

**ECB Operations Managers Group**  
Frankfurt am Main, Wednesday, 10 June 2020, 14:00 – 16:30 CET  
Via WEBEX

**Summary of the discussion**

**1. Tour de table on the Back Office experience with Corona/COVID-19**

Emily Witt (Chair of the ECB Operations Managers Group) invited the members to give an updated feedback on the impact of the Corona crisis in their respective institutions, and in particular to reflect on their (i) plans to go back to normal, (ii) planning of worst case scenarios, (iii) challenges currently faced and (iv) key changes, improvements or lessons learnt.

Members reported that the staff in their institutions continues to be split into different teams and that the majority is still working from home. In some institutions a part of the staff is gradually returning to the office but mainly on a voluntarily basis. Most institutions are conducting risk assessments to be prepared for worst case scenarios, for example anticipating a new Corona wave, and are planning further measures accordingly. At this stage it seems difficult to assess how a new normal will look like, but working from home, owing to the advantages of this arrangement, among others for ensuring work life balance, most likely would play an important role also in the future, although if extended for a long term, impact on staff motivation and morale should not be underestimated.

Remote training and on-boarding of new staff is seen as a major challenge, however with some room for improvement. In addition, the social distancing measures which have to be adopted in the work space pose a logistical challenge for some members. Another difficulty, still faced by some institutions, relates to the fact that some type of contracts has to be physically signed and thus cannot be replaced with electronical/digital means.

Assuming that high reliance on teleworking will continue the implementation of a robust risk management and control environment in remote working conditions is pivotal and would need to become audit proof on a long term basis.

Despite faced issues, the members indicated also some positive aspects associated with the current arrangements, such as: (i) high staff morale, productivity and attendance levels despite increased workload in some areas; (ii) quick implementation of new innovative solutions in communication and cooperation; and (iii) increase of paperless work.

Overall, the main lesson learnt is that having a reliable and robust IT infrastructure is crucial for ensuring smooth business continuity.

**2. Operations resilience**

Leigh Meyer (Citigroup) gave a presentation on operational resilience defined as preventing operational incidents from impacting consumers, financial markets and financial systems.

Leigh emphasized that operational resilience approaches should be centred around clients, and thus during disruption important business services should continue to be delivered to clients and markets, within the business services' respective risk impact tolerances. Thereby it is important that firms not only focus on the recovery of the systems that support business services but they should also aim at limiting the wider impact of disruption on end-users, and even on achieving continuity of supply of the affected business service during disruption. Following this approach, it is not the company's ability to demonstrate compliance but the resilience outcome, what matters the most. In this context, Leigh presented in detail Citigroup's approach to achieve operational resilience.

### **3. Preparing for Securities Financing Transactions Regulation (SFTR)**

Based on a presentation on SFTR preparations at Crédit Agricole, prepared by Paul Touboul (Crédit Agricole)<sup>1</sup>, the members discussed (i) how they are aiming to address the already known Unique Trade Identifier (UTI) Sharing/Pairing issue, and (ii) the impact(s) of SFTR on daily duties/processes. In a nutshell, members reported that they have dedicated project teams dealing with the matter. The reliance on the waterfall for UTI generation and the use of intermediaries to share UTIs were indicated as the most common. Alternatively, UTIs are exchanged via other automatic means and/or, to a smaller extent, via bilateral agreements with counterparties. As regards the impact, SFTR is considered as another reporting requirement to be implemented and monitored, requiring additional data reconciliation. While the operational burden is viewed as modest, the impact on IT investments and resources remains high.

### **4. AOB**

In the first AOB item, the Chair invited the members to discuss about aspects driving the increase in FX settlement risk, in view of the fact that FX non-Payment versus Payment (PvP) settlement has increased both in absolute and relative terms according to a 2019 BIS triennial survey. Members acknowledged that this trend is problematic as it increases different types of risks, in particular counterparty and operational risk. This trend has been associated with (i) a general increase in markets volume and volatility, (ii) netting requirements (from a credit standpoint), (iii) the fact that some currencies, in particular from emerging market economies, are not supported by commonly used FX settlement solution platforms, or (iv) restricted access to these platforms and (v) their cost may make non-PvP settlement more attractive. Overall, PvP settlement could be increased/encouraged if there was a wider take-up of existing FX settlement solution platforms across settlement members, clients and currencies. In this respect, also pre-funding of client accounts (which seems to be technically challenging to implement), and visibility of cash movements on a real time basis with extended Real Time Gross Settlement windows would increase/encourage the use of PvP settlement.

As last AOB item, the Members were presented with the outcome of a survey collecting their preference on topics to be discussed in the next meetings.

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<sup>1</sup> Not presented in detail by Paul, but just shared with the OMG members on the screen, owing to faced technical issues.