



Bangko Sentral ng Pilipinas

OFFICE OF THE GOVERNOR

MEMORANDUM

To : **ALL BANKS**

ALL NON-BANK FINANCIAL INSTITUTIONS with Quasi – Banking Functions (NBQBs), Investment Houses (IHs) with Trust Functions, Non-Stock Savings and Loan Associations (NSSLAs) and ALL Other Non-Bank Financial Institutions (NBFIs) which are Subsidiaries or Affiliates of Banks or NBQBs.

Subject: **UPDATED BUSINESS CONTINUITY PLAN**

Under Circular Letters dated 26 September 2001 and 3 October 2001, all banks NBQBs, IHs, NSSLAs and NBFIs were required to submit to the Bangko Sentral ng Pilipinas their updated business continuity plans taking into account possible contingencies. Said business continuity plan must be duly approved by the board of directors of each institution.

The overall goal of the business continuity plan must be: (1) to ensure that there will be minimal disruption of basic services; (2) to minimize financial losses through lost business opportunities or asset deterioration; and (3) to ensure resumption of normal operations in the shortest possible time. The latest uncertainties happening in the region and new threats brought about by recent developments in the Middle East should be considered. A summary of the substantive details of a business continuity plan which may serve as guide for financial institutions to consider is shown in Annex A.

In view of recent developments, financial institutions should immediately furnish BSP their updated business contingency plans through the appropriate supervising and examining department within fifteen (15) days from date hereof.

MAG-IMPOK SA BANGKO

This shall be accompanied by a certification by the President or equivalent rank of such institutions to the effect that their updated business continuity plans, duly approved by the Board of Directors, have been tested and are in place.

This Memorandum shall take effect immediately.

A handwritten signature in black ink, appearing to read 'Amto', followed by a long horizontal line extending to the right.

AMANDO M. TETANGCO, JR.
Officer-in-Charge

3 April 2003

POINTERS TO CONSIDER IN A BUSINESS CONTINUITY PLAN

The overall goal of the business continuity plan (BCP) are as follows:

- (1) to ensure that there will be minimal disruption of basic services;
- (2) to minimize financial losses through lost business opportunities or asset deterioration; and
- (3) to ensure resumption of normal operations in the shortest possible time.

A. Minimal disruption of basic services.

The formulation of the BCP should have the following primary elements:

- a. The identification of core business of the institution that must be sustained in crisis situations;
- b. The identification of different crisis scenarios that are expected to cause disruption in the core business of the institutions;
- c. The sustained functioning of core operations and/or timely resumption of non-critical operations in crisis situations;
- d. The clustering and dispersal of core operations;
- e. The formation of alternate organizations that shall attend to the crisis operations and to the business continuity plan for the institutions;
- f. The formulation of crisis action plans .

Simultaneous with the conduct of the planning process, preparatory work must also be done with regard to the putting up of an alternative or recovery site. This is in consideration of the high risk, which characterizes the crisis situation. The institution's management shall serve as the starting point for this formulation process.

B. Minimize financial losses

The management of the financial institution should also consider the budgetary costs in the identification of the business recovery site and it should be prepared for the capital expenditures and operating expenses such crisis situations will entail, taking into consideration the primary objective of minimizing financial losses during crisis situations.

C. Ensure resumption of normal operations in shortest possible time

Each financial institutions is mandated to have back-up installations of all business operations. This mandate should indicate more specific statements reflecting BSP concern for consumer protection, such as:

- a. Service recovery time (within the shortest possible hours/days) should a disaster happen at the primary data center. This recovery must likewise spell out the percentage of the branches/offices in which normal customer servicing has been restored.
- b. Full restoration of banking operations (within the shortest possible hours/days) following a disaster at the primary data center.
- c. The major Common Carrier Communications Office (CO) servicing the institution's primary data center should not be the same CO that services its back-up data center.
- d. For retail services servicing 200,000 customer accounts on-line (suggested figure only), remote data mirroring must be in place. This edict will guarantee that customer transactions are recoverable in case a disaster hits the primary data center.