




**Anticipating the unexpected: moving beyond pandemic scenarios**

**Responding to Disruptive Events**  
(Invoking BCP during Covid-19)

March, 2021



# Presenters

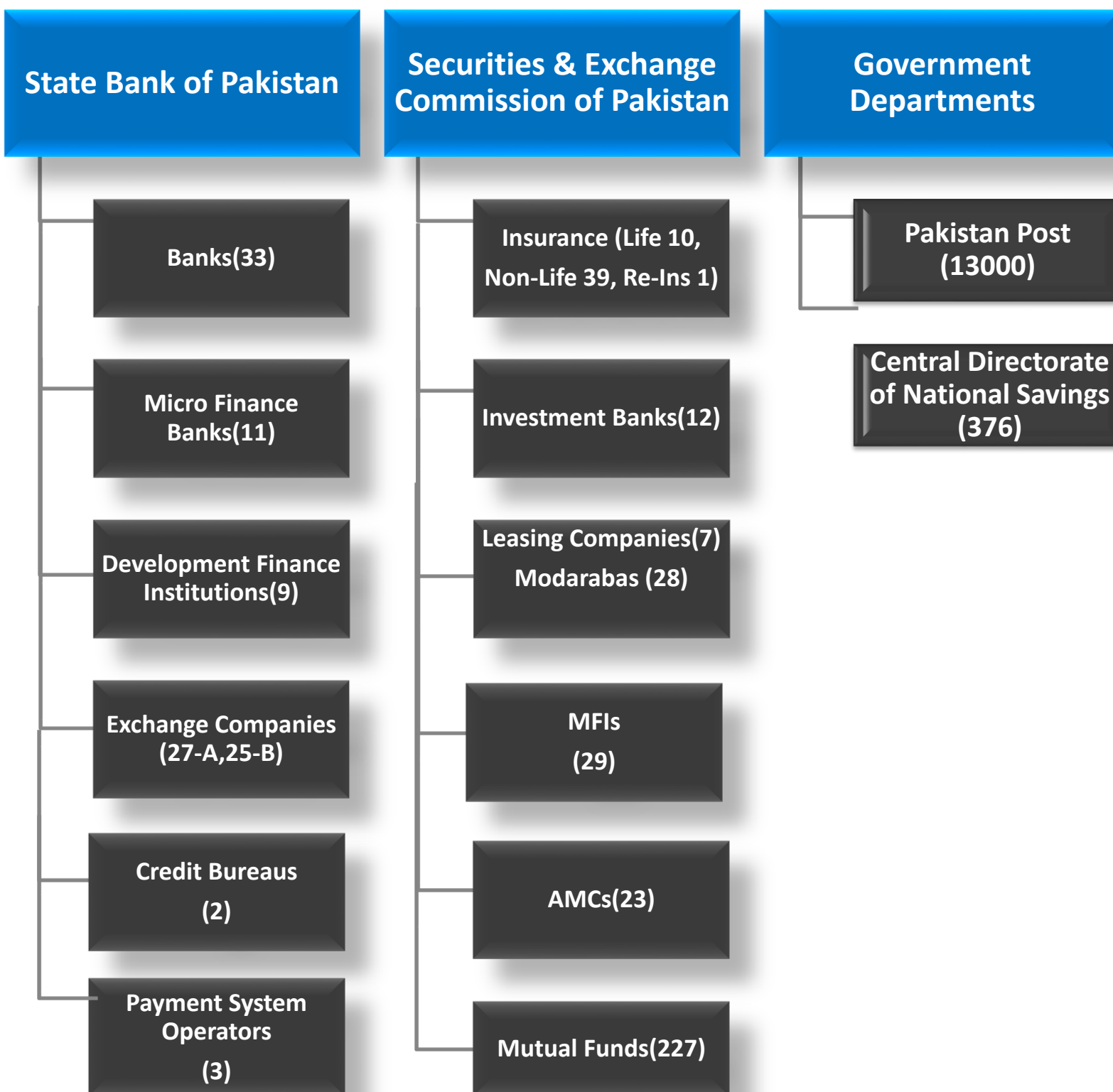
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State Bank of Pakistan

# About Pakistan

- Fifth most populous country in the world with a population of more than 220 million. Adult population 50%.
- Pakistan had its fair share of natural and man-made disasters.
- Pakistan is also in the top 10 countries being affected by Climate Change.
- Badly affected by war on terror in neighborhood.

