

CRISIS MANAGEMENT IN THE BANKS

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Abstract:

Crisis is defined as a situation of risk of operational natural origin, technical, human or risk image, which can generate significant material damage and / or human / and / or image, for one or more entities of the bank (departments / directions of the Central, the network units or its Subsidiaries).

The crisis requires critical decisions and can not be managed within the normal procedures and decision-making skills in the current activity of a current bank.

In serious cases, the crisis could endanger the continuity of an activity or more entities mentioned above and even in the bank whole.

In these cases involve the management of crisis and implementing plans for continuity of the activity structures presented in this paper.

Key words: crisis, operational risk, decision

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Crisis situation is defined as an operational risk of natural origin, technical, human or risk image, which can cause serious damage to materials and / or human / and / or image, for one or more entities of the bank or its subsidiaries.

Crisis requires critical decisions and can not be managed through normal procedures and decision-making skills current.

In severe cases, the crisis may threaten the continuity of the activity of one or more entities mentioned above and even the bank as a whole.

In these cases involve crisis management and implementation of business continuity plans by the structures presented in this paper.

Committee Crisis Support Cell

Committee Crisis Support Cell: is a cross structure formed at the Center to prevent degradation of internal and external operating environment of the bank.

Operates only in the normal and aims to prevent crises and limit their consequences.

Charge scenario is a crisis cell member responsible for support of a crisis scenario, depending on field of activity.

- Details of the crisis scenario based on which elaborates specific documentation
- Determines its functional cell components, selecting those members of the cell and support if necessary and responsible for other activities, which will manage the type of crisis scenario responsible for etc..

In crisis, crisis scenario is responsible Responseble of the Cell Function.

Committee Crisis: It's a management structure consisting of bank staff to centrally manage a crisis situation.

Is composed of 2 cells: **cell decision making and functional cell.**

It is headed by Director of Crisis

Director of Crisis: It's a member of the General Committee of the crisis leading Bank.

Director of Crisis is Chairman and CEO of the Bank, its replacement is Deputy Director General Resources.

Decisional Cell: Crisis Committee is part of the decision role, consisting of members of the Board of Directors.

Cell Function: The Crisis Committee is part of the role of centrally manage crisis effectively.

For each type of crisis is a pre-functional cell.

Depending on the type or types of crisis that may take place (possibly simultaneously), Director of Crisis Cell will establish the final functional structure will be part of the Crisis Committee.

Responsible for Cell Function: Cell Function coordinator is responsible for effective crisis management at central level.

Hierarchy is subordinate to the crisis.

The crisis cell: a structure formed at each entity of the Central Branch or group of entities in the network, which locally manage a crisis situation.

It is led by Responsible of the crisis cell and has a preset component. Crisis cell members responsible for pre-charge of the crisis.

Responsible of the crisis cell: the directory entity, in a crisis, is responsible for crisis management and lead local crisis cell.

Competitions alert: are leaders in Central entities, branches, networks that are designed to identify a potential crisis or receive alerts, and send the alert if necessary.

Continuity Plan (PCA): consists of a set of measures designed to ensure, according to specific crisis scenarios, the continuity of essential activities of the bank, or in the worst cases, keeping them at a temporary low, then gradual resumption and planned for all bank activities.

Center retreated: space allocated for the PCA in one of the bank (bank owned or rented) the activities of the crisis.

Center back-up: Space allocated and equipped with computer and telecommunications equipment necessary for PCA data.

Normal Situations

Crisis Prevention

To ensure constant surveillance of areas that could pose a risk to the bank (of natural origin, technical or human) cell was established Crisis Support Committee, whose activity is coordinated by Deputy Director General Resource Bank.

Crisis scenarios

Cell Support identify scenarios likely to trigger a crisis for the bank.

Examples of crisis scenarios:

- events of accident (fire, explosion, etc.).
- terrorist attacks and acts of sabotage;
- natural disasters (floods, earthquakes, etc.).
- lack of staff, eg. because a pandemic;
- deficiencies of technical installations of the building and / or power supply;
- poor infrastructure or computer systems (servers or malfunction of computer applications);
- poor operation of communication systems
- poor services offered by external providers (especially in case of outsourcing of services).

These events may lead to unavailability of partial / total resources or disabling one or more work processes.

Identifying relevant crisis scenarios will be on the list of crisis scenarios.

Alert levels

Alert levels which will be used to assess crisis scenarios and identify the relevant bank, are defined below:

Ø - ignored consideration not included in the plans and preventive action plans either side, as has a negligible probability of occurrence;

Green - potentially - should have a preventive action plan and a plan side, but with low probability and without catastrophic impact, so precedence for testing;
Orange - probably short term, or potentially catastrophic impact with a preventive action plan that is fully operational and test priority;
Red: severe crisis in progress.

Specific documentation for crisis scenarios

To prevent or manage a crisis requires knowing the actual types of measures and actions to be implemented practically.

