

Pandemic Planning and the Financial Industry

By: *Darlia Fogarty, President, Compliance Alliance*

To put it simply, pandemics are outbreaks of infectious diseases in humans that can spread rapidly over large areas, and possibly worldwide. Pandemic planning is front and center with the current coronavirus outbreak and financial institutions should take notice. A pandemic influenza outbreak could potentially bring the financial industry to its knees, and so it is imperative that financial institutions ensure they have a plan in place and that testing has been conducted.

Pandemic plans are significantly different than traditional continuity plans due their potentially wider-ranging effects. Pandemic outbreaks are usually much larger in scale and duration, and more likely to come in waves and not be confined to a specific geography or region.

The regulatory agencies also specify that institutions should determine what potential adverse effects the pandemic could have on their ability to operate effectively. An institution's business continuity plan (BCP) should address pandemics, preventive programs, scalable strategy, critical operations, and testing for oversight. The pandemic section of the BCP should be expandable and contractable to be reflective of the situation at hand.

A sound plan should minimize the disruptions to processes and should maintain the trust and confidence of its customers. It should include a preventative program, documented strategy, comprehensive framework of facilities, systems, and procedures, testing program, and an ongoing oversight program. The preventive program should contain policies that encourage employees to stay home when the need arises, and clearly address potential fears of reprisal. In this case, having a strong offense is the best defense.

The institution's documented strategy can be in the form of a policy that addresses how the institution will prepare for an outbreak and how it will continue to operate through what could be various waves of the outbreak. For example, the policy may address when travel should be suspended or limited to only critical travel needs. Institutions should determine which if any core activities could be done with minimum staff or even off-site staff.

A comprehensive framework should be designed to ensure the institution can maintain critical operations if large numbers of staff are affected or are unavailable for prolonged periods. The framework should limit face-to-face contact that can be accomplished alternatively, such as through email, teleconference, and other technological means.

The final areas to consider are the testing and oversight programs. The only way to ensure that the capabilities of staff and programs allow for continued operations is to test the plan. The oversight program will capture the results and point to any deficiencies that need to be addressed in the ongoing plan and updates.

Pandemic planning can present unique challenges to the institution and the management of critical activities. The institution must be proactive in measuring effects of potential pandemics, prevention of expanded contact, operational abilities, flexibility of the plan, and testing of the plan with continued updating. Effective management of the process will reduce the risk of catastrophic failures due to a pandemic outbreak.



Darlia Fogarty is a retired commissioned national bank examiner with the OCC. She contributed as a member of the Retail Credit Team, with a Compliance Designation. Darlia also holds 10 years of experience as a compliance officer/auditor and 4 years as a consultant.

She is a graduate of the Graduate School of Banking in Boulder, Co. She has spoken at a number of conventions, meetings and schools throughout the years. Her articles can be found in State Banking Association magazines, Compliance Alliance newsletters and several other publications.