Note: This publication is discontinued.

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EUROPEAN CENTRAL BANK

BANKING SUPERVISION

Andrea ENRIA
Chair of the Supervisory Board

To all Significant Institutions

SSM-2020-0108

Frankfurt am Main, 3 March 2020

Contingency preparedness in the context of COVID-19

Dear Sir or Madam,

The ECB is following closely the developments related to COVID-19 and potential risks emanating from its effects. The purpose of this letter is to remind institutions of the critical need to consider and address potential pandemic risk in their contingency strategies.

Supervised entities are expected to review their business continuity plans and consider what actions can be taken to enhance preparedness to minimise the potential adverse effects of the spread of COVID-19.

Preparations for employee safety and business continuity should include consideration of the main risks associated with a potential pandemic. In particular, banks could be challenged in their operational capabilities in affected areas should employees be unable to perform their usual tasks. These could be due to illness, the need to take care of relatives, or being unable to work from bank premises due to precautionary measures. Challenges could also arise due to constraints of key third-party outsourcers and suppliers to maintain critical processes.

In light of the risks identified, institutions are expected to take appropriate actions for preparing and responding to a potential pandemic, which may include the following:

i. *establishing adequate measures of infection control in the workplace which can include systems to reduce infection transmission and worker education;*

ii. *assessing to which extent contingency plans include a pandemic scenario which provides for scaling measures commensurate with the institution's geographic footprint and business risk for the particular stages of a pandemic outbreak;*

iii. *assessing how quickly measures foreseen under the pandemic scenario of the contingency plan could be implemented and how long operations could be sustained under such a scenario;*

iv. *assessing whether alternative and sufficient back-up sites can be established in light of possible pandemic;*

v. *assessing and urgently testing whether large scale remote working or other flexible working arrangements for critical staff can be activated and maintained to ensure business continuity;*

vi. *proactively assessing and testing the capacity of existing IT infrastructure, also in light of a potential increase of cyber-attacks and potential higher reliance on remote banking services;*

vii. *assessing risks of increased cyber-security related fraud, aimed both to customers or to the institution via phishing mails, etc.; and*

viii. *entering into a dialogue with critical service providers to understand whether and to ascertain how services continuity would be ensured in case of a pandemic.*

The JSTs are monitoring the actions planned and/or already undertaken by banks. We expect institutions to reach out to their JST immediately if in performing these checks significant shortfalls are identified. We also expect that the JST is immediately informed in case of any significant developments.

Please distribute this letter to the key business continuity staff and kindly provide to the JST Coordinator the contact details of the team and key person responsible for business continuity in the context of a pandemic.

Yours sincerely,

Andrea ENRIA