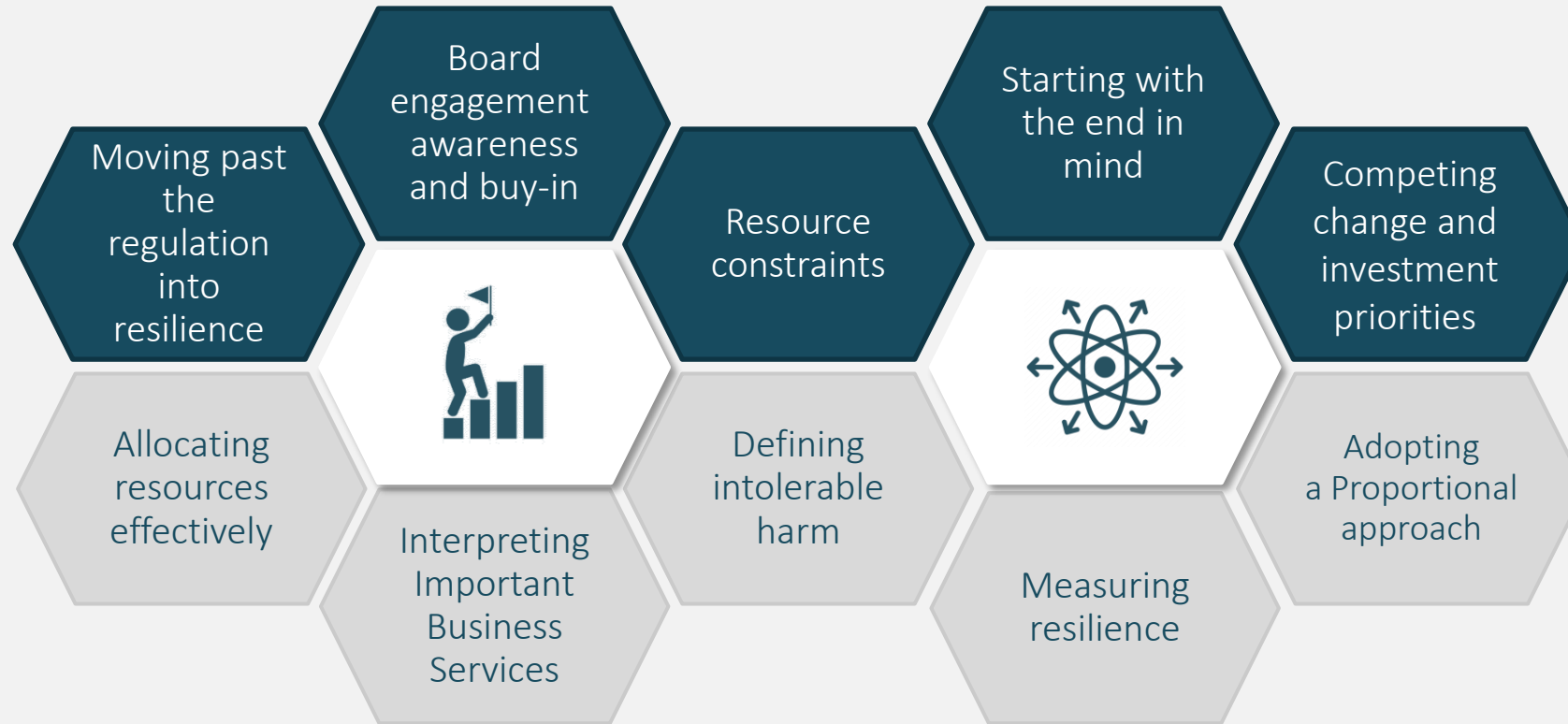




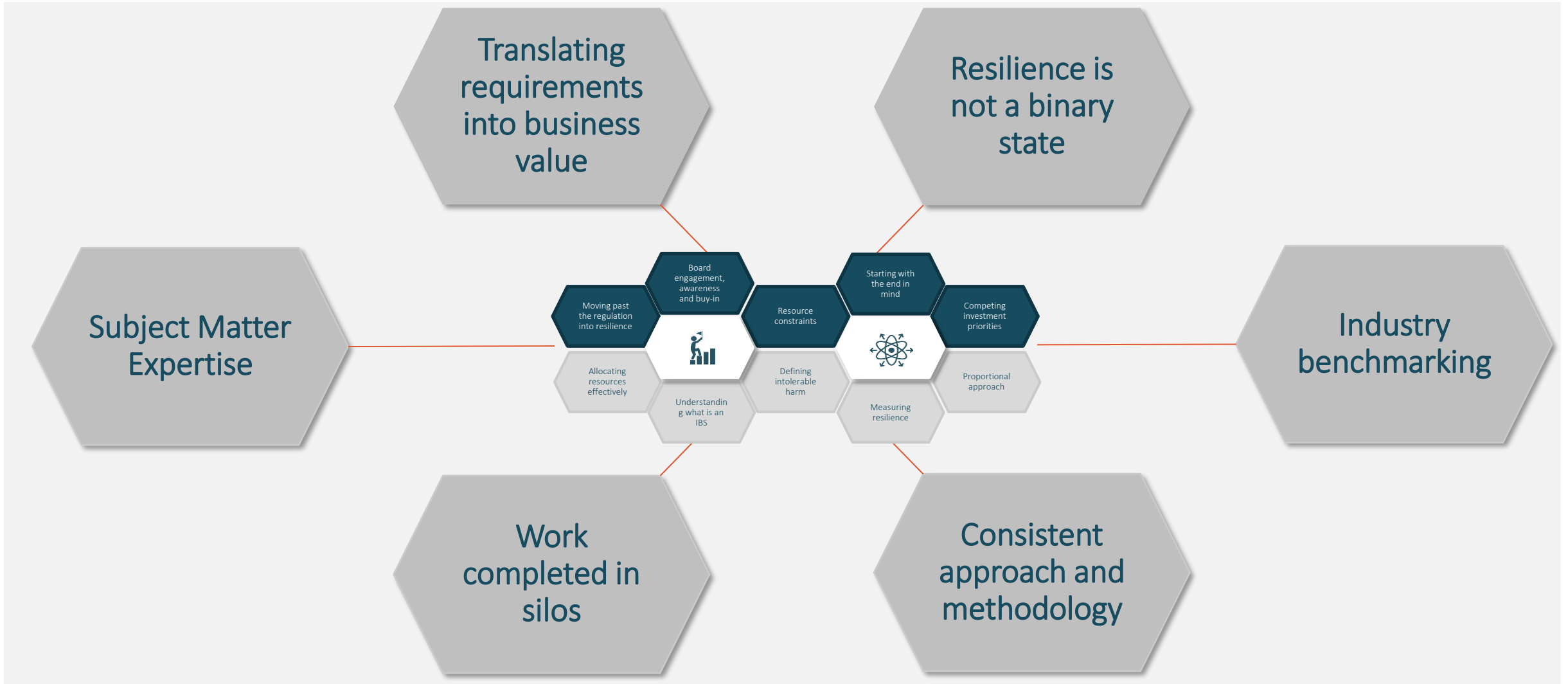
FourthLine Consulting Operational Resilience support options

March 2022

Challenges



Root causes



Analysis and data



Example of business outages in 2021

- **Nationwide** - Around **20,000** customers' direct debits failed due to Nationwide introducing a queuing system for payments. [\(source\)](#)
- **Santander** - **53%** of users experienced online banking downtime. **27%** had issues with the bank's app and **20%** couldn't access the bank's services on their mobiles. **6,635** user complaints on the web monitoring platform. [\(source\)](#)
- **Lloyds** – **44** problems and outages logged for its website and app last year. **3,920** user complaints were left from customers experiencing issues. [\(source\)](#)
- **TSB** - **38** confirmed outages and problems with online banking services only in 2021, leading to **4,120** user generated complaints. [\(source\)](#)



Issues created by limited subject matter expertise

- Many firms haven't defined intolerable harm correctly or an end-user for Important Business Services leading to a **25%** increase in Important Business Services, leading to a larger than required investment in project delivery .
- Testing is based on crisis management scenarios and does not produce valuable lessons in order to correctly prioritise investments.

Integration of risk frameworks and operational resilience [\(source\)](#)

- **Data Management** – only partly integrated for **70%** of firms
- **3rd Party Risk Management** – not integrated for **14%** of firms
- **Operational Risk Management**– only partly integrated for **39%** of firms

Difficulty in gaining Board buy-in

- **Survey results** – FourthLine survey results from 2021 indicated that **71%** of SME firms struggled with Board engagement and sufficient budget allocation for Resilience
- **Market findings** - **20%** of non-executives have not yet engaged with the board on Operational Resilience

Case studies



Investment Platform firm – Assurance and enablement

Client`s challenge: difficulty in assuring OR project status with a clear picture of the outcomes and activities. There were no resources allocated to the program beyond the Lead, plus a lack of executive responsibility with the departure of the COO. Moreover, the client started the work late which coincided with a switch from core to enhanced firm regulation, creating significant urgency. We mobilised quickly and the client is now on track to achieve the March 2022 deadline.

