

# The Coronavirus (COVID-19) Pandemic

## *Important considerations for financial institutions in relation to business continuity management*

On 11 March 2020, the World Health Organization (“WHO”) officially declared the outbreak of the coronavirus disease (“COVID-19”) to be a pandemic. In Singapore, the Disease Outbreak Response System Condition (“DORSCON”) Alert Level was raised from Yellow to Orange in February, in response to the outbreak.

With the raising of the DORSCON Alert Level to Orange, financial institutions (“FIs”) would have activated their business continuity plans (“BCPs”) to deal with the outbreak, as required by the [business continuity management guidelines \(“BCM Guidelines”\) issued by the Monetary Authority of Singapore \(“MAS”\) in 2003](#). However, the pandemic situation is still evolving. Consequently, FIs will need to ensure that their business continuity management (“BCM”) programmes continue to remain relevant. Against this backdrop, this update briefly discusses some important considerations in relation to BCM that FIs should take note of, in light of COVID-19.

### Pandemic Measures

Under the existing BCM Guidelines, all FIs regulated by MAS are expected to have in place an organisation-wide preparedness and response plan to mitigate the risk of disruption. FIs are also expected to include in their plans the recommended pandemic measures set out in [Circular No. SRD BCM 01/2006 \(“BCM Circular”\)](#) which was issued by MAS in 2006 after SARs.

The additional guidance is intended to assist FIs in their BCM efforts and enhance their response to emergencies arising from pandemics.

In responding to a pandemic, FIs are expected to focus their BCM efforts on ensuring the continuation of their critical business functions in the event of disruptions. A key challenge arising from a pandemic such as COVID-19 is the possibility of low staff availability which could lead to a shortage of personnel to maintain critical functions. FIs will need to ensure that their BCPs are able to deal with this challenge. In this regard, FIs are expected to implement appropriate segregation policies in the workplace to mitigate concentration risk of critical business functions. These measures should also address the health and safety of both employees and customers.

Some examples of good BCM practices noted in [MAS’ Information Paper on Preparedness for Avian Influenza Pandemic](#), which was issued in 2007, include:

- (a) setting up alternative operating sites for every critical business function;
- (b) having intra-function segregation policies for higher DORSCON Alert Levels;
- (c) having a “work-from-home” strategy (more relevant for managerial functions);
- (d) identifying and deploying alternate pools of staff when necessary; and

- (e) having effective workplace infection control measures.

To better support customers during this time, FIs will also need to anticipate changes in customer behaviours and preferences (e.g., greater use of internet-banking) and put in place appropriate measures to meet their customers' needs (e.g., additional infrastructure capacity and greater customer communication and assurance).

### Advisories issued by ministries

BCPs will also need to be aligned with the Ministry of Health ("MOH")'s DORSCON Alert Levels. This means that FIs must be cognisant of the advisories issued by MOH as well as other ministries.

In this vein, the MOH released [additional precautionary measures](#) on 13 March 2020, calling on employers to adopt social distancing measures at the workplace where practicable. On 14 March 2020, the Ministry of Manpower ("MOM") further provided a comprehensive list of [social distancing measures](#) that could be adopted. Such measures would include:

- (a) implementing tele-commuting and video-conferencing options, especially for vulnerable employees (e.g., older employees, pregnant employees, and employees with underlying medical conditions);
- (b) staggering work hours, to reduce congregation of employees at common spaces;
- (c) allowing for off-peak hours commuting;
- (d) deferring or scaling down non-critical events (e.g., welfare activities); and

- (e) implementing social distancing in work premises (e.g., limiting the number of attendees in physical meetings, or having multiple meeting venues, linked up through video-conferencing, or implementing a 1m physical spacing between employees at the workplace).

In the event of a confirmed COVID-19 case at the workplace, an [earlier advisory issued by the MOM](#) on 28 February 2020 further encourages employers to be cooperative with MOH's contact tracing efforts.

### Surveillance and Escalation Framework

To ensure the relevance of their pandemic strategies and plans, FIs may also wish to establish a surveillance and escalation framework which includes:

- (a) surveillance responsibilities and objectives;
- (b) the sources and types of information to monitor;
- (c) frequency of surveillance; and
- (d) escalation process and regular updates to senior management on latest developments.

Information sources would include the MOH, MOM, as well as international health authorities (i.e., WHO) and news wires.

### FIs' obligation to notify MAS upon business disruptions

FIs are also required to immediately notify MAS of the occurrence of an emergency, where business operations are or will be severely disrupted, as well as once their contingency plans have been activated.

This would mean that if personnel of an FI becomes infected with the COVID-19 virus, it would be necessary for the FI to immediately notify MAS where business operations are or will be severely disrupted as a result of the infection or if contingency plans are activated.

## Concluding thoughts

The COVID-19 pandemic is still in a state of flux. FIs will need to stay up-to-date on both local and international developments and ensure that their BCM efforts stays current, so as to mitigate the risks arising from the pandemic.<sup>1</sup>

If you would like information on this or any other area of law, you may wish to contact the partner at WongPartnership whom you normally work with or the following partner:



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<sup>1</sup> This article only considers advisories that have been officially published up until 17 March 2020.

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