivery

Mapping dependencies is easier said than done. But with the help of technology, Fusion makes it simpler for your team.

Know what you are really trying to achieve with your process.

Your services are comprised of many interoperating parts: people, process, sites, third parties, systems, data, and the customers who use them.

" Our customers are not interested in getting a mortgage. They are really interested in buying a house. They are not interested in a savings account. They are interested in sending their kid to college. We have to start thinking in terms of the things that our customers really want to achieve and use what we do to help them accomplish their goals. "
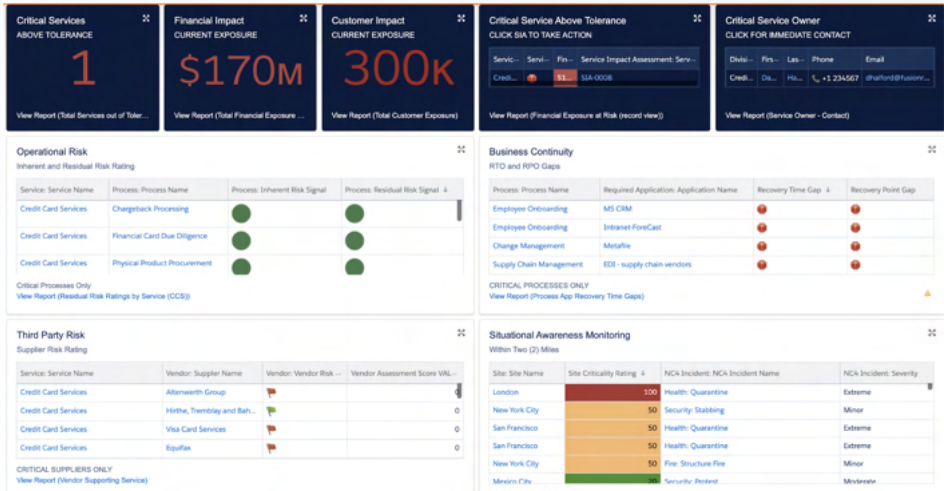
CUSTOMERS
Key functions provided to customers or the broader economy

GEOGRAPHY
Concentration, weather hazard, geopolitical

PEOPLE
Workforce composition and behavior

PROCESS
Infrastructure, IT, human error, workplace safety, process quality, mechanical failure

Important Business Service

THIRD PARTIES
Multi-tier visibility at the supplier, site, tier, product, and service level

PROPERTY
Liability, legal, partnerships, climate change

SYSTEMS
Benefit to business, service continuity, reputation, security, infrastructure

DATA
Loss, corruption, cost of managing, availability, compliance, breach, vendor lock-in, integration, remanence
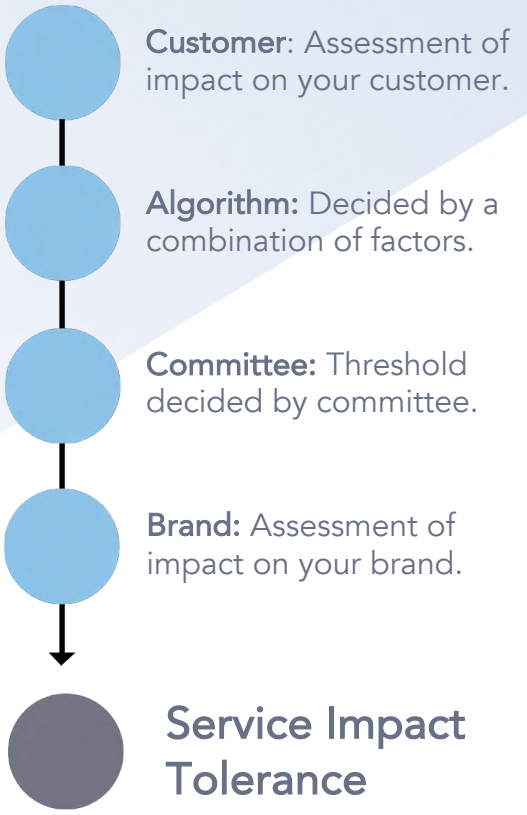
Step 4: Establish Tolerances
Set Thresholds Based on Your Ability to Withstand Impact

Firms decide for themselves what constitutes the threshold amount of disruption that can be withstood. In our research, this takes shape in the form of different methodologies.

