

Box 16

KEY ELEMENTS OF BUSINESS CONTINUITY MANAGEMENT

The “Business Continuity Oversight Expectations for Systemically Important Payment Systems (SIPS)” identify the following elements as key to business continuity management:¹

1. Systems should have a well-defined business continuity strategy and monitoring mechanism endorsed by the Board of Directors. Critical functions should be identified and processes within these functions categorised according to their criticality. Business continuity objectives for SIPS should aim at the recovery and resumption of critical functions within the same settlement day.
2. Business continuity plans should envisage a variety of plausible scenarios, including major natural disasters, power outages and terrorist acts affecting a wide area. Systems should have a secondary site, and the latter’s dependence on the same critical infrastructure components used by the primary site should be kept to the minimum necessary to enable the stated recovery objectives for the scenarios concerned to be met.
3. System operators should establish crisis management teams and well-structured formal procedures to manage a crisis, as well as internal/external crisis communication channels.
4. The effectiveness of the business continuity plans needs to be ensured through regular testing of each aspect of the plans. System operators should consider performing whole days of live

¹ Detailed implementation guidelines with respect to these elements are provided in ECB (2006), “Business Continuity Oversight Expectations for Systemically Important Payment Systems (SIPS)”, June.

operations from the secondary site, and the latter should also be tested periodically using the participants' contingency facilities. Systems should participate in industry-wide testing organised and coordinated by a commonly agreed financial authority. System operators' business continuity plans should be periodically updated, reviewed and audited to ensure that they remain appropriate and effective. Operators should consider the partial disclosure of business continuity plans to external stakeholders such as other SIPS, overseers and banking supervisors.

However, each SIPS remains responsible for its own business continuity management and, in particular, should endeavour to achieve high resilience objectives for the system, its critical participants and its third-party providers of critical functions and/or services.