



Compliance Bulletin

Business Continuity Planning – Pandemic Preparedness

March 12, 2020

Countries around the globe are currently battling the novel (or new) COVID-19 disease, more commonly referred to as coronavirus. Health experts and federal agencies, including the Centers for Disease Control (CDC), are closely monitoring the COVID-19 and providing necessary updates and guidance.

Lately, there has been an increased discussion in the industry around credit union business continuity plans (BCPs). Business continuity plans provide a strategic approach to help lessen the impact that natural or technical disasters and malicious acts can have on credit union operations. Considering the recent developments with COVID-19, credit unions are reminded to review and update their BCPs accordingly to address the actions they should take to minimize the potential adverse effects of a pandemic.

Below is a breakdown of the pandemic specific considerations, as well as provide additional resources that credit unions may find helpful when reviewing their BCPs, and their overall pandemic preparedness.

Key Considerations of a Credit Union BCP

To assist credit unions' in their pandemic preparedness, the Federal Financial Institutions Examination Council (FFIEC) issued on March 9, 2020 an [Interagency Statement](#) that details pandemic specific considerations to include in a BCP. The guidance is an update to the 2007 Interagency Statement on Pandemic Planning issued December 12, 2007 and the "Letter to Credit Union 06-CU-06 – Influenza Pandemic Preparedness" issued by the National Credit Union Administration (NCUA) in March 2006.

Detailed below are a summary of recommendations from the FFIEC.

Preventative Program

The goal of a preventative program is to reduce the impact that a pandemic can have on a credit union's operations. Steps that credit unions can take in their program include:

- Monitoring potential outbreaks;
- Educating staff;
- Communicating and coordinating with critical service providers and suppliers; and
- Hygiene training and tools to employees.

Documented Strategy

The document strategy ensures that a credit union has a plan in place to scale its BCP depending on the stage of the pandemic. A strategy could include phases that address:

- Cases of the disease overseas;
- Cases of the disease in the U.S.; and
- Cases within the credit union.

Framework of Facilities, Systems, and/or Procedures

In the event of staff are unavailable for extended periods of time, what does the credit union have in place to continue its critical operations. Credit union membership should be taken into consideration here as well, as there will likely be a spike in online banking, telephone banking, ATMs, and phone support. Lastly, there may be restrictions placed by government authorities for public health safety that could potentially impact credit union operations.

Steps a credit union could implement to continue its critical operations include:

- Social distancing to minimize staff contact;
- Telecommuting;
- Redirecting customers from branch to electronic services; and
- Conducting operations from alternative sites.

Testing Program

It is important to make sure that a preparedness plan will work when it needs to. As such, the pandemic plan should be tested to ensure that it is effective and will allow for the credit union's critical operations to continue.

Oversight Program

Ensure that the pandemic plan and its policies, procedures, and standards are up to date and reviewed on a consistent, periodic basis.

Mitigation Controls

The guidance also highlights the following specific challenges faced by financial institutions, including credit unions, and the mitigating controls that should be considered when developing a pandemic plan.

- **Board and senior management responsibilities.** A credit union's pandemic planning activities should involve senior business management from all functional, business and product areas, including administrative, human resources, legal, IT support functions, and key product lines.
 - Moreover, a credit union's board of directors is responsible for overseeing the development of the pandemic plan.
 - The board or a committee thereof should also approve the credit union's written plan and ensure that senior management is investing sufficient resources into planning, monitoring, and testing the final plan.
 - Senior management is responsible for developing the pandemic plan and translating the plan into specific policies, processes, and procedures, as well as communicating the plan throughout the credit union to ensure there is consistent understanding of the plans key elements.
- **Incorporating pandemic risk into the business impact analysis (BIA).** The potential effects of a pandemic should be a part of a credit union's overall BCM business impact analysis (BIA). The BIA should:
 - Assess and prioritize essential business functions and processes that may be affected by a pandemic;
 - Identify the potential impact of a pandemic on the credit union's essential business functions and processes, and supporting resources;

