



Operational Resilience – The Shift from Protecting Business Value to Creating Business Value

Stephanie White

Crowe LLP



Smart decisions. Lasting value.™

Operational Resilience

The Shift from Protecting Business Value to Creating Business Value



September 12, 2023

Agenda

- Why does operational resilience matter?
- Operational resilience questions board members should ask executive management



The degree of change is higher than ever

Degree of market change

Reposition existing products, services and capabilities



Advance several new offerings and market segments to drive new growth



Complete business model transformation

Degree of organizational change

Align existing roles and responsibilities to key objectives



Realign within your organization to drive strategic growth



Revolutionize roles, positions and organizational purpose

Strategy approach

Define objectives and priorities for the year, aligned to vision



Refine and mature approach to identifying your uniqueness and value



Continuously execute and refine an agile strategy

Why does operational resilience matter?

Operational resilience is the ability of a company to build confidence and trust in its capability to **adapt to changing circumstances**.

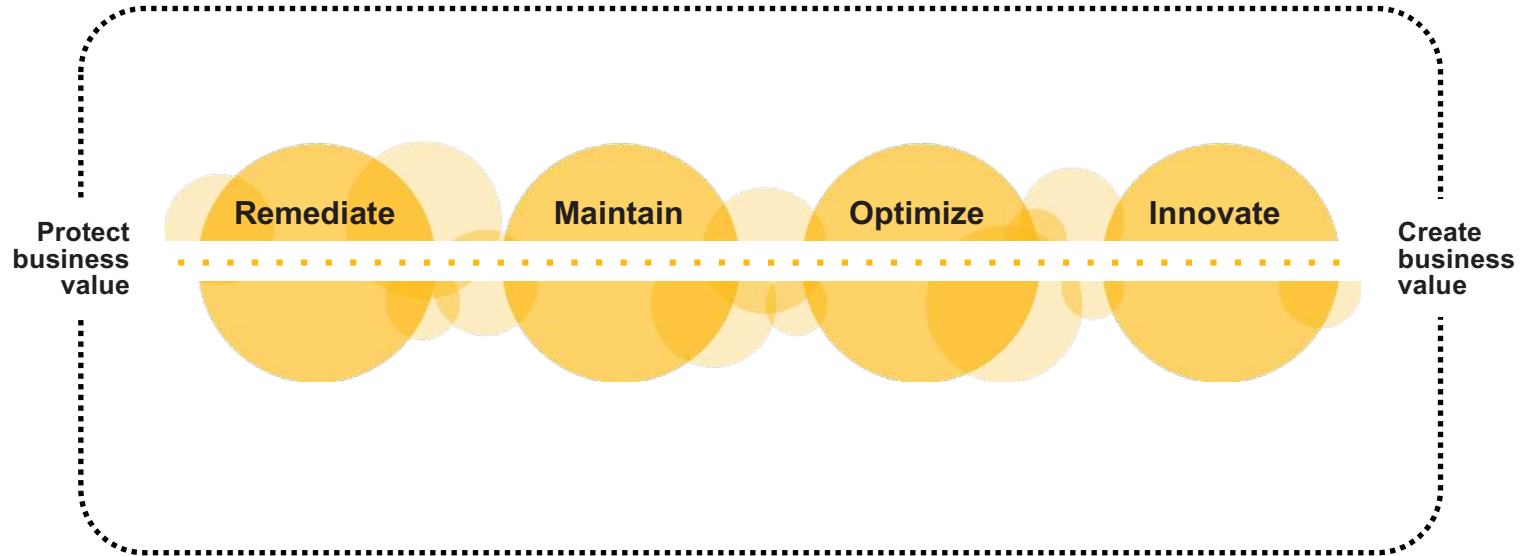
This is achieved by:

- Preventing
- Responding to
- Recovering/learning from

stresses and disruptions while **delivering on promises to customers, achieving critical business objectives, and operating within agreed tolerances**.



This constant change requires ability to pivot, quickly



Foundational capabilities

Operational resiliency requires a set of foundational capabilities to react to business changes

- ✓ Courage to do the right thing in the face of change
- ✓ Mature project management function that can quickly organize and execute on an objective and plan
- ✓ Powerful business acumen that can effectively assess impact of a change to the organization
- ✓ A competent risk and control environment that can assess events against a risk and control framework



As a board member,
what questions should
you ask of your
executive
management team?



Will your bank be relevant in the next 10 years?

- Banks products and service attract a wide demographic
- Environmental concerns such as climate change and paper reduction are being discussed
- Innovation teams bring new ideas
- Transformational changes in banking





Does your bank's technology meet customer needs and create operational efficiencies?

- Efficiencies created through the use of artificial intelligence (“AI”) or Robotic Process Automation (“RPA”)
- Remote work access in place for employees to work from home
- Real-time payments is imperative
- Fintech partnerships considered to improve customer experience

Does your bank have integrated risk management to ensure safety and soundness?

- Clarity, confidence and certainty exist in risk management practices
- System and process are in place to identify risk early
- Formalized process are in place to remediate risks
- Preventative measures exist against a catastrophic risk incident
- Risk management is the job of everyone



Does your bank have a data governance strategy?

-
- Integrated dashboard provides one stop shop view of data
 - Data dictionary maintained to clearly define fields
 - Rules exist around specific compliance data fields
 - Data infrastructure keeps up with changing regulations

Is your bank able to implement change quickly?

-
- Structured change management approach is utilized
 - Technology side and the people side are both managed
 - Communication occurs openly and often
 - Change management is integrated within project management

Prosci's 5 elements of the ADKAR Model

A	Awareness – Of the need for change
D	Desire – To participate and support the change
K	Knowledge – On how to change
A	Ability – To implement desired skills & behaviors
R	Reinforcement – To sustain the change

Additional Key Takeaways

Redefining operational resilience

- Remaining relevant to customers by offering new services and conveniences.
- Maintaining customer trust by protecting their data and money and executing transactions securely.

Address operational resilience into board oversight

- Add value creation to the board's mindset
- Embrace a customer-centric point of view
- Allocate more time on the agenda for operational resilience
- Evaluate market conditions more frequently
- Diversify board representation

Thank you



Stephanie White, CPA
+1 502 420 4461
stephanie.white@crowe.com



"Crowe" is the brand name under which the member firms of Crowe Global operate and provide professional services, and those firms together form the Crowe Global network of independent audit, tax, and consulting firms. Crowe may be used to refer to individual firms, to several such firms, or to all firms within the Crowe Global network. The Crowe Horwath Global Risk Consulting entities, Crowe Healthcare Risk Consulting LLC, and our affiliate in Grand Cayman are subsidiaries of Crowe LLP. Crowe LLP is an Indiana limited liability partnership and the U.S member firm of Crowe Global. Services to clients are provided by the individual member firms of Crowe Global, but Crowe Global itself is a Swiss entity that does not provide services to clients. Each member firm is a separate legal entity responsible only for its own acts and omissions and not those of any other Crowe Global network firm or other party. Visit www.crowe.com/disclosure for more information about Crowe LLP, its subsidiaries, and Crowe Global. The information in this document is not – and is not intended to be – audit, tax, accounting, advisory, risk, performance, consulting, business, financial, investment, legal, or other professional advice. Some firm services may not be available to attest clients. The information is general in nature, based on existing authorities, and is subject to change. The information is not a substitute for professional advice or services, and you should consult a qualified professional adviser before taking any action based on the information. Crowe is not responsible for any loss incurred by any person who relies on the information discussed in this document. Visit www.crowe.com/disclosure for more information about Crowe LLP, its subsidiaries, and Crowe Global. © 2023 Crowe LLP.