While the guidance doesn't dictate what approach to take, to maximize your firm's potential to scale your resilience efforts, it should be consistent.


Tolerance Essentials

Customer: Assessment of impact on your customer.

Algorithm: Decided by a combination of factors.

Committee: Threshold decided by committee.

Brand: Assessment of impact on your brand.

Service Impact Tolerance

Step 5: Proactively Mitigate
## Implement Forward Measures to Become More Resilient

While mapping your critical services, you likely have uncovered weak spots or single points of failure in the process. As you grow in your risk intelligence capability, your team will be more proactive in anticipating and responding to events before they happen.

Your team has four options when addressing weak spots or single points of failure in your process:

- **Improve monitoring**
- **Create risk controls**
- **Implement preventative measures**
- **Accept the risk**
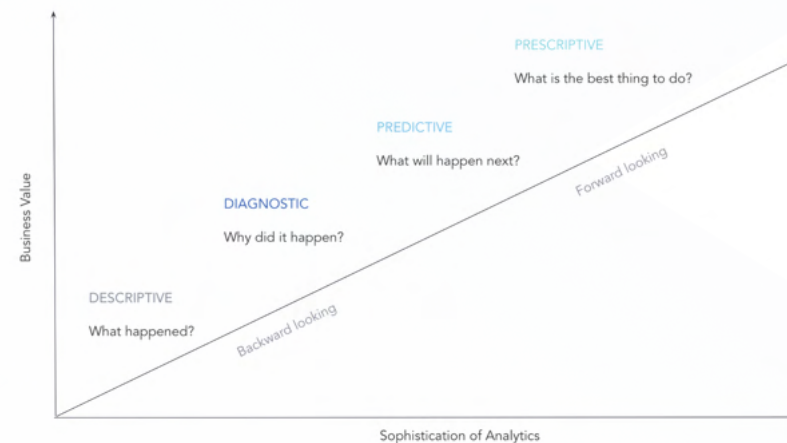
Fusion identifies and visualizes the real relationship risk has with your ability to deliver critical services.
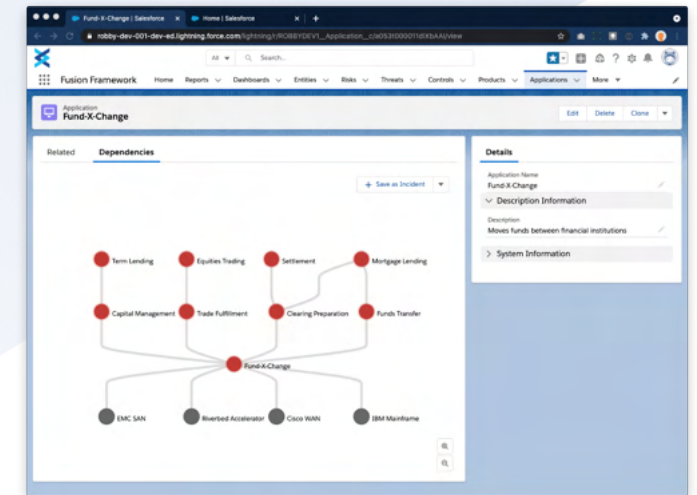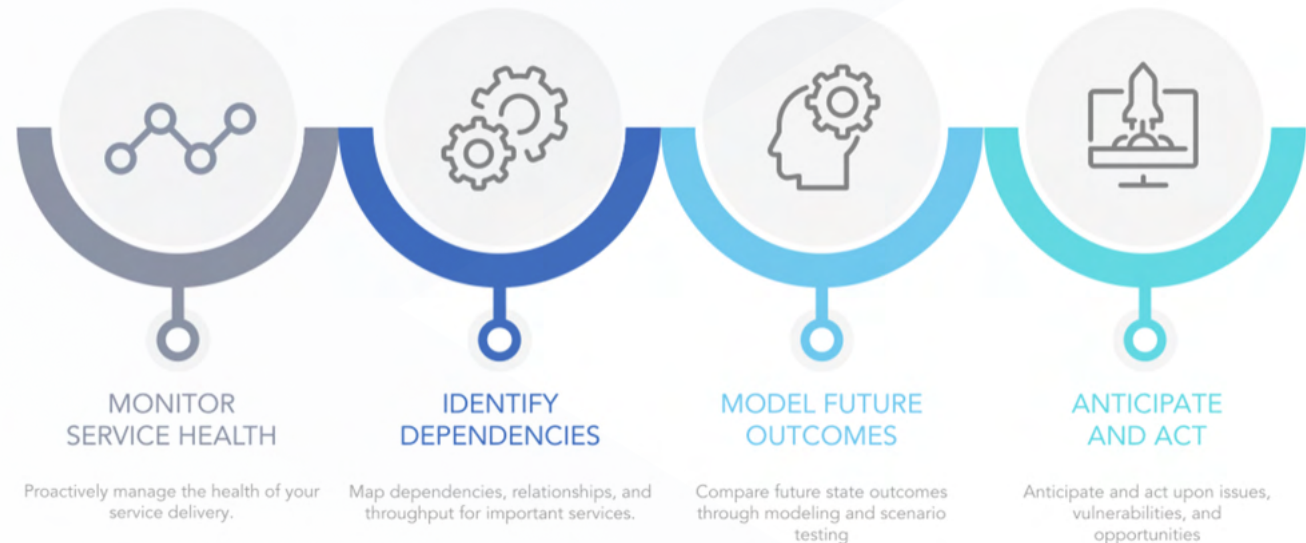

