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Operational Resilience Vs Other Crisis Preparedness

Resilience is often used in a similar context of agility or recovery as well as continuity. Sometimes firms use similar wording in the context of financial and business resilience and other related crisis and disruption preparations. See below for the key differences between operational resilience and existing crisis preparedness.

1

Operational Resilience

A resilient firm is prepared to take a beating when it comes. An operational resilient firm can remain operational as usual when disruptions occur. They basically plan for disruption (from external or internal drivers) and are able to deliver on improvements needed. This enables them to respond effectively when disruption occurred such as financial crises.

Vs

Agility

An agile firm can respond quickly to changing market needs. For example, during and after COVID, businesses had to react quickly to stay in business. This required agility in responding to changes in market demand, reduced staff, and shifting to work from home environments.

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2

Operational Resilience

Operational resilience looks not just internally but also externally (e.g. customers, market integrity, employees). Operational Resilience focuses on a relatively small number of identified Important Business Services, accepts that there will be disruption to them, and attempts to ensure they remain within the defined impact tolerances despite this.

Vs

Business Continuity Management

Business Continuity focuses internally on the organization itself and its ability to continue to function. Business Continuity attempts to deal with all risks that may impact all business activities and mitigate them.

3

Operational Resilience

A pragmatic, flexible approach to operational resilience can enhance the ability of banks to withstand, adapt to, and recover from potential hazards and thereby mitigate potentially severe adverse impacts. This is done by ensuring that a firm can continue to deliver important business services even through times of operational disruptions.

Vs

Recovery and Resolution

Recovery and resolution planning ensure that banks are prepared to restore their viability in a timely manner even in periods of severe financial stress. And in case of resolution, setting appropriate levels of Minimum Requirements for own funds and Eligible Liabilities (MREL), and addressing impediments to resolvability. A resolution plan comprises a comprehensive description of credible and feasible resolution actions.

The Key to Success

Operational resilience is viewed as an outcome of managing operational risks effectively. Firms are integrating the existing operational risk frameworks for management and oversight and are planning to combine their existing business continuity management (BCM) with operational resilience capabilities to strengthen their resilience. The key is to integrate resilience capabilities and connecting the dots across various inter-related programs.

The focus of alignment is on the granularity, mapping, and taxonomy of services and indications listed as critical operations in Business Continuity Management (BCM) and Recovery and Resolution Planning (RRP) to the Integrated Business Services (IBS). The primary benefit of this alignment is the potential coordination of testing to maximize efficiency and avoid duplication. By streamlining the testing process, organizations can optimize their operations and ensure that all critical areas are adequately covered.

This integration has also brought IT into the boardroom, making IT more important to businesses than they previously realized. Therefore, companies need to prioritize their IT infrastructure and invest in it to ensure operational resilience.

Integrating resilience capabilities can lead to improved performance and ultimately, greater success in today's competitive business environment.

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