- Identify the potential impact of a pandemic on members: those that could be most affected and those that could have the greatest impact on the (local) economy;
- Identify the legal and regulatory requirements for the credit union's business functions and processes;
- Estimate the maximum downtime associated with the credit union's business functions and processes that may occur during a pandemic;
- Assess cross training conducted for key business positions and processes; and
- Evaluate the plans of critical service providers for operating during a pandemic.
- **Risk assessment/risk management.** A credit union's risk assessment process is critical and has a significant bearing on whether BCM efforts will be successful. Specific risk assessment and risk management actions arising from a pandemic include the following:
 - Coordination with third parties;
 - Identification of triggering events;
 - Employee protection strategies;
 - Mitigating controls; and
 - Remote access.
- **Risk monitoring and testing.** Risk monitoring and testing of the pandemic plan is important to the overall planning process. A credit union should have a robust program which should incorporate testing:
 - Roles and responsibilities of management, employees, key suppliers, and customers;
 - Key pandemic planning assumptions; Increased reliance on online banking, telephone banking, and call center services; and
 - Remote access and telecommuting capabilities.

FFEIC recommends that test results should be reported to management, with appropriate updates made to the pandemic plan and testing program.

Other Considerations for Credit Unions

Having a proactive approach in understanding the steps credit unions will take during a pandemic will help credit unions prepare for COVID-19, and other pathogens. In addition, credit unions should also make the following other considerations:

- Credit unions should ensure the pandemic segment of their BCP be sufficiently flexible to address a wide range of possible effects that could result from a pandemic, in addition to be reflective of the credit union's size, complexity, and business activities.
- As per a recent [NACHA reminder](#), credit unions should review their BCPs to ensure that they are prepared to maintain ACH payment processing capabilities in the event of possible disruptions.
- In a recently issued [joint statement](#), federal financial institution regulators (including the National Credit Union Administration (NCUA), and state regulators are urging financial institutions, including credit unions, to work constructively with borrowers and other customers/members affected in areas with community-acquired COVID-19.
- Credit unions should also be prepared for COVID-19 related cybersecurity challenges.
- Credit unions should implement controls to identify external phishing emails and remind employees and members about the potential for phishing scams.
- Manage cybersecurity risks in the event of the need of employee remote access and telecommuting. Credit unions should implement controls such as multifactor

authentication and password limitations, to protect their networks during a period of expanded remote access.

- Credit unions should be mindful of applicable privacy laws and implement the proper safeguards.
- Credit unions should monitor or remain in contact with local government health agencies for direction regarding business impact and potential closures should the virus spread to their communities.

Additional Resources

Provided below are a collection of resources that credit unions may find helpful when reviewing their BCPs, and their overall pandemic preparedness.

- **Centers for Disease Control**
 - [Coronavirus Disease 2019 \(COVID-19\)](#)
 - [Business Pandemic Influenza Planning Checklist](#)
 - [CDC Travel Guidance](#)
 - [Interim Guidance for Businesses and Employers to Plan and Respond to 2019 Novel Coronavirus \(2019-nCoV\), February 2020](#)
- **NCUA Letters to Credit Unions**
 - [Influenza Pandemic Preparedness \(06-CU-06\)](#)
 - [Guidance on Pandemic Planning \(08-CU-01\)](#)
 - [Disaster Preparedness Response Examination Procedures \(06-CU-12\)](#)
- **World Health Organization (WHO)**
 - [Coronavirus Disease Outbreak](#)
 - [Checklist for Pandemic Influenza Risk and Impact Management: Building capacity for pandemic response](#)
- **U.S. Department of Labor: Occupational Safety and Health Administration (OSHA)**
 - [Guidance on Preparing Workplaces for an Influenza Pandemic](#)
 - [COVID-19 Overview for Workers & Employers](#)
- **U.S. Department of State**
 - [Travel Advisories](#)
- **U.S. Department of Veterans Affairs (VA)**
 - [Pandemic Influenza](#)
- **U.S. Equal Employment Opportunity Commission**
 - [Pandemic Preparedness in the Workplace and the Americans with Disabilities Act](#)
- **Scam Alerts**
 - [Coronavirus: Scammers follow the headlines](#)
 - [Beware of criminals pretending to be WHO](#)
- **State and Territorial Health Departments**
 - [Resource to health departments in all 50 states](#)