

# Leading in times of increased uncertainty

Play it safe and double down



Given the escalating spread and impact of COVID-19, firms must assess existing capabilities to handle a more severe scenario and to continuously and rapidly respond to customers, market participants, regulators and their boards regarding actions and impacts to the firm, customers, communities and the market.

## Key principles

1. Management needs to lead in times of uncertainty.
2. It is important to play it safe by reassessing and fortifying capabilities.
3. Management also should double down on resilience, including preparing for potential disruptions to the firm's own workforce and vendors/supply chain.

Confirm employees' and clients' safety while maintaining continuity of critical services



Activate crisis response and communication plans



Provide regular updates to board of directors and relevant supervisors



Understand financial and nonfinancial exposures and mitigating plans



Assess, test and execute contingency plans for critical business services; incorporate learnings across organization



Verify escalation thresholds are clearly articulated and can be applied consistently across critical activities



Considering the increased focus on enterprise resilience, financial services organizations should expect lawmakers and supervisors to follow their response to the pandemic crisis with great interest. Supervisors will expect firms to engage in practices that broadly align with existing guidance (the Federal Reserve Board's Supervisory Letter SR 07-18 and the associated *Interagency Statement on Pandemic Planning* from the Federal Financial Institutions Examination Council), with gaps in capabilities prioritized and remediated based on risk assessment.

# Pandemic response

## Using enterprise resilience framework

### Illustrative actions firms are taking

- ▶ Assessing potential impact to employee, clients, and community health and safety
  - ▶ Strict mandates on international and domestic travel
  - ▶ Restrictions on large gatherings and meetings
- ▶ Activating crisis management protocols and communications globally and regionally
  - ▶ Prioritizing employee, client and community safety
  - ▶ Responding to customer inquiries regarding preparedness
  - ▶ Updating board and regulators on specific actions, assumptions and plans
  - ▶ Requesting vendors to provide response plans and actions
- ▶ Evaluating and executing (where appropriate) workforce strategy and alternative contingency plans to prioritize safety and health while maintaining continuity of critical services
- ▶ Quantifying current and potential impact to the firm and clients of credit and equity market volatility, including impact of country risk exposure and sector concentration
- ▶ Executing rapid targeted testing of capabilities to respond to escalating scenarios (e.g., outbreak in specific areas requiring 100% remote workforce, disruption of key vendors, alternatives for on-site required work)
- ▶ Assessing longer-term impact and required actions

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While the uniqueness of this scenario requires specific responses and actions, firms should be looking to identify, assess and respond to the related risks using their established enterprise resilience framework and aligned with regulatory expectations.

### EY Enterprise Resilience Framework

