Business Impact Analysis

Name

Professor

Course Title

Date

**GHC Bank**

Business impact analysis is a process that is used to evaluate the potential effects of any interruption to the critical business processes that may result from an accident or an emergency occurring in the business. It is therefore a necessary element of business continuity and recovery plans of any business because all businesses are bound to face disasters at one point in their lifetime (Krajewski, Ritzman & Malhotra, 2013).

GHC Bank operates in the banking business environment that is characterized by a lot of uncertainty and has to keep updating its systems to beef up security and keep up with the competitors in the market by offering the best financial services. This competitive advantage can be gained by not only using reliable and useful but also robust systems for measuring customer value and profitability. For this reason, the banks critical processes include horizontal functions like customer complaint resolution and procurement, and industry specific processes like remittance processing, trust administration, loan origination and servicing. The banks’ critical processes revolve around the customer.

A banks’ success is based more on how differently the bank is treating the customer from other competitors in the industry (Sharda, Delen & Turban, 2013). This is why banks are continuously updating their systems to best satisfy the customer. Any occurrence that may lead to failure of this objective should be taken care of during business impact analysis. It is for this reason that GHC bank has invested more in their computing systems and professionals to operate them to curb any accidents or failures that may lead to lose of customers and consequently business failure.

Business impacts are identified and analyzed based on the worst-case scenario that is keen to assume that physical infrastructure that supports each business unit is destroyed and not all information thereof is accessible for a long period. Some objectives of a business impact analysis are to estimate the operational impacts for each of the existing business units, to estimate the financial impacts for each business unit and to identify the recovery period for each of the affected business units among other objectives depending on the nature of the business (Chen, Chiang& Storey, 2012). All these objectives are assuming a worst-case scenario.

GHC Bank having digitalized almost all their operations faces the risk of losing the privacy of that information to unintended persons who might be working day and night to hack into their system. Having embraced online banking, the bank has all manner of people visiting their website and therefore this information is at risk. A risk assessment is to be carried out first even before the impact analysis. If the bank loses any information, they are bound to lose customers because this is information that has been entrusted to them by customers. Human beings naturally value their hard-earned assets and finances are top on the list. Financial information is considered private and confidential and the bank is bound to take good care of this information without any form of breach.

For this reason, GHC Bank has the mandate to invest in the latest form of security information systems to take care of this information and consequently enhance business continuity. The risk here is losing customers to their competitors, and since customers are business, their competitors could throw them out of it. In this case, a disaster that may befall GHC bank is an instance where malicious persons hacks into their banking system and channels all deposits and any other cash obtained from standing orders into one remote account so that they keep withdrawing until the bank goes bankrupt. To handle this situation proactively, the bank must keep updating their systems and this is an invaluable investment responsible for business continuity (Krajewski, Ritzman & Malhotra, 2013).

During risk assessment, the business impact analysis findings are examined against the hazard scenarios and potential disruptions based on the probability of occurrence of this specific hazard. The business impact analysis may be used to justify investments in prevention as well as disaster recovery strategies. It serves as a starting point for a disaster recovery strategy while examining recovery time objectives, recovery point objectives, resources and materials that are needed for business continuity (Chen, Chiang& Storey, 2012).

The pandemic that could befall GHC bank mentioned above has the ability to impede the bank’s ability to deliver services to their customers. A business impact analysis will help manage the effects of this pandemic without running out of business. It will involve analyzing the records and resources that the bank will need to avoid such an occurrence, an analysis of the traffic on their website and the kind of people that visit their physical premises and the skills and knowledge that staff members have to run the systems used by the business at large. This calls upon the human resource management unit to recruit only qualified staff to work for the bank. Other factors during business impact analysis planning is the external and internal stakeholders who rely on the bank or those that the bank relies on and the legal obligations required to be met in case of an unfortunate occurrence (Sharda, Delen & Turban, 2013).

As part of the business impact analysis, the bank should assign recovery time objectives to each activity in order to determine the basic recovery requirements for the bank. These recovery objectives involve the time from when such a pandemic happens to the time that the critical activity in this case, the customer service and customer retention goal must be fully achieved once again to avoid damage to the business. An example of a recovery time objective is to claim indemnity from the insurer within the shortest time possible in case of the said occurrence. The business impact analysis will help GHC bank develop their recovery plan, which will enable them get the bank running again if the incident does happen.

GHC bank should address some key questions in their impact analysis. Some of these questions are how important customer satisfaction in terms of the security of their financial details is to the bank. The bank is also to address whether this critical activity depends on any other services or products that are outside the bank. If so, these specific services and products are to be identified so that there availability is incorporated in the plan. Another issue to be looked at is the period within which the bank’s operations will halt for the business to start experiencing adverse effects. The potential losses, both long term and short term that the bank is likely to incur in case of such an unfortunate occurrence are also supposed to be estimated so that the real value of the potential loss to the business and its stakeholders is made known to senior management. The key personnel and even all the members of staff are responsible for answering these questions to a specified scale and after analysis; the overall impact can be estimated. It should however be noted that as the risks to the bank changes, their potential impacts also change and thus the need to conduct a new business impact analysis once there is an update in the risk management plan (Grubel, 2014).

A business impact analysis for GHC bank concerning its information systems that are to handle vital customer information might therefore start with identification of applications that are responsible for supporting essential functions, possible points of failure, costs associated with these failures and interdependencies between the existing systems. Once information has been gathered, consultations with business leaders begin to validate the findings. A report can be prepared to give feedback or the outcomes of the impact analysis. Results of the impact analysis of GHC bank must identify the technological resources needed like competent information technology staff to operate the banks information systems which will involve the company’s website. The results have to give the period within which the critical processes need to be recovered for the bank to restore its operations to the normal working state after such a pandemic. Senior management reviews the report so that a business continuity plan is devised along with a disaster recovery strategy. Business continuity is the bank’s ability to maintain its essential and most important functions like customer service during and after the disaster.

Undoubtedly, customers always become upset if they cannot access banking services even for the shortest period like an hour because of a system outage. This is the main reason why banks have to keep their customers informed in case of anything be it maintenance. GHC bank is more concerned with protecting data than maintaining one hundred percent uptime. The bank should therefore focus on recovery point objectives. This acceptable level of data and customer information will not be recovered because of an unfortunate occurrence. For instance, if a disk crashes, a backup plan should already be in place so that no transactions or customer data and information are lost in the process.

When setting a recovery point objective, GHC bank has to consider the importance of their data. The data has various purposes and so the importance of each type of data is critical in determining the recovery point objective. For the case where the bank cannot afford to lose any data under any circumstance, the measures of setting the failure point of the recovery point objectives should be greatly increased. Therefore, GHC bank should demand the ability to recover their systems to the point when the failure occurred. This will definitely require huge investments but they are worth it to ensure business continuity (Grubel, 2014). Business impact analysis is therefore a very important aspect of any business and more importantly financial institutions like GHC bank.

**References**

Chen, H., Chiang, R. H., & Storey, V. C. (2012). Business Intelligence and Analytics: From Big Data to Big Impact. *MIS quarterly*, *36*(4), 1165-1188.

Grubel, H. G. (2014). A theory of multinational banking. *PSL Quarterly Review*, *30*(123).

Krajewski, L. J., Ritzman, L. P., & Malhotra, M. K. (2013). *Operations management: processes and supply chains*. New York: Pearson.

Sharda, R., Delen, D., & Turban, E. (2013). *Business Intelligence: A Managerial Perspective on Analytics*. Prentice Hall Press.