FourthLine approach: FL* supported the client in the following phases:

1. OR Implementation for running through the IBS. (3 IBS were identified out of 20)
2. Important Business Services mapping, creation of a suite of resilience metrics
3. Impact Tolerance setting, scenario creation, testing
4. Self-Assessment

Insurance firm – E2E delivery

Client`s challenge: a long-term lack of risk culture across the firm. The client had no risk or customer data available and little executive commitment in place. We supported from project inception to project investment steering and will successfully achieve the March 2022 deadline. We are working to uplift supporting risk pillars.

FourthLine approach: Delivering an E2E consultancy through the following phases:

1. Planning & Resourcing
2. Identification of IBS
3. Pilot & map IBS
4. Set Impact tolerances
5. Framework design and implementation
6. Execute scenarios, assess results, outline actions

Deposit Taker firm - Target Operating Model

Client`s challenge: there was a limited budget for Operational Resilience. The team was not ready to start the project with limited knowledge and expertise to lead it in-house.

FourthLine approach: We identified a requirement to transition the project to BAU and improve the day-to-day management and oversight of Operational Resilience.

Our approach supported the client with :

1. Risk Governance
2. Recommendations for resilience operating model
3. Recommendations for resilience metrics
4. Defined roles and responsibilities

The client is implementing these recommendations in-house.

Investment Management firm – Resilience Metrics

Client`s challenge: they had developed a comprehensive suite of pillar metrics, however, had been challenged by their board for metrics to be more forward-looking and IBS-centric rather than pillar-centric.

FourthLine approach: shifting the old metrics approach to an IBS-centric approach, funneling down a level, and aligning to those dependencies identified in the client`s resource mapping.

1. Review of current pillar metrics
2. Enhance current pillar metrics
3. Elaborate IBS-Centric metrics
4. Build capability

FourthLine Approach & Methodology



E2E project delivery

We own delivery, providing expertise and resource and our consultants work with your team to achieve the **desired outcome**.

Build client capability

Assurance, expertise, simple tools and methodologies that create **capacity** and **capability** to support in-house delivery and build knowledge

Create project capacity

Insert a full or part-time Subject Matter Expert or Business Analyst resource

Reviews & recommendations

Execute a review of a project phase or end to end programme, benchmarking against industry standards





FourthLine blended support options

	Enablement 	Resources 	Review & Recommend 	E2E Delivery 			
Module	Tools & Methodology	Embedded Resource	Quality Assurance	Initiation	Framework	Important Business Services (IBS)	Tolerance and Testing
Overview	Build client capability	Create project capacity	Review & Recommend	Project kick-off	Policy, measurements, governance, TOM	Identify, ratify and map IBS	Define and test impact tolerances
FourthLine outputs	<ul style="list-style-type: none"> Light QA Project Plan FL toolkits and methodology Live workshop run through Training Support and recommendations 	<ul style="list-style-type: none"> Full time seconded resource Part time seconded resource Associate support SME oversight 	<ul style="list-style-type: none"> Alignment to rules mapping (RTM) Industry benchmarking Recommendations Board presentation 	<ul style="list-style-type: none"> QA of internal OR outputs Maturity review of risk pillars Project planning, governance, resource plan Board engagement 	<ul style="list-style-type: none"> OR policy suite Controls to support OR Self-assessment template Measurement and metrics Defined roles and responsibilities 	<ul style="list-style-type: none"> Full list of business services Final list of Important Business Services and rationale Board engagement Vulnerability mapping 	<ul style="list-style-type: none"> Finalised impact tolerances per IBS Agreed scenarios ready for testing Full scenario testing plan Execute testing Lessons learned / recommendations
Likely challenges / situation	<ul style="list-style-type: none"> Lack of investment to use consultancy Want to develop OR skills internally Need help with OR methodology Out of scope but want to implement OR 	<ul style="list-style-type: none"> Lacking internal OR expertise Capacity issues or Resource constrained Quick solution needed Have a strong OR methodology 	<ul style="list-style-type: none"> Test internal methodology to assure approach Benchmark against peers Signpost project direction External validation to satisfy board 	<ul style="list-style-type: none"> Not started the work yet Have disparate elements of OR that need pulling together Competing change priorities 	<ul style="list-style-type: none"> Lacking strategic OR skillsets External validation to benchmark TOM Want to create a resilient business Not sure what good looks like 	<ul style="list-style-type: none"> No robust IBS methodology Resource constrained to complete the work internally Stuck in the detail 	<ul style="list-style-type: none"> Struggling with concepts of intolerable harm, impact tolerances, and “severe but plausible” Require external validation on the testing



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