



Natural Disasters And Relief From Banks

business customers strategic planning

Summary: Lessons learned for community bankers from the recent natural disasters.

An ounce of prevention is worth a pound of cure as they say. Seeing bad signs on the horizon, doctors are urging people to get a flu vaccine this year. Whatever you decide to do, we are reminded that things can change rapidly so being prepared is a good idea.

Look no further than recent devastating storms around the country. These examples and lessons learned from prior storms have made today's banks more resilient and definitely more prepared. Here are some tips learned from these events in the event your bank or your customers at some point in the future may need to bounce back from a natural disaster of some sort.

Make IT redundant and harder to break. If you've got a single central IT system, it's much more likely that your bank could go down and stay down during a disaster. The chances of that are higher if your system is located on a ground floor, underground, or otherwise easily flooded space. Make your information, core processing and data systems redundant. Locate them in diverse places that offer redundant power sources. Make sure your employees can also securely and remotely access those systems.

Create robust mobile banking. In the old days, customers relied much more on bank branches, ATMs and the phone to access financial services. These days, sophisticated mobile banking services, are used more often and are also harder to destroy when disaster hits. When you offer a robust mobile service platform, your customers can get bank access as soon as their own phone works or through another device even if your branches are closed.

Help customers manage liquidity. Storms take down systems. In the wake of a big one, your customers may need cash to fund their immediate needs and get their businesses and households up and running again. Keep vault cash in clear, waterproof bags to minimize the chance that flooding will destroy or damage it. After Katrina, one bank's employees literally laundered cash at a Laundromat to remove muddy residue. To avoid that, make sure branches and ATMs have extra cash on hand, both before and after storms.

Take the leeway regulators offer. In disasters, regulatory agencies have given banks flexibility to suspend loan payments when businesses are closed and customers are out of their homes. Before Harvey hit, regulators provided advanced notice of relief and urged banks to work with customers proactively. They even went so far as to let banks know that evacuees may not have formal identification, so you may need to amend your customer identification programs and get board approval as soon as practical. They even acknowledged that banks in the midst of a natural disaster and its aftermath might not be able to complete reports and filings on time. Take what is offered here.

Apply for Telecommunications Service Priority. When heavy weather is on the way, apply in advance for [Telecommunications Service Priority](#), which gives you priority for telephone service restoration. For more planning around storms and other natural disasters, the [Financial Services Information Sharing and Analysis Center](#) also offers a standardized response playbook. It provides members with regular updates during a

natural disaster and gives them access to a spreadsheet listing merchants, ATMs and other outlets that are operational.

Unfortunately, natural disasters will likely happen again. As such, it may be helpful to take lessons from the others to better prepare. Hopefully, we have given you some important takeaways to stay connected and be prepared.

AUTOMATED INTERNATIONAL SERVICES FOR YOU

Community banking teams can automatically send [international wires](#) using existing domestic platforms. Contact us to learn more.

Copyright 2021 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.