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Our Reference :

17 Disember 2007

**Pengerusi
Institusi Perbankan Islam**

Tuan/Puan,

Guidelines on Business Continuity Management (BCM)

As part of Bank Negara Malaysia's (the Bank) on-going efforts to promote financial resilience and stability, the Bank is issuing the "Guidelines on Business Continuity Management". The Guidelines set out the Bank's expectations for the Islamic banking institutions (IBI) to adopt sound and effective BCM procedures and practices to improve its resilience and be prepared for any eventualities. Broadly, the Guidelines aim to ensure that IBIs:-

- Have in place a comprehensive BCM framework, which includes a business continuity policy;
- Establish a comprehensive BCM programme to formulate, implement and test the business continuity plan (BCP) and disaster recovery plan (DRP);
- Review and update the BCP and DRP continuously to reflect changes in the operating environment; and
- Provide sufficient information to the Board of Directors (Board) to enable them to discharge their responsibilities under the Guidelines.

The Guidelines operate on the premise that IBI's Board retains ultimate accountability for the implementation and effectiveness of BCM.

2. In light of the above and to promote a continuous provision of essential banking services in the event of an operational failure or a disaster, IBIs are required to observe the requirements of Maximum Tolerable Downtime (MTD) and Recovery Time Objective (RTO) of the following services or systems:

- a) SPICK operations – MTD of 4 hours;
- b) Branch operations, which involve cash withdrawal and deposit as well as cheque encashment and clearing - MTD of 4 hours; and
- c) Card based system, which includes credit card (authorisation) and ATM systems - RTO of 4 hours.

(Please refer to the Appendix on the definition of MTD and RTO)

3. The Guidelines are issued to IBIs pursuant to Section 53A of the Islamic Banking Act, 1983, and will take effect on **1 January 2008**. IBIs are given a grace period of **6 months** to comply with the Guidelines from the effective date. Any non-observance of or deviation from the Guidelines should be based on proper risk assessment and risk management process, taking into account the nature, scale and complexity of IBI's business operations as well as risk tolerance.

4. A copy of the Guidelines is available on FI@Kijangnet. Please consult the officers of Jabatan Penyeliaan IT dan IKP, Bank Negara Malaysia (names, contact numbers and email addresses are published on the website), if you have any further queries on the Guidelines.

Sekian.

Yang benar,



(Mohan Raj S.T. Patmanathan)
Timbalan Pengarah
Jabatan Penyeliaan IT dan IKP

s.k. Pengarah Urusan / Ketua Pegawai Eksekutif / Pengurus Besar]

Definition

Maximum Tolerable Downtime (MTD)

- This is the timeframe during which a recovery must become effective before an outage compromises the ability of an institution to achieve its business objectives and survival.

Recovery Time Objective (RTO)

- The timeframe required for IT systems and applications to be recovered and operationally ready to support business functions after an outage.

(See illustration below)