# Financial Sector Landscape of Pakistan



Banking Infrastructure	
Bank Branches	16,067
Overseas network	143
MFBs Branches	1,242
DFIs Branches	62
ATMs	15,612
POS	49,067
BB Agents	445,181
Accounts (mlns)	
<b>Total Accounts</b>	<b>112.4</b>
Conventional	59.9
Branchless Banking	52.5

# Disasters in Pakistan

- **Natural**

- Earthquake 2005
- Major Floods 2008, 2009, 2010, 2014, 2020
- Landslides
- Threat of Cyclone 'Nilofar'

- **Man Made**

- Terrorism
- Suicide Bombings (450+)
- Train disasters
- Election Violence
- Peshawar School attack

# BCP at SBP

- Objective of Business Continuity Plan (BCP) for State Bank of Pakistan is to ensure continuity of its critical functions (time sensitive) and prevent any major disruptions in the financial system of the country in case of a disaster either a natural or a man-made.

# Scope

- BCP is for the following potential events:-
  - Fire
  - Earthquake
  - Floods and heavy rains
  - Civil strife
  - Sabotage/Bomb blast
  - Act/ Threat of War
  - or any other event causing severe disruption to SBP operations at the Main SBP Building or any of the field offices of SBP BSC.

# BCP Activations/Incidents prompting BCP

- Earthquake -2005
- Attack on SBP Hyderabad Office- 2007
- Urban Flood in Karachi-2020
- Sit-ins – 126 days -



# Incidents – earthquake 2005

- ❑ October 8, 2005
- ❑ 7.6 magnitude
- ❑ Epicenter: Northern Pakistan
- ❑ Casualties: 87,350, Injured: 138,000
- ❑ Homeless: 3.5 million
- ❑ One SBP BSC Muzaffarabad Office was located close to the epicenter.
- ❑ Less than 5% buildings/structures survived
- ❑ Immediate surge in prices witnessed due to scarcity of resources.
- ❑ Demand for cash increased exponentially due non-availability of alternate payment mechanism.



# Earthquake 2005 – SBP response

- ❑ A number of banks were provided space within SBP BSC's premises to operate their branches. (immediate relief)
- ❑ Some branches were even made operational in shipping containers.
- ❑ 210 branches of Commercial Banks were made operational as on October 28, 2005 within 20 days.
- ❑ SBP BSC Muzaffarabad supplied electricity to nearby areas / relief camps.

# Attack on SBP Office-2007

- ❑ In the aftermath of the assassination of Former Prime Minister, Benazir Bhutto, State Bank of Pakistan (SBP) BSC, Hyderabad Office was set on Fire by a mob of 800-1000 arsonists.
- ❑ Six hundred bank branches damaged across the country in the following three days.
- ❑ Three days of mourning/business closure.
- ❑ Hyderabad office started work on the next working day

# Handling Global Pandemic

- Pakistan being one of the densely populated countries was estimated to have a big impact of Covid-19.
- During initial Covid-19, strict lock downs were enforced in the country which helped to mitigate the effect to a great extent.

# SBP Response to Covid-19

- Formed a high powered Covid-19 committee headed by Deputy Governor to oversee and assess the situation and take decisions.
- Different pre-planned scenarios were developed to handle situation according to the Government instructions as well as own strategy.
- WfH facility for its staff and use of IT facilities.
- A special IT Committee was formed to allow access of different applications during work from home.
- SBP issued guidelines to banks for handling Covid-19, currency, shifting towards more digital channels and offered schemes for corporates/organizations.

# Karachi Floods during Covid-19

- The **2020 Karachi floods** were a result of record rainfall combined with an inadequate drainage system in the city. At least 41 people were killed in the flooding.
- This is considered the worst flooding Karachi suffered after 90 years. In the last week of August 2020, 760 mm (29.92 in) of rainfall was recorded in a single week. During the floods, authorities employed boats to rescue people stranded in the streets across the city.
- Fallen power lines, out of service cell phone towers, and widespread fuel shortages due to heavy reliance on alternative power sources created many problems for the estimated 22 million residents of the city.

