

The Monetary Authority of Singapore's Revised Business Continuity Management Guidelines for Financial Institutions

PwC Singapore's perspective

June 2022

On 6 June 2022, the Monetary Authority of Singapore (MAS) released the revised Business Continuity Management (BCM) Guidelines for Financial Institutions (FIs). The objective of the revised guidelines, according to the MAS, is to provide a fresh set of sound principles and standards for the implementation of business continuity management, keeping in mind today's complex threat environment.

The MAS said in a media release, "The revised Guidelines provide new insights on measures that FIs can take to better manage the increasingly complex operating environment and threat landscape to enable the continuous delivery of services to their customers. Under the revised Guidelines, FIs should:

- a) adopt a service-centric approach through timely recovery of critical business services facing customers;
- b) identify end-to-end dependencies that support critical business services, and address any gaps that could hinder the effective recovery of such services; and
- c) enhance threat monitoring and environmental scanning, and conduct regular audits, tests, and industry exercises."

Who is impacted?

The revised set of guidelines are applicable to entities that are licensed, approved, registered or regulated by the MAS, including banks, insurers and insurance intermediaries, financial market infrastructures, brokers, financial advisors, fund management companies, finance companies trust companies, credit bureaus, various types of payment services (including money changers, remittance, money transfer, virtual currency, etc) and benchmark administrators.

Summary of key changes:

1. Customer service-centric approach

- Business services provided by FIs to their customers are typically supported by multiple business functions and corporate functions. A disruption to any of the underlying business function or corporate function may result in disruptions to one or more business services.
- Under the new guideline, FIs are required to **re-frame their existing BCM programme around business services that they provide to their customers**. FIs should identify all relevant and interdependent business functions and corporate functions supporting people, process and technology across the organisation and align the recovery objectives of each business function and corporate function to the **business service that is delivered to the end customer**.

2. Introducing Service Recovery Time Objective

- Service Recovery Time Objectives (SRTO) is defined as the target duration of time to restore a specific business service from the point of disruption to the point when the specific business service is recovered to a level sufficient to meet business obligations.
- FIs should consider their obligations to their customers and the financial ecosystem and put in place recovery strategies to enable the FI to **meet the SRTO of business services**. This includes ensuring that underlying business functions and interdependencies, which cuts across multiple organisational units and external third party service providers, are aligned.

3. Focus on third party providers

- Under a customer service-centric approach, FIs should identify and map end-to-end dependencies involving people, process and technology **including external third party service providers**.
- FIs should obtain assurance from third party service providers that the respective SRTOs of business services can be met and plan for unforeseen disruption, failure or termination of third party service arrangements. FIs should also implement redundancy or backup arrangements if the availability of external third party dependency is beyond the FIs' direct control.

4. Audit requirements

- BCM audits should be performed for each critical business service at least once every three years. Auditors should be qualified and possess BCM knowledge.

5. Enhancing Crisis Management (CM) and communications

- FIs should have in place a CM structure, with clearly defined roles, responsibilities, reporting lines and chain of command. Pre-defined triggers and criteria should be established for timely activation of the BCP and CM structure **before** the performance of a critical business service is reduced or intermittent but not to the extent where the business service is completely unavailable. Plans and playbooks to guide the course of actions and decisions to be made during a crisis should also be developed.
- FIs should implement tools and processes to facilitate timely updating and assessment of the latest crisis situation to support decision-making.
- FIs should also identify all internal and external stakeholders (including Staff and MAS), the communications channels and designated parties to communicate effectively with the respective stakeholders on critical business service disruptions and the developments of a crisis.

Key considerations for FIs: Immediate way forward

FIs will need to demonstrate that their Board of Directors and senior management have considered the guidelines as part of their oversight responsibility in their business continuity management programme and approve the adoption of the guideline, in part or whole, based on sound rationale.

FIs should commence implementation of the guide as soon as possible. As an immediate way forward, FIs should:

1. Perform a gap assessment of their current BCM structure against the requirements of the new guideline to determine the extent of effort required.
2. Identify internal competency and capacity and determine resources needed to implement the new guidelines.

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