



FFIEC INFORMATION TECHNOLOGY EXAMINATION HANDBOOK

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May 22, 2003

TO: CHIEF EXECUTIVE OFFICER (also of interest to Chief Information Officer)

SUBJECT: New Guidance for Examiners and Financial Institutions on Business Continuity Planning and Supervision of Technology Service Providers

Summary: *The Federal Financial Institutions Examination Council (FFIEC) has issued two booklets - one, with revised guidance for evaluating risk-management processes to ensure the availability of critical financial services, and the other covering the supervision and examination of services performed for financial institutions by technology service providers. The booklets are the second and third in a series of updates, which will eventually replace the 1996 FFIEC Information Systems Examination Handbook and comprise the new FFIEC Information Technology (IT) Examination Handbook.*

On May 20, 2003, the Federal Financial Institutions Examination Council (FFIEC) issued revised guidance for examiners and financial institutions to use in evaluating risk-management processes to ensure the availability of critical financial services. This guidance - *The Business Continuity Planning Booklet* - is the second in a series of updates to the 1996 *FFIEC Information Systems Examination Handbook*.

Sound business continuity planning allows financial institutions and technology service providers (TSPs) to respond to such adverse events as natural disasters, technological failures, human error and terrorism. Institutions and TSPs must be able to maintain or recover data, operations and customer services quickly and effectively after any adverse event. Because financial institutions play a crucial role in the economy, it is important their business operations be resilient and the effects of disruptions in service be minimized.

Concurrently, the FFIEC issued revised guidance for examiners that covers the supervision and examination of services performed for financial institutions by technology service providers. It outlines the agencies' risk-based supervision approach, the supervisory process and the examination ratings used for technology service providers. This guidance - *The Supervision of Technology Service Providers Booklet* - is the third in a series of updates to the 1996 *FFIEC Information Systems Examination Handbook*.

The FFIEC is issuing updates in separate booklets that will ultimately replace all chapters of the 1996 handbook and comprise the new *FFIEC Information Technology (IT) Examination Handbook*. Future booklets will address electronic banking, IT audits, payment systems, outsourcing, IT management, computer operations, and systems development and acquisition. These updates will address significant changes in technology since 1996 and incorporate a risk-based examination approach.

The FFIEC agencies plan to distribute these booklets electronically to financial institutions and TSPs via the Internet through the FFIEC's InfoBase application. The InfoBase will include each booklet in Adobe Acrobat PDF file format, as well as an online version with links to various resource materials and an orientation to the handbook update process.

The electronic versions of *The Business Continuity Planning Booklet* and *The Supervision of Technology Service Providers Booklet*, along with the already issued *Information Security Booklet*, are available

at <http://www.fdic.gov/regulations/information/information/FFIEC.html> and www.ffiec.gov/guides.htm.

For more information about information security and business continuity planning, please contact your FDIC Division of Supervision and Consumer Protection Regional Office.

For your reference, FDIC Financial Institution Letters may be accessed from the FDIC's Web site at <http://www.fdic.gov/news/news/financial/2003/index.html>.

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Distribution: FDIC-Supervised Banks (Commercial and Savings)

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