

Year 2000 (Y2K) Issues – Setting up of Event Management Centres (EMC) and Transition Arrangements

RESERVE BANK OF INDIA

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The Chairman/ Managing Director/ Chief Executive
All Commercial Banks

Dear Sir:

Year 2000 (Y2K) Issues – Setting up of Event Management Centres (EMC) and Transition Arrangements

The feedback received from commercial banks in regard to Year 2000 compliance efforts indicates comfortable levels of preparedness. Reports received from banks also indicate that they are currently engaged in strengthening and validating their contingency plans and dovetailing these plans with visible systemic support measures of the Reserve Bank aimed at easing uncertainties associated with Year 2000 transition.

As the demand for information before, during and after the century date change will be tremendous, it is important to consider and develop and have effective Year 2000 Event Management and communication strategies as part of the overall arrangements for the millennium transition. Apart from sustaining public confidence through information dissemination, which is essential for stability and business continuity, such arrangements are also essential for efficient resolution of any problems that may develop during the transition period.

All commercial banks are therefore advised to set up Event Management Centres at their Head Offices, Regional Centres as well as all their computerised branches. A broad framework and guidance in regard to Year 2000 event management and necessary arrangements for the transition are as follows:

Core Principles: A set of Core Principles, which could possibly serve as a guiding framework in regard to the processes for event management include:

- Each bank is directly responsible for preparing for the Year 2000 date change, including event management and actions needed to minimize risks to the industry as a whole.
- The chances of success are greatly enhanced by leveraging off existing channels of communication between firms, exchanges and supervisors.
- It is important to disclose actual status information through out the event period
- There should be close coordination between individual firms and their respective supervisors.

Event Management: Event Management structures and processes in the context of the Year 2000 problem should essentially relate to internal and external communications,

establishment of communications centres (Event Management Command Centres), escalation of information flows, status reporting and responsive decision making mechanism. As far as possible existing processes, structures and channels should be the basis for local and cross-border Event Management activities.

Event Management Architecture:

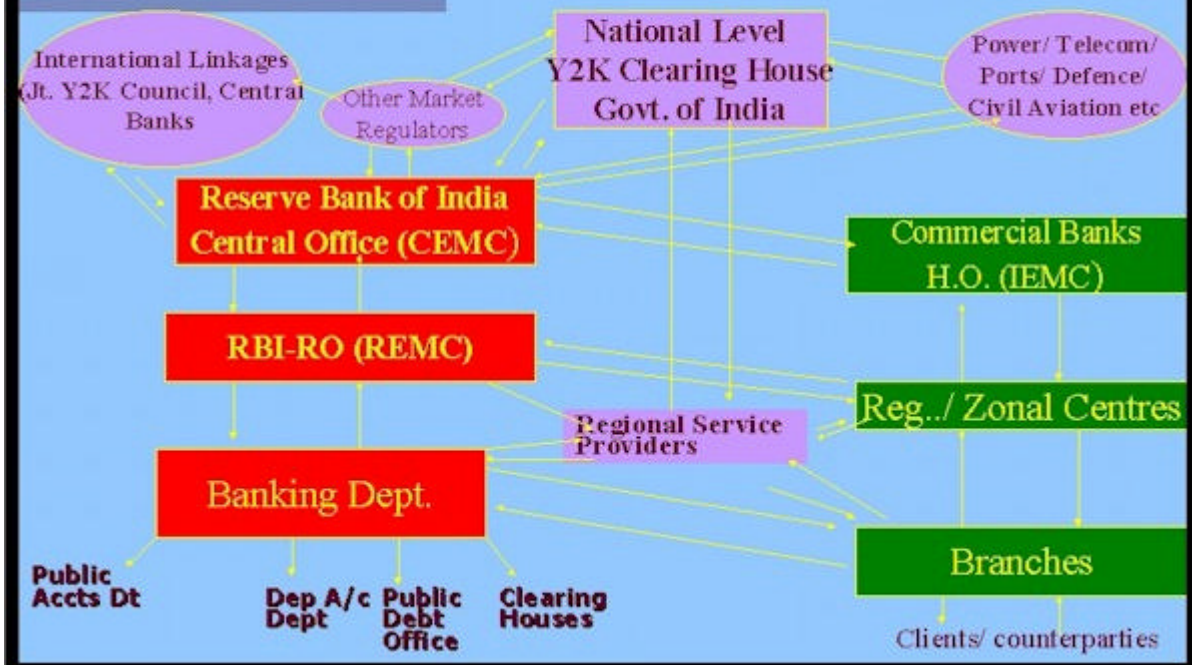
Event Management Centres were successfully employed by organisations in several countries to manage the conversion process during the introduction of the Euro. While the precise role and scope of an Event Management Centre will vary depending on the size and complexity of an organisation, they are generally expected to provide direction through decision making and communication. Event Management Centres are required at the institutional level and the market regulators level with appropriate linkages with their Local and National Governments and regulators in other countries. National and market level entities may prefer to concentrate on communication issues between utilities, market infrastructure providers, other regulators and banks and financial institutions.

