

## Pandemic planning

### Flu fighters

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#### **The finance industry is keeping an eye out for the next crisis**

DOES this sound familiar? A crisis lasts for weeks, is driven by uncertainty over who is suffering and has people queuing to withdraw cash. The credit crunch may have preoccupied the banking world this summer but the risk of something much worse lurks: an avian flu pandemic, perhaps. In America the largest-ever exercise to simulate the impact of that sort of pandemic on the industry is under way. Over three weeks ending on October 12th, 2,725 financial institutions are being fed scenarios on the spread of a virtual outbreak as well as a weekly batch of letters of the alphabet. Banks must assume that employees whose surnames start with those letters are unable to work, a simple but effective way of aping the indiscriminate nature of a pandemic.

The American simulation is closely modelled on a similar exercise carried out by the Financial Services Authority (FSA), Britain's financial regulator, in late 2006. One outcome of the British experiment was to force institutions to think much more systematically about human-resource policies. Some had planned to hold stocks of flu medicines but had not designated which employees would be treated. As absentee rates climbed, firms realised that they would need policies on everything from whether staff could take holidays to whether they could attend funerals of dead colleagues. The exercise was "a wake-up call to HR departments", says Richard Maddison of the FSA.

Retail institutions came under greater strain than wholesale ones because their work is less automated, they have more customer contact and their employees are more likely to be affected by school closures. Since the exercise, British retail banks have been thrashing out ways of co-ordinating branch and cash-machine closures so that bank services remain as widely available as possible. They have also been honing plans for training and redeploying staff from functions such as sales and product development to positions directly serving customers.

As for the risk of a "dash for cash", Chris Keeling, a business-continuity specialist, reckons that there may be an initial spurt of withdrawals but that it will not last long. There will not be much to spend money on and no one will want to stand in queues. If fears of initial panic may be overdone, the FSA exercise also suggested that the after-effects of the pandemic would be more testing than anticipated. Markets will recover much more quickly than bereaved employees.