# Karachi during rains



# SBP response to flood during Covid-19

- Only critical activities with 10% staff were being carried out in August, 2020.
- In the last week of August 2020, the city of Karachi, where SBP is located, received heavy rainfalls.
- Keeping in view the weather forecast, a BCP alert was already issued in advance to all the concerned for the necessary arrangements.
- The situation worsened and power supply and communication channels were affected.



# BCP Invocation/1

- On August 28, 2020, the water levels rose to such extent that keeping facility open was not safe.
- At 4:00 pm on August 28, 2020 it was decided to shut down the all facilities and the power supply to the main building.
- Critical functions were given time to shut down their end of day proceedings.
- IT staff ensured gentle shutdown of the servers.

# BCP Invocation/2

- A communication was issued on 28<sup>th</sup> August, 2020 from Director SPD/BCP Coordinator informing all the concerned regarding invocation of BCP.
- The arrangements already in place for critical staff for boarding/lodging at Bank premises became useless because of lack of Power Supply.
- Booking of Hotels in the nearby vicinity was initiated which were already over booked because of rush from the Corporate Sector

# BCP Invocation/3

- 30 rooms were booked in 3 hotels for critical staff.
- Moving Staff to Hotels was also difficult as roads were submerged in water and it became difficult and unsafe to move around in dark as most of the city was without electricity.
- Heavy vehicles were arranged for movement of staff to hotels.

# BCP Invocation/4

- More rainfalls during the night also aggravated the situation and the backup site communication channels were also lost.
- Due to coordination and hectic efforts of our staff, the backup site became up at 6:00 am in the morning.
- However, bringing staff from hotels/residences to the Backup site was a challenge.

# BCP Invocation/5

- Despite lack of electricity, the Backup site was getting power from Solar panels as well as the backup generators.
- The Alternate communication mechanism i.e. Radio communication with main site also became ineffective due to lack of Power.
- At 9:00 am, the Backup Site became operational for use.
- The business under Gold tier applications were allowed from the DR site.

# BCP Invocation/6

- Some other banks under problem were facilitated to carryout limited and most critical settlement from the SBP Back up site.
- Activities were undertaken to map the residences of key persons and their backup for the next working day.
- The Backup site was visited by the Governor and the Deputy Governor to oversee the functioning.

# BCP Invocation/7

- Travelling for critical staff was also arranged to their homes/hotels.
- Accommodation was also arranged for stay of critical staff whose presence was needed the next day as the main site was still not operational.
- The weekend in between helped the BCP team to better manage the situation.

# BCP Invocation/8

- Once the water levels started to reduce, activities were undertaken to restart the Main site.
- On August 31, 2020, at around 4:00 pm, facilities at Main site became operational.
- A communication was issued from the Director-SPD/BCP Coordinator for revocation of BCP situation.
- An appreciation email was issued by the Governor addressing the entire organization, thanking the staff for their efforts and work during BCP invocation.



# Lessons Learned

- Covid led the Bank to adopt new ways of working swiftly.
- As the disaster unfolds, not everything goes according to the plan, but, pre-planning and before hand arrangements and testing & exercising become a blessing in such situations.
- Work on alternate communication channels has been initiated for availability of satellite phones and walkie-talkies with enhanced ranges on safe, secure frequency.
- All weather power supply to be ensured from grid and own power generation capacity.



Thanks



# Discussion Topic

- Did you ever had to invoke your BCP plan especially when the facilities at Main Site had to be switched off completely?
- What would you think we could have done differently/better?

# Cash Handling Instructions

- Banks were advised to take additional precautionary measures with regards to disbursement and collection of cash
  - A fourteen (14) day mandated quarantine period for all banknotes received by the bank before their re-issuance to customers and the public.
- Banks to make special arrangements for the collection of the cash received from Hospitals and Clinics.
- Banks to preferably issue banknotes received from SBP, or fresh/unissued banknotes.
- Banknotes received from the public, may only be re-issued as a last resort.