As you continue to understand the relationships between risks and between critical services, processes, systems, sites and people, you will be able to manage and mitigate the true web of interdependency between assets, process, and critical services.

Step 6: Scenario Plan and Exercise Response
Test Your Response

Based on the understanding of your firm, develop a contingency plan for those impacts that severely impact your ability to deliver a critical service and are most likely to happen.

Exercise the plan with your team in a realistic environment, leveraging Fusion to capture task status, results, and learnings. Facilitate a retrospective to review results.

MONITOR SERVICE HEALTH
Proactively manage the health of your service delivery.

IDENTIFY DEPENDENCIES
Map dependencies, relationships, and throughput for important services.

MODEL FUTURE OUTCOMES
Compare future state outcomes through modeling and scenario testing

ANTICIPATE AND ACT
Anticipate and act upon issues, vulnerabilities, and opportunities

Step 7: Monitor
Establish Processes that Build Situational Awareness

Situational intelligence can come from multiple sources within and around the firm: internal systems, your team, third parties, or external feeds.

Based on the information requirements outlined in your blueprint, and new discoveries as a part of the implementation process, the team will map the most reliable source for situational intelligence on an ongoing basis. This will be documented in the form of a solution architecture plan and made actionable through Fusion - inclusive of integration mapping and transformation logic. Process changes to gather intelligence where it cannot be automated by systems and identify external data intelligence that augment your operational data stores. This intelligence will be surfaced in the form of dashboards, notifications, and triggered workflows.
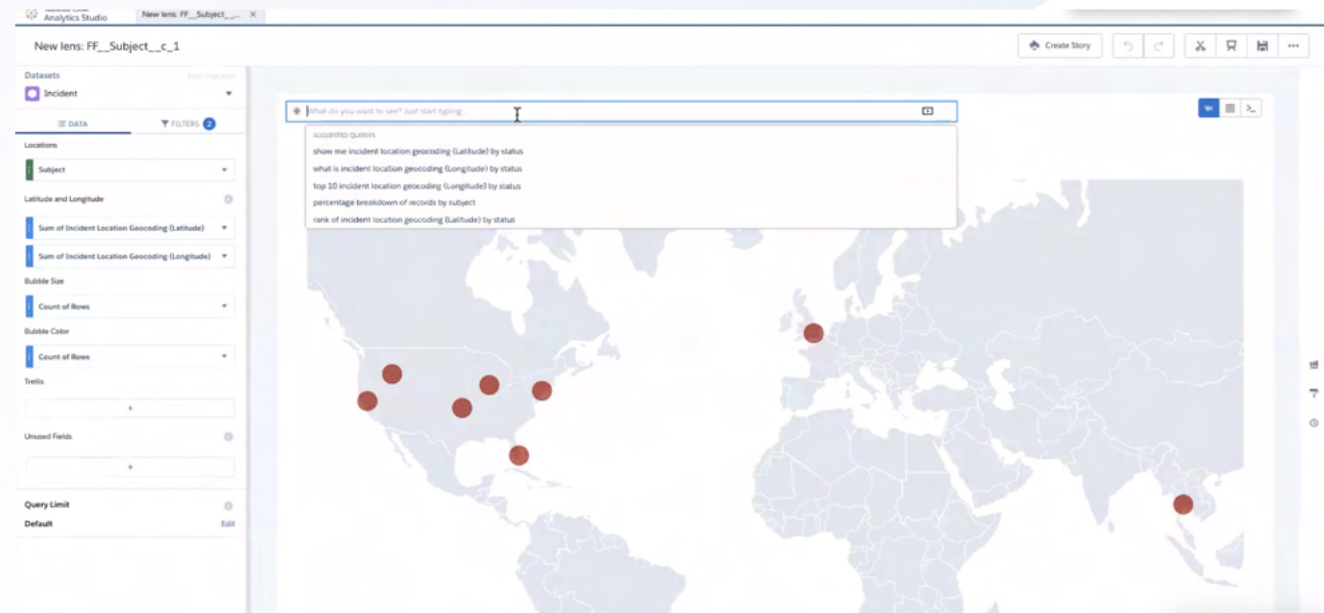
Step 8: Govern, Learn, and Iterate
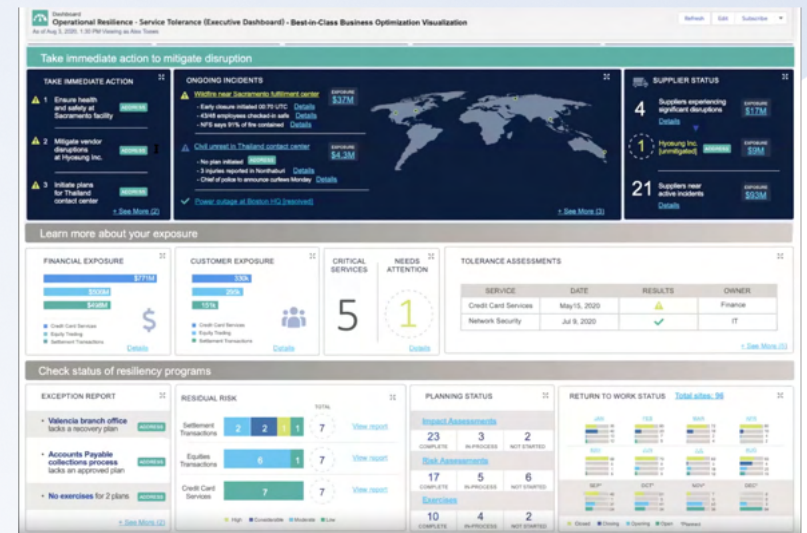## Measure, Capture, and Transform Approach Over Time

It's not enough to simply orchestrate the mechanics of a resilience program. You need to track the impact of your results closely. Identify the metrics that matter to your firm, share these with your team, and report on these metrics regularly.

