

VACB Update-March 2008

A monthly newsletter from the
Virginia Association of Community Banks



New FFIEC Business Continuity Guidelines Released

The Federal Financial Institutions Examination Council (FFIEC) has released the updated Business Continuity guidelines. Changes to the guidelines focus on the areas of Risk Monitoring and Testing and additional requirements for pandemic planning. While the FDIC could not say when compliance with the new guidelines is required (this is determined individual bank examiners), they did say that it is reasonable to expect compliance within 2009. Major changes include:

1. **Improved Business Impact Analysis (BIA) Guidance:** Historically, banks struggle to both perform an adequate BIA and keep it updated to reflect changes in the organization. In response to these concerns, the FFIEC added a significant amount of information to assist banks in the performance of the analysis along with information on the types of data to be collected and how it should be consolidated.

2. **Third-Party Vendor Integration with Planning Emphasized:** More banks are continuing to outsource mission critical functions to third-party vendors. This provides a competitive edge to community banks and eases the burden of day-to-day management of these functions. However, a significant number of banks do not include third-party vendors in their business continuity tests. The updated guidelines place greater emphasis on testing and business continuity management to ensure that third-parties can support the bank both in an emergency that affects the institution and/or the third party provider.

Integrated Pandemic Plan Now Required: In response to warnings from the Centers for Disease Control (CDC) that an outbreak of pandemic influenza is imminent and will result in employee absenteeism of 30%-50%, the updated guidelines require the creation of a pandemic response plan that integrates response activities with the all hazards approach mandated currently. This will require greater focus on the bank's Crisis Management Plan, succession planning, and dealing with employee absenteeism and/or attrition.

To check the release status of the updated guidelines, go to www.ffiec.gov/ffiecinfobase/index.html and click the links for "IT Booklets" then "Business Continuity Planning".

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Compliance Forum Hears Update on FACT Act

At the First Quarter Compliance Forum Meetings, attendees were briefed by the instructor Roger Rumbaugh and Jennifer Maisano on the Profitability of Data Accuracy and recent changes to the FACT Act. The presentation and update from Jennifer Maisano of the Credit Bureau Strategy Consulting (CBSC) discussed the profitability of data accuracy. Consumers are better educated about their credit scores and checking for accuracy. What the bank does or does not report with regard to the credit bureaus can hurt their bottom line and their reputations if disputes arise. According to Jennifer, bankruptcy lawyers have a built-in revenue base and are using credit bureau reporting complaints as a steady source of income, not to mention the reputational risk from media exposure can be irreparable to a bank. For more information about data accuracy, please log onto www.cbstrategyconsult.com.

Eighth Annual Bankers' Cup ~ June 4

VACB and Williams Mullen have again teamed up to offer the Eighth Annual Bankers' Cup Golf Tournament. This year's tournament will be held at The Federal Club in Glen Allen on Wednesday, June 4th. All VACB Members are invited and encouraged to come out and participate. The tournament benefits the educational endeavors of the Association. If you have any questions, please call our office.

Please be advised that the tournament will be limited to the first 100 registered golfers. Don't delay, get your foursome together now. For registration details, log onto www.vacb.org! We will see you on the green.

Additions & Promotions

The National Bank in Blacksburg has promoted **David K. Skeens** to Senior Vice President of Operations and Risk Management.

The Bank of the James in Lynchburg has named **Harry P. "Chip" Umberger** to Vice President for Loans; **Rhonda B. Buracker** to Vice President and Loan Administration Officer; and **Jane J. Grant** to Vice President and Audit Manager.

VACB 31st Annual Convention
October 19-22 at Pinehurst
See you there!!!!!!