

WHITE PAPER

The state of IT incident response in financial services





MANAGEMENT SUMMARY

The financial services sector is beset by ever more high-profile IT failures. These can cause huge disruption and create national headlines. The UK's TSB debacle in the first half of 2018 was a massively embarrassing and costly example.

Everbridge, a specialist in keeping people safe and businesses running, has carried out a survey of the financial services sector, alongside Banking Technology. We wanted to know from firms around the globe how they do things at present and what they see as their key challenges.

The survey found that the impact of critical IT events (degradation, disruption, interruption, outages) on the IT teams (disruption, distraction, firefighting, unplanned work) over the past few years has increased by 70%.

We wanted to know how long it took to put in place the necessary cross-function response teams to tackle a critical IT issue, how the stakeholders are identified, how issues are escalated and reported (internally and externally), and whether remediation plans are automated.

The results show there is plenty of room for improvement in most organisations.

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THE CHALLENGES

As anyone in the sector will know only too well, many financial institutions rely at their heart on ageing, complex and fragile systems. These are often poorly documented and many of those who developed and understood them have reached retirement age. Events such as upgrades, patches and new interfaces can be high-risk.

However, doing nothing and leaving the systems alone is not an option. No one can stand still given the pace of change in the sector, including ever increasing demands from tech-savvy, sophisticated customers. This means there is more interconnectivity between systems internally as well as, most likely, externally.

An example in the financial services sector of the need for external connectivity is “white labeling”, whereby an institution now offers products from one or more third-parties. Another reason for greater interconnectivity is that financial services are being embedded within e-commerce, so that they become a seamless part of the overall processes of commerce, bringing convenience to the customer but IT that is increasingly interconnected.

This means more complexity, more interdependencies between systems and more investment. The ever greater rate of IT change is reflected in the fact that the majority of respondents to the survey are experiencing increases in their IT budgets.

Alongside customer expectations there are heightened regulatory requirements and an ever-greater threat from cyber attacks. Indeed, a key finding of the survey was that respondents feel there are now myriad points and causes of failure. This includes those related to IT infrastructure (servers, networks, other IT components), which remains the biggest area of vulnerability, but also events such as new release deployment and other changes, security-related issues, DDoS, ransomware and malware attacks, and application slowdowns and design issues.

The digital nature of today's banking means that failures can impact millions of customers as soon as they occur and even a few minutes of down-time can bring significant financial loss. That's in terms of measurable costs but there are also the less easily quantifiable, including loss of sales and damage to customer loyalty and confidence. A company's reputation becomes ever more important in a digital age, where customer loyalty is waning, comparisons are easy and where it has become convenient to switch to another provider.

Communications are not just internal but also external. Online customers are a click away from moving to a competitor or sharing bad experiences with thousands of people on social networks in seconds. Keeping people informed during IT disruptions is the best way to keep them satisfied and retain them as customers.

The pace of digital transformation was a common theme among respondents. And, of course, digital means a 24x7 world, where issues can occur as easily in the middle of the night as during the traditional working day. As a result, a rapid, tested and thorough automated response is essential, to minimise the damage.



THE SURVEY BASE



Our survey sought to gain a detailed view on IT response management in banking and fintech. Respondents spanned IT professionals in financial services, investment and banking firms. We asked how they do things at present, the challenges they face and the current response processes within their companies.

There was a good spread of respondents from across the globe, reflecting the level of interest in this topic:

- 45% were from Europe, Middle East and Africa;
- 19% from each of North America and Asia Pacific;
- 9% from Central and South America;
- and 8% from the rest of the world.

This was across all sectors of financial services and a broad spectrum of job roles and responsibilities. The survey spanned the sector's largest firms, with 20,000+ staff (12% of respondents) to those with fewer than 1,000 staff (60% of respondents).

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THE RESPONSES

The amount of time it takes to engage and assemble the right cross-function team varies considerably from institution to institution. Almost half the respondents claimed to be able to do so in up to one hour. However, 14% believe this will take more than two-and-a-half hours within their institutions.

Similarly, the processes for informing and mobilising stakeholders and the resolution team vary a great deal, from the largely automated to the manual or, in some cases, non-existent. A worrying 16% of respondents do not have a consistent process for finding out about issues, relying on mostly manual practices. The most common automated method is through an IT service alerting system, although this shows that 73% are not using automation in this important function.

Searching through directories, spreadsheets and using call trees to identify the right responders will waste valuable time. On-call communications should be used to engage the right person with the right message at the right time, via multiple devices, with this linked to on-call scheduling workforce management which combines real-time shift calendars with integrated on-call notifications. There should also be automatic escalation of alerts.

A firm's "digital war room" most commonly comprises between five and ten staff (41%) but 5% have more than 20. Overall, the results show that the tendency is clearly towards involving more rather than fewer staff than in the past.

Auditing and tracking the performance of the IT response teams' decision-making and outcomes is patchy. In terms of compliance, including keeping and archiving recordings of the conference calls and chat conversations with the major incident details, only 30% believe they consistently do so on every occasion. 38% do so sometimes while a disconcerting 16% don't do so and another 16% also do not do so but at least know they should.

Reporting all critical IT incidents to senior management and/or authorities and regulators for compliance happens in almost two-thirds of firms. Nevertheless, the 22% that do not do so at present is a significant portion, albeit with 8% expecting to shortly rectify this.

Then in terms of actually executing the remediation plan, 70% do not use runbook automation/IT process automation solutions for known issues. As such, in many firms, there are breaks in the cycle, which means that end-to-end incident management, from detection through to resolution and reporting, is still an aspiration rather than achieved.



CONCLUSION

Ultimately, major IT outages can impact a company's bottom-line. As our survey shows, some companies look to have things under control but even the most well thought-out theoretical plan can be thrown out by reality, so there should be testing as well as an iterative process whereby lessons from one incident are used to inform and improve processes for future ones. In the majority of companies, while awareness of the issues looks to be on the increase, perhaps due to the proliferation of incidents, there is certainly room for improvement.

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About Everbridge

We help IT organisations, service desks, IT operations and DevOps teams to manage their schedules, shifts, rotations, improve their communication processes and streamline their incident management processes so that they can repair IT service disruptions faster. We help companies to streamline, automate and standardise end-to-end incident management processes.

Founded in 2002, Everbridge has been there for thousands of corporations and communities as a trusted critical event management partner. We have developed a full suite of enterprise applications, including the ground breaking Safety Connection, that enable our customers to deliver location aware and contextually relevant communications whether to a broad audience or to a targeted subset of individuals, globally or locally, and accounting for cultural, linguistic, regulatory and technological differences. Everbridge serves over 3,800 enterprise customers worldwide, reaching over 500 million people.

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Banking Technology is part of *FinTech Futures*, a digital publishing platform for the worldwide fintech community. We provide daily news, in-depth analysis and expert commentary across a comprehensive range of areas: fintech, banking tech, paytech, regtech, wealthtech, lendtech and insurtech.