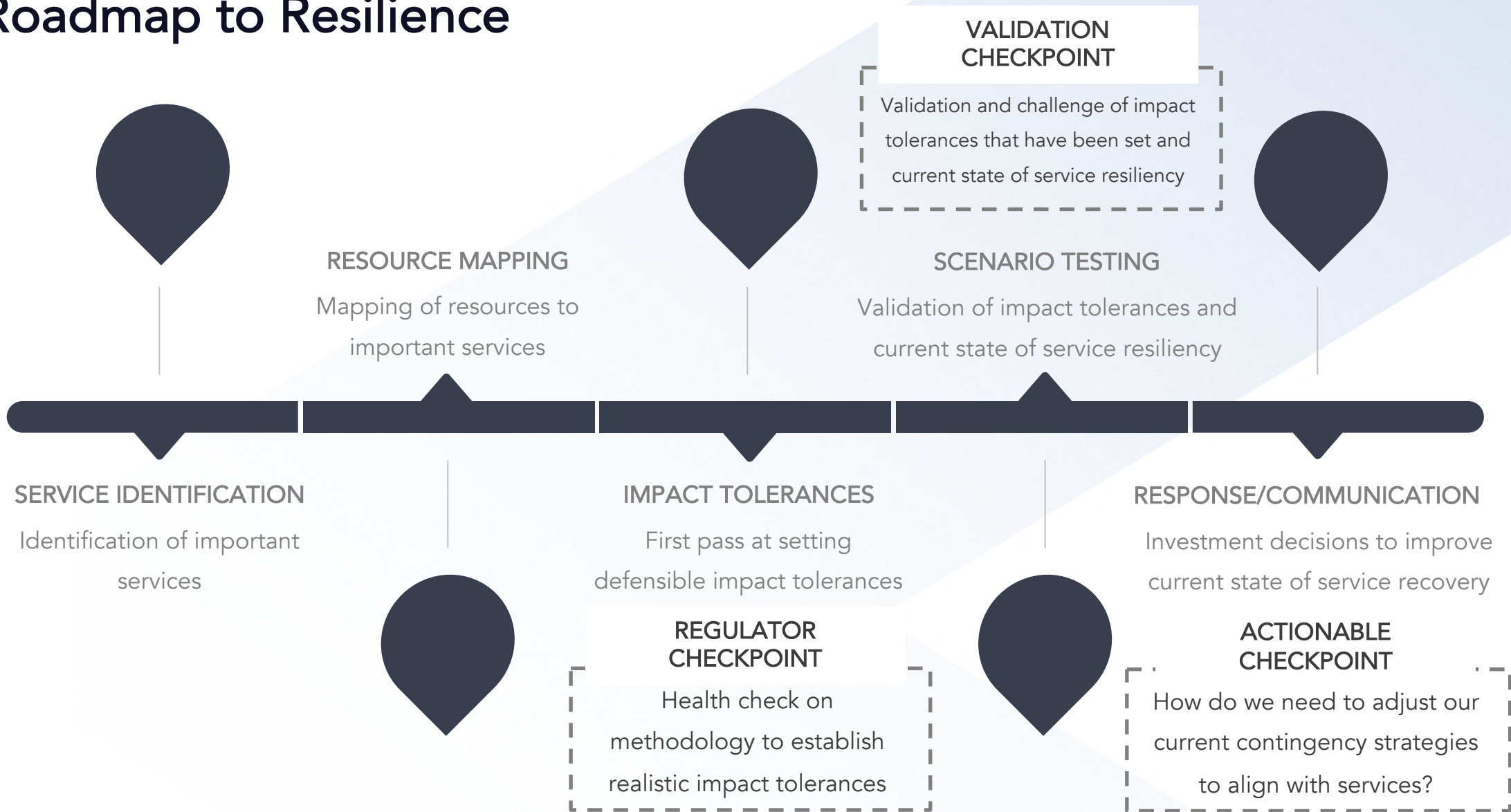Assess what is working and what is not

Motivate the team when you are on track

Adjust your strategy when you are not on track with the goals

Visualize your reporting to make your program's impact clear to everyone. Going over numbers alone may not be helpful to your team. As you compare performance metrics each week with previous time periods, you can consistently point to the results of your resilience efforts. That level of clarity across the team is a huge motivating factor, and also provides your team with a deeper understanding of how sustained focus on risk and resilience can be a differentiating force for your firm.

Roadmap to Resilience

VALIDATION CHECKPOINT

Validation and challenge of impact tolerances that have been set and current state of service resiliency

RESOURCE MAPPING

Mapping of resources to important services

SCENARIO TESTING

Validation of impact tolerances and current state of service resiliency

SERVICE IDENTIFICATION

Identification of important services

IMPACT TOLERANCES

First pass at setting defensible impact tolerances

RESPONSE/COMMUNICATION

Investment decisions to improve current state of service recovery

REGULATOR CHECKPOINT

Health check on methodology to establish realistic impact tolerances

ACTIONABLE CHECKPOINT

How do we need to adjust our current contingency strategies to align with services?

> " Firms have pieces of [operational resilience] already. We are looking for firms to use this as an opportunity to pull those things together…become more centralized, less fragmented.
>
> This is not a start from zero. Firms have already embarked on this.
>
> The bad guys aren't waiting for us to figure this out. Firms need to do this now.

Art Lindo

Deputy Director of Supervision, Federal Reserve Board

We are ready when you are. Fusion has been helping customers on their operational resilience journey for over 15 years.

Discover how our framework can cut your implementation time in half while engaging more of your firm in creating a more risk-aware and resilient culture.

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