They must be formalized by the members of Cell Crisis Support Committee under the following standard documents:

1. Prevention plans - are proposed to avoid a crisis or not to allow the Bank to meet it in the best conditions possible. Planurable prevention event designed and / or its impact. Proposal implementation plans will be made by those responsible for prevention of scenarios.
2. Conservation measures - to reduce vulnerability, protect and maintain the bank's assets. Conservation measures are designed to avoid worsening the situation, stop the impact and spread of an incident and its effects.
3. Functional Cell-reflex chart includes immediate actions in case of crisis and members of Responsible Cell Functional;
4. Reaction scenario plan includes: A general actions and/or a specific variants of crisis scenarios.

Documents completed on Cell Support Annexes above not normative; actions outlined in these documents can be adapted to integrate specific elements of a crisis in progress.

Documents presented in sections 2, 3 and 4 represent specific crisis management documentation is completed with documentation of managing the crisis.

Cell Support

This structure only works in a normal situation, to prevent crises and limit their consequences.

Duties

Cell Support is to:

- identify and assess relevant crisis scenarios according to their impact and probability to trigger a crisis in the bank;
- determine the level of alert for each crisis scenario;

In case of crisis, members of the Support Cell will be the role of responsible members of the Cell is functional.

Cell members support, depending on their areas of activity, must assume certain crisis scenarios, that will be responsible for that crisis scenario.

Responsible for crisis scenario responds to:

- establishing specific component of Functional Cell: choose members who will help manage the crisis and which will coordinate;
- determining how work with members to develop documentation Cell Functional crisis management (planning, organization of meetings)
- verify and ensure consistency between plans and measures proposed by members of its functional Cell;
- develop crisis scenarios (any choice) stating:
 - origin, extent and impact event on the perimeter of the bank; resources affected– and the duration of their unavailability;
 - situation resources in strategic locations (eg Central Bank buildings, production data center, data center backup);

- identify immediate actions Functional Cell (Cell Functional Application reflex) depending on the type of crisis

- identify specific alert scheme crisis scenarios

Responsible for crisis scenarios and Cell members who will support in a crisis role of Functional Cell members will have to define for each type of scenario on hold, the types of plans and measures related to their respective fields, as follows:

- prevention plans;
- conservation;
- response plans;

Risc will have support within the cell, the responsibility to:

- assist entities with specific responsibilities in respect of part of prevention and crisis management;
- quarterly review of the list follow crisis scenarios and levels of alert and to provide its members updated and dissemination Cell Support.
- pursue the development of crisis management documentation;
- give an opinion on the overall consistency of the documentation crisis management, but not the background and proposed action plans, which require specific skills of each member of the cell;
- provide secretariat support Cell.

Responsables Crisis Units

A. To prevent or effectively manage the crisis in the Central and every entity of the branch in charge of the crisis responsible for:

1. details of main actions of the crisis in the local master plan for crisis management;
2. PCA resources necessary proposals;
3. composition of the establishment of the crisis (the members and substitutes) the roles and duties of each member;
4. taking measures for Keeping the Yearbook of the crisis;
5. establishing and updating the list of domestic entities and / or foreign bank - to contact in case of crisis;

B. To effectively manage the crisis at the network level Bănci, in charge of the crisis responsible for:

1. nominating staff responsibilities in case of crisis;
2. taking measures for Keeping the Yearbook of the crisis;
3. establishing and updating the list of domestic entities and / or Foreign Bank - to contact in case of crisis;

Training

Responsables crisis units will provide training to members of the cell (both owners and substitutes) of:

- the role of the crisis and each members in crisis management;
- Alert ascending and descending process;
- plan for continuity of the entity.

The organization of training session will take into account both the training of new employees, and regular updating of knowledge we have experienced employees.

- Training sessions will be held at least annually, updating documentation at crisis management.
- Conduct training action on this field will be reflected in the job training

Crisis Situations

Crisis management is ensured by a specific organization, both at central and entity level Bank.

I. Central Level

Organization

The crisis is managed centrally by the crisis.

Committee Crisis is a structure that works only in situations of crisis and which meets following the convocation of the Chairman and CEO of the Bank.

The crisis committee is headed by the Director of Crisis is Chairman and CEO of the Bank.

In case of absence, his replacement is Deputy Director General Resources.

Crisis Committee is composed of two cells:

- Cell decision-permanent structure made up of members of the General Directorate.
- Functional cell structure with a variable component depending on the type of crisis.

Functional cells are predetermined for each type of crisis, the directors of central entities that have a specific role in crisis management.

Depending on the type or types of crisis that may eventually take place simultaneously, Director of Crisis Cell will establish functional component will be part of the Crisis Committee, mobilizing one or more functional and selecting cells if necessary and other executives.