Based on the directions provided by the High Level Working Group (Chairman: Shri S.P. Talwar, Deputy Governor) at its meeting held on October 6, 1999 event management structures have been conceptualised keeping in view the need for to provide for greater decentralisation and quicker decision making responses. Accordingly, a Central Event Management Centre (CEMC) will be set up at the Central Office of the RBI and Regional Event Management Centres (REMC) at each of its Regional Offices. Similarly all banks and financial institutions may set up Institutional Event Management Centres (IEMC) at their Head Offices/ Principal Offices, Event Management Centres (EMC) at Regional Office and Local Event Management Centres (LEMC) at each of its computerised branches. While banks would be encouraged to identify contact personnel for Year 2000 contact and provide solutions at the local level, as far as possible the local clearing houses can serve as the focal point for such local level contacts and problem resolution exercise.

As the demand for information before, during and after the century date change will be tremendous, an important consideration while defining links and channels for communication would be the need to predefine the data structures and direction of information flows. This is essential for ensuring that communication channels do not get clogged/ inter-twined due to all participants trying to contact the same source of information at the same time or criss-crossing communication lines. A schematic presentation of the Event Management Architecture is attached (Annexure I & II)

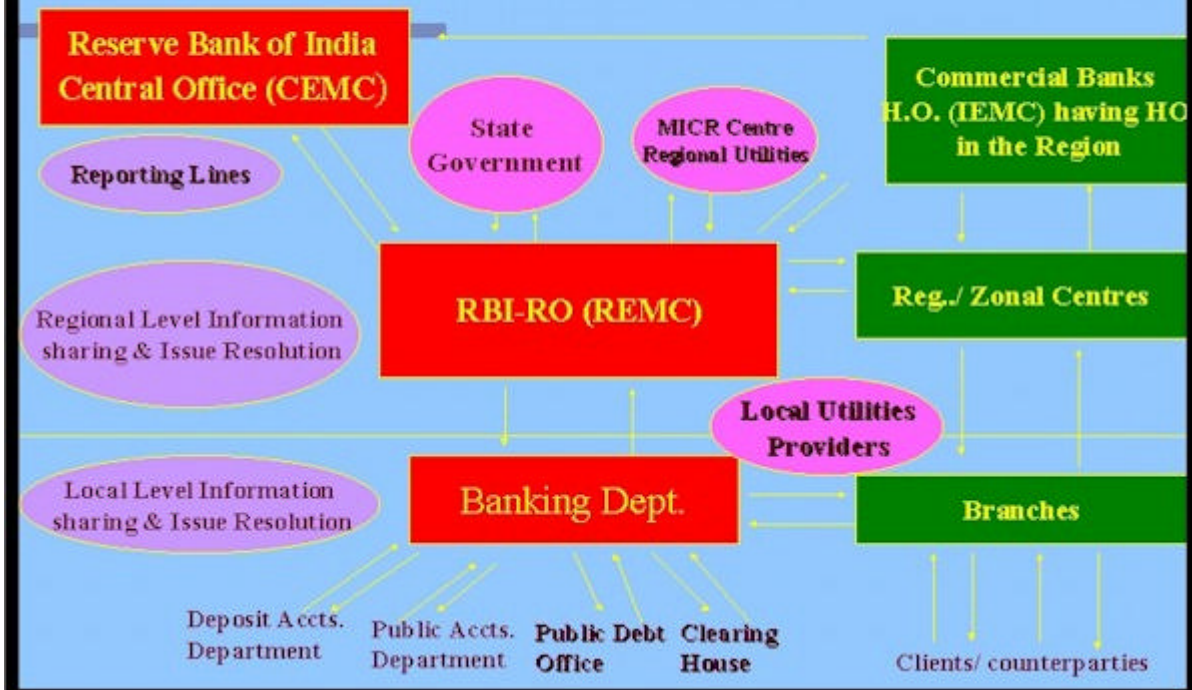
Annexure I

Event Management Architecture



ANNEXURE II

Regional Level Event Work Stream



The following issues will have to be addressed in this regard:

