



## Disaster Readiness Planning

In times of crisis, people need reassurance that their money is safe and easily accessible. As a financial institution, countless people and businesses rely on you every day for your services. Maintaining your daily operations is vital to your organization, which means that unexpected disaster can present a huge threat. To prepare for the unexpected, you should review your disaster readiness plans to help you minimize the impact of any potentially threatening situation.

Without prior planning, your company could be unable to properly respond when a disaster interrupts normal working operations. In extreme circumstances, this could mean the difference between staying opening or shutting down operations for a period of time. In addition to the loss of customers and revenue, your company may also face legal action from clients claiming negligence in protecting their assets or maintaining business operations during critical times.

---

### Natural Disasters

Hurricane Harvey in 2017 damaged several banks and financial institution facilities, with vaults and ATMs underwater for weeks. You may never know what natural disaster could affect the physical location of your institution. A detailed disaster recovery plan is a necessity. Take steps to manage the many risks of natural disasters:

- Backup computer systems and customer data.
- Safeguard paper records and currency in plastic bags.
- Encourage customers to establish online banking relationships in the case that your physical location is unavailable.

---

### Robberies

According to the FBI, approximately 4,000 robberies occur at financial institutions every year. Most robberies occur between the hours of 9 a.m. and 11 a.m. on weekdays.

During a robbery, your main goal is to protect the safety of your employees, and many bank robbers know that employees are trained to comply with their demands.

Some additional ways to mitigate risk may include the following:

- Keep less cash on hand.
- Install metal detectors at customer entry points.
- Install bullet-resistant barriers at bank tellers' stations.

---

### Financial Crisis

While the circumstances involved in bank failures are complex, having a solid plan in case of financial crisis is important. Be aware of the risk of a "bank run," in which a large number of your customers withdraw their deposits. Customers may arrive in large numbers, and may be prone to hostility given the sensitive nature of the event. It's important to consider crowd and customer management as part of your risk management strategy, to ensure the safety of both your patrons and your staff.

---

## Additional Disaster Response Planning

In the event of a disaster, it's important to recover and maintain your data and have cash on-hand so you can continue serving your customers. You can't prevent a disaster from occurring but you can be prepared to rebound when the air clears. Developing a disaster recovery plan entails preparing for anything that could disrupt your business operations and planning for a backup option. You may consider identifying backups for essential operations, personnel, sensitive records, data processes and communication channels. When developing a disaster response plan, make sure it addresses the following:

- **Employee concerns:** In the wake of a disaster, you won't be the only one trying to recover. Your employees will most likely have their own concerns about the safety of their families and personal property. In order for your employees to make a positive contribution to your recovery efforts they will need some freedom to address their own issues.
- **Customer accommodations:** If you are forced to temporarily close, you should have strategies in place for your customers to be able to access their funds, where feasible, and should have a communication policy set up to inform customers of the situation.
- **Alternate work locations:** Your plan should address employee relocation in case a disaster leaves your facilities unusable. By establishing alternate locations in advance, operations can be moved to secondary locations or other branches with fewer interruptions. During the planning process, it is important to consider how a change in work location will affect employees. Things like work hours or transportation concerns may need to be addressed.
- **Prioritize data and processes:** What processes are essential to your operation and what data is need for them to run effectively? Creating a hierarchy of processes in the planning stage will help focus your recovery efforts on restoring the most essential components needed to resume operations. Once you have established your critical processes, determine what resources they require so alternate plans can be made to ensure they are available.
- **Electronic vaulting:** With the increasing number of financial transactions that take place online, protecting your electronic data is extremely important. Even if your physical location temporarily shuts down, your online services may be able to hold customers over until you are able to reopen. Electronic vaulting, or off-site data protection, backs up critical data and sends it to a different geographic location for storage. These backups can be used in the event that a disaster destroys the equipment that houses your critical data.
- **Define employee responsibilities:** After a disaster is no time to train employees on disaster response. A successful recovery effort requires trained individuals who are ready to take action. Establish the responsibilities of key employees long before disaster strikes so they'll be ready if a situation arises.

---

This Risk Insights is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel or an insurance professional for appropriate advice. © 2010, 2012, 2018 Zywave, Inc. All rights reserved.