Duties

Committee Crisis:

- provide a centrally managing crisis situations:
 - May give rise to material injury and / or human / image;
 - Could jeopardize the continuity of banking activity.
- determine the resources and organization necessary for the bank can handle such situations:
 - In order to protect staff, assets and activities of the Bank;
 - To allow the continuation of essential services then gradually resume activities

Director of Crisis:

Director Shares Crisis in case of alert are defined in the schedule Reflex Cell decision in which the most important are:

Confirm the classification (type or types of crisis scenarios) and the crisis, according to Director of alert sheet crisis;

- Decide according to the crisis, composition of the crisis, namely Cell Functional;
- If more cells will act simultaneously functional, will determine who the responsible Cell Functional coordinate crisis management;
- sets:
 - the functioning of the Crisis Committee (meeting or not);
 - how to work with cell and accountable decision-making / makers Cell

Functional

(meetings, frequency of communication);

- place of meeting of the Crisis Committee (established several meeting rooms);
- declare the crisis situation
- decided centrally onset of PCA.

Cell decisional

Cell shares in case of alert decision defined in Worksheet Cell Reflex decision of which the most important are:

- identify communication strategy (internal and external), together with Director of Crisis
- decisions mainly on:
 - request an external consultancy to manage the crisis;
 - a continuous adaptation to the specific crisis plan;

- provision of a financial means exceptional;
- or not a return to normal and end the crisis.

Responsable of the Functional Cell:

- confirm the alert;
- mobilize cell function with Reflex Cell Functional data sheets;
- alert and inform the Director of Crisis Alert Data Sheet of the Director of Crisis
- coordinate the functional cell;
- implement measures for conservation;
- collect information for an evaluation as to correct the situation and take appropriate decisions;
- Put in implementing plans corresponding to the reactions.

Functional Cell members coordinate their actions with responsible Cell Functional and implement:

- conservation
and
- plans predetermined reaction;

In the absence of such measures / plans, take measures and act according to the particular crisis.

II. Local Level(At each entity)

Organization

Local crisis cell crisis is managed.

The crisis: a structure formed at each entity of the Central Branch or group of entities of Bank Network, which locally manage a crisis situation.

Cells that is a crisis in the bank's network at a decisional component (only the Group Subsidiary, Branch County) and an operational component, each entity in the network. Operational component will act effectively for the implementation of PCA.

Duties

Role of the crisis cell is to:

- Respond quickly to any crisis situation that may affect entities;

Roles and tasks of each member of the crisis are set by the charge of the crisis.

Internal Process Alert

Objective

Establishing an effective warning schemes can:

- reduce the risk of entry into crisis;
- strengthening supervisory actions;
- mobilization device as soon as the crisis;

minimizing the impact in case of crisis.

Chain Alert

Bank's warning chain is composed of alert correspondents.

These entities are leaders (executives / responsible) of Bank Network

Correspondents are responsible for the alert:

1. send alert Alert Data Sheet or
2. receive and perform a first classification of the alert and transmit the alert;
3. Proposed device configuration mobilized crisis.

People who are part of the chain must be alert and available 24h/24 and 7z/7z contact.

Transmission Tools

Tools of transmission are phone alerts, mobile, mail and fax.

When possible, alert sheet will be sent by mail or fax, otherwise the phone will be sent information from this file.

Actual Crisis Management

Responsible of the Cell Function crisis effectively manage and coordinate the functional cell.

It defaults to implement actions Fiche Reflex Cell Function, conservation and plans for appropriate responses.

Cell Members Cell Function is coordinated with responsible functional:

-enforce conservation measures and plans or pre-reaction;

-in the absence of such measures / plans, take measures according to the particular crisis.

Communication

Communication plays a critical role in crisis prevention and management. Internal and external communications is to: The central bank supervisory authorities, the media, families, customer.

Return to normal and exit Crisis

To prepare effectively return to normal, staff responsible for the proper functioning of buildings and computer systems will make the necessary checks on the restoration of existing conditions before the crisis.

A. Return to normal will be planned and organized considering:

- informational technical constraints;
- resincronizarea applications broken;
- age of the data stored awaiting redemarajului;
- estimating the resource needs of internal and external entity to process delayed work and incident management.

Given the perimeter and crisis, the Crisis BRD will make the decision to return to normal and start to phase out of crisis.

Return to normal will be communicated:

- the Internal information on conditions, recovery planning;
- the external: information service, mail and customers

It is important to make a return to normal before deactivation of the crisis and to maintain vigilance during the next period.

B. Specific actions out of the crisis:

- making the balance sheet of the crisis
- file transmission costs to insurance companies

Post-Crisis Reporting

In order to capitalize from the crisis experience, after normalizing the situation, the entities involved will write and submit reports after the crisis to be examined by those involved in the development of crisis management documentation.

Cell Function makers consolidate information from these reports after the crisis and will present their conclusions and proposals CD improving prevention system and crisis management.

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