(i) Setting up of Event Management Centres:

- location, facilities, staffing requirements, security, command/ communication structure and rehearsals (familiarization).
- infrastructure arrangements at the event management centres should essentially consist of alternate telecommunication channels, vehicles and sustenance arrangements for staff manning these centres depending on their size and relative importance.

It is important that each institution makes its own assessment in regard to the infrastructure requirements for the EMC and expeditiously arranges for setting up the same.

(ii) Responsibilities of banks and other institutions:

- Set up Event Management Centres at their Head Offices, Regional Offices and at each of its computerised locations by December 15, 1999.
- Identify core staff who will man these IEMC and EMCs. As far as possible the contact persons for Y2K already communicated to the Y2K Project Cell and circulated among banks and FIs would continue to be contact points for communication between the CEMC and the IEMC of each bank.
- The EMCs would be manned continuously for all 24 hours each day by rotation of earmarked core staff from December 27, 1999 to January 7, 2000 and from February 28, 2000 to March 7, 2000.
- Identify and establish communication channels for information sharing and decision making with the REMC of the Reserve Bank in respect of regional issues.
- The EMCs can be dismantled after the annual closing of accounts on April 1, 2000 if there are no issues outstanding for resolution.

Each EMC would be expected to serve as a focal point for management of event through effective communication and decision making. In particular the EMCs may be required to:

- Compile a database of contact persons for reporting, decision making and trouble shooting.
- Make arrangements to disseminate correct information to the public at the local levels in the event of enquiries or rumors.
- Report to the REMC/ CEMC **by exception** of any Year 2000 issues or rumours within their area of operation.

(iii) Role of the CEMC at RBI, Central Office:

The CEMC at the Central Office of the Reserve Bank would primarily function as a clearinghouse for information for the banking and financial sector during the transition. The CEMC would provide feedback to the Government, other supervisory bodies and also liaison with infrastructure providers at the macro level. The CEMC would also provide cross-market assessments of the scenario as it emerges and promote accurate understanding of overall conditions in order to foster public confidence.

(iv) Co-ordination with CEMC (RBI):

Channels of communication between the CEMC, REMC and the EMCs of banks would have to be identified and communicated among each other well before December 15, 1999. The pattern and direction of flow of information streams would be on the lines depicted in the

Event Management Architecture. Contact persons at each communication junction should be familiar with the event management work stream and have a rapport with their counterparts both upstream as well as downstream.

Status Reporting:

The EMC at the principal office of each bank will be expected to report to the CEMC/ Y2K Project Cell and the REMC of any Y2K induced disruptions or related issues right from December 15, 1999 when the EMC would be operational. For the sake of efficiency, **reporting may be by exception only** and focus on material events relating to business and payment/ settlement process.

However, all banks and Financial Institutions will be expected to send a first report by noon of January 1, 2000 regarding problems or glitches, if any to the Y2K Project Cell by fax or phone. The fax numbers to which reports are to be sent may be at the Department of Banking Supervision and/ or Department of Information Technology. While successful functionality may need no elaboration, glitches may have to be indicated in a brief way in this first report.

A detailed report on abnormality in system performance, if any, during the transition may be communicated by fax/ e-mail as at the close of business on January 3, 2000. In case no abnormality was observed, a confirmation to the effect may be sent as in the case of the first report.

In view of the enormity of the logistics involved, the absence of precedence and the need to put in place transition arrangements expeditiously, regional meetings will be scheduled at major centres with all local banks so that arrangements are clearly understood and effective co-ordination achieved.

Reserve Bank would welcome suggestions for further improvement to the transition arrangements and particularly in regard to setting up of event management centres.

M. R. Srinivasan
Chief General Manager

Encl: as above